

# The Asialink Conversations 2010

REPORT OF THE PROCEEDINGS  
3-5 SEPTEMBER 2010  
PHNOM PENH CAMBODIA



# The Asialink Conversations 2010

REPORT OF THE PROCEEDINGS  
3-5 SEPTEMBER 2010  
PHNOM PENH CAMBODIA





## FROM THE CHAIRMEN

**Sid Myer** Chairman, Asialink

**Dr Hang Chuon Naron** Secretary of State, Ministry of Economy and Finance; Permanent Deputy Chairman, Supreme National Economic Council (SNEC), Royal Government of Cambodia

*The Asialink Conversations 2010 convened in Phnom Penh, Cambodia, enjoyed two days of stimulating, and often animated, discussion. Asialink was proud to be partnered in 2010 by the Cambodia Development Research Institute (CDRI) in hosting its sixth regional Asialink Conversations. This year we were privileged to be welcomed by the Prime Minister of the Kingdom of Cambodia, Samdech Akka Moha Sena Padei Techo Hun Sen, who started the Conversations with a warm Keynote Address acknowledging the bonds between Australia and Cambodia. We were also honoured to be joined by HRH Samdech Norodom Sirivudh who contributed generously throughout the Conversations.*

Leaders from government and non-government sectors, business and legal practice, academics and research institutions, and the media considered a range of regional issues. It is an especially interesting time in the Asia region. Only weeks before we met, it was announced that China had overtaken Japan as the world's second largest economy. It is also reported that China, ASEAN and Australia have been comparatively resilient against the Global Financial Crisis.

These shifts in the global economy have led to a sense of economic optimism across the region. Opportunities for closer economic cooperation between ASEAN and Australia, knowledge and technological exchanges, and the future prospects for regional investment were all considered with enthusiasm.

Our gathering also tackled the more thorny issues of regional security. There is no doubt that China is on the rise, but what does this mean for regional relationships? The centrality of ASEAN and its suite of economic and security frameworks were examined for their ability to lead the region through a period of historical transition.

The cultural dimensions of regional relationships, which often transcend borders, also offered some fascinating and inspired insights into ways of cooperating on economic and security matters. Our day and a half of deliberations was organised in five sessions and were conducted under Chatham House rules. We are pleased to provide here an overview of the 2010 *Asialink Conversations*.



SID MYER



DR HANG CHUON NARON



## KEYNOTE ADDRESS

### Samdech Akka Moha Sena Padei Techo Hun Sen

Prime Minister of the Royal Government of Cambodia

4 SEPTEMBER 2010

The Prime Minister of the Royal Government of Cambodia, Samdech Akka Moha Sena Padei Techo Hun Sen, gave the Keynote Address to open the *Asialink Conversations 2010* in Phnom Penh. In this extensive speech the Prime Minister outlined the remarkable progress that Cambodia has made since the early 1990s and reflected on the contribution that Australia made to the country's recovery after years of war. He began by expressing his deep gratitude to the Australian government and people for the part they played in the Cambodian peace process and its economic development. Our countries' bilateral relations are 'very strong', he said.

Two decades of nation building have delivered impressive results for Cambodia. From 1994 to 1998 economic growth was recorded at 6.3 percent, and from 1999 to 2003, averaged 8.8 percent. Since then the economy has taken off, averaging 10.3 percent growth per annum. Gross domestic product (GDP) has grown from US\$2.4 billion in 1993 to US\$10.3 billion in 2008. The Prime Minister acknowledged the support of Cambodia's development partners and the private sector in realizing these remarkable results.

In terms of regional security, Prime Minister Hun Sen again acknowledged Australian support for the fight against terrorism in the Asia region and its provision of capacity-building training to Cambodia's military. He recognized Australia's role in the ASEAN Regional Forum (ARF) and the balancing role it can play between ASEAN, the United States and China in the region.

A full transcript of Prime Minister Hun Sen's speech can be found at: [http://www.asialink.unimelb.edu.au/our\\_work/corporate\\_and\\_public/international\\_forums/asialink\\_conversations](http://www.asialink.unimelb.edu.au/our_work/corporate_and_public/international_forums/asialink_conversations)

The Prime Minister devoted much of his address to ASEAN and wider East Asian regionalism and to ASEAN-Australia relations. 'We have witnessed that East Asia is loaded with increasing responsibility for leading the sustainable and balanced growth of the world economy,' he said. 'In this regard, the strengthening and deepening of integration in East Asia is indispensable.' The Prime Minister saw ASEAN's developing regional architecture, including a proactive role for Australia and New Zealand, as central to regional integration across ASEAN's economic and security frameworks.

Prime Minister Hun Sen's warmth towards Australia was expressed in particular in his heartfelt thanks to Australia's former Foreign Minister, Professor Gareth Evans, who was a participant at the *Asialink Conversations*. The Prime Minister also stressed Australia's role in helping Cambodia to preserve its cultural artifacts and urged Australia to continue to support the region's cultural heritage in cooperation with ASEAN. The Prime Minister spoke enthusiastically of Asialink – urging us to continue working to shape regional cooperation between Australia and the ASEAN nations through Track II diplomacy initiatives.



## SESSION ONE

# Geopolitical trends and the major powers in our region, post-GFC

CHAIR: PROFESSOR TONY MILNER

There seems no doubt that the Asia region is in the midst of some comprehensive transitions. China has moved ahead of Japan as the world's second-largest economy and the region has weathered the Global Financial Crisis with enviable resilience. As China's economy has continued to gallop ahead, so have geopolitical anxieties emerged, most recently around the South China Sea. Our gathering seized the opportunity to examine the economic and security dynamics currently unfolding. This session considered two broad themes: the centrality and solidarity of ASEAN in meeting regional challenges, and Southeast Asia's alliances with external powers.

### ASEAN CENTRALITY AND SOLIDARITY

*“ASEAN will always be considered central to regional architecture but the fact is, this is now only really obvious within the Asia region.”*

The Asia region is a complex organism. Where ASEAN's interests are concerned, it must respond pragmatically, with detached calculation, to protect the regional economy and its stability. A sense of ASEAN centrality underpins its ability to move pragmatically, but the question of recognition of its centrality was not always clear-cut. As the founding regional formation, it was agreed, ASEAN has earned its place at the centre of regional architecture. Yet external recognition of its centrality did not seem so assured. Recognition, principally from the US and China, is important in terms of ASEAN's relevance, and its ability to navigate the redistribution of regional power. Increasingly, some noticed, when the rest of the world thinks of Asia, its focus is narrowed to China and India. Some felt that too much emphasis was being placed on China.

China's rise is not in question. How we respond to China was the more pressing question for this session. It presents challenges that are often determined by a nation's capacity, not just to meet external challenges, but its capacity to secure its domestic development. In this respect, China's rise presents both a threat and an opportunity across ASEAN.

One participant believed that it was therefore not so much a balance of power that mattered, but a balance of interests. In negotiating its interests ASEAN is considered an honest broker, and for this reason it is a well supported group. There is no suspicion of ASEAN. In ensuring its centrality, it was also agreed that it is more important to focus on ASEAN's strengths, as well as to analyse its weaknesses. It is a minor miracle, it was observed, that ASEAN has positioned itself in the driver's seat in regional institution building. The concern now is one of consolidating the centrality it has forged.

*“When we speak of ASEAN we must distinguish between the institution and its constituent parts.”*

It was quite clear that across ASEAN there is different thinking on how to manage regional change. Recent tensions in the South China Sea are therefore seen, on the one hand, as an opportunity for ASEAN to maintain unity, yet on the other, as a source of potential internal conflict among the ASEAN nations. Some saw signs of growing integration in East Asia, between the major states of China, Japan and Korea. They are working towards a Free Trade Agreement (FTA). If that happens, the balancing of ASEAN would not be as strong one delegate noted. The economic and security frameworks ASEAN has established – ASEAN+3, the East Asia Summit (EAS), ASEAN Defence Ministers Meetings (ADMM) – are its strength. They balance a complex network of interests in the region as well as strategically engaging external interests. They are, in effect, the apparatus of pragmatism.



In balancing engagement, and balancing interests, a preference for multilateralism was returned to frequently. China has reinjected its foreign policy with the concept of peaceful coexistence, a term not heard since the 1950s. One delegate believed that China feared recourse to the bipolarity reminiscent of the Cold War, and this was certainly evident when it recently interpreted the revival of US ties in Southeast Asia as a return to 'containment'. There was no support during the *Conversations* for the proposition that any new regional formation would emulate a Cold War-style split. ASEAN nations support friendly ties with all the major powers: China, Russia, the United States and the European Union and they certainly welcome the prospect of peaceful coexistence.

***“For China it is a return to the status quo. As late as the 1800s China’s economy was half the world economy.”***

Asia is historically and traditionally China’s sphere of influence. For this reason, it was argued, it would be difficult for China to accept a balance of power equation. Not only would China not welcome outside influence, this might interfere with China’s desire to deepen its ties with its Asian neighbours. In comparison to ASEAN’s regional orientation since the 1960s, and Japan’s high economic profile, China is a latecomer to regional engagement in the post-World War II era. China has wanted to maintain a low profile through its period of economic development, but it was generally accepted that this phase is now over. A new sense of confidence, and assertiveness, was noted as being evident in China’s response to the US presence in the South China Sea. Although China resented the internationalisation of this issue, circumstances have thrust it into the spotlight. China and the US need to work harder towards cooperation.

The reality is, as one delegate suggested, that the US and China now determine the world economy and this, in turn, determines security issues. There are, therefore, two powers now – it is not a balance of power – and they are living somewhat uncomfortably with one another. Yet they need one another. Nobody can challenge the might of the US dollar, but China has moved beyond its status as the factory of the world and it will find more sophisticated ways of investing. Economic parity moves ever closer to a reality. The first session of Asialink’s 2010 *Conversations* was rounded off by the observation that the US-China relationship has been turbulent in the last 50 years, but now it must forge a new relationship as peers. That relationship, it was suggested, pretty much starts today.

Territorial disputes still represent the most destabilising aspect of ASEAN solidarity, making it difficult to be cooperative. The delegates however agreed that ASEAN’s mechanisms for multilateral engagement have the potential to make it a robust institution. Utilising these frameworks, and expanding on them, can underpin a generally positive outlook. Multilateral agreements, and the emerging network of Non-Traditional Security (NTS) arrangements, were viewed as extremely useful for managing health and security risks, restricting armaments, and for conflict prevention and conflict resolution. ‘Let us not be too obsessed with solidarity,’ a delegate suggested. ‘We accept the principle of global common denominators and with ASEAN we come back to the same forum. We should emulate what Asialink is doing to bring us together,’ he concluded.

#### SOUTHEAST ASIA AND EXTERNAL ALLIANCES

***“We are concerned about balance of power. The region is still dominated by US-China relations.”***

‘Balance of power’ came to the forefront of the discussion of regional security, although not all participants agreed on its value. Rather than a balance of power, a balance of engagement with the major powers was viewed as the most constructive approach. Two broad paradigms were identified: first, seeing the world as a competitive place and focusing on balance of power language; and, second, finding cooperative solutions that negate resort to zero sum solutions. We are not, one participant noted optimistically, condemned to competitive, containment, or deterrent solutions. Not only does the ‘balance of power’ discourse engender a sense of hostility, it is simply not in keeping with the emerging economic realities. The region is now so networked, interlocked and interdependent, that it is impossible to think of bipolar ‘solutions’.

#### SESSION TWO: PART A

## Australian–ASEAN cooperation How is ASEAN travelling? Is there a shared sense of strong ASEAN purpose?

CHAIR: DR HANG CHUON NARON

The second session of the day sought a deeper understanding of ASEAN in 2010, almost four and a half decades after it was formed in 1967. Enormous regional changes have occurred in that time, and ASEAN has changed with it. As one delegate observed, the organisation has moved beyond what was intended 45 years ago, and it has sometimes had to move faster than its members would have preferred. Yet it has remained creative and resilient, often coming up with ingenious solutions to what seemed to be intractable challenges.

#### HOW IS ASEAN TRAVELLING?

***“I am attracted by the terminology of organic growth. That is the history of this organisation.”***

ASEAN as we know it today really only started in 1999, when Cambodia, its tenth member, joined. Since then there have been significant developments, but perhaps most important has been the resolution to move towards ASEAN communities. The Asian financial crisis of 1997 really gave ASEAN the impetus, and the resolve, to strengthen its economic foundations. Even though there is still a great deal of economic disparity across the region, intra-regional trade is now overtaking external trade. This is particularly the case since the ASEAN-China Free Trade Agreement was implemented in January this year. There are mixed levels of confidence in realising the goal of an ASEAN Economic Community by 2015.

***“As the centre of gravity is shifting, ASEAN is trying to play a stabilising role.”***

A lot of work remains in easing the flow of business across the region. For a lot of people, as one businessman noted, it is not the grand vision of ASEAN but what happens when someone from Singapore goes to Jakarta or someone from Vietnam wants to do business in the Philippines. The World Bank’s register on how many days it takes to start a business, register a sale, or purchase a property is instructive.

An ASEAN country, Singapore, is ranked number one but others are in the low 100s. So, the vision of the ASEAN Economic Community is really consolidating, but requires sustained effort if it is to be achieved by 2015.

***“If ASEAN want to progress to the next stage members must be prepared to relinquish some elements of sovereignty. This is difficult for ASEAN countries.”***

In 2003, the Bali Concord II initiated plans to establish integrated economic security and socio-cultural ASEAN communities by 2015. The achievement of a Security Community is perhaps more tenuous than the Economic and Socio-Cultural Communities. It is important to remember that some countries’ borders were only settled within the last 50 years, and they are still engaged in community and nation-building. The regional security apparatus – the ASEAN Regional Forum and the expansion of the East Asia Summit — are seen as the best mechanisms for strengthening security dialogue in the broader region. Another positive development is the establishment in 2004 of the ASEAN Defence Ministers Meetings, which are now taking place on a regular basis. Not only military matters are discussed here, but the all-important Non-Traditional Security agreements, some of which Australia has entered into.



*“In terms of disparities, in terms of the ASEAN 10, the GDP among us is so imbalanced compared to the EU.”*

Southeast Asia is still unevenly developed economically and politically and this can impact upon a sense of shared purpose. Despite these disparities, and an occasional sense of disunity of purpose across ASEAN, it now has a Charter. This was felt to be significant. The ASEAN Charter enshrines another level of compliance, and this was seen as adding ballast to ASEAN’s foundations. The beauty of ASEAN having a Charter is the consolidation of collective responsibility, which has been enshrined in the Charter. The Charter has focussed its sense of purpose and trust in that ASEAN, somehow, will come up with something ingenious when necessity dictates. Future challenges might well involve states asserting their rights in the South China Sea, or China’s damming of the Mekong River.

Increasing its number of Dialogue Partners and pursuing multilateral engagement is ASEAN’s preferred approach. Its success in the strengthening of external relations is evident in the fact that there are now some 45 ambassadors to ASEAN, and signatories to the Treaty of Amity and Cooperation are increasing.

**DOES ASEAN HAVE A SHARED SENSE OF PURPOSE?**

*“We have very bold visions and commitments to build our community and we also have the ASEAN Charter in place. We have not just a vision but a time frame.”*

One of ASEAN’s purposes is not to emulate the European Union (EU). It quite deliberately tried not to follow the European model, but to organise around a Southeast Asian model. ASEAN does not want a parliament, nor is it interested in establishing institutions unless a track record has been established in a particular area. Exceptions to this occasionally arise, a good example being the regional response to Cyclone Nargis in Myanmar. The establishment of a taskforce with the United Nations led to a compelling case for a deeper commitment to a formal disaster response mechanism. On a range of issues, ASEAN has been able to take relatively swift unified action, but on others some states have wanted to adhere to their own unilateral position.

*“We should be able and we should try to work harder to change the mindset of people and change the way of doing business.”*

ASEAN wants to become more accountable and more critical, but conversely does not want to implement punitive measures for non-compliance. This can result in members going ‘around and around’ trying to come up with non-compliance solutions. Yet ASEAN is decisive when necessary. When the issue of ill treatment of migrant workers was exposed, the leadership was forced to act on its Charter obligations. Finding a solution was challenging, but a unified resolution was reached. Similarly, ASEAN was able to move fast on its convention on terrorism – the first such convention in ASEAN history – which took 90 days to negotiate. ‘When it serves ASEAN’s purpose they will do anything, so pressure on leaders must be maintained,’ a delegate suggested. Collective responsibility on issues such as the responsibility to protect, human rights and a code of conduct are important examples where more concentrated effort is required.







## SESSION TWO: PART B

# Australian-ASEAN cooperation Opportunities for Australia-ASEAN cooperation

CHAIR: SID MYER

The discussion of cooperation between Australia and ASEAN began with a question that continues to come up in Asia-Australia dialogue: Is Australia a Western or an Asian country? There is of course no answer to that question, except to say that Australia is unique in that it is historically, culturally Western but geographically Asian and, today, deeply engaged in the region. That engagement straddles two central pillars: economy and security. These two dimensions of Australia-ASEAN engagement formed the basis of this session's deliberations. A third pillar of our relationship, the cultural, was picked up in a later session dedicated to that theme.

### AUSTRALIA-ASEAN: ECONOMIC COOPERATION

*“The effects of geographic proximity have engineered decisive changes in Australia. Over the last 40 years Australia’s comfort with its geographical location has increased.”*

Samuel Huntington, it was recalled, said Australia was homeless on a fault line between its historic and cultural, and its geographic, connections. Debates within the Australian polity persist as to whether Australia will decide its future on the basis of its history or its geography. Such arguments recede into the background when its economic relationship with the region is considered: Australia is now the fourth largest economy in the region and its primary trading partners are unequivocally Asian. Australian business, overwhelmingly, has made the choice of geography.

Further diluting the choice between history and geography was the observation of a participant that Australia did not have any historical baggage where Asia was concerned. For Vietnam, the wounds have healed, he said, and the way was clear for a deepening of investment and technological exchange. Several areas of cooperation in the region were identified, including financial investment, education, energy, disease and disaster management. Australia, were it to become more proactive in these areas, would send a clear signal to Asia. This is especially opportune at a time when Europe is focussed on its own post-GFC concerns, and showing less interest in the region.

Education is an area of opportunity where Australia has already established a reputation. Tertiary institutions have extensive networks across Asia and thousands of Asian students come to Australia to study every year, several on scholarships. Other creative opportunities, however, are ripe for exploration. The Nalanda University project, which has just secured the support of the Indian government as part of the East Asia Summit, will connect India, China and Southeast Asia. This, one delegate suggested, would be a great opportunity for Australia whose experience in education is well regarded. But deepening the Australia-ASEAN educational exchange needs to go further than that. It was noted that Australia has an American Studies Center and a China Research Institute. Perhaps it is time for an ASEAN institute in Australia to focus Australian expertise on the area?

*“From one ASEAN participant’s perspective, Australia might just understand Southeast Asia more than other countries.”*

Australia’s expertise in renewable energies and environmental management was also seen as worth exploring. It was agreed that the region’s access to energy sources is a future challenge and many ASEAN nations are looking to develop the nuclear option. A new wave of investment into the Asia region was also flagged as Australian superannuation funds become too large to invest within Australia. It was believed this investment would happen within the next decade and would likely stimulate opportunities for knowledge and technology sharing as well – and some debate about business cultures.

The mood was generally one of optimism and opportunity. ASEAN has noticed that Australia's economic growth has been unbroken for the last 20 years. It sets high standards of governance, while successfully liberalising and maintaining growth. Generally, Australia was viewed as an economic model worth emulating – and it is not always the case that Australia gets such praise.

#### AUSTRALIA-ASEAN: SECURITY COOPERATION

*“No degree of fluency in Asian languages or culture can substitute for a willingness to consult and an ability to discern where interests converge.”*

In terms of security, Australia's natural place is alongside ASEAN. Australia's security role in the region has historically been positive. Ultimately, ASEAN's and Australia's objectives seem to coincide: what makes sense for Australia and for ASEAN is likely to be compatible. Noting this overarching compatibility of objectives, the centrality of consultation was also stressed, as was the ability to discern between areas of convergence and divergence. These are the skills, a delegate suggested, that would draw Australia and Asia close together.

The proposal for an Asia-Pacific Community (APC) came in for some animated discussion. ASEAN was not enthusiastic about the APC but this did not mean that elements of the plan were not recognised as viable. Certainly it is a welcome development that the US and Russia will now join the East Asian Summit. Regional groupings such as the Asia-Pacific Economic Cooperation (APEC) and the ASEAN Regional Forum have drawn Australia into the region over a long period, and Australia has been a dialogue partner of ASEAN since 1974. The session covered these institutional frameworks, as well as ASEAN+3 (and the whole range of ASEAN Plus developments), the EAS and ADMM.

In the spirit of shared objectives, several participants saw the potential for ASEAN and Australia to work together on negotiating a regional approach to the rise of China. One Australian participant commented that Australia wants to show ASEAN that it is a partner, rather than a Western country in Asia. Australia's history of strong bilateral relationships with key powers, China and America, is recognised as very helpful for ASEAN. As the centre of gravity shifts in the region, ASEAN does not want to have to choose between powers. Australia, like ASEAN, has to find ways to negotiate between China and the US, and above all, multilateralism would seem to have returned as the favoured model. Australia's connections with Europe were also seen as a possible asset from an ASEAN perspective.



*“Australia is the only country that has had a cordial relationship with China and intimate relations with the US.”*

Australia certainly has the potential to play a moderating role in the region, but one ASEAN participant stressed that Australia should avoid any inference that it is imposing its ideological values on Asia. Worse it must not give the impression that it is forming alliances with a view to ‘containing’ China. Sensitivity around dictatorial policies towards Asia, or moves that are reminiscent of bipolarism, were evident in the discussion. One area where Australia could help by not doing something, one participant noted, was not to become too much a part of the US approach to managing security in the region. This approach places too much emphasis on the military and it was considered unhelpful regarding regional peace and security.

## SESSION THREE

# Cultural heritage, regional relations and cooperation

CHAIR: DR SOK SIPHANA

The discussion of culture covered a wide range of topics and ways of seeing culture. The group's explorations traversed expansive ideas – such as empires and sovereignty – and very specific considerations, such as cultural identity formation in an age of globalisation. The conversation moved across many themes, but perhaps three emerged as the most striking. First, the imprints of history: Southeast Asia's transition from empires to nation-states, the role of sovereignty, and how these dynamics continue to play out. Second, the centrality of identity: the challenges of globalisation and the tensions between modernity and tradition. And third, the preservation of cultural heritage: in a region so historically intertwined we covered a range of perspectives, from the environmental to the economic.

#### THE IMPRINTS OF HISTORY

*“What I'm struck by is the powerful historical forces in Southeast Asia and in the midst of that context nation states are being carved out and I think it's extraordinary how successful they have been.”*

The morning's discussion began with a sketching of the movement of empires across the region: the Chinese, the Burmese, the Sukhothai, the Khmer, the Vietnamese, Srivijaya and Majapahit empires. Only much later did the Europeans come along and carve new imperial grids across these historical formations. One participant speculated that new empires may be forming. Within this ebb and flow of empires and nations, what remains so impressive in Southeast Asia, is its cultural resilience. But history's imprints are everywhere, in the landscape, in politics, and language. Myanmar, for example, is still referred to by China as a ‘vassal state’. No nation in the region – the ASEANs, Japan or Australia – is free from historical baggage, much of which lingers on from the period of intensive European empire-building. The region's profound cultural and religious diversity can stimulate both resentment and great enthusiasm for its rich possibilities.



*“I must say that I find the field of empires in the making completely unconvincing.”*

The proposition that empires would re-form in the region was argued, but not all were convinced that this was the natural evolutionary course. Asia's inheritance of the Westphalian system, of sovereignty set within the borders of nation-states, was hailed by one participant as the means for survival of smaller nations in the region.

The tenacity of sovereignty goes to the heart of a central tension within ASEAN, that is, the desire to regionalise while respecting sovereignty as sacrosanct. Yet when it comes to disaggregate tendencies, another participant asked, when strife is caused around ethnic identity such as we see in Myanmar, Malaysia, Indonesia, Thailand, the Philippines, does national identity trump cultural identity? It was a question that could not be avoided and it cannot be assumed that sovereignty will continue to triumph over identity. Where national, cultural, religious or ethnic identity is concerned we must, one participant stressed, be sensitive to difference.

#### THE CENTRALITY OF IDENTITY

*“Almost all my staff is on Facebook and it is introducing them far more to a western culture. I actually think it will make a significant change to culture in the region.”*

Some governments, such as the Singaporean government, have turned their minds to the preservation of cultural identity in successive generations. One way to do this is to engage young people in community building. If you do not work with young people what will be left in 30 years? A policy of safeguarding national and cultural identity was also seen as important in an era of globalisation. Some participants expressed concern over the number of young Asians accessing social-networking Internet sites such as Facebook. This opens them up to myriad influences and parents often have no idea what those influences are. There are concerns about what this might mean for cultural identity. This was also expressed as a security concern. A strong sense of national identity leads to a desire to protect it.

*“What is ASEAN cultural identity? What is East Asian cultural identity? We have to find uniting forces, linkages, sister cities.”*

The example of the EU’s management of culture across borders was raised as a model ASEAN might follow. Otherwise antipathetic European states now have communities that are sharing cultural sites and managing them successfully, demonstrating that this is possible. Another example of how ASEAN can stimulate greater cultural unity was offered, citing a Japanese initiative several years ago to bring ASEAN youth leaders to Tokyo. The leaders were taken on a ship that stopped in all ASEAN countries where they were briefed about each country. This idea can be replicated in business and government by sending young recruits from ASEAN, city-to-city to look at business, political and cultural developments at first hand. It is the sort of activity that can develop a strong cultural understanding and provides a personal dimension to building the ASEAN community.

#### PRESERVING CULTURAL HERITAGE

*“You can only have more culture when you have a surplus; otherwise people just try to survive. So it is important to do business.”*

For a subject as large as cultural heritage, one delegate found it useful to think about it under separate but interrelated headings. Cultural heritage as: an economic resource; a means of environmental protection; the preservation of historic buildings; and a source of national identity. Within these four elements it is also important to remember that cultural heritage cuts across borders. This can provide the glue to bring countries closer together, but it can also lead to disagreements and conflict. Claims to a song, or a design, sometimes overlap; culture does not recognise the lines on a map. Asia, it was suggested, could take note of the French approach to recognising its wines and cheeses as more than products, but elements of culture. The French do not want mass-produced American products; not because they are protectionist but because they want to preserve their culture.

*“As we contemplate the nature and importance of culture, we simply cannot neglect the extent to which cultural resilience in Cambodia has continued through some of the most staggering events.”*

Cambodia was fortunate, it was suggested, that the French left Angkor Wat on its side of the border. The restoration of Angkor Wat began in 1993 and it has led to enormous economic benefit. Culture does have economic impact but in the case of Cambodia, emerging from the war, it still needs support to fully realise this potential. UNESCO says Cambodia is the ‘superpower of cultural heritage’. It has some 3,580 monuments and sites, but a lack of experience and means to preserve them. Cultural cooperation within the region is therefore still very important, especially for poor members of ASEAN. In recognition of the inherent resilience and continuity of Cambodian culture, the Australian government played a part in repairing the national museum in Phnom Penh. This was considered an important part of restoring dignity in the country, a sense of identity and pride in Khmer heritage.

#### SESSION FOUR

## ASEAN and Australia: Working together for a dynamic business environment for trade and investment

CHAIR: PETER YATES

Identifying strengths and areas for deeper economic engagement filled this final session of the 2010 *Asialink Conversations* with ideas. There seemed little doubt that intra-regional trade will continue to expand and Australia is very much a partner in that dynamic. Mechanisms for facilitating trade and investment were explored, and a great deal of interest was focussed on the cultural dimensions of doing business across Asia. This might include the rather tricky topic of corruption, which our group did not shy away from. We frame this section within those two over-arching themes: opportunities for expanding economic engagement; and, the cultural dimensions of doing business.



#### THE ASEAN BUSINESS LANDSCAPE

*“Overall the ASEAN leadership’s focus is still on opening up the market, liberalising the trade regime. They are quite sincere about establishing a regional production base.”*

There was a very positive sense of vibrancy, a mood of confidence about what ASEAN is doing to stimulate trade and investment. While the painstaking process of implementing inter-government and ASEAN agreements takes place, governments and the business community continue to focus on opening markets, trade liberalisation, putting legislation in place to deal with issues such as e-commerce and

intellectual property. There was the sense that an enlightened business community is emerging in ASEAN.

The vision of an Economic Community, some delegates noted, was something that needed ongoing work. A generally high degree of optimism was therefore tempered by some scepticism that this could be achieved by 2015. A semblance of a single market ought to be achieved by then, however the target date only applies to the six original ASEANs – the others have until 2018. Therefore there is a tendency for some to think, why hurry? We can wait until 2018.



## OPPORTUNITIES FOR EXPANDING ECONOMIC ENGAGEMENT

*“In the early 2000s Australia still focused on the Asian financial crisis. From about the middle of the last decade this started to change and, now that Asia has come through the GFC, most people are asking what is your Asia strategy?”*

Australia’s trade with ASEAN is observed to be generally trouble free, largely because there are no competitive overlaps with ASEAN production: agricultural and dairy products, for example, are not produced by ASEAN countries. Australian expertise is also highly valued in a range of areas, from environmental management to institutional expertise such as insurance. For Australia APEC remains a major vehicle for trade liberalisation in the region and it is being further rejuvenated. There are pressures for an East Asia FTA and an ASEAN+6 FTA, which is favoured by Australia. The challenge will be: how to move forward with an ASEAN+6 FTA? There is also an ASEAN-Australia-New Zealand FTA (AANZFTA) under negotiation, which would encompass a staggering 610 million people.

*“What would change if FTAs were Free Investment Agreements?”*

ASEAN is keen to see more Australian investment in the region. From an Australian perspective, investment is contingent on stability, and though investment horizons might differ according to varying economic objectives, there is an emphasis on investment in longer-term assets. One Australian participant suggested that, should Australian superannuation funds turn to investing in Asia, this would bring with it a sharing of expertise where it is needed. This will require both industry knowledge and cultural expertise. In Cambodia where the economy is still being rebuilt, a Cambodian delegate commented, industry knowledge and skill would be welcomed in, for example, the insurance and banking sectors. ‘Insurance in Cambodia is different,’ he noted however. ‘We know the market so we know the risk here. You need to know the market.’ More Australian investment into education in Cambodia, through scholarships and exchanges, would also fill a gap and help re-build future capacity.

## THE CULTURAL DIMENSIONS OF DOING BUSINESS

*“If you grow up in an environment with a particular business culture, that culture becomes completely irrelevant when you move to doing business in another country.”*

What doing business in Cambodia might mean, is quite likely to be entirely different to what doing business in Singapore will entail. There are basic rules in Japanese business culture, and it’s necessary to think about culture when doing business in China. Culture is so central to doing business that, as a participant suggested, you should really have two degrees, a culture and a business degree. You have to know a country’s culture and history and it will become easier. You can make contact quickly, and it will smooth the way. Culture unites but it can also divide if there is ignorance.

Even though the corporate world is dispassionate about business, there is one common value that is very important, and that is respect. It dominates almost everything else. Multinationals are used to dealing with different cultures and laws: they don’t need a common system to operate across the region but they do need cultural knowledge.

The issue of corruption comes up regularly in discussions about doing business in some ASEAN countries. Some insist on taking a business culture perspective, but for Australians accepting a bribe will mean going to jail. It is not an option. It is not that there are no laws and punitive measures in place in Asia to deal with corruption, and prosecutions do take place. It is a matter of uneven enforcement as well as different perceptions of what exactly should be considered corrupt. It is an economic as well as a cultural phenomenon. ASEAN leaders are coming out strongly against such perceived corrupt practices so people right down the line will take it seriously.





[LEFT TO RIGHT] **FRONT ROW**

Jenny Conley  
Ung Sirn Lee  
Chan Sophal  
Ambassador Pou Sothirak  
Dr Sok Siphana  
Penny Low  
Yin Yin Myint  
Dr Mahani Zainal Abidin  
Margaret Adamson  
Soueng Rathchavy  
Ambassador Ong Keng Yong

**SECOND ROW**

Dr Kem Reat Viseth  
Timothy Ong  
Alounkeo Kittikhoun  
Linda Mottram  
Kelly O'Dwyer  
Dr Ron Huiskens  
Loi Tran Dac  
Dr Milton Osborne  
HRH Samdech Norodom Sirivudh  
Mohamed Jawhar Hassan  
Professor Gareth Evans  
Mohamed Annuar Bin Zaini  
Peter Yates

**THIRD ROW**

Sid Myer  
Professor Tony Milner  
Dr Nay Win Maung  
HRH Raja Nazrin Shah  
Hugh Borrowman  
Stephen Higgins  
Dr Geoff Wade  
Sok Lor  
Chuch Phoeurn  
Dr Hang Chuon Naron  
Dr Ta Minh Tuan  
Dr Larry Strange  
Dr Hun Manet  
Kavi Chongkittavorn

**CHAIRMEN**

**Sid Myer**  
Chief Executive Officer, Yulgilbar Group of Companies; Director, Myer Family Company; Chairman, Asialink; Chairman, Asia Society AustralAsia Centre; Chairman, National Asian Languages and Studies in Schools Ministerial Reference Group

**Dr Hang Chuon Naron**  
Secretary of State, Ministry of Economy and Finance; Permanent Deputy Chairman, Supreme National Economic Council (SNEC), Royal Government of Cambodia

**CONVENORS**

**Professor Anthony (Tony) Milner AM FASSA**  
Basham Professor of Asian History, Australian National University; Professorial Fellow, The University of Melbourne

**Jennifer Conley**  
Director of Corporate Affairs, Asialink, The University of Melbourne

**DELEGATES**

**Australia**

**HE Margaret Adamson** Australian Ambassador to Cambodia

**Hugh Borrowman** First Assistant Secretary, Southeast Asia Division, Department of Foreign Affairs and Trade, Australia

**Professor Gareth Evans AO QC** Chancellor, Australian National University, Professorial Fellow, The University of Melbourne

**Dr Ron Huiskens** Senior Fellow, Strategic & Defence Studies Centre, School of International Political & Strategic Studies, Australian National University

**Linda Mottram** Journalist, Radio Australia

**Kelly O'Dwyer** MP Member for Higgins, Australian House of Representatives

**Milton Osborne** Visiting Fellow, Lowy Institute for International Policy

**Dr Geoff Wade** Senior Research Fellow, Nalanda-Sriwijaya Centre, Institute of Southeast Asian Studies, Singapore

**Dr Peter Yates** Deputy-Chairman, Asialink; Deputy-Chairman, Asia Society AustralAsia Centre; Chairman, Peony Capital General Partnership; Director, AIA Australia Limited, Oceania Capital Partners Limited and MOKO.mobi

**Brunei**

**Dato' Paduka Timothy Ong Teck Mong**  
Chairman, Brunei Economic Development Board

**Cambodia**

**Chan Sophal** President, Cambodian Economic Association (CEA)

**HE Chuch Phoeurn** Secretary of State, Ministry of Culture and Fine Arts, Royal Government of Cambodia

**Stephen Higgins** CEO, ANZ Royal Bank

**HE Kantha Phavi Img** Minister for Women's Affairs, Royal Government of Cambodia

**Dr Kao Kim Hourn** President, University of Cambodia, Secretary of State, Ministry of Foreign Affairs and International Cooperation, Royal Government of Cambodia

**Dr Kem Reat Viseth** Advisor and Chief of Staff, Cabinet of HE Dr Sok An, Deputy Prime Minister, Royal Government of Cambodia

**HRH Samdech Norodom Sirivudh** Supreme Privy Counselor to His Majesty the King of Cambodia; Member of the Constitutional Council of Cambodia; Founder and Chairman, Board of Directors, Cambodia Institute for Cooperation and Peace

**Dr Sackona Phoeurng** Secretary of State, Ministry of Education, Youth and Sports, Royal Government of Cambodia

**Ambassador Pou Sothirak** Visiting Senior Research Fellow, Institute of South East Asian Studies, Singapore

**HE Soeung Rathchavy** Secretary of State, Ministry of Foreign Affairs and International Cooperation, Royal Government of Cambodia

**Sok Lor** Executive Director, Arbitration Council Foundation

**Dr Sok Siphana** Principal, Sok Siphana & Associates, Advisor, Royal Gouvernement of Cambodia

**Dr Larry Strange** Executive Director, Cambodia Development Resource Institute (CDRI),

**Indonesia**

**Peter F Gontha** Executive Chairman, PT First Media, Indonesia; Chairman, Indonesia-U.S.A. Committee, Indonesian Chamber of Commerce and Industry

**Laos**

**HE Alounkeo Kittikhoun** Assistant Minister of Foreign Affairs, Lao People's Democratic Republic

**Malaysia**

**Tan Sri Mohamed Jawhar Hassan** Chairman, Institute of Strategic and International Studies (ISIS), Malaysia

**HRH Raja Nazrin Shah** Crown Prince of the State of Perak Malaysia

**Dato' Dr Mahani Zainal Abidin** Director-General, Institute of Strategic and International Studies, Malaysia

**Dato' Seri Mohamed Annuar Bin Zaini** Distinguished Fellow, Institute of Strategic and International Studies (ISIS), Malaysia

**Myanmar**

**Yin Yin Myint** Acting Secretary, Myanmar Institute of Strategic and International Studies

**Nay Win Maung** Secretary-General, Myanmar Egress

**Singapore**

**Penny Low** Member of Parliament, Singapore

**Ambassador Ong Keng Yong** Ambassador-at-Large, Singapore; Director of the Institute of Policy Studies, NUS

**Thailand**

**Kavi Chongkittavorn** Editor-at-Large, *The Nation*

**Vietnam**

**Dr Ta Minh Tuan** Associate Professor and Deputy Director, Center for Foreign Policy and Regional Studies, Diplomatic Academy of Vietnam

**Loi Tran Dac** Executive Vice-President, Vietnam Union of Friendship Organisation; Vice-President, Vietnam Peace & Development Foundation; Vice-President, Vietnam Peace Committee

### Asialink Conversations Cambodia 2010

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. In 2008, the *Conversations* were held in India and in 2006 in Vietnam, where they coincided with the first Leaders' Meeting of APEC in Hanoi. The then Australian Prime Minister gave the keynote address. Previously the *Conversations* have been held in Sydney (2007), Kuala Lumpur (2004), and Melbourne (2002). The *Conversations* were developed by Asialink under the leadership of Professor Tony Milner, University of Melbourne Professorial Fellow and Asialink International Director, and Jenny McGregor, Group CEO of Asialink and the Asia Society in Australia.

### Cambodia Development Resource Institute (CDRI)

As an independent Cambodian development policy research institute, the mission of the Cambodia Development Resource Institute (CDRI) is to contribute to Cambodia's sustainable development and the well being of its people through the generation of high quality policy-relevant development research, knowledge dissemination and capacity building. CDRI works to achieve this mission in partnership with Cambodian public institutions and civil society, and their regional and international development partners, with respect for the capacity of the Cambodian people and their institutions, for the value of local knowledge and experience, and for Cambodia's history and culture. For further information visit: [www.cdri.org.kh](http://www.cdri.org.kh)

### ASIALINK CONVERSATIONS STAFF

**Bernadine Fernandez** Manager, Events

**Clio Yining Zheng** Executive Assistant to the Group CEO

### REPORT AUTHOR

**Sally Percival Wood** Program Manager, Applied Research and Analysis, Asialink

### SPONSORS

Asialink thanks its sponsors, the 2009 Myer Commemorative Grants Program, The University of Melbourne, Singapore Airlines and the ANZ Royal Bank Ltd.

### PUBLISHED BY ASIALINK OCTOBER 2010

© Asialink 2010 All rights reserved

No part of this publication or transmission in any form or by any means, electronic or mechanical, including photocopying, recording, or any information storage system, without written permission from the publisher.

### COPIES OF THIS REPORT AVAILABLE FROM

Asialink, Level 4, Sidney Myer Asia Centre

The University of Melbourne

Victoria 3000 Australia

Tel: +61 3 8344 4800

Web: [www.asialink.unimelb.edu.au](http://www.asialink.unimelb.edu.au)



2009 COMMEMORATIVE GRANTS PROGRAM



