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Basically, if we look at the past year situation in the region, we can see a positive and a negative side. Regarding the negative side, we do see deterioration in the situation during most of the year. Firstly, relations between the major powers are problematic. China and the US had problems over the South China Sea, first over China's construction and expansion on the rocks in the South China Sea, then by China's protest over US conduct in terms of so-called 'freedom of navigation' patrols, and finally the US and China had separate and joint military exercises in the region.

China-Japan relations are still affected by the disputes over the Diaoyu Islands and the adjacent waters. Once in a while, you hear media reports on manoeuvres in this area by the boats and planes of both countries. Public opinion in each country about the other is still very negative.

The relationship between China and South Korea deteriorated with the announcement of the South Korean Government's decision to deploy the THAAD system. This led to a downturn in the relationship. Many are also concerned at the joint military exercises between the US and its allies and friends on the one hand, and China and Russia on the other.

Regional security mechanisms, in the meantime, are not functioning properly. We have the six-party talks, but they have remained suspended because of North Korean resistance to giving up its nuclear weapons. Confronted with the South China Sea disputes, ASEAN finds it very difficult to respond, so it is quite divided. One of the hotspots is North Korea's nuclear development. This challenge is approaching a threshold; North Korea conducted another round of nuclear tests, and as a result, it is suspected that it will have the capability to launch a nuclear attack against the US continent with missiles and warheads. Precisely at the moment, maybe even because of China and South Korea's dispute over the THAAD system, North Korea launched another round of nuclear tests, and at this moment China is divided as to whether and how much to work with the US in South Korea to stop North Korea's nuclear efforts, because the THAAD system is perceived as a strategic threat to China by the Chinese Government.

The situation in the South China Sea was getting very bad for a while, with military ships confronting each other. There is also a lack of progress in terms of the negotiation of a code of conduct in the South China Sea, despite the fact that almost every country, rhetorically, expresses a wish for one.

However, there is also positive news. Firstly, we do see stabilisation of the situation in the South China Sea. Despite the lack of an agreement on how to manage the disputes over sovereignty claims regarding the Diaoyu Islands, China and Japan have also made sure that their activities in the waters adjacent to the Diaoyu Islands are managed in a way that they do not have direct conflict or collision with each other.

We also see a stabilisation of the situation in the South China Sea. Following the ruling by the court of arbitration, and China's rejection of it, the situation has actually improved, in part because of this miracle of the Filipino elections. The new Government of the Philippines, headed by President Duterte, adopted a different approach towards China, and he managed to visit China and come up with an agreement with China over how to manage the disputed territories and waters in the South China Sea, in return for a big aid package from China. Therefore, China's disputes with the Philippines are under control, and the relationship may actually improve, as China promised to help the Philippines to build infrastructure projects.

Then we saw the visit of the Malaysian Prime Minister to China. It appeared that the relationship between the two countries is good, despite overlapping claims over certain waters in the South China Sea.

China and Vietnam, in the meantime, are conducting talks on how to manage their relationship, including the disputes in the South China Sea. The result is that the waters in the South China Sea are calming down, at least for now, and as the situation in the South China Sea and East China Sea calms down, the China-US relationship over this issue has become less confrontational.

When we look at the future, we see a positive and a negative side. Regarding the positive side, it appears that China now favours more stability. China has been balancing the need to defend its legitimate interests and the need to have stability, and looking at previous years, China probably gave more emphasis to the former, but now it seems that there is a trend toward the latter; that is toward favouring stability. There is no sign of new construction efforts on the part of China, and China is also making greater efforts to push for One Belt, One Road, which requires stability in the international environment, especially around China.

China always faces the need to focus on domestic issues. The Xi Government has proposed a lot of reforms, and they need time, energy and resources to focus on them in order to implement them. Japan and most other claimants in the South China Sea and East China Sea also have an interest in stability and in finding a way to manage the disputes.

Regarding the negative side, we have recently seen news that Vietnam is conducting some kind of construction on an airstrip at its controlled artificial island in the South China Sea. It is reported that it is now longer than one kilometre, so I do not know how that would affect the stability of the region, which is very fragile at the moment.

A bigger challenge is the result of the US election. President-elect Donald Trump has said certain things and not said others, but because he has no experience in government, his election poses a lot of uncertainties. We may see a more rocky relationship between China and the US. Alexander Gray and Peter Navarro recently published an article in *Foreign Policy* called 'Peace through Strength – Donald Trump's Asia-Pacific Strategy.' They are believed to be advisers to president-elect Trump. Their article condemns Obama's policy of pivot and rebalancing for being too weak, too soft, and they advocate a policy of strength on the South China Sea, the East China Sea, and also Taiwan.

Therefore, we do not know what will happen. If President Donald Trump takes this kind of position, then we may see a more volatile relationship between China and the US. Further, if you believe that Alexander Gray's and Peter Navarro's position is Donald Trump's position, then we will see more forceful measures against North Korea. They also criticise the previous government for being too soft on North Korea, so maybe a pre-emptive strike is on the list of their proposed alternatives. During the presidential campaign, Donald Trump talked about demanding that the allies pay more for US protection; that would probably alienate US allies in the region and cause additional instability, or at least uncertainty, in the region in security terms.

Therefore, most countries in the region share a lot of common interests. We need political stability, but at the same time different countries have different views and approaches as to how to attain them. Therefore, the region demands wise leadership more than ever. However, the region is more likely than not to be disappointed, especially given the campaign rhetoric during the recent US presidential elections. I will end on that not-quite-positive note.