



Old Parliament House | Canberra

**13 AUGUST 2004**

# National Forum

Australia's Engagement with Asia: A New Paradigm?

## REPORT OF PROCEEDINGS

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## ORGANISATIONS

### The Asialink Centre

Asialink is Australia's leading centre for the promotion of public understanding of the countries of Asia and of Australia's role in the region. Through high-level forums, international collaborations, public programs, education, and arts and cultural exchange, Asialink has for more than a decade built on its vision of "Australians equipped for full participation in the Asian region."



The Asialink Centre is an initiative of The Myer Foundation at The University of Melbourne.

For further information visit Asialink's website at [www.asialink.unimelb.edu.au](http://www.asialink.unimelb.edu.au)

### The Australian National University

The Australian National University (ANU), founded in 1946, is one of the world's leading institutions for research and teaching about the Asia-Pacific region.

The leading centres in this area are the Faculty of Asian Studies, The Research School of Pacific and Asian Studies, and the Asia Pacific School of Economics and Government. With some 250 specialists on the Asia-Pacific, the ANU has a particular concentration on Southeast Asia.

The ANU has cooperated closely with Asialink over an extended period, including in the Asialink Leadership Program and a series of national conferences on Australian-Asian relations.

For further information visit the ANU website at [www.anu.edu.au](http://www.anu.edu.au)



### Sponsor: The Myer Foundation

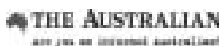
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For further information visit the Foundation's website at [www.myerfoundation.org.au](http://www.myerfoundation.org.au)



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## OVERVIEW: FROM THE CONVENORS



“It will always be a central responsibility of the government of this country, whatever its political stripe, to maintain and continue to expand relations and understandings with the people of the Asia-Pacific region.”

**Prime Minister The Hon John Howard MP**

## OVERVIEW: FROM THE CONVENORS

### Australia Asia Engagement: a great national project?

We are pleased to present to you a summary of the National Forum - *Australia's Engagement with Asia: A New Paradigm?* - co-convened by Asialink at The University of Melbourne and the Faculty of Asian Studies at The Australian National University.

Our thanks go to the 90 enthusiastic participants who made the forum the dynamic and important event that it was. They included government, business and trade union leaders, representatives of non-government organisations, research institutes and bilateral councils, and academics. There were religious and community leaders, defence and security analysts, and senior media commentators. The mere presence of so wide a range of Australian leaders - as a symbol of national commitment to Asia - would have meant the forum was a valuable one. However, they also generously contributed a wealth of views and expertise across a full day of discussion and lively encounter.

The forum, with generous support from the Myer Foundation, aimed to examine current issues and suggest additional strategies for advancing Australia's national interest in the dynamic Asian region. The emphasis was on planning for the future.

We are especially grateful to the Prime Minister, the Hon John Howard MP, and the Shadow Foreign Minister, the Hon Kevin Rudd MP, for contributing major addresses. The transcripts of the speeches are included at the end of this report.

The format of the forum placed heavy demands on the session chairs. We are grateful for the leadership and judgement of: Rt Hon Ian Sinclair AC, former Speaker of the House of Representatives; Dr Pranee Thiparat, Former Chair of the ASEAN ISIS Network; Professor Andrew MacIntyre, Director, Asia Pacific School of Economics & Government at The Australian National University; Mr Michael Maher, Asia Pacific Editor, ABC News and Current Affairs; Mr Paul Kelly, Editor-at-Large, The Australian; and Dr Simon Longstaff, Executive Director, St James Ethics Centre.

#### EMERGING THEMES

o Participant contributions reminded us that Asian engagement was more than just government-to-government interaction. It is multi-layered. It is vigorous "Track 2" processes, and also embraces professional, educational, scientific, NGO, sporting and tourist interaction and cooperation. The point was



“Measured any way you like, Australia is closer to Asia. Much has been done, more can be done, and more must be done.”

**Baillieu Myer AC**



## OVERVIEW



supported by the international speakers who called for Australia, as a matter of urgency, to exploit "all kinds of comprehensive ways" to move closer to Asia.

o Our colleagues from North, South and Southeast Asia pointed to the fact that we still face some negative misperceptions in the region, but that Australia is recognised as a valued partner with much to contribute. Professor Zhang Yun Ling, of the prestigious Chinese Academy of Social Sciences, said Australia should "proudly identify itself as a middle power to play a role, to mitigate and associate, cooperate... and to loosen tensions" in the region.

o The rising importance of China, as in many meetings on international relations, was a major theme of the forum. The country's growing economic and strategic importance was often acknowledged. Some felt, however, that the problems faced by China had been underestimated, and that there was a need for caution in estimating the economic advantages Australia might gain from a growing Chinese economy.

o In security terms, terrorism was understandably a primary concern in Australia-Asia relations. The point was made that the Asia Pacific continues to be an arena for great power rivalry - and potential rivalry - and that China, Japan, the Koreans and India are especially important. It was argued that the United States continued to be vital to the security of Northeast Asia and probably the region generally. Analysing and influencing United States thinking and action remains a fundamental imperative for Australia.

o In thinking about a new paradigm for Asian engagement, the forum acknowledged the complexity of the region - a diversity of nations and cultures that makes engagement a more challenging task than we had recognised a decade ago. We gave special consideration to the role of bilateralism, some seeing this as a necessary country-by-country progression towards regional engagement. Others were concerned that at least with respect to trade liberalisation, this bilateral approach lacked the strategic coherence that multi-lateralism could achieve.

o Delegates emphasised that rapid economic transformations in the region and globally demanded timely, clever and flexible responses from Australia. The balance of power between nation states was also far from stable, while non-conventional threats from terrorism, international crime, health issues, and illegal people movements required the re-conceptualising of national security.

o Knowledge of Asian societies and economies became a central theme of the day. With 50 per cent of Australian schools teaching very little or nothing about Asia in any context, many

## OVERVIEW



delegates were concerned that Australia was ill-prepared for the multiple opportunities in Asia. Senior business figures identified this as a major issue for Australian economic engagement. Others referred to the recent report on Australia's intelligence agencies, which warned about the dangers of a lack of language and cultural skills.

o One of the important gains of the day was the conveying of a strong bipartisan commitment to Asia engagement as a national priority. The major addresses of the Prime Minister and Shadow Foreign Minister conveyed a considerable degree of national consensus about Australia's regional relations.

o We were attracted to the call for 'Asia as a great national project that draws Australians together'. Such a vision provides purpose and opportunity for future generations and forecasts an agenda for action.

The extraordinary richness of the contributions to the National Forum has made the task of distilling an especially difficult one. In summing up on the day, Dr Simon Longstaff made the observation that "picking out things" was inevitably subjective and led to omissions. We have "picked out things" in the pages that follow. We hope they provide a broad overview of the themes covered. For the inevitable omissions, we beg your understanding.

### **TONY MILNER**

Dean, Faculty of Asian Studies  
Basham Professor of Asian History  
The Australian National University

### **JENNY MCGREGOR**

Executive Director  
The Asialink Centre  
The University of Melbourne

## SESSION 1



“What we've done [in this session] is open the door and there are a great many visitors who lie behind that door.”

**The Right Honourable Ian Sinclair AC**  
Former Speaker of the House of  
Representatives

## SESSION 1: THE NEXT DECADE: INTERNATIONAL AND DOMESTIC TRENDS

The first session looked at key trends and patterns likely to impact on Australia's international relations over the next decade. Delegates discussed important drivers influencing Australian interaction with Asian countries.

Chair: The Rt Hon Ian Sinclair AC, Former Speaker of the House of Representatives



“One of the things we're going to need of course is exactly that kind of cultural familiarity with China that we're used to having with the United States.

“Within a few years' time our biggest trading partner, on present trends, will be a country that is a strategic competitor of our principal ally, and that imposes on Australia choices in the management of that relationship which are going to be very complex.

“China is going to demand a political premium for the kind of relationship we want to have with it.”

### **HUGH WHITE**

Director, Australian Strategic Policy Institute



“China's industrialization and economic development poses an enormous challenge for the world economy, because it changes the nature of the production process, changes the nature of pricing in markets in very substantial ways.

“Indonesia's population will increase by 70 million by 2050. That's a very big population increase to absorb in an economy which is already under stress and which is of key strategic importance to Australia... From 2030 - as a result of the two-child, then one-child policy - China's population will age very dramatically or rapidly, and that raises the whole question of whether China can in fact develop before it ages.”

### **GORDON DE BROUWER**

Principal Adviser,  
Macroeconomics, Department  
of Treasury



“There is just no constituency yet in Australia for this open-hearted engagement with Asia that we're describing here.

“Now, my view, my hopeful view, is that... Asia could be a great national project that could be seen as something that draws in all Australians and creates a common constituency.”

### **GERALDINE DOOGUE AO**

Presenter of the ABC TV  
program, *Compass*



“You remember the Colombo Plan and what a great thing that was for Australia? ...We have Asian students, mostly ethnically Chinese, here in Australia and elsewhere, who go back to their homelands with a knowledge of Australia and a knowledge of English. We also, we Australians, are busily teaching English in Asia in a number of ways.”

### **JEREMY ELLIS**

Chairman of the Australia  
Japan Foundation and  
Chancellor of Monash  
University

## SESSION 1



“In Malaysia and Thailand, many senior people - including cabinet ministers - were educated in Australia... thousands of Malaysians are alumni of Australian educational institutions.

“This is a considerable foundation for an Australian engagement with the region that needs to be leveraged.”

**TOM HARLEY**

President of Corporate Development at BHP Billiton



“Australians are collaborating very closely with Vietnamese colleagues in eradicating... [the dengue-carrying] Aedes Egyptian mosquito from the water sources in Vietnamese villages.

“The students [in biotechnology] from the south of India and Bangalore area are looking now to go mainly to America and Europe to further their research training. We have a wonderful opportunity to bring them to Australia, but to do that we have to go and visit there and work there and develop this collaboratively.

“There really is a window of opportunity. But if we're not quick enough... that window will close and those opportunities will be taken up and realised not by Australian companies and Australian researchers but by our competitors... in the United States and Europe.”

**MICHAEL GOOD**

Director, Queensland Institute of Medical Research



“I think what comes through here is... that when we approach Asia, it's always in terms of us having something to offer. We offer Asian students excellent education. We can teach Asian countries about governance.

“What I want to interject now is... a different sort of mindset, which is that we actually have something to learn from these cultures, that they have something to offer us.”

**JASON YAT SEN LI**

Insurance Australia Group



“Seventy-seven per cent of [the almost 200,000] international students in Australia come from Asia... 15 per cent of those students come from China - an increase of 35 per cent from last year to this year. And from India... this year it was a 48 per cent increase.

“The value of international education to Australia in the year 2025 is [estimated at] \$38 billion, in 2002 dollar terms - a lot more than any gas pipeline.”

**LINDY HYAM**

Chief Executive of IDP Education Australia

## SESSION 1



“I find it fascinating that since September the 11th ... overseas aid organisations have seen a stunning increase in Australians giving to overseas projects. Everybody predicted the opposite.

“I’d like to think that Australians are making the connection that says, you know, you can’t win a war on terror without winning the war on poverty.

“What Australians may be hearing is that September the 11th 2001 was dreadful, 3000 tragic deaths. Of course, on that date there were another 20,000 - mainly children - who died in the world. That wasn’t reported. Then September the 12th and September the 13th , another 20,000 and another 20,000 died from preventable diseases and malnutrition.”

**TIM COSTELLO**  
CEO of World Vision Australia



“Young people now present a very optimistic outlook for engagement with Asia... More and more young people, especially Australian young people, identify themselves as global citizens as opposed to national citizens and that is extremely important for the international relations of the future, for future policymakers.

“There’s an organisation called Youth Entrepreneurs Organisation and membership is based on invitation only. Members are people who are founders or controlling shareholders of companies that have a turnover of over \$US1 million.

“In Australia we have 210 members and of this group, 42 per cent of the members have businesses who export overseas with over two-thirds of that number listing Asia as their primary market or the market with the most relevance for their growth.”

**THAO NGUYEN**  
Australian Youth  
Representative to the United Nations



“I’d like this conference ...at the end of the day, to call for the funding of education and studies of Asia in schools ... to get that back on the agenda.

“If we look at security, the real problem of this region may be Taiwan and mainland China. We [tend to] leave it there as identifying the problem... We should go a little further and say that if China attacked Taiwan, we would support Taiwan, no doubt, with America. But if Taiwan wants to provoke China by going and taking independence, I think we should tell them that we’re not going to be a part of that.”

**CHARLES GOODE AC**  
Chairman, ANZ Banking Group



“When you look at the funding of universities of Tsinghua and Peking - if we don’t develop partnerships with those universities in the next few years, they’re not going to want to talk to little universities like Sydney, Melbourne and New South Wales.”

**JOHN YU AC**  
Chancellor of the University of NSW

## PRIME MINISTER'S ADDRESS



"Our focus has been on the common interests between Australia and the countries of Asia, while acknowledging that there will be times when we have differences over particular issues. This mature and practical approach to engagement continues to bear fruit."

**Prime Minister The Hon John Howard MP**

## PRIME MINISTER'S ADDRESS: HIGHLIGHTS

The Hon John Howard MP, Prime Minister of Australia, gave the keynote address of the day. He was introduced by Mr Baillieu Myer, Co-Founder and Director of the Myer Foundation and Patron of Asialink. Professor Kwong Lee Dow AM, Vice-Chancellor of The University of Melbourne, gave a vote of thanks. For a transcript of the Prime Minister's address, see page 37.



"The government's commitment to close engagement with Asia proceeds, as it must, on the basis of mutual respect. A key part of this engagement has been our willingness to appreciate Asia's diversity. Simple propositions masquerading as grand strategy fail to take account of Asia's diversity. So too they distort Australia's position as a western country with a unique network of political, economic and people-to-people links with Asia.

"I make no apology for the fact that we focus our engagement on those relationships and issues that matter most to Australia's interests. In this context I counted as one of the great successes of this country's foreign relations that we have simultaneously been able to strengthen our long-standing ties with the United States, yet at the same time continue to build an ever-closer

relationship with China. That achievement, as you know, was symbolised last year in the national Parliament when, on successive days, the President of the United States and the President of the People's Republic of China addressed our national Parliament....

"Just as we expect our neighbours to respect our values and institutions, we have tried to develop a greater understanding of and sensitivity to the historic and cultural foundations of their societies.

"Our focus has been on the common interests between Australia and the countries of Asia, while acknowledging that there will be times when we have differences over particular issues. This mature and practical approach to engagement continues to bear fruit."

**THE HON JOHN HOWARD MP**  
Prime Minister of Australia



As Patron of Asialink, last Tuesday night I had the great pleasure of hosting [Malaysian] Prime Minister Abdullah Badawi... let me say, Prime Minister, that he mentioned the word "friend" or "friendship" seven times during his short speech when referring to Australia and to you personally.

"Under your leadership, some profound things have taken place to make our relationship with ASEAN more substantial and mutually enriching.

"You are well aware that the more influence we have in Asia, the more valuable we are to our other friends and allies. Measured any way you like, Australia is closer to Asia. Much has been done, more can be done, and more must be done."

**BAILLIEU MYER AC**  
Co-founder and former President, The Myer Foundation



"The nation's schools and universities are where the inter-generational transition for young people for life in this region occurs. We heard this morning from business leaders and from others that we hope that government will provide further support, greater support, for young people to understand the cultures and the communities, and the languages of our region. We hope that both levels of government will consider this priority as they form future budgets."

**KWONG LEE DOW AM**  
Vice-Chancellor, The University of Melbourne

## SHADOW FOREIGN MINISTER'S ADDRESS



“What we face is a revolution under way and unfolding around us and I fear it is one for which we are barely prepared in terms of its long term consequences.”

**Shadow Foreign Minister The Hon Kevin Rudd MP**

## SHADOW FOREIGN MINISTER'S ADDRESS: HIGHLIGHTS

The Hon Kevin Rudd, MP, Shadow Minister for Foreign Affairs, spoke on key trends and issues impacting Australia's relations with Asia. He was introduced by the ANU's Professor Milner, while Asialink Chairman, Mr Carrillo Gantner, gave a vote of thanks. For a transcript of the speech, see p40.



"What we face... is a revolution under way and unfolding around us and I fear it is one for which we are barely prepared in terms of its long-term consequences.

"So what are the principal change drivers affecting our country's future? The list is familiar ... the first, inevitably, is the rise of China; the second, the rise of India; third, the rise of militant Islamism in Southeast Asia; fourth, the emergence of competing visions of a regional architecture for wider East Asia, from which there is a risk that we may be excluded; and finally, overarching all the above, the future global posture of the United States.

"Together these have a capability to rewrite the shape of our region, and the challenge we confront is are we nationally prepared for it? My argument today is that we are not.

"Unless we have in this country a capacity over the period ahead to create an Asia-literate Australia - one which is knowledgeable and familiar in the principal languages of our region and familiar at working with the principal cultures and civilisations of the region - then frankly the task we face will be very difficult indeed.

"It's the basic question of respect: that we are a small country of 20 million people aside a continent of some two to three billion containing within it many high cultures and civilisations which were considerably longer in existence before Arthur Philip happened upon Botany Bay.

"The task of preparing for our long-term strategic engagement with Asia is an inter-generational task. It requires much planning, much forethought, much foresight."

**THE HON KEVIN RUDD MP**  
Shadow Foreign Minister



"This national forum aims to give Asian engagement the centrality it deserves in our national priorities. We want to focus on the future and our preparation for the future.

"We open today's deliberations with an address from The Honourable Kevin Rudd. Trained in Asian studies, experienced as a professional diplomat, he brings an extraordinary amount of savvy to the issue of Australia's engagement with Asia."

**ANTHONY MILNER**  
Dean, Faculty of Asian Studies  
and Basham Professor of Asian  
History, The Australian  
National University



"Thank you very much, Kevin, for a very comprehensive review of many of the very, very important issues which we face...the rise of China, India, the rise of Islamism, the Southeast Asian architecture, the relationships with the United States, a look at the ALP response and the differences from current government policy.

"And - what I think will be one of the most important issues arising today - this whole issue of education of young Australians and how we look to the future and invest in the future so that we don't lose another generation of young people and send them out into the world ill-equipped to deal with the neighbourhood in which we live."

**CARRILLO GANTNER AO**  
Chairman, The Asialink Centre

## SESSION 2



“I’m quite encouraged by the Honourable Kevin Rudd’s proposal on comprehensive engagement of Australia in Asia, both in deeds and in words and bipartisan foreign policy. Let’s hope it will go that far.”

**Pranee Thiparat**

Former chair, ASEAN, Institute of Security and International Studies

## SESSION 2: EXPECTATIONS FOR AUSTRALIA: ASIAN PERSPECTIVES

International speakers gave their views on what expectations were operating in the Asian region regarding future trends, dangers and opportunities. They offered a range of Asian perspectives on Australia's role in Asia.

Chair: Pranee Thiparat, Former Chair of ASEAN ISIS Network

Respondent: Greg Sheridan, Foreign Editor, The Australian



“I know there is a great breadth in understanding of Asia, but there is not the depth. For example, how much would an Australian diplomat understand about ethnic issues? A lot of issues in Malaysia, Indonesia, Singapore are deeply ethnically, despite the fact that [on the face] it is all legal and general.”

### **SHAMSUL AB**

Director, Institute of Malay World & Civilisation and Institute of Occidental Studies, The National University of Malaysia



“Whether we accept Australia as a member [of an East Asian community], or as a partner to cooperate with, is still a question. Sometimes people say we should encourage Australia to join, but some disagree. From Australia itself we see a debate whether you are an Asian country or Asian partner.

“Australia from the Chinese perspective is not an Asian country. It's a western country, but close to Asia. It's a special partner, a special neighbour...”

“But an East Asian identity - community building - is a big thing for a number of reasons: one is to find a way to bring China and ASEAN closer. Already we have seen progress [on this]. Another is

to put Japan and China in the one framework - to find a way to stabilise that part of the region. Another is to create in East Asia some kind of institution for the long term. It will improve the balance in the Pacific relationship between East Asia and the United States...

“Australia is not just an arm or a deputy of the United States alliance... Australia [might] identify itself as a middle power to play a role, to mitigate and associate, cooperate, to bridge the others together, to play a positive role and loosen tensions.

“If East Asia really can move to a regional identity with enough confidence, maybe that opens the way to

accepting Australia in some way, but not immediately. What you should do immediately is find all kinds of comprehensive ways to get closer to Asia.”

### **ZHANG YUN LING**

Director, Institute of Asia-Pacific Studies, Chinese Academy of Social Sciences

## SESSION 2



"We have tried in ASEAN to encourage people-to-people dialogue, and it is only recently that it has started happening. I wonder how Australians can be involved in this dialogue - people to people. It is an important question."

"China has proved since 1997 that she is a great power... and I think we are moving closer - "we" meaning ASEAN - moving very close to China."

**PRANEE THIPARAT**

Former chair, ASEAN, Institute of Security and International Studies



"If an agreement between India and Pakistan can somehow be conjured into being through international pressure... then the place would be much better. Here is a chance for Australian diplomacy - not in any heavy-handed preacher way, not because you're on the side of the international, the discriminatory, global, nuclear bargaining, but [because you are] on the side of peace - to come in and encourage those trends that want to impose self-restraint in these two countries."

"I grew up with Australian cricket. It's an extremely strong bond... there are many contacts, even on issues of terrorism where important lessons can be learned."

**NARASIMHAN RAM**

Editor-in-Chief, 'The Hindu', 'Frontline', 'Business Line', and 'The Sportstar', India



"Many of our friends in the region have utterly contradictory expectations of us and each presentation we heard [today] emphasized the national interests of each nation, which is absolutely sensible, but there is no single Asian expectation of Australia."

"Japan and China, for example, would have quite contradictory expectations of Australia in terms of prosecuting the American alliance or indeed on the Taiwan question. Thailand and Indonesia, at least at the government level, have very contradictory expectations about our participation in Iraq..."

"What Asians can expect from us is that we be successful in our own terms; that we produce an economically dynamic, positive, successful, multicultural, tolerant society."

Asians can't expect of course that we'll always agree with them, just as we don't always agree with the United States - and anyone who would suggest that our foreign policy is the same as the United States simply doesn't follow Australian foreign policy..."

"Asia can expect of Australia that it would speak honestly and, in a positive way, contribute to all the regional dynamics and regional architecture...For example, we need to be honest and friendly enough with our Chinese friends to tell them that we in Australia admire Taiwan's democracy, we care about its people, and we would strenuously oppose the use of force by China to settle the Taiwan question."

**GREG SHERIDAN**

Foreign Editor, The Australian

## SESSION 2



“Policies are often the produce of the social mind. Policy is the representation of what the society is aiming at, thus developing and understanding policies would require understanding people at micro level, as well as macro level. What can be a better solution than education to understand each other?”

“Only 50 per cent of Australian schools have introduced Asian studies, even after 10 years of effort. Twenty-five per cent of schools do not teach anything about Asia. Where can Australian students learn about Asia? Shouldn't Australia be more aware of Asian culture?”

**LEE OK HWA**

Assistant Professor, Chungbuk National University, Republic of Korea

## SESSION 3



“What strikes me as remarkable about this gathering is who is here. It's the spectrum of people that are here... What that tells me is that there is some sort of shared sense - across a fairly broad section of the community - that we need a bit of fresh thinking and a new intensity, new effort, in thinking about our relations with the region.”

**Andrew MacIntyre**

Director, Asia Pacific School of Economics and Government,  
The Australian National University

## SESSION 3: ECONOMIC ISSUES

In the session on economic issues, delegates addressed a number of key questions: What are the important challenges and opportunities for Australian business in the region? What are the most effective strategies for strengthening Australia's trade and investment with the Asian region? What skills are essential for Australians to compete effectively in the new global environment?

Chair: Professor Andrew MacIntyre, Director, Asia Pacific School of Economics and Government, The Australian National University



“We see now much more complexity in the supply chain between the raw material and the final consumer... Businesses are thinking very differently about themselves and they're separating their production processes from the services end of their business. And they're doing design in one place and production in another.

“If you come at this from the background of this network perspective - of how things get from a raw material stage to a final consumer - you wouldn't be surprised if I argue now that the best, most efficient set of arrangements for organising trade in that environment, is a multilateral one because that creates the best opportunities to get that

networking system right and it promotes the evolution of the system and it lets new people in. “Bilateralism doesn't support this vision... It's inconsistent with the evolution of the network structure that is characterising business in our region.

“But we're in a game now where we are pursuing a number of bilateral strategies and we need to think hard about ... how we're going manage some of the risks that that strategy involves.

“If we go to China and do a very old-fashioned deal, preferential trading arrangement, a bilateral FTA, it actually puts us in an extremely difficult position. It exposes us to the Chinese strategy of exploiting those

political favours that some of you were referring to earlier today...It puts us in what we might call a "providore role" in China... we need to think much bigger than a providore role for China.”

**CHRISTOPHER FINDLAY**  
Professor of Economics,  
Australia-Japan Research  
Centre, The Australian  
National University



“Unquestionably, the best thing to do, as Christopher said, is you must support the WTO round. And the multilateral round is the game.

“However, it's a bit like two games of musical chairs taking place. On the one hand you've got the WTO - the music is hardly being played and the chairs are hardly there. And there's a second game going on over here, and it's called regional or bilateral and the music is in full swing.

“This is a competitive business environment. There is no escape from being engaged in the opportunities that present themselves.”

**HUGH MORGAN AC**  
President, Business Council of  
Australia

## SESSION 3



“First of all, the effect of these FTAs, and our involvement in negotiations, will have a transformational impact upon Australian enterprise and Australia will move from corporate to enterprise culture. There will be a much stronger focus on the role of small to medium size enterprises.

“Secondly, China is not the main game. The world is the main game. The market is the globe.

“Today there are four Chinese to every one American and in 2050, there will be two for every one American - and you've got an ageing Chinese population and you've got a dynamic US population.”

**PHILLIP SCANLAN AM**

Principal, Inteq Limited



“These (bilateral FTA's) are about trade and about putting Australia's name up in lights and our products up in lights and our openness in lights, particularly in countries of Asia but it also relates to the US.”

**MURRAY McLEAN OAM**

Deputy Secretary, Department of Foreign Affairs and Trade



“We actually still carry a slightly colonial view of Asia - my God, that's anything from the truth today... Forty million people in the middle class in China and growing rapidly - much bigger than Australia. That's an important issue: understanding the cultural issues of our neighbours and of the world.

“Our political leaders, leaders in business have the opportunity to create the space for relationships to flourish and that involves building on the things that we're already doing. Business has been in Asia for 30, 40 years and longer and there's been a lot of success - a lot of good relationships. We should celebrate those.”

**MICHAEL ROUX**

Vice Chairman, Citigroup Australia



“Australia is outstanding certainly in East Asia as one country which does not see that education is a field which is absolutely fundamental to the future of the country.”

**HOWARD DICK**

Co-Director, Australian Centre for International Business, The University of Melbourne

## SESSION 3



“Without investing in those language skills in the school years, we will leave our young people strategically behind those that are emerging as major competitors within our region. And those language skills will provide a window into the culture and the understanding that we need.”

**KEN SMITH**

Director General, Queensland Department of Education and the Arts



“It seems to me that too seldom in reflections on China do people grapple with the very serious challenges that the Chinese government faces in sustaining its growth, in overhauling institutions, starting with financial institutions, and dealing with - to put it very broadly - public information. This was evidenced to some extent with the SARS crisis.”

**PAUL MONK**

Co-founder and Principal, Austhink



“We've got in our midst many, many young Australians from all sorts of cultures... but we hardly use [them] efficiently.

“I would like to throw down the challenge for the business community... to give a helping hand to the struggling issue of language teaching at all levels.”

**PHONG NGUYEN**

Chair of the Ethnic Communities Council of Victoria

## SESSION 3



“The growth rate which we see in Asia makes it a very viable market for architectural services and for planning services. Architects' fees across the board in Australia averaged 17 to 18 per cent from Asian sources over the last six years. In my own firm's case, 34 per cent of our fees came from Asia last year.”

**JOHN BILMON**

Managing Director, PTW Architects



“In terms of elaborately transformed manufacturing our market share is declining in Asia and unless we put in the R&D, the skills base, we are at risk...”

“We need respect for the workers in these countries and, in our own, where the profits are being made off them and their lives are pretty miserable. So labour standards, environmental standards are at the core of our future sustainability.”

**SHARAN BURROW**

President, Australian Council of Trade Unions



“About 12 per cent of [Year 12] students are taking a language other than English. For maths, it is around 85 per cent.”

**SUSAN PASCOE**

Executive Director, Catholic Education Commission Victoria



“At the Asialink ASEAN conversations, perhaps the most stimulating session was about trade and the FTAs. We were privileged to host both one of the senior Australian and one of the senior Singaporean negotiators of those agreements and they both said that the hardest part - and where they had learnt the most - was actually dealing with the cultural issues that lay behind the technical trade matters.

“Where they had learned to grapple with those prior to the negotiations in terms of briefings and reading, that had facilitated the actual trade negotiations more than any other preparation... “So it was the cultural underlying of the business that was the fundamental issue for them to deal with.”

**CARRILLO GANTNER AO**

Chairman, The Asialink Centre

## SESSION 3



“We have probably 800,000 students in our universities at the moment... fewer than two per cent last year were doing an Asian language of any kind, at any level of ability. Of that two per cent, probably half were students from Asia themselves.

“The study of Asia - politics, history, cultural things: fewer than five per cent of that 800,000 cohort are doing any study at all about a country of Asia.

“Indonesian, once such a flourishing activity, is no longer so. It hangs on in various ways, but “hang on” is the operative verb.”

**ROBIN JEFFREY**  
President, Asian Studies  
Association of Australia

## SESSION 4



“The three key points we want to address in this session on security are: first of all, how regional security dynamics have changed since 9/11; secondly, what are some of the critical challenges facing Australia's defence and police planners over the next decade? Thirdly, we want to look at the strategies we need to adopt to deal with these challenges.”

**Michael Maher**

Asia Pacific Editor, ABC News and Current Affairs

## SESSION 4: SECURITY ISSUES

The security session aimed to look at changes in regional security dynamics since 9/11, and the challenges ahead for Australia's defence planning.

Chair: Mr Michael Maher, Asia Pacific Editor, ABC News and Current Affairs



“Those who say geography doesn't matter are careless and irresponsible with the national security and I say that advisedly. When people proclaim that nations' states are no longer trumps, have I missed something or is there a risk of a major power war on the Korean Peninsula, across the Taiwan Straits and between India and Pakistan? That is our difference with Europe. In Europe now, the risk of war between the major powers is an obsolete concept. It is not an obsolete concept in Asia. To say that nation states no longer matter, and that all that matters is international terrorism, is careless in the extreme.

“Understanding China, understanding Indonesia are

central for us - but I'll tell you what is the central issue: understanding the sources of American conduct, particularly post 9/11... We have an Australia-Japan centre; we study, in a disciplined way, Indonesia and China. There is no focus for the study of the United States in this country, not in the intelligence community, not in the policy community and certainly not in academia.”

**PAUL DIBB AM**

Chairman, Strategic and Defence Studies Centre, The Australian National University

“There would be very little that I'd disagree with in what Paul had to say, but a range of issues are eating at the heart of a number of countries in Southeast Asia. They are the issues of illegal people movements, piracy, terrorism, smuggling, money laundering and narcotics.

“In our engagement of the region, we have to acknowledge that for some of these countries, these are the security threats. They're no longer the threats of potential attack from an armed force from China, the communist insurgencies, Japanese militarism, or whatever.

“They are insidious threats from within and across Southeast Asia. What's our

role? Our role, I think, is to help build capability to deal with them.”

**BILL PATERSON PSM**

First Assistant Secretary, South and Southeast Asia Division, Department of Foreign Affairs and Trade

## SESSION 4



“An institute for US studies might sound gimmicky to some - it did to me the first time. But there really is a lack of depth and comprehension, a lack of understanding of the fundamentally different culture - of money, religion, the military, freedom, ingrained notions - that people in a more egalitarian country have some difficulty in grappling with.”

**THE HON ANDREW PEACOCK AC**  
President, Boeing Australia



“Australians need to learn how to relate comfortably to religious issues, not only at home but in nations overseas, and to become very aware of very different modes of managing religious diversity.

“We have the expertise in our universities; we have a very rich expertise in our religious communities - and that needs to be drawn on.”

**GARY BOUMA**  
Deputy Chairperson,  
Australian Chapter, World  
Conference on Religion and  
Peace



“A decade ago now, at the end of the Cold War, there was a great burgeoning of activity of various sorts: the creation of multilateral dialogue fora, the creation of new pan-regional institutions such as the ASEAN Regional Forum, the beginnings of greater transparency in the region, the implementation of new confidence-building measures in the region, and an enormous growth in defence cooperation among defence forces, including the Australian Defence Force.

“A lot of that collapsed during the economic crisis and then the problems between Australia and Indonesia in 99 and East Timor. We're in the process of now reconstructing a lot of that regional security cooperation ... we have to take into account some of the things we're doing on the counter-terrorist side, where there's big scope for a lot more cooperation, but we also

need to think about other ways of adding ballast to that cooperative structure.

“Track 2 - for instance the Council for Security Cooperation in the Asia Pacific - has been a mechanism which receives a lot of favourable response in Asia... and in several areas - maritime cooperation, preventive diplomacy, trans-national crime and some of those human security issues. I think the Track 2 process can really add a lot.”

**DESMOND BALL**  
Strategic and Defence Studies  
Centre, The Australian  
National University

## SESSION 4



“I do think one of the main challenges that Australian defence and foreign policy planners will continue to grapple with in the years to come is the challenge of state weakness particularly in the south-west Pacific... you can't just insulate yourself from problems and internal decline in a state on your doorstep.

“Building up Solomon Islands' institutions is going to take a number of years... We're about to deploy 300 or so police and public servants to Papua New Guinea.

“There's a very commendable renewed focus on the South Pacific. The challenge for Australia is to make sure... the focus remains and that it is long term, and that it doesn't fall victim to competing domestic and international imperatives.”

**ELSINA WAINWRIGHT**

Program Director, Australian Strategic Policy Institute



“China was a great beneficiary of two of the very large crises in the world over the past seven to eight years. First of all, during the Asian financial crisis of 1997-98: its ability to sail through that, unlike most of its neighbours, changed perceptions in the rest of the world of what Southeast Asia was like and facilitated the floodtide of FDI towards China that we've seen since.

“The second great crisis that it benefited from, of course, was 9/11, mostly because it rescued - in the nick of time - the US-China relationship from going down a perilous new path to Chinese identification by the neocons as a new evil empire.”

**ALLAN GYNGELL**

Executive Director, Lowy Institute for International Policy

## SESSION 5



“Soft Power is rarely discussed or analysed in Australia today, yet I do think it's quite critical to our engagement in the region. It goes to issues such as the influence we have, and... one of the interesting features of it is that governments don't always control Soft Power. It goes to image, media, NGOs, institutional arrangements.”

**Paul Kelly**

Editor-at-Large, The Australian

## SESSION 5: 'SOFT POWER' ISSUES

The final session of the day offered an overview of some of Australia's important "soft power" assets in the region - and suggested proactive strategies to maximise influence.

Chair: Mr Paul Kelly, Editor-at-Large, The Australian



"About four years ago, there was a 50th anniversary meeting celebrating the Colombo Plan, sponsored by the government, which brought people from all around the world. And the minister who was there remarked on the fact how much these people loved and had great affection for Australia.

"Many of them were leaders, still are leaders in their countries, and I think that their attention to and understanding of Australia - and indeed to an extent, ours of them and their countries - came out of that process. So, we have many thousands of Australian university alumni throughout the region - many more now than came straight out of the Colombo Plan because, of course, now we're encouraged to think about international education as a business, and I think we've

lost something through that.

"I think there's too much emphasis on that. It's important to us. I mean, if it stopped tomorrow we'd all be in deep trouble at the ANU. Twenty-two per cent of our total student population is from outside Australia. It's probably the national average, 22 per cent. There are billions of dollars brought into the country into our universities through that, but it changes the relationship. It changes the relationship sometimes for the worse because it's commercial, pure, in many respects, and it's seen to be such by us and by those students. It changes the relationship sometimes for the better... Somehow, we've got to get the balance right."

### **IAN CHUBB AO**

Vice Chancellor, The Australian National University



"A key element of the [UNSW's Neighbours] program is that it's trying to encourage relationships between organizations, and particularly between leaders of organizations, rather than just between individuals. There are a number of very valuable programs trying to encourage linkages on an individual basis, very often aimed at young people, and we've heard of one today that will be expanded.

"I think they're valuable... but I think that quite often those programs do run the risk of eventually just being an interesting experience that someone had early in their lives with which they may regale people at the dinner table, but don't actually lead on to a major life long involvement.

"[However], if you can get the

leader of an organisation engaged, even if only inevitably because they're the leader, that will have a catalytic impact.

"If it encourages people to think that it is respected in the organisation that they're in, that one is Asia literate, to use a term from earlier, then it will encourage people who are not obsessively Asianist to nevertheless try to become familiar with that part of the world."

### **JULIAN DISNEY AO**

Director, Social Justice Project, The University of New South Wales

## SESSION 5



“If you put your minds back 20 years when Japanese first started to come to Australia, I’m sure you would have all chuckled at the groups that got out of the buses at Circular Quay and en masse took pictures of the Opera House and then en masse get back on the bus and went to the next icon and took pictures of that.

“It’s changed. These people are looking for a more in-depth experience. They’re looking to engage Australia and Australians - not the koalas, not the kangaroos. They’ve sort of got past that point some years ago.

“If we want to become good neighbours, if we’re responsible neighbours, we’ve got to engage the people of Asia on their own terms.

“[For example], one of the things I see time and time again in Asia is the Aussie sense of humour that we’re so proud of. Aussie sense of humour doesn’t translate so well in Asia. It’s actually seen as pretty disrespectful.”

**GREIG McALLAN**

Executive General Manager,  
Eastern Hemisphere, Tourism  
Australia



“A soft asset which we have in Asia is Australia’s burgeoning involvement in the world of special major events, especially sporting events... the demonstrable export of Australian major event services and expertise.

“It might astonish some people to realise that in virtually all the major venues tenders for the Beijing Olympics so far, there is an Australian architectural practice which has been successful.

“If I went to Dohar, I would find that the broadcast of the Asian games will be done by an Australian broadcaster. If I went to New Delhi where the Commonwealth Games will be held in 2010, I would find that their principal focus in seeking expertise in the world would be from the Melbourne Commonwealth Games

organisers or people experienced out of the Sydney Olympics.

“The single greatest repository of knowledge in training a games workforce in the world would be TAFE New South Wales... So it’s clever stuff about the clever country.

“Sport is a familiar area for people-to-people connection, and still is, but the traditional people-to-people benefits of sport connection are now being added to by a sharp professional-to-professional connection in this field of a kind that equals the sorts of professional connections we’d want in Asia, in such fields as law, engineering, architecture or other disciplines.”

**SANDY HOLLWAY AO**

Business Development Adviser  
and former CEO of the Sydney  
Organising Committee of the  
Olympic Games

## SESSION 5



“Through both Radio Australia and ABC Asia Pacific, [Australia’s] assets are being transmitted to quite extraordinarily wide audiences.

“One-third of the adult population of Papua New Guinea now listens regularly to Radio Australia - twice the audience registered by the BBC. And since December last year, Radio Australia has gone on to a 24-hour FM relay service in Port Moresby.

“In the main Asian capital cities, ABC Asia Pacific is now the fastest growing channel in Asia.”

**DONALD McDONALD AO**  
Chairman, Australian  
Broadcasting Corporation



“What young Australians should gain from their schooling is a body of knowledge and a set of skills that equips them to be informed participants in discussions about our relationships with Asia, effective contributors in a workforce which will increasingly interact with Asian workers and companies, and personally thoughtful, respectful, trusting, generous and equitable in their own engagements with Asian colleagues and friends.

“If we’re to achieve these outcomes, it must be through school education.

“School education is glacial in its change processes at the best of times, and the change we’re engaged in here is of the most sophisticated kind. It will take a long time, perhaps another 20 years if we’re honest. It’s complex -

since it involves new knowledge, a changed cultural orientation, and a shift in perspectives about the world. It impinges on politics and values. It’s a venture into territory where prejudice and racism lurk. Most demanding of all, of course, it affects teacher behaviour and the school timetable.

“Because it’s a long-term complex national change, it has some distinctive requirements for success. The engagement and commitment must continue to be bipartisan if it’s to survive shifts in the political environment during that 20 year period. It must continue to involve all education jurisdictions: the Australian government, each of the state and territory governments, Catholic authorities and independent schools... and it must involve a substantial

continuing program of funding and political and management attention.

“Without these characteristics, we’ll be playing at the margins of schooling and our children will inhabit the margins of Asia.”

**BRUCE WILSON**  
Chief Executive Officer,  
Curriculum Corporation

## SUMMARY SESSION



“What I heard coming through pretty strongly was that it’s important that we have what might be called a strategic engagement... that we actually think - as a country - about what things we might want to do.

“If we think about it - as Australia - we might say from a strategic point of view that it’s important to maintain some rigorous capacity in Asian studies.

“That’s why what we heard from Kevin Rudd and John Howard in their separate ways today was pretty important because what I heard... was a very clear bipartisan view emerging, which is the precondition for a more strategic approach.

“Underlying all this, is the notion of not just developing a technical capacity to respond to the challenges and opportunities, but also a certain kind of disposition in which we look beyond simply economic advantage or strategic advantage... the notion of neighbourhood and all that’s implied there, and what the Prime Minister was saying: ‘It’s not just about economics: it’s about responsibility.’”

### **Simon Longstaff**

Executive Director, St James Ethics Centre

## SUMMARY SESSION

Chair: Dr Simon Longstaff, Executive Director, St James Ethics Centre



“It’s critical to avoid the perception that there is still quite a lot of latent racism in Australia... I think also particularly important in Indonesia and Malaysia, Brunei, Philippines, is that we avoid any perception of religious intolerance.

“We somehow have to [also] get the impression across that we’re not a sort of Anglo-American misfit in this part of the world - a sort of compliant echo of United States policies. And it’s not easy to pursue an independent foreign policy within the framework of an alliance, but that’s what we have to do.”

**RICHARD WOOLCOTT AC**

Founding Director, Asia Society, Austral/Asia Centre



“There’s a huge gap between your understanding and your influence in the region. I find this very commonly when we do work for Australian companies in the region. They know who is important and they identify their relationships with that person as high and being able to influence them. When you go and talk to the other side, there’s a huge gap.

“So what do you do?... [you need] some form of cohesive top-down national vision and values - an aspirational vision and values, which is long term, about what is the role very long term of Australia in the region.”

**IAN BUCHANAN**

Chairman, Australia, New Zealand and Southeast Asia, Booz Allen Hamilton



“We have been excited by the extraordinary energy of today and also the enthusiasm.

“What was raised consistently by a number of people all day, and significantly by the business representatives here, was the need for a major and ongoing and bipartisan commitment by both levels of government to our school education.”

**JENNY MCGREGOR**

Executive Director, The Asialink Centre



“If Australia is in a new stage of engagement activism, and I think we are, we need to recognise that the circumstances have changed since the heady days of the 80s and the early 90s. We’ve had the Asian economic crisis, the Timor crisis and what some call the new terrorism - and our new engagement activism, it might be argued, needs to be informed by this learning experience. Our new optimism needs to be more savvy.”

**ANTHONY MILNER**

Dean, Faculty of Asian Studies and Basham Professor of Asian History, The Australian National University

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“I congratulate The Australian National University and Asialink for this and their many other initiatives to encourage greater contact and cooperation between Australia and the nations of our region.”

**Prime Minister The Hon John Howard MP**

# EDITED TRANSCRIPT: PRIME MINISTER

THE HON JOHN HOWARD MP, PRIME MINISTER OF AUSTRALIA

Address to Asialink-ANU National Forum: Australia's Engagement with Asia: A New Paradigm

Events such as this summit provide an opportunity to build understanding within our own community about the region in which we live and how important it is to the future prosperity and security of our country. I congratulate the Australian National University and Asialink for this and their many other initiatives to encourage greater contact and cooperation between Australia and the nations of our region, and the excellent relations we enjoy currently owe much to the strong bonds and associations forged by what is often termed Track 2 diplomacy; the contact and discussions between individuals and non-government institutions.

Vigorous open debate about any government's foreign policy is crucial in a democratic society. This is especially so in respect of Australia's links with the region, so vital to our long-term prosperity and security. In that spirit let me say very directly and appropriately, on this day when the parliament of Australia will pass the legislation ratifying the free trade agreement between Australia and the United States, that the great canard levelled against this government is that the deepening of our relations with the United States in recent years has come at the expense of a closer engagement with Asia.

This charge proceeds on a totally false assumption - the false assumption that there is some inevitable zero sum game where closer relations with the United States are inimical to improved relations with our region. It is profoundly wrong when one notes this government's success in forging, for example, a strong strategic economic relationship with China. It ignores, for example, our free trade agreements with Singapore and Thailand. It is misleading at a time when we have put relations with Indonesia, despite the inevitable challenges flowing out of our proper involvement in East Timor on a more solid cooperative and sustainable footing.

It is equally an error now when we have agreed on a scoping study or a free trade agreement with Malaysia; the country long-seen as the least receptive to Australia's closer engagement with the region. An Australia seen by both sides of politics in Washington as a close and trusted partner is an Australia with enhanced influence, not least in our own region - whether the issue is the fight against terrorism in South-East Asia, events on the Korean Peninsula, or longer term trends in regional power relations.

The relationships we forge with other nations and our specific position on issues should, and under my government always will, be determined by considerations of Australia's national interest and in accordance with Australian values. And so it should be, because I have long argued that any disconnect between foreign policy and national values jeopardises the domestic community support that is absolutely crucial to achieving Australia's foreign policy objectives.

In my view some Australian commentary about the region rests on a second false assumption and that is that there is some singular entity called Asia which we should approach always and everywhere with the same level of intensity independent of Australia's interests. The government's commitment to close engagement with Asia proceeds, as it must, on the basis of mutual

respect. A key part of this engagement has been our willingness to appreciate Asia's diversity. As I have said previously, simple propositions masquerading as grand strategy fail to take account of Asia's diversity. So too they distort Australia's position as a western country with a unique network of political economic and people-to-people links with Asia.

I make no apology for the fact that we focus our engagement on those relationships and issues that matter most to Australia's interests. In this context I counted as one of the great successes of this country's foreign relations that we have been simultaneously able to strengthen our long-standing ties with the United States, yet at the same time continue to build an ever-closer relationship with China. That achievement, as you know, was symbolised last year in the national Parliament when, on successive days, the president of the United States and the president of the People's Republic of China addressed our national Parliament. I note Prof Milner's observation that "The more we engage in our region - the more we interact in commerce, education, tourism and diplomacy - the more we tend to recognise the characteristics that distinguish us in the region."

He is also right to say that those differences do not inhibit us forming strong bonds with Asian nations. In fact, I would argue those characteristics are valued and appreciated by many of our neighbours. And just as we expect our neighbours to respect our values and institutions, we have tried to develop a greater understanding of and sensitivity to the historic and cultural foundations of their societies.

Our focus has been on the common interests between Australia and the countries of Asia, while acknowledging that there will be times when we have differences over particular issues. This mature and practical approach to engagement continues to bear fruit.

Nowhere has this been more obvious than the close cooperation that has developed on security issues, especially between Australia and the nations of South-East Asia. International solidarity and close collaboration involving governments and regional and multilateral organisations are critical if the fight against terrorism is to be successful. In this regard Australia has been resolute in its commitment to strengthen multilateral, as well as bilateral cooperation, for instance in APEC and the ASEAN regional forum.

There are few more important tools at the present time than the network of nine bilateral counter-terrorism arrangements Australia has put in place with regional neighbours, focusing as they do on law enforcement, border control and port security. They are the foundation for practical operational level cooperation between police, intelligence agencies, security authorities, customs and immigration services, defence forces, central banks, and financial units. Our strategic engagement has also been supported by a network of bilateral security dialogues.

Over the past eight and a half years we have expanded the network to include key regional partners; Japan, Korea, Vietnam, the Philippines and India, in

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addition to the longstanding arrangements with China and Indonesia, and we look forward to arranging our first politico-military talks with Malaysia some time this year. Australia has continued to work hard to strengthen its defence cooperation relationships with key regional partners in ASEAN and it is worth noting that our contribution to defence cooperation in South-East Asia is second only to that provided by the United States.

Australia has also recognised that helping countries develop their own capabilities to fight terrorism is as important as operational level cooperation. In addition to capacity-building packages for Indonesia and the Philippines, Australia is contributing \$36.8 million to the Centre for Law Enforcement Cooperation in Jakarta. This international education and training institution will greatly increase the ability of our region to respond to the complex challenges posed by the operation of international terrorists in our region, but perhaps of even more immediate significance are the growing connections we have been able to forge with the region's police forces.

Australian Federal Police officers are now posted in Bangkok, Chiang Mai, Hanoi, Ho Chi Minh City, Manila, Jakarta, Kuala Lumpur, Phnom Penh, Dili, Rangoon and Singapore. Ultimately the success of the region's response to the terrorists' threat will depend on the degree to which the region's police and security agencies can effectively cooperate, because it is at this working level where the greatest gains can be made and the greatest dividends secured. Along with the challenge of terrorism, North Korea's nuclear posturing represents yet another ingredient which creates a degree of instability and tension in our region.

Australia is responding at two levels. We are engaging fully and energetically in patient diplomacy but we have also urged those nations most likely to influence the behaviour of North Korea, that is, South Korea, Japan, Russia, the United States and especially China, to speak in a firm and united fashion. We believe that China in particular has a crucial role to play in that process and we have been encouraged by China's constructive contribution to finding a peaceful solution, especially its pivotal role in hosting the six-party talks.

It must be understood that what is still properly called the ANZUS Alliance does not isolate us from our neighbours. It adds to our value. ANZUS combines with the other security alliance and the arrangements the United States has forged throughout Asia - not only with Japan and Korea, but also with Thailand and the Philippines - to form a strategic framework that helps to keep the whole region stable. It is self-evident that the relationship between the United States and China will be extremely important, indeed, crucial to the stability of our region. Our aim is unashamedly to see a continued, calm and constructive dialogue between the United States and China, something we take an opportunity of urging on every available occasion.

The government recognises that as a nation which has different but nonetheless close relationships with both countries, Australia is well placed to promote and support and encourage that constructive dialogue. Our relationship with the United States is well-known and well-understood but I

have also, as you know, worked very hard as Prime Minister to build an enduring relationship with China; a relationship which is mature, practical, and of course, substantial. At the ministerial level our political relationship is more vibrant than it has ever been. Most members of the Australian cabinet have visited China. Similarly, almost all the members of China's politburo standing committee have now been to Australia, and I interpolate that I think I'm the first leader of a western democratic political party, certainly of the centre right, to have addressed the cadres of the Central Committee of the Chinese Communist Party.

The government's approach to China has been based on three key elements: maintaining high level contact, frank dialogue and a shared commitment to constructive relations based on mutual respect. That does not mean side-stepping issues where we differ. That would be inconsistent with our values and the very notion of mutual respect. But it does mean that we agree to manage those issues in a mature and sensitive way. Increasingly, we are being recognised as a trusted partner, not just by China, but the region as a whole. This is in part because we share an ambition to increase the wealth and the prosperity of the region and its people.

The government recognises that the best way to achieve open markets is through multilateral trade agreements. Undoubtedly they provide the most comprehensive outcomes but in this uncertain and messy world it would be foolish to rely entirely on multilateral pursuits and outcomes. My doctrine has always been to look for opportunities that will deliver for Australia, and if we can negotiate a bilateral deal that delivers tangible benefits now, we will go for it.

Australia actively pursued free trade agreements with the countries of South East Asia, either collectively or bilaterally, long before we started negotiations with the United States. Through the hard work of the Trade Minister, Mark Vaile, and the Australian negotiators, we were able to finalise free trade agreements with Singapore and Thailand in 2002 and 2004 respectively. These agreements are indicative of Australia's increasing engagement with those nations and the gains are not exclusively economic because the resulting increased level of contact will inevitably encourage greater cross-cultural exchange and awareness.

The momentum from these agreements is building. During her recent visit to Australia, the Malaysian Trade Minister, Rafidah Aziz, and Mr Vaile, agreed that Australia and Malaysia should explore the possibility of a free trade agreement. Similarly, the government recently concluded a trade and economic framework with China which includes a commitment to undertake a detailed joint study into the feasibility and benefits of an Australia-China free trade agreement.

China has experienced remarkable economic development over the last 20 years; development that has seen it become one of the world's most dynamic economics and one of Australia's most important economic partners. Increased opportunities in China from its surging economy do not, however,

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mean diminished opportunities in Japan. Trade and investment links between China and Japan themselves are growing strongly. In fact the growth in Japanese exports to China is helping fuel Japanese economic recovery. The Australian and Chinese economies strongly complement each other. China is already our number one market for iron, steel and wool.

In 2003 more than 190,000 students from Asian countries were studying in Australian educational institutions. Australia is also a leader in establishing joint education projects in country with programs already under way in China, Vietnam and Indonesia. Last year educational activities with our Asian neighbours generated some \$4.4 billion of income for the Australian economy but we should never be complacent about these opportunities. Increasingly, we are looking to our west and observing India's growing political and economic weight and India is looking east seeking to forge stronger links with our region.

The indications are that India is set to become one of Australia's most important regional and bilateral partners. Australia is already the third-largest destination for Indian students seeking higher professional skills and new initiatives in educational exchange hold particular promise for strengthening not only commercial links, but the people-to-people links which are so vital to growing that relationship. India and Australia enjoy similar democratic institutions; legal, financial and governmental structures. We are both Commonwealth members and strong advocates of that organisation's democratic principles. We share a common language and, of course, a passion for a great game that does not need to be named.

The Indian Ocean may divide us geographically but its strategic importance to Australia and the region as a whole is a very significant unifying factor in that relationship. Our common security interests, especially in relation to combating and responding to international terrorism, led to last year's MOU on counter-terrorism. Not surprisingly, both nations are very focused on the maritime security of the Indian Ocean. Our economies also have strong complementarities. India is already Australia's seventh-largest merchandise export market and Australia is one of the top 10 investors in India.

As you can see, solid groundwork has been laid and I'm looking forward to seeing considerable benefit accrue to both nations, over the next decade, from the continued strengthening and growth of that bilateral relationship.

But being a part of the Asia Pacific is not simply about opportunity. It is also about responsibility. Over the last eight and a half years Australia has demonstrated its willingness to contribute - as with our response to the financial crisis of 1997 and our involvement in the liberation of East Timor. I am also very proud of Australia's recent participation in the assistance mission to the Solomon Islands. The Ramsey intervention, to which so many countries in the Pacific contributed has been a remarkable success, and we are particularly pleased by the fact that it was not a solo Australian effort.

The government's aid program has played an integral role in promoting Australia's efforts to support regional development and stability. In 2003-4, over

61 per cent of Australia's official development assistance, more than 1.2 billion, was directed to countries in the Asia-Pacific. I see our role as a friend and partner helping our neighbours to build their own futures. That is why I am very pleased today to announce a significant expansion of the Australia Youth Ambassador for Development Program. The government has decided to commit an extra \$24.5 million over the next four years with funding for this program essentially doubling by 2006.

Currently there are 230 youth ambassadors on short-term assignments in developing countries throughout the Asia-Pacific. By 2006 there will be some 400 young Australians selected for overseas development assignments. Not only do these young people make a terrific contribution to the development of our region but they are playing a really positive role in strengthening mutual understanding between Australia and our neighbours, and I know that our best and brightest have been attracted to this program.

So in conclusion, ladies and gentlemen, can I again thank the forum for the opportunity of sharing my thoughts on what we have endeavoured to achieve; of reminding this audience of the goal we had in achieving an appropriate balance in our foreign policy between the undeniable fact that our immediate destiny and strategic position is permanently tied up with this part of the world, and it will always be a central responsibility of the government of this country, whatever its political stripe, to maintain and continue to expand relations and understandings with the people of the Asia-Pacific region. I again congratulate those who have organised this forum for the continued focus on the links between Australia and Asia and I hope my thoughts and contributions of other members of my government have been of great assistance. Thank you.

# EDITED TRANSCRIPT: SHADOW FOREIGN MINISTER

THE HON KEVIN RUDD MP, OPPOSITION FOREIGN SPOKESMAN ON FOREIGN AFFAIRS

Address to Asialink-ANU National Forum: Australia's Engagement with Asia: A New Paradigm

What we face is a revolution under way and unfolding around us and I fear it is one for which we are barely prepared in terms of its long-term consequences.

If I can read from the lead article this month in Foreign Affairs Magazine, entitled "A Global Power Shift in the Making" - I'll just read you the first part:

A transfer of power from west to east is gathering pace and soon will dramatically change the context for dealing with international challenges as well as the challenges themselves. Many in the west are aware of Asia's growing strength. This awareness, however, has not yet been translated into preparedness. Major shifts of power between states, not to mention regions, occur infrequently and rarely peacefully.

That, in many respects, is our text for today. So what are the principal change drivers affecting our country's future? The list is familiar but I fear the consequences for the country are less so: the first, inevitably, is the rise of China; the second, almost as inevitably, the rise of India; third, the rise of militant Islamism in Southeast Asia; fourth, the emergence of competing visions of a regional architecture for wider East Asia, from which there is a risk that we may be excluded; and finally, overarching all the above, the future global posture of the United States.

Together these change drivers have a capability to rewrite the shape of our region over the next quarter century and the challenge we confront is are we nationally prepared for it? My argument today is that we are not and we must, at every level, radically lift our national game.

Parallel to China's emergence as a significant economic power, China is also emerging as a much more active participant in regional and global foreign policy. This is new. In the United Nations, the WTO, the Six Party Talks on North Korea, APEC, the ASEAN Regional Forum, ASEAN Plus Three, in addition to negotiating a range of bilateral FTAs within the region, China is no longer a passive factor in the overall international policy terrain. It is an active player, an active participant, pursuing its interests with vigour. We can expect these trends and developments to continue into the period ahead.

Likewise, we can already see that a pivotal challenge for regional policy-makers in the decades ahead will be the task of maintaining a constructive relationship between China and the United States. Over the past 25 years we have seen that relationship go through several permutations as both countries have attempted to gain each other's measure. Nonetheless, while significant disagreements remain, Sino-US cooperation, the war against terrorism, China's hosting the Six Party talks on Korea, in addition to a burgeoning bilateral economic relationship, all point to the current relationship between Washington and Beijing being and staying in good shape for some time to come.

The one potential cloud on the horizon is of course Taiwan. It is well known that Chinese policy remains the reunification of China while refusing, ultimately, to rule out the military option. For its part, Taiwan has recently re-

lected a president whose political party maintains a level of formal commitment to Taiwan achieving its independence. A central policy dynamic for the future strategic stability and economic growth of East Asia is how this central question is handled.

In addition to China, India is emerging as a second major economic engine of growth here in the wider region. A decade following India's departure from previous unsuccessful economic models, a series of market-based reforms have now realised significant growth in the Indian economy. We are today seeing the emergence of a country very much focused on its future. Its strive forward will, if harnessed constructively, be a major and welcome influence in the development of our wider region.

A third major driver of global and regional change in the period ahead is terrorism: its driving forces, its political manifestation and the reactions to it by governments, by corporations and by populations around the world and around our neighbourhood. Terrorism is not a new phenomenon in history; it is a form of asymmetric warfare waged by non-state actors against other governments, against governments here in our own region. It usually takes the form of threats of violence or the application of violence to civilian or non-armed targets in order to extract political concessions from the state actors in question. The inherent asymmetric nature of terrorism is illustrated by Dr Zachary Abuza, probably the world's leading authority in Jemaah Islamiah who noted recently, and I quote:

The Bali bombing in which 202 people were killed and led to the estimated loss of more than \$1 billion in tourism revenue for the country, that is, Indonesia, cost under \$35,000. Terrorism is truly asymmetric warfare.

A critical question arises as to how Al Qaeda, Jemaah Islamiah and their associated organisations continue to recruit effectively in Southeast Asia, given the intensity of the Bali bombings and other attacks and the reactions to them across the region.

Beyond the appeal of their original jihadist mission, to understand this phenomenon we must also look to the underlying social, economic, political factors in Indonesia and elsewhere which continue to enable these organisations to recruit. We must also look at how these organisations continue to be financed. There's a combination of all these factors that gives rise to the continuing terrorist threat against Australians and Australian interests across Southeast Asia.

A fourth change driver in the region is the emerging debate on the future shape of our regional architecture both economic and strategic. Unlike in Europe, East Asia has not yet developed strong regionwide institutions fostering economic cooperation and collective security. The region's increasing economic interdependence has been driven by the economic reconstruction of Japan, the growing intra-regional trade and investment flows, and the rapid development of the newly industrialised economies of Southeast Asia and China's economic growth.

## EDITED TRANSCRIPT: SHADOW FOREIGN MINISTER

Similarly, on regional security, there is no NATO in East Asia nor is there an East Asian equivalent of the CSCE, the Conference on Security Cooperation in Europe; rather, the region's security has been underpinned by a strong continuing US strategic presence reinforced by a range of alliance relationships in key regional powers.

US strategic engagement has helped prevent the re-emergence of historical tensions between the region's major powers, and this has to be welcomed. Since the Vietnam War, US strategic engagement has prevented the region's unresolved territorial disputes from erupting into full-scale armed conflict in East Asia. A vigorous debate, however, is now taking place about the future shape of a pan-regional architecture. Unlike in Europe, this is very much a work still in progress, but the debate itself should be regarded as a significant change driver in the decade ahead.

ASEAN is one of the oldest continuing organisations in the region, founded as a strategic counterweight to communist victories in Indochina. ASEAN oversaw the rapid economic development of its original members. An indicator of ASEAN's success has been the successful accessions of its original strategic adversaries: Vietnam in 95, Laos in 97, Cambodia in 99. Beyond that, ASEAN Plus Three - that is, ASEAN plus China plus the Republic of Korea and Japan - has emerged as a significant regional forum.

APT, as it is called, meetings began to be held during the 1990s alongside APEC meetings. Since 97 there has been a broadening of support for developing the APT, (ASEAN Plus Three), processes into an East Asian economic grouping. Factors promoting this development have included the traumatic impact on many regional economies of the Asian financial crisis from mid-97, which prompted many regional countries to consider the desirability of greater coordination to forestall any further crises and to add greater weight for East Asia and the region's dealings with international institutions like the IMF.

A second factor reinforcing this view was an emerging regional view that the ongoing development of other regional groupings in Europe and the Americas, namely the EU and NAFTA, should be matched by greater East Asian coordination and cooperation; and, third, the inauguration of ASEM, the Asia Europe Meeting, in 1996 which promoted greater internal dialogue within East Asia to bring to the ASEM table a consolidated Asian view.

Since 97, ASEAN Plus Three has developed considerable momentum. It has commissioned studies and reports to explore bases for further East Asian cooperation. For example, in 2001 it received a report which envisaged East Asia as moving from a region of nations to a bona-fide regional community where collective efforts are made for peace, prosperity and progress.

Regrettably, Australia finds itself at the margins of much of this real debate about the future shape of the region's political and economic architecture. For this to change will require more effective Australian diplomacy in the future than in the past. For Australia, the stakes involved in this debate are very high indeed. Dr Stephen Grenville, former deputy governor of the Reserve Bank of

Australia noted recently, and I quote:

The point that is relevant to us in Australia is that, even if some of the economic issues currently under discussion in East Asia do not seem to be primary issues in our narrow national interest, the institutional framework which builds up around those issues will be the forum and structures on which deeper regional integration will be built.

We may not think these issues are of pressing importance to us, but if we let them go through to the keeper, then we will miss out on the other more nebulous benefits of regional integration, learning how to get along with one another. We need to recognise that there is already a very active network of cooperation built largely around ASEAN Plus Three, and the importance of this goes beyond the often technical nature of the specific links. Of course, even if we are kept to take part, our Asian counterparts may take some persuading.

So how does Labor respond to the above? We do so within the framework of our approach to foreign policy overall, a framework which we have based on three pillars: our alliance with the United States; our membership to the United Nations and participation in the global multilateral system; and thirdly our policy of comprehensive engagement with Asia.

Recently in a speech in Sydney I foreshadowed that should I become Foreign Minister I would establish an India division. We must have an institutional capacity to drive into this country from our bureaucracy the emerging paramount importance of India to our nation's long-term economic and strategic future. Also, we must inject greater political ballast into this relationship. We need to establish a regular pattern, semi-annual if possible, of Prime Ministerial visits in both directions. We must do better on India and we must do so now.

On the regional architecture, I noted before that there is an emerging problem in terms of ASEAN Plus Three, emerging in the absence of any effective Australian diplomatic participation. That too must change. There is a danger that within the region we will see the emergence of pan-regional architecture completely in Australia's absence in shaping the rules for that region, its institutional shape and the way in which it actually behaves in the time ahead. This is a profound and deep challenge for Australian diplomacy. I do not confess that it is easy. Recent changes in the political leadership in parts of the region will assist that process, but it must be in the top three diplomatic priorities of any incoming government in Australia.

But on the strategic side and on the security side, we must begin to look at what we can do further with the ARF, the ASEAN Regional Forum. It's a body which has a capacity to effect positive change on the security front. It is moving in the direction of greater influence but has a long way to go yet. We must use it, the ARF, to acquire a greater strategic role in the future. The challenges, particularly in terms of pan-regional terrorism, are great - and the ARF has a capacity within it to develop its mandate, given its membership, to do better on this score. To date, no nationwide strategy to defeat international

## EDITED TRANSCRIPT: SHADOW FOREIGN MINISTER

terrorism and its sources of financial support and recruitment has been developed. The ASEAN regional forum is well placed to do that.

On terrorism, our approach is this: bilateral arrangements with countries within the region on security, intelligence and police cooperation front are slowly developing. They need to be taken further at the regional level but our view of an effective conduct on the war against terrorism here in our own region is that it must be the sound of two hands clapping, not the sound of one hand clapping. The sound of one hand clapping is that this is purely and exclusively a security policy, political policy, intelligence policy and/or a police law enforcement challenge. It is broader than that. Unless you address simultaneously those factors which make it possible for jihadist organisations to recruit with increasing effectiveness across East Asia, you're missing the other half of the equation.

For us, therefore, as a practical step in that direction, we have announced that we will work with the Indonesian government to lead an international donor consortium with the international donor countries from the European Union, Japan and elsewhere to rebuild the Indonesian mainstream education system - an education system which, in many respects, was fundamentally undermined by the loss of budget revenues arising from the Asian financial crisis and the IMF intervention package of 97/98.

Why is that important? Because an increasing trend across Indonesia has been that, with schools running out of money, teachers not being paid and there being no curriculum effectively offered in the schools, kids increasingly are offered cheaper forms of education in schools which are run by Islamist organisations funded through various Saudi Arabian foundations. And as a consequence - a slow but seductive introduction into Wahhabism, the minority tradition within Islam that I referred to before.

You can sit back and allow all that to happen or you can act, you can do something about it. If there's one country in the world which has a fundamental interest in getting Indonesia right it's the Commonwealth of Australia. For that to occur in partnership with our friends in Jakarta, we must do better on this front - the sound of two hands clapping, not one.

To conclude, all of these things are doable but purely on the back of effective and good bilateral political relationships with our friends and partners in the region. We can talk about that a lot, but the tonality of those relationships, their content and their feeling are fundamental factors in your ability to do business. You cannot have an effective security cooperation relationship with Jakarta unless the political relationship is in good order. If you are seeking to develop a long term 25 long economic relationship with China based on the energy and resources sector, a first class political relationship is a fundamental prerequisite.

This is not just a thing that diplomats say, it's not just a thing that foreign professionals say, it is the thing that those of us who have worked on the ground in these areas in the past know only to be true, that the political

temperature of a relationship is of fundamental importance, and it is on that question that we have seen much fraying at the edges in recent years.

The political relationship must be in first class working order but underneath it our people must also become an Asia-literate Australia. Unless we have in this country a capacity over the period ahead to create an Asia-literate Australia, one which is knowledgeable and familiar in the principal languages of our region and familiar at working with the principal cultures and civilisations of the region, then frankly the task we face will be very difficult indeed.

It's the basic question of respect; that we are a small country of 20 million people aside a continent of some two to three billion containing within it many high cultures and civilisations which were considerably longer in existence before Arthur Phillip happened upon Botany Bay. For those reasons, deepening cultural respect, deepening our understanding of these civilisations, and deepening our ability linguistically to engage is a huge challenge.

For the life of me, the one thing I cannot understand in terms of what has happened in the last several years is the current government's decision to abolish federal funding for a national program to teach Asian languages in our schools. We crafted that in 1994 between governments, Labor and Liberal, State and Commonwealth. It was implemented over the following eight years. As a result, by the end of 2002, we had 750,000 kids in the Australian school system studying either Chinese or Japanese or Indonesian, some Korean. Unilaterally, the Howard government cancelled its funding for that program at the end of 2002.

The task of preparing for our long-term strategic engagement with Asia is an inter-generational task. It requires much planning, much forethought, much foresight. That was had a decade ago and unfortunately the programs based on that have been dismantled. It is important in shaping in this country an attitude of respect in our dealings with our regional partners. Above all these things, let us return this country to a healthy and intelligent bipartisanship on the question of comprehensive regional engagement... As a country of 20 million people, given the risks and challenges and opportunities we face, I believe for this country there is no alternative.

## MEDIA REPORTS

The National Forum attracted a large contingent of national print, radio and television media. A brief selection of the coverage follows.

# The Nation Howard finds his Asian comfort zone

THE WEEKEND AUSTRALIAN — AUGUST 14-15, 2004

JOHN Howard is now a big picture Prime Minister on foreign policy, but he sees the big picture as a lot of individual smaller pictures. It's a ground-up approach of art, in contrast to his predecessor's top-down approach.

In an expansive interview with *The Weekend Australian*, Howard says his bilateral trading blocs strategy, concentrating on individual nations within Asia and concluding specific agreements, whether in trade or counter-terrorism, has been the most effective approach.

And there together and you get a more wide strategy. "It's a very deliberate strategy," Howard says. "The trading bloc approach is opposed to the grand sweep approach."

The latter, he says, is based on the intellectually false assumption that there is a single pricy called Asia that has to be approached as a whole with an equal intensity of commitment and engagement.

Howard also acknowledges he has grown a little Asian diplomatic. "I don't know how much with the region and I don't know how much with it and I enjoy it more."

Approve such as the Treasurer before, for an early Howard retirement should have to be within next year's fiscal plan. "I enjoy travelling to the region. I haven't been to Vietnam yet as Prime Minister. I want to go to Malaysia. I over the Prime Minister of Thailand a return visit. I always make time to travel to some of the larger countries in the region."

Subvert, as the notorious *Julius Nyer* pointed out as an Asian senior minister yesterday, Howard has trans-



Greg Sheridan  
Australian Angle

Howard said. "I was worried by those comments and the feeling is shared like Australia's Richard, I know him and I hope he's able to visit Australia."

The Australia Malaysia relationship, Howard said, was very tentative and well-developed, reducing relations, business and military cooperation. The problem had been a "head-of-government issue — that's gone now."

"I will be ready to go the necessary distance on the Malaysia relationship," he says.

Howard is enthusiastic in a renewed sort of way about the prospect of a China Australia free trade agreement. "We have a very good relationship with China already, but it's the next thing to explore. We're approaching it positively and optimistically and hopefully."

"I don't want to run ahead of myself and I don't want to give the impression that it's the make or break of our economic relationship with China."

Howard is most very confident about his agenda for free trade agreements around the region.

He believes, for example, that attending increased US membership will be one desirable outcome of the US FTA. But those same investment issues will be addressed in all of them. "I notice some people say, 'Who

will want a sacrifice of Australia's ability to talk freely to China about some where the two nations might disagree."

"The relationship between America and China is very important to us. We're the greatest advocates of cultural moderation over Taiwan to be found. We certainly are encouraging the Taiwanese to understand that talk of independence is not constructive."

Okay, but what do we say to the Chinese?

"We certainly put a new, written the framework of our support for a new China policy — that is the framework of everything we say — that only and resolution are desirable."

But do we see a Chinese that we oppose the size of force?

"We don't get that view because we don't want to seem to be complaining or barking that anybody would be using force."

One of the subjects Howard will not be drawn on is the Australian diplomatic criticism that his attendance at the ASEAN summit this year became an annual affair.

"We'll just see how things develop. It's looking forward to it. I hope it's seen as constructive."

When pushed on whether Australia would push for an annual meeting, Howard became uncharacteristically Asian. "Let's just see what the next stage."

He gave much closer details on the monetary and oil revenue dispute with East Timor describing Foreign Minister Alexander Downer's meeting with his East Timorese counterpart, Jose Ramos Horta, as "very productive."

Howard was insistent that Australia would maintain its borders with East



## FairfaxDigital

### Relationship with US enhances our standing in Asia, says Howard

By Tom Allard, Foreign Affairs Reporter

August 14, 2004

The Federal Government had developed strong ties with Asia, and its close relationship with the United States was a help, rather than a hindrance, in the region, the Prime Minister, John Howard, said yesterday.

In a speech to the Asialink National Forum in Canberra, Mr Howard also flagged that India would become a greater foreign policy focus for his Government.


"The great canard levelled at this government is that the deepening of our relations with the United States in recent years has come at the expense of closer engagement with Asia," he said. "It must be understood that the ANZUS alliance does not isolate us from our neighbours; it adds to our value."

Mr Howard said Australia was respected in the region for its economic strength, had forged free trade deals with Singapore and Thailand and was working on similar agreements with China and Malaysia.

Counter-terrorism treaties had been signed with many nations, and his Government's recognition of the diversity of Asian nations had held it in good stead.

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THE WEEKEND AUSTRALIAN — AUGUST 14-15, 2004

 **Inquirer**

# The challenge of China

**A**S THE US free trade agreement reaches its final stage, Australia is entering a more contentious economic and strategic debate symbolised by the proposed PTA with China.

The idea of an agreement with China reflects a dynamic in Australian foreign policy obscured by the Iraq war and the US alliance — that Australia under the Howard Government is moving into a new phase of deeper engagement with Asia.

The critics might deny this but their vision is obsolete. Central to the process is the signal from South-East Asia, reinforced this week by Malaysia's new Prime Minister, Abdullah Badawi, that the region wants an FTA with Australia. This is coupled with action to build a bilateral PTA with Malaysia, previously Australia's strongest regional ally.

Even more important is the likely decision from Canberra and Beijing to begin negotiations for a bilateral PTA, following our agreement with Singapore, Thailand and the US.

These decisions are not just about trade. They are about politics and they reflect a rethink within East Asia towards Australia. This comes at the same time as the Iraq war and our closer visibility with the US. The ambi-



**Paul Kelly**  
Editor-at-Large

in the world. Such an honour has never been extended to any Indonesian president, Japanese prime minister or British prime minister.

It confirms that since Howard's early 1997 visit to China as PM, he has worked diligently to elevate Australia-China ties and has secured dividends such as the \$5 billion liquefied natural gas deal.

But Howard has never debated himself about the differences between the two countries.

In his speech to the Australian parliament last October, he said that the Chinese espousers of the Ming dynasty reached our shores in the 14th, long before the Dutch, French and British. So China had discovered Australia first. It was a subtle claim on our history, emotions and future. He also said that China had "always viewed our friendly ties with Australia

of division with a Labor-Coalition split over what Bush's America represents. He came as a stranger but such distance helped him to project himself as a figure who unites rather than a personality who divides.

Since diplomatic relations with China began in December 1972, this has largely been a crisis-free relationship, with the main parties (Labor and Coalition) agreed on its direction. Indeed, there is more agreement in Australian politics about relations with China than there is about relations with the US. This provides an insight into Australian attitudes towards China — they tend to be highly optimistic on the economic side and is a state of denial on the strategic side. The coming PTA negotiations with China will be a more complex affair than Australia has been prepared to admit.

This is not just a duplication of Australia's 1990s resources and energy relationship forged with Japan. In Australia there is a sense of disappointment that our ties with Japan, so vital for so long, struggled to assume a broader dimension. The expectation is that Australia, ultimately, would move from China — a broader economic partnership that transcends our pivotal role as commodity supplier, that plays into our strong services sector, but that also extends into a wider social

was ready to be our long-term, economic partner and it sought strategic co-operation in the region.

He said China and Australia had shared interests "in keeping the South Pacific and Asia-Pacific stable, easing regional tensions and promoting peaceful settlement of hot-spots". China's influence is on the rise in South-East Asia, Papua New Guinea and the South Pacific.

In relation to Taiwan, Hu was explicit. China sought Australia's support "for a constructive role in China's general reunification". The message from China about what it expects from Australia is very diplomatic but very clear — as China's role in Australia's economic life grows, so will China's expectations about strategic co-operation. What else would you expect?

Foreign Minister Alexander Downer said yesterday the Australia-China link had never been more important to either country. Downer warned that Australia opposed any move by Taiwan towards independence. He praised China's constructive role in the region — and highlighted the existing good relations between China and the US. These are decisive signals to Australia's continuing policy dilemma (which will be critical Iraq).

It is why successful relations between the US and China are essential for

## Learning to talk the talk of the region

**David Lee**  
Economics correspondent

THE Government is establishing a national centre for language training after criticism that the lack of support for Asian languages and cultural studies is preventing a deeper engagement with the region.

John Howard said a forum on Australia's engagement with Asia yesterday that the centre would be based at the University of NSW.

It will take the practical language skills and cultural knowledge that Australia needs to engage more effectively in world markets.

The Prime Minister said Australia's overseas relations in the region owed much to the bilateral bonds and attachments established between individuals and non-governmental institutions.

The national centre, titled Australia's Engagement with Asia: A New Paradigm, was staged by Asialink and part-funded by The Australian.

Business and academic leaders joined Opposition foreign affairs spokesman Kevin Rudd in criticising the decision to end a cross-country program funding the study of Asian languages in schools. The chairman of the ANZ bank, Charles Good, said the decision to streamline the program was short-sighted.

"The Australian Government should see education and invest in export industries and fund them better," he said.

Simon Pearce, head of the Catholic Education Commission in Victoria, said only 22 per cent of Year 12 students took a language, of which only a small proportion were Asian languages.

Although school funding is constitutionally a state responsibility, the commonwealth does support many programs through the schools, such as the recent citizenship program.

Professor Lee Okawa, from Chungbuk National University in Korea, said Australia had become much more welcoming of Asians over the past 30 years.

However, she noted that while thousands of Koreans came to Australia to study, the number of Australian students studying in Korea was only 32.

Mr Rudd said that at the end of 2002, there were 7680 students in the Australian schools system studying Japanese, Chinese, Korean or Indonesian under the program.

BC - Radio Australia - Asia Pacific - Program - AUSTRALIA: Dawn of new bilateral strategic relationship with China



### AUSTRALIA: Dawn of new bilateral strategic relationship with China

China and Australia have agreed to try to build a bilateral strategic relationship. Australia's Foreign Minister, Alexander Downer, announced the strategic move after talks in Beijing with China's Premier, Wen Jiabao. Mr Downer says Australia's alliance with the United States might not be invoked if there was a conflict over Taiwan.

**Presenter/Interviewer:** Graeme Dobell  
**Speakers:** Professor Zhan Yunling, director, China's Institute of Asia Pacific Studies he attended the Engagement with Asia Forum held by the Australian National University and Asialink

**DOBELL:** In dealings between states, the strategic

**DOBELL:** Mr Downer says the idea of a strategic relationship is a significant development in dealings with China and could be profoundly important in Australian foreign policy over the medium term.

**DOWNER:** I think China has seen Australia in years gone by as an important economic partner and a less important political and strategic partner, and I think now there is a recognition by Chinese leadership that the significant role that Australia plays in the region, for all sorts of reasons, value for both of us, not just for one of us, but for both of us, to work much more closely together on political and security issues in the region.

**DOBELL:** A strategic partnership with China, though,

# Great call of China

## NATIONAL FORUM

Australia's Engagement with Asia  
A New Paradigm?

A top Chinese academic has delivered a sharp message for Australia at an Asian studies forum, reports national security editor **Patrick Walters**

**C**HINA is now the gatekeeper for future Australian membership of East Asian political forums. That was the implicit message spelled out at yesterday's AsiaLink forum on Australia's relations with the region by one of China's leading academics, Zhang Yunling.

As China's economic and political influence steadily becomes more per-



Sounding a warning: Zhang, left; and Ram, above

makers is the task of maintaining a constructive relationship between China and the US. "The one pivotal black spot on this developing relationship is continuing disagreement over Taiwan," he says.

Rudd promises a Labor government will develop a far more comprehensive relationship with Asia's other emerging giant, India.

The Department of Foreign Affairs will establish an India division to inject greater political ballast into the relationship.

Rudd says there is a danger that the regional political architecture developing in East Asia can occur without Australia's participation.

"This is a profound and deep challenge for Australian diplomacy," he says. "I do not confess that it is easy. Recent changes in the political leadership in parts of the region will assist the process. But it must be in the top three diplomatic priorities of any incoming government for Australia."

 ABC Asia Pacific  
Australian Broadcasting Corporation

Asia Pacific Focus

Asia Pacific Focus

 Coming Up...

Australia considers its role in Asia  
Saturday August 14, 2004

Asia Pacific Focus comes from Australia's capital Canberra this week with Michael Maher reporting on a national forum at on Australia's role in Asia. Some of the country's leading public figures are canvassing all aspects of Australia's ties with Asia - the economic, the political and the cultural. And with tensions now running high between China and Taiwan as well as on the Korean peninsula, particular attention is being paid to security issues.

## PARTICIPANTS

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**John BILMON**, Managing Director, PTW Architects

**Professor Gary BOUMA**, Deputy Chairperson, Australian Chapter, World Conference on Religion and Peace

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**Ross COTTRILL**, Executive Director, Australian Institute of International Affairs

**Professor Gordon DE BROUWER**, Principal Advisor, Macro Economics, Department of Treasury

**Bruce DAVIS**, Director General, Australian Agency for International Development

**Professor Paul DIBB AM**, Chairman, Strategic and Defence Studies Centre, The Australian National University

**Associate Professor Howard DICK**, Co-Director, Australian Centre for International Business, The University of Melbourne

**Professor Julian DISNEY AO**, Director, Social Justice Project, The University of New South Wales

**Graeme DOBELL**, Foreign Affairs & Defence Correspondent, ABC Radio Australia

**Geraldine DOOGUE AO**, Presenter, Compass, ABC TV

**Reverend Monsignor Thomas DOYLE PP**, AO, Chair, National Catholic Education Commission

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**Professor Christopher FINDLAY**, Professor of Economics, Australia-Japan Research Centre, The Australian National University

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