



THE 2014 ASIALINK CONVERSATIONS JAPAN

REPORT OF PROCEEDINGS



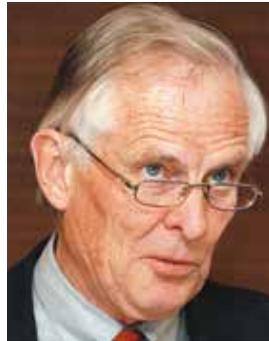
REPORT OF PROCEEDINGS
**THE 2014
ASIALINK
CONVERSATIONS
JAPAN**
HIROSHIMA 10-12 APRIL



FROM THE CHAIRS

Professor Takashi Shiraishi Professor Anthony Milner
Professor Narushige Michishita Jenny McGregor

The Asialink Conversations, Hiroshima Japan coincided with the 40th anniversary of formal diplomatic relations between Australia and the Association of Southeast Asian Nations (ASEAN) and the launch of a new US\$300 million seven-year program of cultural engagement between Japan and ASEAN. The Conversations were the first gathering of government, business, education and civil society representatives to focus on opportunities for new broad-based cooperation between Japan, Australia and the 10 countries in Southeast Asia.



Foreign Ministers of Japan and Australia, Fumio Kishida and Julie Bishop, addressed the 2014 Asialink Conversations Japan held on the margins of the 8th Ministerial Meeting of the Non-Proliferation and Disarmament Initiative in Hiroshima. Participants – who included a number of prominent spokespeople from Asean countries, Japan and Australia – were sharply conscious of what can happen when international dialogue fails – when people fail to work together to respond effectively to fundamental geostrategic change.



The Conversations called for more consultation between Australia, Japan and Southeast Asia to build long-term business, diplomatic and cultural connections and for new education exchanges, business cooperation and for joint work on demographic change to help manage the growing integration of the Asian region.

We met at a challenging time in strategic relations in East Asia, a time when both Japan and Australia are seeking to engage more deeply with countries across the region. We discussed new forms of cooperation to reduce military tensions, the outlook for Japan's economic stimulus program, new regional trade and investment trends, the progress of ASEAN's plan for an economic community in 2015, demographic change, education policy for a more mobile workforce and increasing female workforce participation to sustain economic growth.



INTRODUCTION: JAPAN TODAY

Chair: Professor Takashi Shiraishi

The election of the Liberal Democratic Party government led by Prime Minister Shinzo Abe has put Japan back at the centre of world attention with an ambitious economic stimulus program and a more activist foreign policy. This change provided the essential background to the 2014 Conversations, with participants from Australia and Southeast Asia keen to know more about Japan's new policy stances and what they meant for them.



Professor Takashi Shiraishi

A Japanese delegate set the scene by arguing that while Mr Abe had made a big impact, it was important to understand that there was also a strong thread of policy continuity from the administration of the last Democratic Party of Japan government of Prime Minister Yoshihiko Noda. This applied both to economic policy and security policy, with important specific exceptions including the formation of a US-styled National Security Council to give more direction to foreign policy. It was noted that Australia's new defence technology-sharing discussions with Japan was an important development in Japan's new security approach, although there was still uncertainty over what would be exported. This delegate argued that Mr Abe's strong popularity was closely linked to how his policies had boosted the Japanese stock market, but with the market now on a downward path, the prime minister's political outlook was also under a cloud. "As long as the stock market is doing well, the government will be OK," the delegate said.

This opened the way for a discussion which was focused much more on the emergence of a more nationalistic mood in Japanese politics, with delegates debating the definition of nationalism and whether it is an emerging risk to regional stability.

One participant brought some useful definition to this philosophical discussion by providing a broad estimate of how Japanese people are split on their approach to the world. He said 40 per cent held to the isolationist or pacifist ideas that dominated the post Pacific War years, 35 per cent were internationalist and only 15 per cent were nationalist. This person argued that Japan was shifting from an essentially isolationist stance to

an internationalist position but the parameters of this evolution were ever changing. For example, Mr Abe should be seen as an internationalist politician but a nationalist person. However in order for him to pursue internationalist policies as prime minister, he needed to keep nationalists on side.

This opened a window on the full spectrum of different Japanese views about emerging nationalism, with some arguing that the country had not strayed from its post Pacific War consensus, despite the comment of some politicians, but others arguing that a fundamental change was underway led by an increased level of patriotism among younger people. It was noted that both major parties were divided over whether the country was still a great power or simply a significant country.

"There is an existential angst around the validity of the US-Japan alliance. Japan is a great power versus Japan is a great partner in power. Japan can't be a super power but can be a responsible partner in the global economy," one Japanese delegate said. Another replied with a new demographic explanation for the country's new foreign policy activism: "The 35-55 year-olds are not interested in politics, but the under 35s are more politicised and more into foreign policy. There is a perceived slow and steady rise of nationalism. As Japan shrinks in relative economic and military power the younger generation react and become more nationalistic."

Emerging concern in Japan about the strength of the US commitment to the security alliance with Japan, in the face of more aggressive maritime activity by China, was a common feature of this discussion with Japanese speakers noting the Budget constraints on the US military.

The potential for stronger ties between Southeast Asia and Japan was introduced by a participant noting how: "Abe has visited all the ASEAN capitals last year... Japan is seeking a more independent and more activist foreign policy."

Emerging concern in Japan about the strength of the US commitment to the security alliance with Japan, in the face of more aggressive maritime activity by China, was a common feature of this discussion, with Japanese speakers noting the Budget constraints on the US military.

This prompted Southeast Asian speakers to discuss how their countries were much more comfortable with a more internationally engaged Japan and less concerned about the history debates causing tensions between Japan and China or South Korea. One argued that nationalism was in the eye of the beholder and Japan's post-war reconstruction could be viewed as nationalist but mostly it was seen as beneficial in Southeast Asia. Another Southeast Asian delegate said Japan was being too apologetic about changing its Constitution to allow it to take a more active position in regional affairs. Even so, one advocate of a more assertive Japanese foreign policy argued that the government did not help its case with erratic tactical moves that scared everyone.

KEYNOTE ADDRESS

The Hon Julie Bishop MP, Foreign Minister of Australia

Australia has significant global interests – but the new Government in Australia is unmistakably focusing our foreign policy assets on our region – our friends and neighbours. The symbolism this week of Australia’s Prime Minister and Japan’s Prime Minister – the grandson of Prime Minister Kishi – giving a joint press conference to announce another historic achievement with a comprehensive Economic Partnership Agreement is profound.



The Hon Julie Bishop MP
Foreign Minister of Australia

The Australia-Japan friendship has been a positive and comprehensive economic, political, cultural and strategic partnership that has not only been mutually beneficial but also has had an impact on our region more generally.

Ours is a diverse region and we share a critical interest in the region’s success. The 10 member states of ASEAN and its relations with its dialogue partners have been critical to building a strong, dynamic and resilient regional community.

Forty years ago, in 1974, Australia signed up as the first formal dialogue partner to ASEAN (the Association of Southeast Asian Nations), some seven years after its formation in 1967 as a group of then five member states with common regional interests. Japan, a year earlier than Australia, formally began its engagement with ASEAN through informal dialogue relations.

From these early days, both our nations saw in ASEAN a logical partner for our region. As an institution, ASEAN embodied Southeast Asia’s evolving sense of regionalism, underlining to Australia that our key neighbours shared our interest in peace as a foundation of new prosperity – priorities that would later be set out in the ASEAN Charter.

From the mid-1960s, our two countries embraced the importance of the development of Southeast Asia. During this period, Australia supported Japan’s diplomatic renaissance in the region, later articulated in the Fukuda Doctrine of 1977.

For example, Japan worked to establish the Asian Development Bank in 1966 as a vital mechanism for driving economic advancement and growth. And we supported that vision. Australia has always provided support – for its establishment and beyond.

In its most recent replenishment, Australia was the second largest contributor to the Asian Development Fund, after Japan – ours was a \$629 million commitment. Overall our contribution has been around \$9.5 billion in capital contributions. Japan’s total as lead contributor is around \$25.5 billion.

Australia was one of the first countries to provide aid to ASEAN as a group, in addition to the bilateral assistance provided to individual Southeast Asian nations.

In 1982, both Australia and Japan made major humanitarian contributions in response to the plight of Indo-Chinese refugees. Japan focused on financial support, while Australia was a major resettlement country. We both made significant contributions to the Cambodian peace process in the early 1990s. Both our nations also gave important financial support to the region during the Asian Financial Crisis in the late 1990s.

Japan and Australia were the only two countries to contribute to all three IMF packages for South Korea, Thailand and Indonesia. Japan and Australia worked together on Timor Leste’s journey towards independence – and subsequently. Similarly, in 2004, Japan and Australia both provided recovery and reconstruction support after the Boxing Day tsunami in Indonesia and across the region. Our joint cooperation and support has been a model.

We are both engaged in supporting economic integration and ASEAN institution-building through strengthening the ASEAN Secretariat, supporting the ASEAN Co-coordinating Centre for Humanitarian Assistance on Disaster Management, and the Economic Research Institute of ASEAN and East Asia.

“ASEAN’s move towards an ASEAN community in 2015 is as welcome as it is historic. For vibrant democracies and open liberal economies like Australia and Japan, the realisation by ASEAN of a more integrated community founded on common values is unquestionably good news.”

In 2014, the partnerships that we have with Southeast Asia extend from development to strategic and defence engagement, trade, business and investment, and education.

ASEAN’s move towards an ASEAN community in 2015 is as welcome as it is historic. For vibrant democracies and open liberal economies like Australia and Japan, the realisation by ASEAN of a more integrated community founded on common values is unquestionably good news. Not only does it help advance shared values in the region, it strengthens prosperity and reflects an enduring regional community.

Today, Japan and Australia are the most natural of partners. We work together in the United Nations, the G20 – and Japan is supporting Australia in its chairmanship this November in Brisbane – in the East Asian Summit, with APEC, with ASEAN. Bilaterally, trilaterally, plurilaterally, multilaterally. Notwithstanding what we have achieved together after 40 years as dialogue partners with ASEAN, it is now time to further strengthen our engagement.

We welcome Japan’s efforts in building on its engagement with ASEAN during its 40th anniversary celebrations last year, including Prime Minister Abe’s visit to all 10 ASEAN countries, before hosting a Japan-ASEAN summit in Tokyo in December. There has been important work on maritime security, economic integration and youth connections. And we are doing the same this year as we step up our engagement ahead of our 40th anniversary commemorative summit in November. I also intend to visit each of the 10 member nations before that event.

“We want generations of young Australians to become Asia literate – to live, study and work in the region, to learn Asian languages, become immersed in the culture, the politics, the life of Asian countries. And return to Australia with new perspectives, new insights and networks and friendships that will last a lifetime.”

The challenges our region faces, including perhaps the thorniest – territorial and maritime disputes – must only be settled in accordance with international law, without resort to coercion or force. That principle is vital for continued regional peace and prosperity.

And we want to work with ASEAN to strengthen the key regional institutions, particularly the East Asia Summit. But we believe the East Asia Summit should be the key regional forum for discussing all of our regional strategic issues – security, trade and financial.

As Australia’s Foreign Minister, I have focused on what I call “economic diplomacy”. Just as traditional diplomacy aims for peace, economic diplomacy aims for peace and prosperity. Through economic diplomacy we recognise the critical importance of growth, of trade, business and investment, of productivity enhancing infrastructure in delivering more prosperity to our nations and our region.

Making our economies stronger, making it easier for us to work together, easier to do business – will be of benefit to our societies more broadly.

Australia’s engagement in the region will find further expression in what we call our New Colombo Plan – this is a plan building on the spirit of the original Colombo Plan in the 1950s and 60s which saw thousands of students come to Australia to study in our universities – about 40,000 students over 30 years.

But now, it is beyond time that this was complemented with a reverse plan. And Australia will send thousands of our young students to study and learn in universities and undertake internships in businesses across the region – it will be our signature policy for engagement in the region.

We want generations of young Australians to become Asia literate – to live, study and work in the region, to learn Asian languages, become immersed in the culture, the politics, the life of Asian countries. And return to Australia with new perspectives, new insights and networks and friendships that will last a lifetime.

This year, Japan is a pilot location for the New Colombo Plan, along with Singapore, Indonesia and Hong Kong, and already 150 students are in Japan under the scheme for this first semester with more on the way.

Australia, Japan, and the nations of Southeast Asia share a common aspiration for our future – that we continue to develop the region as peaceful, stable and prosperous. ASEAN is a vital partner in that effort. It shares so much with Australia and Japan – a commitment to transparency, openness, mutual respect and progress.

Our challenge is to build on how far we’ve come over the past 40 years of engagement with Southeast Asia. And to recognise how much more effort we have to put in, if we are to achieve our goals.

Working regionally with Japan is a growing part of our bilateral relationship – for the benefit of not only our two countries, but for our friends and neighbours.

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REGIONAL ECONOMIC DEVELOPMENTS

Chair: Peter Yates

The 10 countries of Southeast Asia have a total population of 630 million and an aggregate annual economic output of \$2.3 trillion. Japan and Australia together have a population of 150 million but a combined gross domestic product of \$7 trillion.

This session got under way with these basic numbers that underpin the opportunities for more three-way collaboration between Australia, Japan and Southeast Asia. For some these figures underline the raw potential for substantial growth in the Southeast Asian region and for others they are indicative of the scope for collaboration between the advanced and developing parts of the Asian region.

Coming just days after the prime ministers of Australia and Japan had settled a long-negotiated economic partnership agreement, this session was framed by discussion about the best ways to push ahead with regional economic integration. Bilateral free trade versus regional agreements. Can governments pave the way for more regional business or do companies have to lead the way?

Japanese delegates were divided over the merits of agreements like that struck earlier in the week, with some expressing concern about the division of the world into economic blocs while others said that bilateral agreements do not undermine the World Trade Organisation-based multilateral system which Japan has long championed. "They can serve as a catalyst for the multilateral system. We have to maintain the momentum for trade reform when the Doha Development Round (of multilateral talks) is not going so well," one participant observed.

The path from bilateral trade agreements to broader regional agreements is fraught, with competing regional agreements in Asia and growing concern about different rules in these agreements undermining the progress towards some form of free trade area for the Asia Pacific region. Australia's free trade agreement with the

Association of Southeast Asian Nations (ANZFTA) was advanced by an Australian delegate as a model agreement. "It is easy to have a FTA but hard to have a good one," one participant warned about the rush to trade deals but argued: "ANZFTA is a very high-quality FTA." The next challenge was to carry over the principles from this agreement to the nascent Regional Comprehensive Economic Partnership (RCEP) which has been initiated between the 16 original members of the East Asian Summit.

But a business participant argued that business simply did not understand the noodle bowl of trade agreements involving the Southeast Asian countries, and that European investment was growing faster in the region than Australian investment even though Europe had no formal trade and investment agreement. "How relevant are the FTAs?" this sceptic asked. "Business doesn't see them as relevant. How do we build the business community and engage them in these opportunities?"

Australian participants debated the reasons for lower relative investment in Southeast Asia compared with more distant locations such as the United States, with general agreement that knowledge of Southeast Asia was low, boards were risk averse and investment funds were conservative about Asia. One identified food as a key long-term area where Australia should focus: "Agriculture is a good investment but it takes 10 years and needs patient capital. Food is very emotional – there is a lot of nationalism in food. However, needs will overcome emotion."



Participants from ASEAN countries emphasised that while broader free trade and investment was important, their countries were more preoccupied at the moment with how to meet their commitment to create an ASEAN Economic Community (AEC) by the end of 2015. They said the levels of commitment and understanding of the AEC across the region varied widely, raising question about whether the target can be met.

One observed: "The more plugged in you are to the global economy, the less you need to understand the AEC." Another said: "The Community is overstated. ASEAN talked about integration but did nothing until the geopolitical imperative of being squeezed between India and China became apparent."

There was general agreement that the AEC depended on more infrastructure development in Southeast Asian to make it possible to boost intra-regional business and that this offered opportunities

for Australian and Japanese businesses to work together on these projects. But one participant said developing regional infrastructure was so enmeshed in politics and corruption that only state-backed enterprises could carry the risks and that meant Chinese companies were in an advantageous position.

Another replied that: "It's very difficult to get in as an investor into infrastructure. Public-private partnerships are still in the early stage in Indonesia and it is important to learn more and develop more PPPs in infrastructure projects."

REGIONAL SECURITY AND POLITICAL CHALLENGES

Chair: Professor Anthony Milner

From the north to the south, Asia's economic rise is increasingly running up against institutional obstacles as old political systems struggle to accommodate the aspirations of new generations of citizens. As the lead speaker observed, this session was all about trying to maintain stability amid great flux.

The rise of China and the US response to that rise was the constant recurring theme in this session, with some revealing insights into how Japan is handling the challenge.

The opening speaker framed the debate with two points that underline the complexity of the situation. The first was that while a growing share of world economic activity flows through China, the final destination in many respects is still the US. So "they are so interdependent that the US would contain itself if it contained China. But interdependence seems to heighten mistrust."

The second point was that most of the region's diplomatic architecture from the ASEAN Regional Forum to the East Asia Summit is based in Southeast Asia but the real threat to regional security comes from tensions in North East Asia. "So ASEAN can conduct experiments about fora but it is not the strategic centre." And the problem was: "ASEAN has never been a happy band of brothers, it is a mechanism for managing relationships between countries which never got along."

This cloud over the region's diplomatic infrastructure prompted participants from Southeast Asia to respond in diverse ways. There was uncertainty over how much Thailand's internal political standoff would impact on ASEAN but concern that a stable Thailand was central to ASEAN's economic credibility. Thailand was characterised as a country which had done well throughout history balancing the great powers but less well at getting along with its neighbours. It was a country which craved diplomatic flexibility amid the debate about containing China.

Indonesia was presented as a country where the devolution of political power and the resources boom had increased the importance of remote islands and thus increased the importance of maritime territorial security. ASEAN and non-ASEAN participants acknowledged that Indonesia was likely to assert itself more in regional affairs, although there was short-term concern it would become more inward looking for a period as a result of this year's election.

Malaysia emerged as the country potentially undergoing the biggest strategic rethink as a result of rising Chinese power after a long period of being accommodating towards China. This was the result of recent incidents with Chinese naval vessels and more recently what Malaysia saw as an overly critical Chinese response to the disappearance of the Malaysian Airlines plane. This would make the imminent 40th anniversary of Malaysia-Chinese relations difficult, one participant observed. A Southeast Asian speaker said: "What price will we be asked to pay in the new balance of power? The key value for my country is autonomy."

While ASEAN countries mostly want China to accept the application of international law to the South China Sea, Japanese participants were more divided over this course of action. Some said Japan should seize the initiative and go down this path, while others said Japan was right not to initiate a legal dispute over territory it has administered for more than a century.



There was strong confidence amongst Japanese participants that their country's military forces were more than capable of managing a limited clash with China now, but there was much less confidence about the outlook after any such clash.

A strategic analyst from a visiting country said he had been led to believe that "it would take four to five hours for the Japanese to neutralise the Chinese navy." A Japanese speaker said he agreed with this assessment but was worried about what this would mean for the next 20 years."

One speaker said the strategic relationship between China and Japan had to be understood at two levels. China was concentrating on exerting territorial reach at the local level, while Japan was focused on winning the balance of power at the higher level. "Japan's strategy is to prevent China attaining the balance of power," one speaker said.

Another agreed that: "Japan is more concerned with Sun Tzu's strategy of winning without fighting." This led to general agreement that Japan aimed to dominate any escalation of tension at the regional level to cancel out the dominance China might have on the ground.



Session 3 / 12 April 2014

SOFT DIPLOMACY AND COOL JAPAN

Chair: Jenny McGregor

Japan's newly announced plans to spend up to \$300 million on cultural promotion in Southeast Asia over the seven years leading up to the Tokyo Olympics provided a real immediacy to this session on an increasingly important new arm of diplomacy around the world.

However there was a swift divide in opinion. While Japanese speakers felt that Budget cuts had prevented their country from broadening its profile abroad with various soft diplomacy initiatives, a more traditional strategic thinker questioned the point of such initiatives, arguing that soft diplomacy only works if a country has some form of hard power already. Others felt that government cultural promotions increasingly run the risk of being left behind true cultural trends because they did not adapt well to the new communications world of social media.

Prime Minister Shinzo Abe has revived the Asia Centre at the Japan Foundation as part his drive to rebuild ties with Southeast Asia. The project aims to redefine the cultural relationship between Japan and the region with two-way cultural flows, academic exchanges and the deployment of 3000, Japanese language teachers. Some Japanese participants argued the initiative should be extended beyond Southeast Asia to places including Australia and India.

Despite Japan's history of export success, some speakers argued that it was not reaping the full brand value of its products compared with some Western countries due to inadequate cultural promotion. Others felt it was falling behind in a soft power battle with China because of China's success in promoting its language and culture through the Confucius Institutes.

One participant described the Confucius Institute at his university as a place "where you can see real soft power at work." This was in contrast to many foreign cultural promotion institutions which were small scale and often not well run with any long-term vision.

A Thai participant pointed out that China was planning to send 10,000 teachers into Thai schools to teach Chinese. But another Southeast Asian participant said China's soft power remained far behind that achieved by Japan and South Korea through both technology and popular culture. This was because Chinese products were mostly still seen as poor quality and because Chinese tourists were viewed unfavourably.

But the sceptics of soft power spending initiatives said they ran the risk of being too dominated by older government bureaucrats who were remote from the cultural trends which could make a country interesting. "People consume products differently, they no longer want global fashion, they want local, more organic," said a participant questioning the Japanese desire for more global brands in new industries. A Southeast Asian speaker recalled how his daughters already participated in virtual parties in Japan and questioned how a government cultural promotion would keep up with this real-time interaction across geographic boundaries. "You can't force old culture on young people any more," said another representative with experience in government cultural promotional institutions.

One Japanese participant said he was concerned that Japan was becoming more isolated from the world because it had a good education system, which meant fewer students studied abroad than in many developing countries. He said he was concerned that the Chinese and South Korean political and business elite were becoming more internationally oriented and able to communicate in English than Japanese people.

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DEMOGRAPHY

Chair: Professor Takashi Shiraishi

The morning edition of Japan's main business newspaper provided a perfect introduction for this discussion about how changing population growth trends across the region will have an impact on everything from education to defence planning.

Nihon Kaizei Shimbun reported on its front page that "...the share of the nation's households headed by people aged 65 or older is expected to break 40 per cent by 2035, according to official data released Friday, highlighting a trend forcing both the public and private sectors to reassess strategies" – a figure underlining how population decline is now a key matter of public debate.

But the discussion that followed this well-timed data demonstrated how Japanese analysts are far from united over what to do. One participant described the Nikkei report as very serious and warned that the country needed to start preparing for a time in about two decades when the equivalent of a city of one million people would disappear every year. A colleague argued however, that trends are not linear forever and while there was clearly a short-term problem of declining population, other forces could reverse the trend. "No trend can last more than 20 years," this speaker argued.

But the only identifiable force for a reversal on the horizon is the Shinzo Abe government commitment to boost the standing of women in the workforce. According to one projection, an increase in female workforce participation from 60 to 80 per cent would boost growth by one percentage point a year and possibly provide the confidence for an increase in the birth rate.

A Southeast Asian speaker pointed out how far Japan had to go, noting: "Among the senior corporate ranks in Japan only 1 per cent of board members and two per cent of CEOs are women whilst in Singapore 15 per cent of CEOs and 17 per cent of board directors are women."

Japanese participants were sceptical that the country could accept a widespread immigration program to offset the natural population decline, although they argued this was a much more serious issue on the government agenda these days than ever before. But some Japanese participants said they expected there would be much more manipulation of existing work training programs to attract and then keep foreign workers in the country, especially in agricultural areas. This is partly driven by the recognition of hidden costs of ageing such as villages with no young people left to care for the elderly, forcing the government to shift them to cities. "We must gather people into compact places. The whole system has to adjust," one speaker said.

Demographic changes are equally profound in other parts of the region, like the contrast between neighbours Singapore – which has an ageing population and emerging resistance to immigration – and Indonesia – which is worried about generating enough jobs for a youthful population.

Questions were asked about whether Indonesia's infrastructure-starved cities were really ready for an influx of young people looking for jobs and a new urban life. "Jobless youth is just as challenging as ageing. We have to avoid a youth revolt in Southeast Asia," one participant cautioned about the focus on Japan's ageing challenge. He said: "Sixty per cent of Indonesians are under the age of 39. Are cities resilient enough and can they generate sufficient jobs?"

Singapore was seen by some as a role model for Japan with its embrace of immigration to keep the population growing and its adoption of an individual savings-based approach to social welfare.



While immigration might be a step too far for Japan, there was no doubt it would have to move from a defined benefit retirement savings system to the individual account system in place in both Singapore and Australia. Nevertheless it was pointed out that ageing had caught up with Singapore and it would have to top up its pension system with government funds. "This is now the key political issue in Singapore," one participant noted in regard to the way Singaporeans were demanding better housing and services, but did not want to accept the foreign workers necessary to provide them. "Whatever you want to do in Singapore, the constraint is people. But the surge of foreign labours is presenting problems," he acknowledged.

EDUCATION

Chair: Professor Simon Evans

People movement is a big issue in Asia, but perhaps nowhere is the issue so complex as in education, where business and cultural interests collide with supply and demand amid differing perceptions of national interest.

These issues dominated the final afternoon of the 2014 Conversations as participants debated ways to make education more central to resolving the economic and security challenges which had dominated other sessions. Each of the three participant groups are embarking on big changes in the way their education systems provide a pathway to greater regional engagement.

Australia, long a leading exporter of education to regional students, is looking towards more research collaboration and is encouraging more of its own nationals to study in Asia through the New Colombo Plan.

Japan, which has traditionally focused on running a quality education system mostly for its own citizens, is trying to encourage both more study abroad and more foreigners to make use of its own facilities, which are now facing a demand shortfall due to a declining population.

In broader Southeast Asia there are tentative moves towards collaboration as the region moves towards its own economic community and tries to offset a brain drain of students studying broad.

Australian representatives faced calls from some Southeast Asian participants to shift from an export model to a collaboration model involving more exchanges and joint awarding of degrees. But there were observations from both sides of this discussion that it is hard to find the right partner.

The Abbott government's New Colombo Plan was seen by some as providing a way to resolve this impasse because it should create a larger pool of Australian students looking for Asian tertiary institutions which could award joint degrees.

A Thai academic pointed to a collaboration between Thailand's Thammasat University, Japan's Waseda University, Peking University, Korea University and Singapore's Nanyang Technical University as the way ahead for better education in Asia.

Many countries are struggling with the internationalisation of their education systems. Some Japanese institutions are restructuring their semesters system to better synchronize with the American school year, making it easier for their students to complete foreign study and still complete highly structured recruitment procedures for Japanese employers.

Malaysia has established itself as an offshore education destination for Muslim students in particular, but faces issues over imbalances from some countries, such as Iran which has reduced interaction amongst students. A participant from Laos talked of the difficulty maintaining any sense of national identity in a small-country education system with so many neighbouring countries competing for students.

Some business representatives raised concerns that both advanced and developing countries were too focused on universities, when the biggest demand in Southeast Asia was for a more skilled general workforce. They argued that the current mix of education policies was producing too many unemployed university graduates while productivity was being held back by a lack of well-trained tradespeople and factory workers. "Don't define education narrowly. The skills shortages across the region are not being answered by traditional universities."



Another business participant said: "Forty per cent of university graduates in China are unemployed. Vocational training and education needs to be much more internationalised. There is a massive skill shortage in the region." Another speaker argued that while Singapore was increasingly well known for its universities, its technical institutes were really its most impressive educational institutions.

Some speakers argued that the emergence of massive open online courses (MOOCs) would provide the solution to inadequate collaboration and lack of attention to the needs of business. This would also break the stranglehold of large state universities on education in some Asian countries.

A Japanese participant noted how some of the country's best research was now being done in smaller specialist institutions and the Conversations co-sponsor, the National Graduate Institute for Policy Studies, was identified as the new face of Japanese higher education. Two thirds of its

students are from outside Japan, with about one third from Southeast Asia, and 80 per cent of the courses are conducted in English. "You can get a degree without a word of Japanese. This is not very difficult," one participant said.

However another Japanese participant questioned why it was necessary for all universities to internationalise: "What's the point for all universities to be internationalised? What's wrong being different? I hope internationalising doesn't equal Americanising." But a colleague shot back: "Japanese firms need people who can work abroad."

JAPAN'S SEARCH FOR ALLIES

Keynote comments: H.E. Mr Fumio Kishida, Foreign Minister of Japan

In the historic setting of Hiroshima, Japan's search for allies as it seeks to return to a more normal role in regional and international security affairs was a constant theme of this gathering of representatives from Australia, Southeast Asia and Japan.

This final session sought to draw the strands of the discussion together by looking at the level of support for a more proactive Japanese security approach, the likely areas of new cooperative activity and the challenges that might emerge from greater joint action. The visiting delegates mostly dominated this discussion, responding to earlier explanation of the Shinzo Abe's government's plans for a new security policy to raise Japan's profile in international affairs and the different interpretations from the Japanese participants.

But a Japanese participant set the scene by explaining that: "Japan's grand strategy of the last 50 years was the alliance with the US. Now Mr Abe's current strategy has three core components: strengthening Japanese capacity for self-help; strengthening the alliance through collective self-defence; and strengthening the networking for security cooperation with partner states especially US allies and ASEAN."

The session broke to hear a presentation from Japan's Foreign Minister Fumio Kishida on the Nuclear Non Proliferation Treaty summit of eight countries which had been held simultaneously in Hiroshima to mark its status as the first place in the world to suffer a nuclear weapons attack. Mr Kishida said he wanted to deliver a strong reassurance to the Australian and Southeast Asian participants in the Conversations that the Japanese government maintained a strong commitment to work towards nuclear disarmament.

The discussion on Japan's search for allies saw strong support for collective action by regional countries to defend and promote the international legal approach to resolving border disputes and to enhance collective regional approaches.

There was a high level of agreement that the world appeared to be entering a new period of major power rivalry and that this was a relatively normal evolution in the global system. There was also recognition that despite calls for collective action – especially in the ASEAN area – the reality was that countries were more concerned about border issues than others because they had more at stake.

One speaker said that while ASEAN should take a common stand against Chinese claims in the South China Sea, some countries would not join that stand, so it was more important for the five most affected countries to stick together. This person noted that while the disappearance of the Malaysian aircraft MH370 had resulted in a search involving many countries, there had still been a high level of individual action and reluctance to share information.

One Southeast Asian speaker said there were many areas where ASEAN countries could build habits of trust and cooperation, from customs cooperation to a joint peacekeeping force, but ASEAN needed help with leadership. This speaker argued: "Peacekeeping operations would be valuable under the flag of ASEAN but it requires better coordination. It requires a country to lead, such as Japan, China or Australia."



Southeast Asian speakers felt Japan had done a good transparent job of explaining its new security policies and now benefited from a high degree of trust across most of ASEAN. "We are suffering a lack of leadership in the region right now. Asialink played a very important role by bringing together Australia, ASEAN and Japan. They could be the core to come up with proliferation and good ideas for the region," said one participant about the one-and-half track diplomacy allowed by gatherings like the Asialink Conversations.

Australia was presented as a country where the management of the alliance with the US was the key factor in its national security and this went on to set the ground rules for its regional diplomacy. "Australia can only have high-level strategic and military cooperation with countries trusted by the US," one speaker argued. This meant that Australia was in effect limited from even doing intensive scenario planning and high-level military exercises unless this was with countries with common US-

sourced military platforms. But Australia was also seen as cautious about being drawn into any regional military conflict and so was prepared to do more in alliance with the US in more distant parts of the world than it might be prepared to do closer to home.

Japanese representatives said the country's new government did not have a single grand strategy for greater regional security engagement but was instead working with a proliferation of ideas to see what would work. In this context it was suggested that there was much scope for Japan and Australia to work together on regional security initiatives, with the leadership role being taken by the country which seemed most appropriate to make progress. The East Asian Summit was identified as a key form for this sort of cooperation and the best place to bolster regional security amid any decline in US regional leadership.

The 2014 Asialink Conversations Japan

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THE 2014 ASIALINK CONVERSATIONS JAPAN

Hiroshima 10–12 April



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THE ASIALINK CONVERSATIONS

The Asialink Conversations are a leading dialogue in the field of Track II diplomacy. They bring together influential participants from across the 10 countries of the Association of Southeast Asian Nations (ASEAN) and from Australia to consider political, social and economic issues of common concern. The Asialink Conversations have previously been held in Melbourne, Australia (2002), Kuala Lumpur, Malaysia (2004), Ho Chi Minh City, Viet Nam (2006), Sydney, Australia (2007), New Delhi, India (2008), Phnom Penh, Cambodia (2010) and Yangon, Myanmar (2012). The 2014 Conversations are a collaboration with the National Graduate Institute for Policy Studies. The Conversations were developed by Asialink under the leadership of Professor Tony Milner AM, The University of Melbourne Professorial Fellow and Asialink International Director, and Jenny McGregor, Group CEO of Asialink at The University of Melbourne.

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COVER IMAGE Fukita Diner: Architect: Ryue Nishizawa. Photo: Kanagawa Shingo.

Renowned Japanese architect Ryue Nishizawa designed 'Fukita Diner' as part of *Fukutake House Asia Art Platform*, which Asialink Arts participated in during the *Setouchi Triennale 2013*. The site of the project was the abandoned Fukuda Elementary School on the island of Shodoshima, Japan. Ryue Nishizawa, acclaimed for his design of the nearby Teshima Art Museum, designed 'Fukita Diner' in the old school grounds where participating chefs from the Asian region held workshops with local people, who provided more than 4,000 meals during the art triennale.

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