

KEYNOTE ADDRESS BY MR MICHAEL L'ESTRANGE AO
AT
ASIALINK'S CHAIRMAN'S DINNER AND
SIR EDWARD 'WEARY' DUNLOP AWARDS
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SOFITEL MELBOURNE

It is a great honour and privilege to be invited to deliver the 2009 Sir Edward 'Weary' Dunlop Asialink Lecture.

'Weary' Dunlop is, and will always be, as much a part of Australia's past as he is of our future.

In looking to the past, we draw strength from all he achieved in his extraordinary life, and from how he achieved it through courage and compassion, defiance and resilience, humanity and forgiveness.

In looking forward to the future, we are inspired by the example of 'Weary' Dunlop's fearless leadership, by the values that he would not compromise, by his service to others, by his vision for new forms of regional engagement, and by his irrepressible spirit of optimism and hope. 'Weary' Dunlop never forgot the past, and especially its enduring impact on those with whom he shared it. But he did not live in the past : his vision of the future was one of renewal, growth and new opportunity.

In war, 'Weary' Dunlop was (in the unforgettable words of one of his fellow prisoners-of-war) a "lighthouse of sanity in a universe of madness and suffering". In peace, he was dedicated to the welfare of others, especially those with whom he shared the inhumanity, suffering and torment of war. He believed in, and worked hard and creatively for, greater understanding and tolerance and for more practical recognition of our common humanity.

We honour 'Weary' Dunlop best by continuing his work and pursuing his vision.

His life continues to be both an inspiration and a challenge – an inspiration to us in its courage and selflessness, and a challenge to us to build deeper associations of trust, co-operation and shared endeavours with the governments and people of Asia.

This Lecture reflects both that inspiration and that challenge, and it is why your invitation this evening is such a great honour for me.

I am also delighted to join you on this occasion when such special awards are being made later in the evening. I congratulate all the

recipients on their achievement which is so well deserved and will be so widely acclaimed.

Transformative Potential in Asia

The dynamics of change in Asia today point to a new phase in the region's development. Asia's progress now presents it with challenges and opportunities of a new kind – Asia's role in global institutions is assuming new dimensions; the implications of Asian decision-making are greater; and the scope for both competition and co-operation is greatly expanding.

The intensity and comprehensiveness of the changes now taking place, and in prospect, in Asia have the potential to be genuinely transformative across the full range of Asia's interests – in its interaction with the international system, in its regional agenda, in its key bilateral relationships, in its engagement with the United States in particular, and in the threshold national policy decisions that loom large for the major and emerging powers in Asia.

Co-existing with these powerful dynamics of change are important elements of continuity, particularly in the modern forms of tensions and rivalries that have been sustained in Asia – in some cases for centuries – by historical antagonisms, by religious, ethnic and cultural divisions, by competing economic ambitions and geostrategic claims, and by different systems of values and governance.

Even in the context of these realities, my view is that we are living through an era in which the potential for transformative change in Asia is great, and in which the implications of such change for Asia's partners and for the wider world is more far-reaching than it has ever been. It is on that potential for transformative change in Asia and its wider implications that I wish to focus this evening.

Asia and the International System

One of the vital modern dimensions of change in Asia relates to its role in the international system – a system that is significantly evolving as a result of the unprecedented shift in the balance of economic power to Asia, the rise of China and India in particular, and the diminution of the relative power of the United States.

The transformative potential of this shifting balance does not lie in the revival of a modern variant of the old notion of a 'concert of powers', still less in an agreement on an 'equilibrium of powers', in Asia. It lies more in the evolution of a far less structured form of multipolarity – one that entrenches neither current power relativities nor de facto spheres of influence, one that embraces elements of competition and co-operation among the major powers (particularly the United States,

China, Japan and India) across all the changing indices of 'hard', 'soft' and 'smart' power.

The recent supplanting of the G8 by the G20 as the most significant forum for global economic co-operation among the world's major powers is a critically important development in its own right. It also epitomises the era of broader multipolarity that we are entering. And it adds an important new dimension to the bilateral relationships among the United States, Japan, China, India, Indonesia, the Republic of Korea and Australia, in particular.

In a wider sense, the global leadership and membership structure of the G20 reflect deeper changes taking place in the international system. Many of the aspects of international society that have long reflected historical Western experience and perspectives are being adapted to the new shifting realities of international power. As part of that evolution, the influence of major non-Western developing countries, particularly those in Asia, is becoming not only more formally represented in new structures of international leadership but also more insistent on the need for new priorities that better reflect developing country perspectives.

This expansion of international society, which insightful analysts have long anticipated, will have far-reaching political, economic and cross-cultural consequences in and beyond Asia over the decades ahead.

Asian Regionalism

Another dimension of the current transformative potential in Asia is defined by the new possibilities for regionalism.

In the past, Asian regional initiatives have been inspired by dramatic developments or specific needs. These have included the impact of the Asian financial crisis in the late 1990's, the consequences of the rise of China and India, and common regional interests in facilitating greater trade and investment flows.

Asian regionalism is now gaining new momentum from a variety of sources.

One is the increasing range of transnational issues in Asia that call for greater regional co-operation – issues such as terrorism, nuclear weapons proliferation, climate change, people movement, food and water security, and health emergencies.

Another spur to greater regionalism has been the global economic crisis and its consequences. The crisis has enhanced Asia's economic standing and strengthened China's economic influence in Asia, as well as beyond it. It has also accentuated concerns in Asia, that have been

apparent since the financial crisis over a decade ago, about Asia's external vulnerabilities and, in particular, patterns in its export market trade. The global economic crisis has prompted a renewed focus in Asia on developing regional and domestic sources of growth more intensively through greater regional economic integration.

The new regionalist momentum is also being driven by a strong regional sense, particularly among the smaller economies in Asia, that failure to achieve a greater regional economic integration will increase their vulnerability as economic globalisation creates new competitive pressures.

The intensifying regional production networks and investment corridors in Asia associated with global supply chains are also adding to regionalist momentum. In particular, they are increasing the pressures for the reduction of 'behind the border' barriers to trade and investment in Asia and for greater regional harmonisation of regulations and standards.

The new dynamics of Asia's regionalism are evident in the priorities of Asia's existing regional institutions such as APEC, the East Asia Summit, the ASEAN Regional Forum and others. They are also partly reflected in, and partly given added impetus by, specific proposals for new forms of regional co-operation. These include trade liberalisation proposals such as the Free Trade Area for Asia and the Pacific and the negotiations on the Trans Pacific Partnership. They also include proposals that have been put forward over recent times by Australia in relation to an Asia Pacific community and by Japan in relation to an East Asia community. These regional community initiatives are directed not only at better utilising regional economic synergies but also at more effective high-level political dialogue focused on the broader range of regional challenges.

Where this new regionalist momentum in Asia will ultimately lead, and the particular forms of regional institutional architecture it may generate, are not yet precisely clear. This reflects the diversity of current approaches to Asian regionalism.

For some, the priority of enhanced regionalism is trade and financial arrangements; for others, a wider range of the region's economic and security interests needs to be addressed by regional leaders in an overarching way.

Some see particular advantages in the 'variable geometry' of Asia's diverse forms of regional engagement, with different institutions pursuing different purposes and with issue-specific, ad hoc coalitions supplementing pan-regional groupings. For others, a central focal point providing coherent regional leadership across the region's major

interests – economic, security, environmental and others – is both desirable and increasingly necessary.

For some, the active involvement of the United States in the key structures and processes of Asian regionalism is self-evident and indispensable; for others, it is a more open issue.

For some, the emphasis in Asia's regionalism is most productively placed on 'soft' structures promoting shared goals, voluntary co-operation, persuasion and example; others see a place for more specific accountability in particular areas.

Some see a focus on non-discriminatory priorities in trade liberalisation as fundamental; others share that broad approach but not in an exclusive way that pre-empts the possibility of specific preferential arrangements that are seen to yield particular national benefit.

This is a complex mix of approaches in which the new momentum for more effective regional interaction in Asia will be taken forward. There is significant force and transformative potential in the new regionalist momentum. But practical outcomes will only be the result of identifying the common ground and the shared interests that cut across the diverse approaches to the purposes and structures of Asia's regionalism. That common ground and those shared interests are expanding and they provide fertile ground for focused and creative regional diplomacy.

Threshold National Decision-Making

In addition to Asia's broadening role in the international system and its new dynamics of regionalism, the other key locomotive of change in Asia lies in the threshold policy issues that loom large for Asian governments themselves. In particular, for the major powers of Asia (Japan, China, India and the Republic of Korea) and for emerging powers (such as Indonesia, Vietnam and others), these challenges are imposing, complex and diverse.

There is the challenge to implement national policy frameworks that address development needs as well as advance economic reform priorities. There is the challenge of managing the domestic social and political implications of high economic growth, including the lag in some countries between rising indices of national economic power and per capita incomes. There is the challenge to define national priorities in support of global negotiations on climate change, trade and international finance. There is the challenge of addressing the regional perceptions of military modernisation programs. And there is a wide range of other national policymaking challenges that relate to governance, human rights, border and resource security, as well as

the management of key alliance partnerships and bilateral relationships.

As the major and emerging powers of Asia address these and other threshold national policy challenges, the transformative potential of the choices they make, and the impact of those choices within and beyond Asia, will be more significant in the period ahead than ever before.

Australia and Asia

The changes generated by Asia's expanding role in the international system, by the possibilities for new forms of Asian regionalism and by threshold national decision-making in Asia will all have a critical impact – separately and collectively – on Australia's interests. In advancing those interests, three factors seem critical to me.

First, all the dimensions of change in Asia – bilateral, regional and global – interact dynamically. Asia's deepening intra-regional ties are linked to a pattern of its deepening global arrangement. Furthermore, the scope to develop more practical forms of regional economic interaction or security dialogue in Asia will depend importantly on the incentives to do so, and the constraints on doing so, generated by the tenor of key bilateral relationships, and particularly those among the United States, Japan, China and India. So too, Asia's expanding role in the international system and the new momentum for more effective regional co-operation create great scope for interaction that will enhance both these dimensions of change. The same reality is increasingly re-defining the old demarcations between bilateral economic relationships and wider regional economic linkages. One dynamic in this context is the expanding role and influence of economic production networks throughout Asia which are broadening the framework in which key bilateral economic relationships, such as that between Australia and Japan, need to be viewed and managed.

The history of Australia's engagement with Asia has, on occasions, been characterised by calls for defining 'choices' to be made : for example, between our alliance partnership with the United States and our expanding associations of interest with the major powers of Asia, or between our Australian identity and our regional aspirations. Over time these 'choices', in my view, have been shown to be unnecessary because a highly positive and productive Australian engagement with Asia does not demand such an exclusivist approach, and in fact is diminished by it.

There is a new 'choice' that has recently been suggested between our global and our regional institutional interests, particularly in the context of the G20's new economic leadership role. Such a 'choice' is, in my view, neither necessary nor desirable. That is because the

synergies between regional and global leadership forums are growing and the critical contribution which can be played by countries such as Australia, as a member of both and as a conduit between them, is set to expand.

Second, America's active engagement in Asia will remain fundamentally important not only for Australian interests but also for regional security and prosperity generally. That importance is not diminished in any substantive way by the changing relativities of regional and global power or by the multipolar character of the international system as it is evolving. In fact, these changes are, in my view, likely to reinforce rather than reduce the importance for Australia of America's close involvement with the dynamics of change and the structures of regionalism in Asia.

The logic of America's active engagement in Asia does not rely on any assumptions about an identity of interests with Asia. It relates to the reality of a complementarity of interests with Asia. In particular, America's participation in and membership of any emerging new form of Asian regionalism seems to me vital for Australian and for wider regional interests. This is a priority that needs to be actively promoted in Asia because it cannot simply be assumed.

Third, Australian engagement in Asia over the decades ahead will, in my view, be best served by the guiding lights of realism, ambition and adaptability.

Our realism reflects Australian national interests, broadly defined, as well as the dynamics of change and continuity in Asia itself.

We are realists in being optimistic about the expanding scope of common interests we share with Asia, particularly in relation to the recent record and future potential of our regional economic co-operation. And we are realists in being optimistic about the governmental, business, educational, cultural, community and other linkages with Asia that have been established and that continue to diversify.

Our realism also needs to continue to encompass direct and constructive management of issues where our approaches differ. This calls for frank dialogue and respect for differences on matters that can relate to human rights, the role of the state, democratic freedoms, the rights of the media, the rule of law and the administration of justice.

Our realism has long acknowledged that productive and dynamic bilateral relationships, in Asia and elsewhere, can be built on common interests as well as common values. This approach will continue to be important as different regional approaches to particular issues of

governance and rights are set to continue within the wider framework of expanding common interests.

Realism is the base on which our ambition for engagement with Asia is built.

That ambition reflects the fact that Australia's relations with Asia in the decades ahead will constitute, even more dramatically than they have in the past, a high point of intersection between our foreign policy imperatives and our domestic policy priorities.

Ambition, therefore, in our Asian engagement has many parameters. They include intensive, creative diplomacy to establish government-to-government frameworks, processes and forums that facilitate greater economic and security co-operation. For that co-operation to be maximised in practice, other inputs are required that relate to expanding capacity and increasing efficiencies in national economic infrastructure, transparent information flows, incremental confidence-building, a broadening base of linguistic skills and diverse community exchange programs.

The extent to which our future ambitions in Asia will be realised will be a product of the way in which all these inputs are managed.

Cultural understanding has an important role to play in this context. Differences in culture are not, in themselves, insurmountable barriers to highly productive bilateral relationships and effective regional co-operation. But narrowing such differences, in a genuinely two-way process, can help make strong relationships deeper, effective regional co-operation more instinctive and international associations more productive. This will particularly be the case in the context of the expansion of international society to which I referred earlier, and as a result of which cross-cultural influences in global and regional affairs are likely to grow in scale and significance.

Australian interests in Asia, and beyond, will be significantly advanced over the long-term by anticipating and contributing to this phenomenon.

In pursuing with realism all the dimensions of our regional ambition, Australia needs to retain and enhance our capacity for adaptability – adaptability to the evolution of Australia's own regional priorities, adaptability to the deep and changing diversity within Asia, and adaptability to Asia's growing self-confidence, its specific development focus, its preference for incrementalism and its pursuit of pragmatism.

In each of the key priorities that I have highlighted this evening, the role of organisations, such as Asialink, will be increasingly important.

Asialink has established highly productive and creative linkages that build understanding between the peoples of Asia and Australia. This gives Asialink a special capacity to contribute importantly in the future to the interlocking network of government, business and community interaction that will be the key to developing the full potential of Australia's Asian engagement. This will be a great focus of intense national endeavour for Australia in the twenty-first century – an endeavour that will be critical in shaping our future prosperity and security, that will continue to create new possibilities in our relationships with the governments and people of Asia, and that will increasingly be the focal point of our national interests.

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