

The Asialink Conversations Vietnam 2006

REPORT OF PROCEEDINGS

Ho Chi Minh City
18-20 November 2006



Asialink

The University of Melbourne

ASIALINK CONVERSATIONS VIETNAM 2006

The Asialink Conversations Vietnam 2006 was an initiative of Asialink at the University of Melbourne in collaboration with the Vietnam Peace and Development Foundation. Asialink thanks the sponsors, BHP Billiton, Singapore Airlines and the University of Melbourne and supporters, RMIT International University Vietnam and The Myer Foundation.

ASIALINK



The University of Melbourne

Asialink is Australia's leading centre for the promotion of public understanding of the countries of Asia and of Australia's role in the region.

Asialink's mission is to work with business, government, philanthropic and cultural partners to initiate and strengthen Australia-Asia engagement. Through high-level forums and international collaborations, Asialink engages the corporate, media, arts, education, health and community sectors – reaching from primary school students to prime ministers – in Australia and Asia.

Asialink is an initiative of The Myer Foundation at the University of Melbourne. For further information, visit Asialink's website at www.asialink.unimelb.edu.au

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The Vietnam Peace and Development Foundation (VPDF) was established in April 2003 to promote cooperation between people of Vietnam and other countries for world peace and sustainable, human-centered development.

The VPDF works in a range of areas, including:

- Research on the issues of peace, development, international relations and cooperation
- Policy advocacy and public education
- Participation in seminars, forums and meetings at national, regional and international levels
- Leadership development
- International exchange
- Development projects, and
- Publications.

ASIALINK CONVERSATIONS VIETNAM 2006 SPONSORS



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FOREWARD



Conversations 2006 participants

Coinciding with APEC's first Leaders Meeting in Hanoi, the third Asialink Conversations began in Ho Chi Minh City with a renewed sense of excitement and relevance and participants ready to tackle some challenges and opportunities facing the region.

The Australian Prime Minister's keynote address at the final dinner on November 20th provided a fitting conclusion to the Asialink Conversations – our most prestigious event in the region. This initiative is designed to foster a frank and robust discussion of ideas and to build new networks and friendships, whilst also providing a forum for Australia to engage with our Southeast Asia neighbours.

This year's Conversations tackled complex and wide-ranging topics such as regionalism, national identity, the economic giants and their effect on the region, leadership building and energy security.

Conversationalists also received a lively briefing on Vietnam's economic progression and its ascension into the World Trade Organisation from our Co-Convenor of the Asialink Conversations, Mr Tran Dac Loi, Secretary General of the Vietnam Peace and Development Foundation. Loi and his team were instrumental in the success of the Conversations and we would like to thank the Vietnam Peace and Development Foundation for their continued support.

I would also like to acknowledge our major sponsors, BHP Billiton and Singapore Airlines, and thank RMIT International University –

Vietnam for their significant support, as well as long time supporters of Asialink – the University of Melbourne and the Myer Foundation.

Professor Tony Milner of the Australian National University and Ms Jenny McGregor, CEO of Asialink, having both been involved in the development of the Conversations, must be congratulated for their concern to ensure that the 2006 event was a worthwhile and fulfilling experience for all participants.

This year's event was also a tribute to a founding Patron of the Asialink Conversations and Co-Chair of the 2004 Conversations in Malaysia – Tan Sri Dr Noordin Sopiee who died earlier this year. His death was an enormous loss to Malaysia, the Asian region and to Australia-Asia relations.

I am most pleased to present this formal Report of Proceedings from the Asialink Conversations Vietnam. I believe it encapsulates the essence of our discussions and demonstrates the participants' commitment to facilitating stronger and richer relations and exchanges across the region.

Mr Sid Myer

Chairman, Asialink, The University of Melbourne

SESSION 1: VIETNAM – ON THE ROAD TO RENEWAL

Day One of the Asialink Conversations commenced with a timely and insightful discussion about our host country, Vietnam – *On the Road to Renewal*.

Vietnam is currently undergoing an enormous transformation from a centrally-planned and closed economy to an open and market-based economy. This, as well as its imminent membership of the World Trade Organisation, brings new opportunities for this developing country, but new challenges as well. Participants learned of the lingering effects of the war, the isolation and economic embargo as well as low productivity of State-owned companies on the Vietnamese economy which led to the socio-economic crisis in the country during the 80's. The “renewal” policies introduced since 1986 had brought a lot of changes in Vietnam: fast economic growth, industrialization, export, foreign investment. Vietnam, despite starting late, now believes it is able to compete economically with other ASEANs and even North Asian economies and people's living conditions are significantly improved. But Vietnam is facing the increasing gap between rich and poor, the problems of drug abuse and people trafficking and the common issue in Southeast Asia of corruption.

Participants were encouraged by the overwhelmingly optimistic approach of the Vietnamese people to the future – an important attribute for such a young country with two thirds of Vietnamese people under 30 years old. Also encouraging were reports on the fiscal responsibility adhered to by the Vietnamese Government in regards to loan funds, only drawing down less than 50% of the funds available to Vietnam to ensure that they are able to manage the debts incurred, rather than exposing the country's economy to significant risks as other countries have done.

While no-one doubts Vietnam's membership of South East Asia, some participants suggested that Vietnam was in fact more North East Asian in its thinking and culture, particularly given its geographical position. There was also general agreement that younger generations of Vietnamese think differently from those who experienced the American War. This is in part due to the greater access to global influences such as Western movies, CNN and other media sources, as well as the increasing number of Vietnamese living overseas as students or in employment, but it also reflects the stronger economic climate where food security is no longer at the forefront of people's minds.

This is not to suggest that the hardships and tribulations experienced during the war lack meaning for younger generations. One participant highlighted the recent discovery of a diary of a young Vietnamese girl during the war that was returned to her family by an American soldier. This diary has become extremely popular reading for young Vietnamese trying to understand their country's recent history.

Vietnam was commended by our ASEAN participants for its commitment to a “National Youth Development Plan” which was recently launched by the Vietnamese Prime Minister. The Plan aims to provide some improvements to the significant skills shortages being experienced in Vietnam, as well as recognising that young people are such an important force in Vietnamese society.

There was also much discussion about Vietnam's progress in engaging with the international community with more Vietnamese citizens heading abroad for study, to pursue investment opportunities, and in business more generally. Vietnam is now more committed to international co-operation and engagement. It acknowledges that through such outreach, Vietnam can learn from the experiences of other countries, particularly in areas such as the use of good governance and transparency in the fight against corruption.

Interestingly, a number of Vietnamese, particularly young Vietnamese, who have been very successful overseas are now looking to return to their homeland to live, work and invest, and are receiving a far warmer welcome from the Vietnamese Government than provided in the past. Similarly, one participant noted that around \$2-3 billion (US) is sent back to Vietnam from the diaspora across the globe each year, again reflecting the nationalistic pride of the nation and the renewed enthusiasm and optimism of Vietnam today.



Top: Tran Dac Loi, Closing Dinner guest and Nguyen Van Thanh
Bottom: Amina Rasul-Bernardo, Michael Mann

SESSION 2: REGIONALISM ALTERNATIVE STRUCTURES – HOW EFFECTIVELY ARE THEY WORKING?

In this age of FTAs and Regional Trade Agreements, East Asian Summits, ASEAN, ASEAN +1, 2, or 3, and APEC, it was appropriate to start Day Two of the Asialink Conversations tackling the complex issue of Regionalism and how effectively it is working.

In this session, the Australian participants got a real sense of the scale of the task of region building. One participant pointed out that the success of the European Community was based on centuries of experimentation, so it was noted that comparatively, ASEAN has only been in operation for a short time and faces far more complex issues. While ASEAN has not been able to solve regional issues such as smoke haze, participants did get a deeper understanding of the way ASEAN is continuing to develop norms and values that help to unite the region and to maintain peace.

An important priority of ASEAN currently is the development of the ASEAN Charter, which is expected to provide a framework for relationships within ASEAN countries, and beyond. The Charter is to articulate the importance of confidence building in the region, as well as ASEAN's role as a mechanism to prevent conflict. It is expected to transform ASEAN into a comprehensive community of security, economy and socio-culture: it also envisions a stronger machinery and more adequate resources.

Attention was also focused on the competition between different regional initiatives. The view was put that we do not have to choose between the different regional groupings; they are at present all components in the experimentation in region building. An important ASEAN observation was that although APEC has been disappointing in the past, in the long term it is APEC that will be best equipped to advance the economic future of the region and was considered an important development by most participants.

It was strongly acknowledged that regional blocks are not purely about economic and trade relations, or even security and political relations. ASEAN, for example, is also very focused on health and environment issues, and on women's issues, issues of corruption, copyright, children's rights, and intellectual property.

Much of the session was focused on ASEAN, given the Southeast Asian focus of the Conversations. Participants questioned how successful ASEAN was in engaging with young people and the sad reality that increasingly, young people feel that their countries are facing a crisis of leadership. One participant suggested that young people were looking for an innovative, inclusive and inspiring vision for their own countries and the region, and pointed out that whilst young people are more influenced by Western culture than older generations, the centre of cultural gravity is definitely shifting back to Asia – citing the enormous popularity of Korean pop culture, Japanese film stars and Thai songs across the region.



Tom Harley, Prof Tony Milner

“I think they were the best yet – particularly because of the quality of the participants.”

Tom Harley, President Corporate Development, BHP Billiton, Australia

There was rigorous debate as to how or in fact whether ASEAN can be measured. Participants debated how one marks a scorecard against such a complex and ever-changing dynamic, and in any case it was accepted that it is not Australia's role to judge ASEAN performance.

But how far has ASEAN got into the consciousness of civil society? This was considered an area where fundamental improvement was needed, according to a number of participants. Governments need to try harder to communicate the objectives and achievements of ASEAN to the grass roots of society to ensure that it is not just the elites who are informed and involved. The role of the media was also discussed in assisting in disseminating information. Participants did, however, acknowledge that some progress has been made with last year's ASEAN forum in Malaysia including more engagement with civil society and the introduction of the ASEAN's People Assembly. These issues about broader engagement are especially vital for APEC as well – therefore something Australia needs to think about next year in the role as Chair of APEC.

Finally, there was a clear acknowledgement that Australia has never been more active in the region and that currently the Australian Government was extremely focused on improving Australia's reputation in the region - something which was viewed very positively by participants.

SESSION 3: THE NATION STATE AND IDENTITY – DEALING WITH GLOBALISATION, DEMOGRAPHY, MOVEMENTS OF PEOPLE AND MEMORIES OF THE PAST



Top: Amina Rasul-Bernardo, Assoc Prof Simon SC Tay
Bottom: Bruce Robinson, Le Nhan Phuong , Dr Djisman Simandjuntak

“I benefited personally from the Conversations by widening the network where I can pursue discussion of Asia-Pacific regionalism.”

Dr Djisman Simandjuntak, Chairman of the Board of Directors, Center for Strategic and International Studies Foundation, Indonesia

The session on the Nation State and Identity covered paradoxical trends after the Cold War. Firstly, the decline of nation-states because of globalisation and more economic integration and the effects of the processes on the importance of sovereignty. But secondly, a surge of new nation-states based on a common culture or identity and a shared past, which in some cases has had the negative effect of increasing violence, internal conflict and the break-up of old nation-states. There have also been cases of the failed state phenomenon, often including the inability of states to manage the ongoing identity issues as well as in coping with discontent from globalisation.

The session included a vigorous conversation about Australian identity – how we are perceived in the region in the context of the war in Iraq and our relationship with the US, Australia’s Aboriginal community, recent challenges with Indonesia and some undesirable acts in recent times towards our Muslim community. And just like good friends should, Conversationalists cautioned the Australian participants on some misguided perceptions where our image could be improved.

There was, however, agreement that Australia was a very outward looking nation, which had grasped the challenges of globalisation. One suggestion was that our multicultural policy focus was a strength, and in particular our history as a country of immigrants.

In terms of identity, it was agreed that each one of us has multiple identities, based on our citizenship, religion, culture, tribal background, history and ethnicity. The importance of one or another depends on context. One participant noted that in the world post 9/11, his “Muslim” identity had gained greatly in importance.

One participant also cited a recent survey of young Malaysians where, despite their Indian / Chinese or other background, most overwhelming responded to questions of identity by firstly indicating their tie and commitment to Malaysia.

It was also recognised that in all our societies, social, cultural and religious change, democratisation and large people movements had brought challenges to the task of nation building and that of national identity was still an extremely important aspect of society that required attention. Through engagement with regional initiatives and collaboration, it was argued that a country’s national identity could be greatly enriched.

There was unanimous agreement that education is the key factor to bridge the dividing gap between rich and poor and in contributing to a more understanding and stable society both in Southeast Asia and Australia.

One institution cited as having played a critical role in stabilising national identity in a number of Asian countries is the monarchy. Thailand is an interesting case study in this regard, given the country's recent coup and the extraordinary influence and presence of the monarchy in stabilising and uniting the country.

Participants also discussed how one of the effects of globalisation and the increasing inter-dependence of the world economy, was that local politics is becoming more inward looking. This led to a debate about whether indeed the world is flat, or is it just flat for the more privileged in society? A debate that no doubt would have had Columbus turning in his grave.

“I have gained interesting insight of the international concerns and trends but I have as well enjoyed meeting other leaders and personalities from the government, business, and academia communities.”

HE Dr Ing Kantha Phavi, Minister for Women's Affairs, Royal Government of Cambodia



Top: HE Dr Ing Kantha Phavi, Viseth Kem Reat, Tom Kwok
Middle: Dr Pranee Thiparat, Assoc Prof Simon SC Tay
Bottom: Sid Myer, Kavi Chongkittavorn

SESSION 4: ASSESSING THE GIANTS INDIA, CHINA, JAPAN, USA – IMPACTS ON ASIA’S ECONOMY AND SECURITY

The fourth session saw an opportunity for Australians and Southeast Asians to share views about the giants – Japan, China, India and the United States and their respective impacts on Southeast Asia’s economy and security.

It was agreed that the giants have different economic capacities with China recognised for its manufacturing base and India becoming increasingly heralded for its services strengths. These different capacities can provide opportunities for the countries of ASEAN and Australia in the way that they position themselves as a trading partner and also through playing a leadership role in the development of regional architecture. But it was also agreed that this presents challenges for our countries to plan their economic path so as to be competitive in the field of giants.

It was asserted that ASEAN has emerged as a default hub for the region working with the giants – as a leader in building regional architecture and well positioned as a trading partner with China, India and Japan. It was however accepted that all of the giants’ movements in the region have significant ramifications. As one participant eloquently described “when the elephants are fighting, the grass suffers – when the elephants make love, the grass also suffers”.

The optimistic view was presented that we can work with all the giants. But we also considered how decisions of our individual countries affect the giants, and the tightrope we walk in navigating the complexities of the relationships between the giants. Many participants saw problems in responding to the demands of specific giants, especially when there is conflict - such as the recent tensions between China and Japan. Strained relations between these economic super-powers made the decision of some South East Asian countries to support Japan’s application to join the UN Security Council extremely difficult and risky in terms of its respective relations with China. It was suggested that those ASEAN countries that did not support Japan also made a tough decision.

According to a number of participants, Australia has been skilful in navigating between giants, and it was acknowledged that Australia, as well as ASEAN, may have a special role in promoting co-operation, particularly in the development of the norms and codes of conduct across the region.

And moving on from the elephants and grass analogy, one imaginative participant saw the role of ASEAN countries to be like the *hobbit* protecting the ‘ring’ in *The Lord of the Rings* – ensuring that no one country is trusted with the ‘ring’ of power, and explaining how we *hobbits* are needed to balance the power.

In considering the evolving nature of countries relationships with the giants, it was noted that China’s significant influence over the region is a relatively recent phenomenon. Currently China has been



Top: Carolyn Jones, Tran Trong Khanh

Bottom: Prof Bambang Brodjonegoro, The Honourable Justice Datin Paduka Hajjah Hayati

most successful in expanding her influence across the region, but the view was expressed that ASEAN’s honeymoon period with China may be over and that the next stage of the relationship would be far more down-to-business.

There was feeling that the USA is now beginning to recognise ASEAN as a region, and agreement that countries should not necessarily see themselves as having to choose between China and the US. There was some concern that China and the US are increasingly becoming major economic partners, and questions as to where ASEAN will find its place.

It was acknowledged that Japan is trying to recover its full status in the region, after suffering in recent years with a depressed economy and the pressure of increased competition and presence of other Asian super-powers. Japanese economic and military power is substantial and exactly how Japan moves in the next years will be a vital issue for the future of the region.

Finally and some said most importantly, when discussing how we might be able to work with the giants, a key priority of participants was ensuring that countries protect their most vulnerable at the same time.

SESSION 5: BUILDING LEADERSHIP – APPROACHES, VALUES, OUTCOMES

Leadership was top of the agenda on the final day on the Asialink Conversations with participants focusing on how we can train people to become leaders and identifying what sorts of leaders we want to create.

The discussion began with a quick stock-take of the current issues of political leadership transition that are occurring in different forms across the region. Singapore, for example, has just managed a significant leadership transition in a very “typically Singaporean way”. Malaysia has a relatively new leader, but its previous leader and his supporters are still trying to exercise influence over the new leader and other aspects of society. Indonesia also has a relatively new leader, after the long rule of Soeharto. And of course, Thailand which, despite the enormous respect for the monarchy, is facing a political leadership crisis after the military coup ousted Prime Minister Thaksin and appointed a temporary military leader.

The question of how to build capability through education was explored in detail. What sort of educational platform will provide the appropriate level of skills and capabilities for a broad spectrum of the population? What type of leadership education are we looking to provide? One participant convincingly argued that to get the types of leaders the region is looking for, we need to provide a diversity of educational experiences, not only at a higher educational level but also through vocational training. When countries do not have a strong education system, focus is often placed disproportionately on higher education at the expense of vocational training and this needs to be addressed.

We need a mix of experiential and global education to ensure our next generation of leaders have a broad outlook and a cross-section of experience. Similarly, it is important to foster innovation, imagination and creativity in our leaders, as well as flexibility.

Participants heard of the importance of encouraging leaders from a cross-section of backgrounds and environments and avoiding “elites fostering elites”. This would enable a broad base of capability and produce different types of leaders for all layers and levels of society. The issue of leadership is not something that affects only the top levels of the political system, but needs to be considered and fostered all the way down the society.

One challenge, however, in bringing together such a diverse group can be language barriers and one needs to be careful to avoid only identifying potential leaders who can speak English in broad regional leadership initiatives.

As the discussion turned to the sharing of ideas on how to foster such leadership, one participant outlined a highly successful leadership program of Singapore called “One Degree Asia”. This program is based on the metaphor that it only takes a one degree



Top: HRH Raja Muda Perak Dr Raja Nazrin Shah, Mrs Janette Howard
Bottom: Pranee Thiparat, Alounxai Sounnalath, Dato’ Mohd Annuar Bin Zaini, Prof Tony Milner, Jenny McGregor, HE Dr Ing Kantha Phavi, Tran Duc Minh

change in water to turn it into either ice or steam – so a change of just one degree can make a significant change. This program brings together over 270 young people from 11 different countries for a “Leadership Festival” which is focused on breaking down barriers between different countries, bridging the gaps within countries - between urban and rural community or rich and poor, and forcing people to interact with others from different sectors and disciplines.

And to take away any perceived “home-ground advantage”, another participant describe a highly innovative ASEAN leadership program which brings together thirty future young leaders from ASEAN countries and Japan on a boat to foster relationships and understanding across countries, with the boat travelling around the region, stopping in remote communities. Over 900 people have participated in this program since its inception.

Indonesia provided an interesting case study on internal leadership issues. Currently, some of the local government leaders are trying to implement Sharia Law, which is presenting a significant leadership challenge for elements in the central government that fear such initiatives as endangering their ability to achieve a strong and

SESSION 5 CONTINUED

cohesive economic and social vision for the whole of Indonesia.

There was also concern at the prevalence of hereditary leadership across the region – where, particularly with political leadership, leaders are chosen because of their family background rather than because of their own capacity and suitability.

One pleasing observation from one regional participant was that Australia has the potential to play an even greater role in regional education. Australia's English-language based education keeps the focus on the Asia-Pacific region – a focus that encourages students to return to and contribute significantly to their own country.

Participants also saw great potential for the next APEC Leaders Meeting, led by Australia in 2007, to consider the leadership issues facing the region and start addressing some of these concerns. In fact, when participants were asked to describe in one word what should be prominent of the agenda of the next APEC Leaders' Meeting, leadership featured strongly, along with education, communication, climate change and sustainable development, and fostering peace and stability.



Melissa Aratani Kwee, Prof Margaret Gardner

“I would like to see the same freshness and enthusiasm in other educational / exchange programmes in Asia.”

Ms Melissa Aratani Kwee, Chairwoman, Halogen Foundation for Young Leaders, Singapore

SESSION 6: ENERGY SECURITY — RESPONSIBILITIES/SUSTAINABILITY

Equipped with background materials used at the G20 meeting the week prior, the final session of the Asialink Conversations started with a thorough briefing on energy and resource security and the challenge of meeting the energy requirements of all economies to sustain their economic growth.

Developed countries like the US or most parts of Europe only require approximately one third of energy growth for every 1% of GDP growth, participants were told. But developing countries like China effectively require a 1:1 ratio, which has huge implications for energy supply.

Asia is certainly driving growth in energy consumption with economists predicting that between 2006 and 2016, energy demand will grow by 2.6% globally, with China requiring just under one quarter of the world's energy by 2016. In terms of supply, the world is facing a long-term shortage of supply, with solutions requiring long lead-times.

Participants learnt how the International Energy Association (IEA), which is part of the Organisation of Petroleum Exporting Countries (OPEC), predicts that the mix of current energy use is unlikely to change much in the future. This is largely due to the fact that most countries are very embedded to particular forms of energy supply. To change energy supply suddenly from oil to nuclear fuel, for example, would require an enormous investment and an enormous lead-time for countries to prepare for such a huge transition. The IEA also predicts that despite the increased focus on bio-fuels, wind, biomass waste, and solar power, these alternative fuel investments, which are particularly prominent in Asia, are unlikely to make much difference to the energy use mix.

The need to ensure that energy supply is used efficiently and effectively by developing countries was also discussed by participants after referring to data that showed the country differences when comparing the amount of energy use per capita of population. Countries like the US are reasonably efficient compared to the United Arab Emirates which “practically give energy away for free”. Participants learnt how countries like China, India and Malaysia are currently at a crossroads and could easily shift from being relatively efficient per capita to becoming inefficient.

It was agreed that multi-lateral institutions, such as the World Bank, have a role in assisting countries to manage their energy supplies efficiently, and they also have a role in ensuring transparency in a country's energy performance and promoting good governance practices.

Malaysia's Petronas was cited as one the most energy efficient and corruption free companies in the region, but it was agreed that so

many other companies could certainly be more innovative, more efficient and more responsible in this field.

The Philippines provided a fascinating case study for the Conversations as a country sitting on over \$US1 trillion of resources. It was only as recently as 1995 that the Philippines passed a law to enable their country to embrace responsible minerals development. Despite this, it took until 2005, when the Supreme Court of the Philippines ruled that the Mining Act was constitutional, for the three branches of government to all endorse minerals development and for the industry to establish itself.

Given this extremely recent entrance into the mining game, the Philippines are now experiencing human resources challenges due in part to the fact that less young people are choosing to study geology and mining, but more significantly, they are finding that most experts in these fields have already been recruited to countries like Australia.

One participant proposed that, while Australia provides significant aid funding to the Philippines for education, it would be far more effective if this could be re-directed to skills training to replenish the skills to support the future mining industry in the Philippines, which provides flow-on benefits for Australian companies who will ultimately invest in the Philippines.

In regard to countries investing in alternative sources of energy like bio-fuels, participants were encouraged to think about the cyclical effects of such decisions. Indonesia, for example, is investing heavily in palm oil, often on subsidised land, but the processes associated with palm oil often lead to significant fires, which then compound the problem of haze, thus causing greater pollution for the country and the region whilst also creating enormous tensions with neighbouring countries.

Australia's role as a leading country in minerals and resource development was also acknowledged with ASEAN participants calling on Australia to take a lead role in the region in promoting responsible and efficient energy use. Australia was also challenged to clearly articulate its position on climate change given our refusal to sign Kyoto.

APEC was identified as an important avenue for genuine reform given its unique membership of high growth countries who are energy deprived, and energy rich countries like Australia. The possibility of APEC establishing trials for alternative and carbon trading models, and carbon emissions targets was vigorously endorsed. It was also agreed that APEC should ensure that any economic co-operation also embraces the significant issue of climate change.



Top: Dato' Mohd Annuar Bin Zaini, Leo G Dominguez

Middle: David Fitzgerald

Bottom: Amina Rasul-Bernardo, Alounxai Sounnalath, Prof Bambang Brodjonegoro

“I have learned from the Conversations that Australia, through its educational infrastructure, is indeed currently in an eminent position to propagate a greater understanding among the youth in our region about intra-regional issues.”

Mr Leo G Dominguez, Partner, Quisumbing Torres, The Philippines

CLOSING DINNER

After three days of debate, discussion and analysis, the Asialink Conversations came to an end with a formal dinner and a keynote address given by the Hon John Howard MP, Prime Minister of Australia. In the true spirit of the Conversations, the dialogue continued about the range of issues facing the region. The Prime Minister participated in the Conversation's spirit engaging directly with the participants, in his speech and in numerous private conversations.

An audience of over 200 people filled the Park Hyatt's Ballroom, including a number of representatives from Australian companies and organisations who are either making significant investments in Vietnam or who are committed to fostering stronger relations between our two countries. In this regard, Asialink would like to thank BlueScope Steel, AusCham, GHD and RMIT International for their support.

Asialink Chairman, Sid Myer, encapsulated the outcomes of the Asialink Conversations for the Prime Minister's benefit – providing a number of recommendations that could be considered in the context of APEC 2007 which Australia is hosting. Among those recommendations were suggestions that APEC 2007 should focus on real action regarding economic facilitation, and real action on sustainable development and climate change. It was also recommended that APEC must communicate more effectively what it does, and have a greater meaning for the broader community of the region.

In his first official visit to Vietnam, the Prime Minister's keynote address outlined the strong relations between Australia and Vietnam, and provided an encouraging assessment of Australia's place in the region. A full transcript of the Prime Minister's Address follows.

“The dinner on November 20 in Ho Chi Minh City was a triumph. A credit to an excellent organisation.”

HE Bill Tweddell, Australian Ambassador to Vietnam



Top: Sid Myer, Tran Dac Loi

Middle: Jenny McGregor

Bottom: Dr Peter Shergold, Prof Margaret Gardner and Closing Dinner guest

TRANSCRIPT OF THE HON JOHN HOWARD MP, PRIME MINISTER OF AUSTRALIA AT THE ASIALINK CONVERSATIONS DINNER

HO CHI MINH CITY, 20 NOVEMBER 2006

Thank you very much honoured guests, Sid, it's a great pleasure for me and for Janette to come to this dinner tonight, at the end of our visit to Vietnam, the first visit that I have paid to this country in any capacity and the first visit to Vietnam by a serving Prime Minister since 1994. I'm particularly conscious that the host organisation for tonight's dinner is Asialink, because it was to this organisation that I went as a hopeful Opposition Leader, some 12 years ago almost in 1995, to deliver an address on the future foreign policy of the Coalition if it were to be elected to office in the election which we knew would occur early in 1996. I must say that I went to that meeting with a fair amount of baggage in some foreign policy circles. I was regarded by somebody...I was regarded as somebody who wouldn't comfortably deal with the countries of the region, and that was a view not only expressed as you might imagine, and naturally by my political opponents, but also by some learned commentators, self-appointed and otherwise.

But I did and I remember the address very well. And I remember the courtesy that was extended to me. And I've kept a particular regard for Asialink ever since. And it has been an organisation that in a very bipartisan, or non-partisan I think is the right way of putting it, way endeavoured to build relations between Australia and the nations of Asia. And these 'Conversations' are but the latest manifestation of that commitment. And as I think back over the last 10-and-a-half years, and I think of the context in which these 'Conversations' have taken place, there have been some truly astonishing changes in our region. I think in many respects, still the most remarkable change that has occurred in our region has been the wonderful transformation to democracy by Indonesia – the largest Islamic nation in the world, Australia's nearest neighbour, a country which is now the third largest democracy in the world and a country whose leader is viewed properly with enormous respect and regard, not only in the region, but around the world.

But, of course, that transformation in Indonesia is not the only, by any means, transformation. The country which is our host at the present time has continued to change and develop, to impress and to leave its mark on the region. I hadn't been to Vietnam before and that was my loss. I have been impressed with the generosity of spirit of the people, their entrepreneurial attitude. As someone with my political leanings, it's wonderful to see the embrace of small and medium-sized enterprises and the belief that they are very much part of the future of this country.

And this afternoon I had the quite moving experience of addressing the graduation ceremony, just across the road, of RMIT Vietnam. And to hear that magnificent young man who got the special award, give such an eloquent address about his hopes for the future of this country and his commitment to learning and the dedication he brings to opportunities he's been given, made me feel that there are many things that from time to time Australia and her institutions get



truly right. And the commitment of that wonderful Melbourne institution, Australian institution, RMIT in this country, is certainly one of them.

Australia's relations with Vietnam have of course gone through a number of iterations – and we're all aware of that – and I was especially reminded of them earlier today and it's important to understand the process of change, and friendship and reconciliation that has occurred over the last 30 or 40 years. To know that the two countries now see themselves as sharing a future in a very positive, cooperative fashion in our region, to recognise that we still, of course, have our different political systems – and one of the things I have learnt over the last 10 years, or perhaps one of the things I have continued to believe was correct over the last 10-and-a-half years is that there's never any point, if you want to build a strong relationship with another society, there's never any point in pretending that certain differences don't exist because what you are in effect saying is that you don't take the relationship seriously enough and you pretend that somehow or rather you can ignore the differences, and in the end, you are seen as not really interested in the relationship. There are differences and we understand that. There are deep political and cultural differences. But there are common bonds, a shared membership of the fastest growing economic region in the world. The most amazing transformation is occurring, the centre of gravity of the world's middle class is shifting to this part of the world and it will remain here for the foreseeable future.

The extraordinary growth of China, to which I'll return in a moment, and the continued path towards the same goal of India, means that in a few short years we'll have middle class populations of between four and eight hundred million people in this part of

TRANSCRIPT CONTINUED

the world. And for the first time since the industrial revolution, that will rival the dominance of the world's middle class by Europe and North America.

The bilateral relationship between Vietnam and Australia is part of that. Today as you know I opened the, or launched, I think it's been open for a while, but I was delighted to be associated with it, the BlueScope Steel investment here in Vietnam, near Ho Chi Minh City, which is the largest single investment in this country by an Australian enterprise. Our bilateral trade was over \$5 billion in 2005-06, that's a 33 per cent increase over the previous year. Our people-to-people links, so fundamental to any bilateral relationship, are very significant. I've spoken about RMIT. In addition, we have 5700 Vietnamese students in Australia, there are some 7000 Vietnamese students associated with Australian-linked institutions in this country and most importantly of all there are almost 200,000 Vietnamese or Australians of Vietnamese heritage.

And as I walked on my regular early morning foray around one of the lakes in Hanoi, and negotiated a path between the local citizenry who were doing their morning exercises, I think two or three of those 200,000 either, having returned to Vietnam or perhaps paying a visit here, were there because they recognised me and we exchanged some pleasantries and they spoke warmly of the time that they had spent in Australia.

So it's a very good relationship and the Government of this country did itself proud with the hosting of the APEC gathering, a most important event in the history of Vietnam over the last 30 years. APEC, of course, is the most important forum of which Australia is a participant and I agree very much with what Sidney Myer had to say about APEC. It is the premier organisation – the others are important – but could I also say when talking about regional architecture and talking about regional fora, we shouldn't get too hung up about the organisations – in the end it's the shared objectives and it's the bilateral relationships that are the most important.

I was very interested in what Sid Myer had to say in his report of the 'Conversations' about negotiating sometimes between the conflicting interests of the big powers. I do think that he made a very valid point about Australia's capacity to do that. One of the extraordinary things about the last 10-and-a-half years is that Australia has simultaneously built a very close, pragmatic, productive, and I believe enduring relationship with China, yet at the same time has become even closer to the United States. And that experience challenges one of the more absurd propositions often put around that there is a sort of a plus and a minus in relationships with countries, particularly large countries in the

region. And that if you get too close to one, you pay a price in your relations with the other. Our experience, in respect of China and the United States, could not be more different. I think what it does demonstrate is that Australia is seen, properly, as a country which has both a presence and a significance in the region, it has a respect because of its great economic strength, it also has a regard because of its good faith dealings with a variety of nations, it brings assets and qualities to the region not brought by other countries but it is also, I believe, respectful of large power realities.

It's also seen a loyal country. Now that may sound a very old fashioned expression to use, but all nations respect a certain consistency and loyalty. I think of my country's association when I use that expression – not automatically with the United States as some of you may think I do, now of course we are a close and unapologetic friend of the United States, and I've seen it as my responsibility as Prime Minister to further build on that because I think it is in our nation's interest to be close to the United States, and I think it's in the interests of every country in this region to have good relations with the United States because it is still a nation of immense power and goodwill, and will remain so and, in my view, is likely to remain the most powerful economically and military for an indefinite period into the future. But I think of our very close relationship with Japan, a relationship that was built, initially, in the years immediately following World War II when the prospects of that occurring were seen as rather dismal and it required a certain amount of political courage by, in particular, the then trade minister and deputy prime minister, John McEwen, in signing the commerce agreement that we will mark 50 years of next year. And it remains a very significant relationship for our country that we have kept that close relationship and we have, over the last 10 years, notwithstanding that relationship and also the very close relationship with the United States, built a very productive relationship with China.

I think all this tells you that in the end what really matters is the substance of a bilateral relationship that you have with a nation. And if you can bring some quality, some assets, some goodwill and some good faith to that relationship then the other relationships that you have are not going to work against it.

I don't think we should ever see a foreign policy as being something that perpetually requires you to make choices between different countries. You have to, from time to time, make choices about the values that are important to your own society. But this is a region, and we're talking about our region, of enormous variety. And I thought the reference that was made to the significance of cultural and religious difference is important. In the last few years we've had talk about inter-faith dialogue in a manner that you never heard of



Conversations Closing Dinner guests

10 years ago and that, of course, has been a, plainly been a product of the concern that people have felt after the rise of terrorism and the need to separate out from our attitudes towards Islam, our natural hostility towards those who pervert that great religion for their own obscene purposes. And to the extent that we can, whatever our faith, or if we have no faith, work to a better understanding of Islam and its positive contribution, and to recognise the need to guard against some knee-jerk criticism of a particular faith because of the way in which some people dishonour it, we will be all the better.

Australia is a nation that, for many years now and for an indefinite period into the future, will always see its immediate interests and concerns as being tied up with the Asian-Pacific region. Our trade, our strategic responses, a significant part of our investment, they are very much bound up with this part of the world. And the emphasis that Asialink has placed on our links with the societies of Asia, has played a very, very important role in my country's understanding of that reality. But we're also a nation, as I have been at pains to point out on occasions over the last decade, we're also a nation that has links with different parts of the world. And one of the advantages I suppose of being Australia is that we do bring to this region those linkages with Europe, by reason of history and culture and political system, and of course our very close links with North America. And it does, so far from being a liability, it does enable us to add value to the relationship we have with this region.

But it is not possible for anybody to travel around this region, as I do frequently - next week I will be paying a short bilateral visit to Malaysia and then in December attending the East Asia Summit in Cebu in the Philippines. It is not possible to do that now without being struck daily, in all the encounters one has, with the extensive links that Australia now has with the countries in our region. And they're represented here tonight, the commercial links, the wonderful work done by our foreign service, and Austrade and of course increasingly the people-to-people links. I tell the story, well it's not a story, it's a fact, that when I meet many Asian leaders, that

15 per cent of the electors enrolled in the division of Bennelong, which I represent in the national parliament, are of Chinese ethnicity. Sydney of course is now the home to a very significant Chinese population, it's not the only Asian population in Sydney, but it's certainly the largest. And combination of Mandarin and Cantonese is now the most, if you can combine them, is now the most widely spoken foreign language in Australia - and that's a little fact, a little vignette, that's probably known to a lot of you but when you tell that to an Asian leader or even more so to a European leader they're perfectly astonished. And it's just an illustration of the way in which we are naturally and comfortably and permanently part of this region and see our future in it. But I think we have done it in a way that has not altered our own sense of who we are, and our particular characteristics, and what we bring to our region and what we bring to the world.

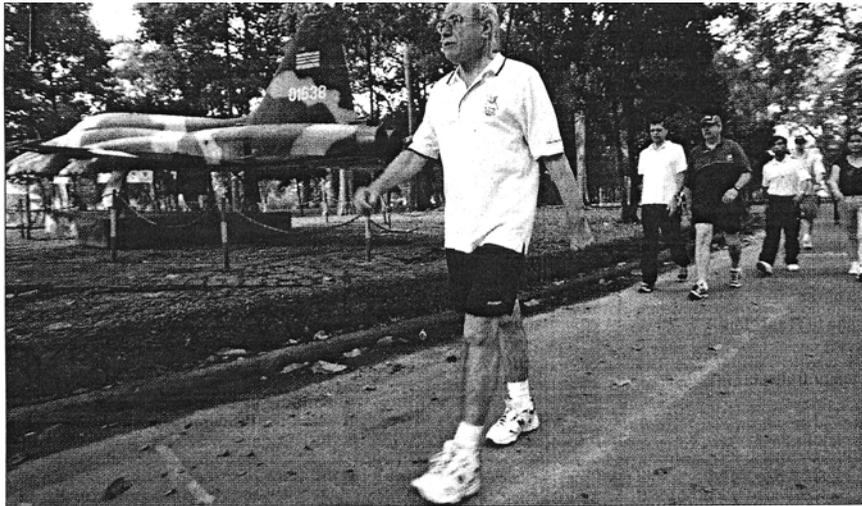
So can I finish by saying two things, probably repeating two things but I think it's important to finish with this emphasis: that the journey, the bilateral journey that Australia and Vietnam have travelled, over the last few decades, has been an important one, it's been a very positive one and I have certainly been greatly struck in the few days I've been here by the very evident desire of the people of Vietnam to be friends with the people of Australia. And that's important, it's important to me as Prime Minister of Australia and I know it's important to many Australians as well.

And finally can I again congratulate you, Sidney, and your great organisation for what you have done over many years to foster a better understanding of relations between our two nations. And Australia has, I believe, done a very good job of reaching out to the region, of seeing herself involved in the affairs and the future of the region, and sharing the hopes and aspirations of the hundreds of millions of people that comprise the Asian-Pacific region, of which we will be forever be a part and I know a very active and willing participant.

Thank you.

MEDIA REPORTS

The Asialink Conversations Vietnam 2006 attracted a large contingent of print, radio and television media. A brief selection of the coverage follows.



Out and about . . . John Howard in the grounds of the Presidential Palace in Ho Chi Minh City yesterday.

Photo: ANDREW TAYLOR

Howard warms to the task

Greg Earl HO CHI MINH CITY
Asia Pacific editor

Prime Minister John Howard ended his first visit to Vietnam yesterday on a curious note — defending the Vietnam War and disparaging fellow conservatives who have changed their stand on the issue.

It was notable because it belied the way he has clearly enjoyed himself in post-economic renovation Vietnam over the past few days after having finally crossed the Mekong to one of the world's five remaining one-party communist states — although that's a crossing he regularly makes to China.

But it also belied how he has managed to subtly shift his stance on engagement with Asia to one now filled with sweeps of rhetorical enthusiasm from earlier more reserved approaches.

As he told an Asialink dinner on Monday night: "Australia is a nation that, for many years now and for an indefinite period into the future, will always see its immediate interests and concerns as being tied up with the Asian-Pacific region.

"Our trade, our strategic responses, a significant part of our investment, they are very much

bound up with this part of the world."

The change of circumstances will be most graphically underlined next week when Mr Howard makes what will be his third trip in less than a month to Asia, this time to hold a bilateral meeting with Malaysian Prime Minister Abdullah Badawi,

"It's the shared objectives that are the most important."

where a bilateral trade deal will be on the agenda.

The improved relationship with Malaysia is a signature success of the Howard years although its ownership is open to question.

One of Mr Howard's first diplomatic missteps was his ill-fated attempt within days of becoming Prime Minister to repair relations with the mercurial and anti-Australian former Malaysian prime minister Mahathir Mohamad.

Now Mr Badawi has a more poisonous relationship with Dr Mahathir than his predecessor ever had with Australia. So Mr Howard will be providing his Malaysian

colleague with a timely opportunity to show he can run the country better than Dr Mahathir.

Despite the fact that Australia is taking over the leadership of the Asia-Pacific Economic Co-operation group this year, Mr Howard argued in his speech that bilateral relationships were more important than regional organisations.

Possibly with an eye to looming tensions between APEC and the alternative more Asian-focused East Asian Summit, he said: "When talking about regional architecture we shouldn't get too hung up about the organisations — in the end it's the shared objectives and it's the bilateral relationships that are the most important."

The government's hasty somersault on signing the ASEAN Treaty of Amity last year means it deserves credit for the way Australia has a foot in each camp when such a tension is looming.

But it says a lot about how time in office changes perspectives that when Mr Howard and Mr Badawi meet the "shared objective" will be free trade but the real one will be putting Dr Mahathir in his place.

Editorial, page 58 ■

A shift of emphasis

The resources boom will make Sydney and Melbourne the nation's multicultural capitals and Perth and Brisbane will become our Anglocentric centres, writes George Megalogenis

THE inexorable rise of Perth and Brisbane will give Australia four capital cities of roughly equal power by the middle of the century. Although the shift to the north and west predates the emergence of China as our economic sugar daddy, the resources boom will accelerate the process.

Western Australia and Queensland are on course to employ more workers between them than NSW by the end of this decade. And, on present trends, the end of the next decade will see Queensland pass Victoria to become the nation's second largest job market, if not economy.

The first milestone in the realignment occurred early last year when WA and Queensland combined to earn more than half the nation's export income, thanks to China. The flipside is that NSW and Victoria are contributing a record low share of our export dollars, 29.7 per cent on the latest figures.

What is not widely understood yet is how today's two-speed economy is preparing the ground for tomorrow's two-tone nation, in which Sydney and Melbourne are the nation's twin multicultural capitals and Perth and Brisbane become our Anglocentric capitals.

Perth has the nation's highest concentration of English-speaking immigrants, while Brisbane is the only Australian city that hasn't relied on overseas immigration to expand. Sydney and Melbourne, by contrast, are increasingly dependent on non-English-speaking immigration for their population growth.

The people movement of the past five years, as the economy cruised into the second decade of its 15-year uninterrupted run of prosperity, offers a glimpse of our two-tone future.

Since 2001, Sydney has drawn 76 per cent of its population growth from overseas, while Melbourne shared its load 50-50 between net natural increase and immigration.

Perth relied on immigration for 56 per cent of population growth, but the intake was whiter in character than the new settlers going to Sydney and Melbourne.

Brisbane, on the other hand, tapped 69 per cent of its new citizens from local sources, namely net natural increase and interstate migration, with the latter mainly from NSW.

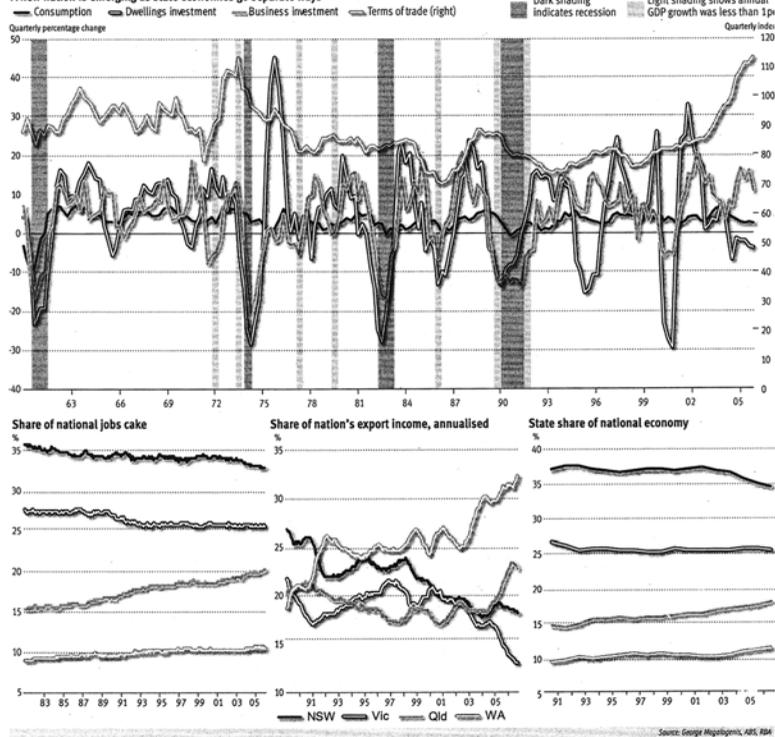
Governments have long known that four out of every five immigrants want to live where there is already an established ethnic community. So the Asians and the Arabs will continue to go to Sydney and Melbourne; the British and the South Africans will keep looking to Perth; and Australasian exiles from NSW and Victoria will still aim for Brisbane or the Queensland coastline.

Whether these cross-currents lead to a more culturally divided nation is an open question.

Monash University demographer Bob Birrell thinks they may, but the Australian National University's Peter McDonald disagrees. Australia, McDonald says, will add its next billion people in the same way Canada did when it moved from a

AFTER INTERMITTENT RECESSIONS AND LOW GROWTH, A LONG BOOM

A new nation is emerging as state economies go separate ways



population of 20 million to 30 million, without stretching the social fabric.

"There's a lot of integration in Australia, so I don't see a divide emerging," says McDonald, the head of ANU's demography and sociology program.

"Perth and Brisbane will start attracting migrants from Asia because the opportunities will be there. We will continue to be a nation where the culture is pretty much the same wherever you are."

Birrell says it will take many decades for Perth, for example, to replicate the ethnic mix of Sydney or Melbourne.

"The imprint of past immigration flows is very strong," says Birrell, director of Monash's Centre for Population and Urban Research.

In Perth, more than 10 per cent of the population is British born. The Perth Poms happen to be the only ethnic group with a double-digit concentration in any Australian city.

The resources boom is giving Perth a second kick to its Anglo identity, from the Australian bush. Since 2003, WA has received more people from interstate than it loses. Unlike Queensland, however, most of WA's recruits are looking to work, not retire.

"Basically, Queensland remains a low productivity state and that's because Queensland attracts people who have ceased to work or who have no strong intention of working, dispropor-

tionately, whereas people who are going to WA are going there to make money," ANZ bank chief economist Saul Eslake says.

It seems almost absurd to talk about an economic divide between the sunshine states when both seem to be swamping the southern states.

Nevertheless, WA is better placed than Queensland to cash in on the China phenomenon.

At each level of the Australian settlement, the demand from China for our resources, and our demand for its cheap manufactured goods, is shifting the way we view ourselves.

The export side of the equation has helped turn the mining industry into an advocate for reconciliation with Aboriginal Australia.

"Half the population in the Top End, north of the Tropic of Capricorn, will be indigenous," says Mitchell Hooke, chief executive of the Minerals Council of Australia. "Bear in mind also that 60 per cent of our operations are about or approximate indigenous communities."

Hooke says there is a business case, as well as the obvious moral imperative, to employ more indigenous workers and to work with communities to build their social infrastructure.

"We're talking about stuff beyond the life of the mine. Our aim is to help move these communities on to a sustainable platform."

John Howard's latest take of what China means to Australia.

On Monday, the Prime Minister used a speech in Vietnam to declare how comfortable Sydney has become with its Chinese-speaking population.

"I tell the story — well, it's not a story, it's a fact — that when I meet many Asian leaders [I tell them] that 15 per cent of the electors enrolled in the division of Bennelong, which I represent in the national parliament, are of Chinese ethnicity," the Prime Minister told the Asianlink dinner in Ho Chi Minh City.

"Sydney, of course, is now home to a very significant Chinese population; it's not the only Asian population in Sydney but it's certainly the largest. And the combination of Mandarin and Cantonese is now the most, if you can combine them, the most widely spoken foreign language in Australia."

To Howard, the China boom marks a personal vindication. Under his Government, Australia has never been better placed to tap Asia's markets, and to talk to its governments.

China is the second biggest buyer of Australian exports behind Japan and our second largest supplier of imports behind the US. Five years ago, China was ranked seventh for exports and fourth for imports.

"The extraordinary growth of China, and the continued path towards the same goal of India, means that in a few short years we'll have middle-

class populations of between 400 million and 800 million in this part of the world," Howard said. "And for the first time since the industrial revolution, that will rival the dominance of the world's middle class by Europe and North America."

Asia expert Ross Garnaut says China has reached a turning point in its development, when it runs out of cheap workers and incomes have to rise for it to progress.

"China's living standards will catch up with the West much more quickly than people think, which will require huge changes in economic structure, on the whole very favourable for our resources industries," says Garnaut, who is professor of economics at the ANU's research school of Pacific and Asian studies.

"The centre of gravity in Australia is shifting. If you look ahead — it won't be 10 years but further out — [Australia will move towards four major cities of similar size," Garnaut says. "Melbourne growing faster than Sydney because of Sydney's structural constraints and perhaps bad management; Brisbane growing faster than Melbourne; and Perth growing faster than Brisbane."

Yet here is the paradox. As Australia becomes more enmeshed with Asia, to borrow a phrase from Paul Keating, the two cities with the most to gain are those with relatively small Asian-born populations.

TRANSCRIPT ABC RADIO - 'PM HIGHLIGHTS STRONG ASIA RELATIONSHIP'

[This is the print version of story <http://www.abc.net.au/am/content/2006/s1793482.htm>]

AM - Tuesday, 21 November, 2006 08:08:00

Reporter: Graeme Dobell

TONY EASTLEY: The Prime Minister says Australia is now a natural, comfortable and permanent part of Asia.

John Howard was speaking last night during his first official visit to Vietnam, noting the change in the relationship with Vietnam from enemy to partner.

Mr Howard spoke of the astonishing transformations in Asia, and also changes in his perceived relationship with it, as Graeme Dobell reports from Ho Chi Minh City.

GRAEME DOBELL: Some battles John Howard will never forget. More than a decade on, he's still kicking against the 1995 argument that he couldn't deal with Asia.

JOHN HOWARD: I was regarded as somebody who wouldn't comfortably deal with the countries of the region.

And that was a view not only expressed, as you might imagine, and naturally, by my political opponents, but also by some learned commentators, self-appointed and otherwise.

(sound of laughter from audience)

GRAEME DOBELL: The Prime Minister brings up the past to get a present day laugh. But also to underline his view that Australia is now a natural Asian player, as shown by the second biggest language group in Australia.

JOHN HOWARD: And a combination of Mandarin and Cantonese is now the most, if you can combine them, is now the most widely spoken foreign language in Australia.

And that's a little fact, a little vignette that's probably known to a lot of you, but when you tell that to an Asian leader or even more so, to a European leader, they're perfectly astonished.

And it's just an illustration of the way in which we are naturally and comfortably and permanently part of this region and see our future in it.

GRAEME DOBELL: Natural and permanent doesn't automatically translate to safe. Asia has to handle the bumping giants - Japan, China, India and the United States.

In the sort of formulation that is a Howard speciality, the Prime

Minister argues that peace and prosperity are not inevitable in the Asia Pacific, but then again, instability and conflict aren't inevitable either. It's up to the region to choose.

There's one thing, though, Mr Howard does see as inevitable.

JOHN HOWARD: The most amazing transformation is occurring. The centre of gravity of the world's middle-class is shifting to this part of the world, and it will remain here.

GRAEME DOBELL: The Prime Minister says China and India are driving this fundamental shift in the middle-class balance of power, away from Europe and the US.

JOHN HOWARD: In a few short years, we'll have middle-class populations of between four and 800 million people in this part of the world, and for the first time since the Industrial Revolution.

That will rival the dominance of the world's middle-class by Europe and North America.

TONY EASTLEY: The Prime Minister John Howard speaking in Ho Chi Minh City.

AAP BULLETINS: 'PM HOWARD ENDS VIETNAM VISIT'

21 November 2006

AAP Bulletins

English

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HO CHI MINH CITY

Prime Minister John Howard has ended a six-day visit to Vietnam by highlighting Australia's important role in Asia and the region's massive transformation.

Prime Minister John Howard has ended a six-day visit to Vietnam by highlighting Australia's important role in Asia and the region's massive transformation over recent years.

Mr Howard is flying home on Tuesday after a busy schedule at the Asia Pacific Economic Cooperation (APEC) summit in Hanoi and an emotional journey on Monday to the site of the Battle of Long Tan, where 18 Australians died fighting for their country 40 years ago.

Mr Howard has been impressed by what he has seen on his first visit to Vietnam, a country flourishing economically with an annual growth rate of eight per cent.

In a speech for Melbourne University's Asialink conversations series, Mr Howard said the Asian region had undergone rapid changes over recent times, while Australia had cemented its position among its neighbours.

"Australia is seen ... as a country which has both a presence and a significance in the region, it has a respect because of its great economic strength. It also has a regard because of its good faith dealings with a variety of nations," he said.

"It brings assets and qualities to region not brought by other countries but it is also, I believe, respectful of large power realities."

Australia's practical links with the region are underscored by the fact that the prime minister's likely last two overseas visits this year will be to Malaysia and the Philippines.

He spoke of shedding the image of being someone who would not deal well with Asia, a criticism levelled at Mr Howard by former prime minister Paul Keating.

"I was regarded as somebody who wouldn't comfortably deal with the countries of the region," Mr Howard said.

"But I did."

Mr Howard said one of the things he had learned was not to pretend Australia wasn't different from other countries within the region.

"One of the things I have continued to believe is correct over the 10-and-a-half years is that there is never any point if you want to build a strong relationship with another society ... in pretending certain differences don't exist," he said.

"Because what you are in fact saying is you don't take the relationship seriously enough and you pretend that you can ignore the differences.

"We understand that there are deep political and cultural differences but there are common bonds, the shared membership of the fastest-growing economic region in the world."

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