

2004 ASIALINK CONVERSATIONS

Malaysia

8-10 August 2004

PATRONS

Tan Sri Dr Noordin Sopiee

Mr Baillieu Myer AC

Dato' Tan Chin Nam

Professor Wang Gungwu CBE

CO-ORGANISERS

Ms Jenny McGregor

Professor Anthony Milner

2004 Asialink Conversations

REPORT OF PROCEEDINGS

RAPPORTEUR AND EDITOR

Dr Jim Leibold



2004 ASIALINK CONVERSATIONS

THE 2004 ASIALINK CONVERSATIONS is an initiative of The Asialink Centre at The University of Melbourne in collaboration with the Institute of Strategic and International Studies (ISIS) Malaysia, The Australian National University and with the support of The Myer Foundation.

The Asialink Centre

The Asialink Centre is a unique national Australia-Asia centre offering a broad range of activities including business briefings and training, networking, conferences, art exhibitions, lectures/seminars, publications, residencies/exchanges, study tours and teacher education.

VISION Australians equipped for full participation in the Asian region.

MISSION To increase understanding and build partnerships between Australia and the countries of Asia by strengthening Australia-Asia activities in the education, business, arts, media and community sectors.

REACH Asialink reaches all age groups, from primary school children to senior diplomats and captains of industry. Asialink's programs span sectors and geographical borders with strong networks in Canberra, Melbourne, Sydney and the Asian region. Asialink has partners in all Australian states and territories, and in fifteen Asian countries.



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

The Australian National University

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

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

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

For further information visit the ANU website at www.anu.edu.au



Institute of Strategic and International Studies (ISIS) Malaysia

ISIS was established on April 8, 1983. It is registered under the Malaysia's Company Act 1965 as a Company Limited by Guarantee.

An autonomous and non-profit organisation, ISIS Malaysia is engaged in a wide range of activities focusing on objective and independent policy research and fostering dialogue and debate between the public sector, the private sector and academia. In general, its programmes are directed towards five central areas of national interest: Defence, Security and Foreign Affairs; National and International Economic Affairs; Strategies for Nation-Building and National Unity; Policies on Energy and Natural Resources; Science, Technology and Industry.

For further information visit the Institute's website at www.jaring.my/isis/



The Myer Foundation

Myer family philanthropy has its origins in the will of Sidney Myer who founded the Myer retailing business. On his death in 1934 he left one tenth of his estate for the benefit of the community in which he made his fortune. The Myer Foundation was established and initially endowed by Sidney Myer's sons, the late Kenneth Myer, and Baillieu Myer in 1959. It is now supported by three generations of Myer family members, and represents their continuing commitment to philanthropy.

For further information visit the Foundation's website at www.myerfoundation.org.au



FOREWARD

THE ASIALINK CONVERSATIONS COMMENCED in 2002 at the initiative and under the leadership of Asialink Patron Mr Baillieu Myer AC, in part to counter the perception that Australia had 'turned its back on Southeast Asia', and to help identify new methods for strengthening Australia/ASEAN relations. The term 'conversations' was chosen to suggest a very personal event, markedly different from the standard conference - a smaller, more intimate gathering designed to foster a frank and robust exchange of ideas and to build new networks and friendships.

Our inaugural gathering in country Victoria, Australia in 2002 brought together key leaders from ASEAN and Australia

On the final afternoon of this three-day program, participants travelled to Kuala Lumpur where they had an opportunity to discuss Malaysian political and economic developments with Dato' Mustapa bin Mohamed, Minister in the Prime Minister's Department. The Conversations concluded with a dinner with Malaysian Prime Minister Dato' Seri Abdullah Ahmad Badawi. Welcomed at the dinner by co-convenors Tan Sri Noordin Sopiee and Mr Baillieu Myer AC, the Prime Minister spoke warmly of the long-standing relationship between Australia and Malaysia and of the strengthening ties between Australia and the entire ASEAN region.

I would like to acknowledge the contribution of patrons



to explore some of the critical questions facing our region and the wider world. Participants represented a broad spectrum of the community and included leaders in government, business, academia, journalism and the arts. This year's group was equally diverse with Australia and seven of the ASEAN countries represented.

In close collaboration with the Institute of Strategic and International Studies (ISIS) Malaysia, and with the continuing support of The Australian National University and the Myer Foundation, the 2004 Asialink Conversations were held in Malaysia. For two-days in the relaxing setting of Langkawi Island, the group discussed the boundaries of Asian regionalism, the problem of terrorism, the role of the US and China in our region and methods for increasing intra-regional trade.

Tan Sri Noordin Sopiee, Mr Baillieu Myer AC, Dato' Tan Chin Nam and Professor Wang Gungwu CBE, who helped to create a vibrant and rewarding experience for the 2004 participants. The Myer Foundation, The University of Melbourne and our patrons provided generous financial support for the Conversations while the Australian Department of Foreign Affairs and Trade and the Malaysian Ministry for Foreign Affairs provided valuable assistance.

The formal sessions were conducted under Chatham House rule, and the substance of these discussions is contained in this record of proceedings.

Mr Carrillo Gantner AO
Chairman, The Asialink Centre

SESSION 1: ASIAN REGIONALISM: WHAT ARE THE BOUNDARIES?

THE 2004 ASIALINK CONVERSATIONS opened with a robust discussion of Asian regionalism. The group was reminded by several participants that the current concept of Asian regionalism is a post-colonial phenomenon. Next year marks the 50th anniversary of the famous Bandung conference, which brought together for the first time the newly independent countries of Asia with their African counterparts to discuss closer economic and political cooperation. ASEAN itself is less than 40 years old. European regionalism, one delegate reminded the group, took shape over the course of several centuries and began from a much stronger cultural and territorial base. Asia, on the other hand, is a far more complex and diverse region - one which includes at least four major civilisations (Buddhism, Islam, Hinduism and Confucianism), diverse colonial experiences and a number of new nation-states (such as Indonesia and Malaysia) which were brought together without any sensitivity to cultural and linguistic differences.

In today's globalised world, one participant asked, is a common region defined by the distance one can fly in seven hours or are its boundaries much more complex, nebulous and fluid? Asian regionalism, it was noted, must be viewed within the context of today's two other major forces - globalisation and nationalism. Whilst at times these three forces intersect, at other times they are in conflict.

One participant used the example of Mindanao and Sulu in the southern Philippines to demonstrate the complexity of regional, national and global forces at play in Asia. Home to the majority of the Philippines' 3.5 million Muslims, Mindanao and Sulu are viewed by much of the world as a hub of global

terrorism. However, a more nuanced picture reveals a dynamic process of boundary identification - with community members switching back and forth, often seamlessly, between local tribal identities (three major and ten minor ethnolinguistic groups are dispersed across the southern islands), a single Filipino national identity, broader regional identities (such as ASEAN or APEC) and even global identities influenced either by international market forces, the media, the Muslim Ummah (brotherhood) or international terrorist networks. When we speak about 'Asian regionalism', we need to identify not only the countries and communities that form a part of 'the region', but also how they interact with other identities at a regional, national and international level.

Despite this complex diversity, several of the ASEAN participants spoke of a common bond or cultural identity which binds the Asian region together. One spoke of a distinct 'Asian way of doing regionalism', what others referred to the 'ASEAN way' - a process that emphasises trust (confidence building), consensus, respect for differences, harmony over hegemony and community-building rather than alliance-building.

Others highlighted what they saw as the real accomplishments of Asian regionalism in the years since the Asian economic crisis. With Singapore serving as a catalyst and China as a focal point, the Asian region is awash in various bilateral and multilateral agreements. According to one participant's count, forty-three trade deals have been either completed or are currently under negotiation or discussion in Asia. In contrast to two years ago, there seemed to be a general



1. L-R HE Mr James Wise (Australia), Australian High Commissioner to Malaysia; Baillieu Myer AC (Australia), Co-Founder and Former President of The Myer Foundation and Patron, The Asialink Centre; Dato' Seri Abdullah Ahmad Badawi (Malaysia), Prime Minister of Malaysia; Professor Wang Gungwu CBE (Singapore), Director, East Asian Institute, National University of Singapore and Patron, The Asialink Centre; Professor Anthony Milner (Australia), Dean, Faculty of Asian Studies and Basham Professor of Asian History, The Australian National University and Sidney Myer (Australia), Director and Chairman of the Beyond Australia Committee, The Myer Foundation

acceptance among the group that bilateral and regional free trade agreements are producing results. However there was also a sense that too much government interference could be detrimental to the process of economic integration.

Participants agreed that post-9-11 there is a new sense of common destiny in Asia and a renewed desire to build a single community based on the principals of co-prosperity, peace and stability. In the words of one participant, Asian regionalism is 'difficult and complex but unstoppable'. Here several participants reminded the group of the importance of ensuring that no one is left behind by the current wave of political and economic integration. The challenge of making ASEAN and other regional bodies more relevant to the ordinary citizens was noted. Perhaps, it was suggested, a sense of inclusion could be fostered in ASEAN through the establishment of an 'ASEAN games' or even a version of the popular reality TV-show 'American Idol'. Others spoke positively about the newly established ASEAN People's Assembly. It is the uneven distribution of the fruits of integration that poses the greatest threat to the peace and stability of the region. The margins have become a breeding ground for transnational crime and terrorism. Several participants noted the lack of 'military regionalism' or comprehensive security cooperation among the ASEAN member countries in contrast to the NATO alliance in Europe.

Where does Australia fit into this complex and dynamic region? ASEAN participants urged Australia not to be anxious about being left out of the formal structures of Asian regionalism; Australia is already engaged with Asia in numerous ways. It is, in fact, the assumption that Australia has a 'natural right' to be a part of ASEAN that upsets many in the region. The group noted with enthusiasm, however, the recent warming in Australia/ASEAN relations. November's ASEAN leaders summit in Vientiane will provide an important opportunity to strengthen political and economic ties. Most hoped that the Summit would begin a more formal dialogue process and lead to an eventual ASEAN-CER Free Trade Zone that would bring the ten economies of ASEAN together with those of Australia and New Zealand. There was much speculation among the group over the reason for this rather sudden warming in relations. Some pointed to the retirement of Dr Mahathir while others claimed that ASEAN was trying to be even-handed and inclusive in its dealing with regional players. There seemed to be consensus on the fact that the rise of China was causing ASEAN to turn southward for a political and economic counter-weight. It was noted that the combined size of the ASEAN + Australia/New Zealand economies is roughly equal to the economy of China.



'We were honoured that Prime Minister Badawi was able to meet with the participants of the 2004 Asialink Conversations and other invited guests. His warm and thoughtful remarks signalled a new era in Malaysia-Australia relations and demonstrated the usefulness of Track II initiatives like the Conversations'.

Carrillo Gantner AO



2. Dato' Seri Abdullah Ahmad Badawi (Malaysia)
3. Carrillo Gantner AO (Australia), Chairman, The Asialink Centre

SESSION 1: CONTINUED

Finally, there was some disagreement over whether common interests alone were enough to forge a meaningful and enduring relationship. Some argued that any relationship needs to be grounded in the core interests of both Australia and ASEAN while others felt that shared sentiment was needed for a stable relationship. Finally, one participant reminded the group that the modern concept of boundaries is new to the region. Delineations of identity and culture were in a constant state of flux in historical Asia - waxing and waning with the rise and fall of empires. There remains sharp disagreement in Asia over the precise boundaries of Asian regionalism, with some arguing for a more instrumental and exclusivist concept of *Gesellschaft* (association) and others for a more inclusive concept of *Gemeinschaft* (community). Australia, it was noted, is more likely to be included in 'the region' if ASEAN and other forms of Asian regionalism are based on a sense of common belonging or *Gemeinschaft*.



4. L-R Professor Wang Gungwu CBE (Singapore) and Dato' Mustapa bin Mohamed (Malaysia), Minister in the Prime Minister's Department

SESSION 2: MISPERCEPTIONS: WHY DO MISUNDERSTANDINGS OCCUR BETWEEN SOCIETIES?

THE COMPLEXITY AND DIVERSITY that marks our region fuels, in many cases, the misperceptions and misunderstandings that threaten to undermine closer regional cooperation and integration. To the surprise of some, the group spent most of this session discussing misperceptions within the Asian region rather than between Australia and Asia.

The costly riots at the Thai Embassy and businesses in Phnom Penh last year and the more recent harassment of Japanese players during the Asia Cup soccer championship in China were put forward as two examples of the continuing tension between different parts of the Asian region. In the case of the former, an unsubstantiated rumour in Phnom Penh - that a famous Thai TV star stated that Angkor Wat was stolen from the Thai people - resulted in over one billion Thai Bhat in damages and the scarring of Thai-Cambodian relations; in the case of the latter, the Asian Cup rivalry between Japan and China gave vent to anti-Japanese sentiment that was stoked by Chinese state media in marked contrast to the growing economic and political ties between Asia's two largest powers. Both cases remind us that historical memory and various representations and misrepresentations of that memory are powerful sources of conflict.

The group explored various sources for these misperceptions. One participant argued that misperceptions are driven by a lack of common vision; in other words, seeing things differently. This lack of common vision comes in at least four forms: wrong seeing, incomplete seeing, arrogance or ignorance and ethical blindness. Here it is not a question of values but rather meaning. Values are weighted differently by different cultures and when these values are misinterpreted conflict and tension arises. Take, for example, the giving of gifts. In some cultures it is viewed as a symbol of friendship, in others influence buying. Others argued that poverty and the resulting lack of education play a central role in the development of misperceptions. Those who have been left behind by the march of economic globalisation are most susceptible to these misinterpretations. Scapegoats are invented to explain their lot in life and politicians play on these misperceptions to misdirect this anger and disassociate any blame for their own shortcomings.

Other participants highlighted the role of the media in perpetuating misperceptions. They questioned whether we actually understand each other less or whether it is the media that is creating the impression of growing tensions between cultures, countries, religions and ethnic groups. It was also noted that media ownership is now concentrated in the hands of a select few whose very success is increasingly based on 'bad

news' stories. Conflict and difference rather than harmony and convergence sells. Finally, another participant argued that misperceptions are an unavoidable part of human nature. Rather than concerning ourselves with it at an individual level, we need to guard against those situations where misunderstandings arise at a collective level. It is the politics of misperceptions - the use of misperceptions by the media, elites, governments and others to advance a collective political purpose - that presents the real danger to peace and stability in our region.

The post-9-11 public discourse on Islam was a particularly salient example for most of the group. The participants of the inaugural Asialink Conversations expressed concern that the so-called 'war on terror' was being misconstrued in Southeast Asia as a 'war on Islam'. While this year's group acknowledged that the debate has advanced over the last couple of years, there was ongoing concern about the way the media simplifies this complex issue.

Most accepted that the US's perception of the world changed after 9-11. The terrorist attacks galvanised American sentiment and created a common international purpose for America in the post-Cold War era. In the eyes of many Americans, Islam - or at least the radical interpretation espoused by Al-Qaeda - became the new 'evil empire'. And the pre-emptive rooting out of Al-Qaeda-ism and the spreading of democracy and freedom to all corners of the globe became America's new manifest destiny. For many in Southeast Asia, the fight against terrorism does not sit at the top of the political agenda. One participant spoke of a widening gulf between the US's 'war on terror' and the broader economic and security agenda of regional governments.

Another participant put forward three suggestions for breaking the semiotic link between terrorism and Islam: 1) more government and community investment in youth exchange programs which brings young Muslims to non-Muslim countries like Australia and vice-versa; 2) more creative strategies aimed at helping the 'silent majority' within Islam find its voice; 3) increased funding for Islamic religious schools (*madrassas*) to ensure that they are centres of educational excellence rather than breeding grounds for militant Islam. Several of the Muslim participants stressed the need to distinguish between 'fundamentalist Islam' and 'extremist Islam'. *Madrassas* that teach a strict interpretation of the Qur'an are not necessarily havens for terrorist culture. Regional governments and international NGOs need to invest more time and money into these traditional centres of Islamic learning - ensuring that the standard of instruction is regulated and accredited by the state. It is those *madrassas* that are



5. Tan Sri Dr Noordin Sopiee (Malaysia), Chairman and Chief Executive Officer, Institute of Strategic and International Studies (ISIS) Malaysia

6. Hj Mohd Hamid bin Hj Mohd Jaafar (Brunei Darussalam), Deputy Permanent Secretary, Ministry of Foreign Affairs

'I have attended a lot of conferences but this was the best! ...the diversity of the group was extremely important... The greatest value of attending a meeting such as this is not the outcomes but rather the networks that you develop'.

Hamid Jaafar

SESSION 2: CONTINUED

ignored by the state and the international community that pose the biggest threat. Without adequate funding they are forced to turn to terrorist organisations for support.

The group seemed to agree that the first-hand experience of another culture was fundamental to overcoming misperceptions. In Australia, one participant noted, the teaching of Asian languages and studies has led to less 'red-neck' behaviour and a greater sensitivity to cultural differences. In-country experiences help to strengthen this type of understanding. Yet, in terms of educational exchanges, concern was also expressed that the flow between Australia and the region was currently uneven. In 2003, over seventy-five thousand students from Southeast Asia enrolled in Australian educational institutions while relatively few Australian students are studying and living in Southeast Asia. Currently, there are about seven foreign students studying in Australian universities for every Australian student studying at a foreign university. This contrasts sharply with Asia, which has an extensive history of international mobility among its students. The 1999 UNESCO Statistical Yearbook reveals that Asian countries are the origin of 40% of all international students, compared to 1% from Oceania (including Australia). By placing people in an alien context and outside of their comfort zone, one encourages new ways of seeing and the development of greater empathy and understanding. Here, it was agreed, Australia can do more. By more fully incorporating its Asian students into the community and exploring methods for increasing the number of Australian students who spend extended periods of time living, studying and working in Asia.



7. & 8. L-R David Holly (Australia), Assistant Secretary, Department of Foreign Affairs and Trade and Noko Kiroyan (Indonesia), Chairman, Rio Tinto Indonesia and President, Indonesia-Australia Business Council

SESSION 3: CHINA AND THE US: WHAT DO WE WANT FROM EACH OF THEM?

MANAGING DIFFERENT PERCEPTIONS was again seen as fundamental to getting the balance right in our relations with the region's two largest powers, China and the US. As one participant indicated, a diversity of perceptions underlines and complicates Sino-American relations. US perceptions of China cross the ideological gambit, from a brutal communist dictatorship to a capitalist utopia fuelling world economic growth. Chinese perceptions of the US are equally diverse, ranging from an imperial hegemon to a beacon of freedom and opportunity.

Both sides claim that the other is threatening the 'status quo'. China's so-called 'peaceful rise' is increasingly being viewed with suspicion in the US; equally, many in China now see the US as a revisionist power set on spreading its values around the globe. With its newfound confidence on the international stage, China is now actively engaging with its neighbours - courting ASEAN, Australia and many other countries in the region in an effort to demonstrate its centrality to the future development, stability and prosperity of the Western Pacific.

This current sense of regional purpose is new. Less than ten years ago during the height of the Asian financial crisis, China signalled its intention to play a more active role in the region with a series of bold policies aimed at stemming the crisis. China contributed over US\$4 billion in aid to counties affected by the crisis and boosted domestic demand to help reinvigorate regional trade. Most importantly, its decision not to devalue the renminbi elicited widespread praise from regional governments. China now plays a leadership role in regional groupings - such as ASEAN + 3 and APEC - and is actively pursuing a number of bilateral and regional free trade agreements including the ASEAN-China Free Trade Area (ACFTA) and possible FTAs with Australia and New Zealand. One participant highlighted the way China has dramatically increased its profile and demands on less developed Southeast Asian countries like Burma, Cambodia and Laos. It has even created its own answer to the Davos World Economic Forum in the yearly gathering of Asian leaders at the Bo'ao Forum for Asia (BFA) on tropical Hainan Island. In short, China has slowly accumulated a broad set of new influences across the Asian region.

Not surprisingly, the rise of China has generated both excitement and trepidation in the region. Many spoke about the need to maintain the status quo between China and the US and their respective involvement in the Asia Pacific region. Yet, there was little agreement on the exact nature of the status quo. Some participants called into question the desirability of a power sharing arrangement between China and the US in the



9



10

9. L-R Sok Siphana (Cambodia), Secretary of State for Commerce (Vice-Minister), Ministry of Commerce and Jenny McGregor (Australia), Executive Director, The Asialink Centre

10. L-R Dato' Seri Abdullah Ahmad Badawi (Malaysia); Professor Anthony Milner (Australia) and Dato' Tan Chin Nam (Malaysia), Honorary Life President and Founder, Tan & Tan Developments Berhad

'The success of the Asialink Conversations in Malaysia are a reminder of the benefits that can flow from Track II diplomacy'.

Professor Anthony Milner

Asia Pacific; such an arrangement rests on the assumption that China is a benign power without territorial ambitions in the region. Concern was expressed that the business community, in particular, seems blind to the possibility of Chinese expansionism. As one participant argued, members of the business community sometimes adopt an overly simplistic view of China's rise, noting only that increased Chinese trade and investment is good for business and therefore good for the region. One Indonesian participant observed that because many in Indonesia now feared China as a larger northern neighbour, he could understand why anxiety exists in some quarters in Australia regarding Indonesia.

The entire group recognised the danger presented by the Taiwan issue, with some calling it 'the most important flash point in Asia if not the world', and others arguing that the prospects of having to choose between China and the US in the event of war over Taiwan was 'the ultimate diplomatic nightmare'. Even in the case of Australia and its strong alliance with America, some commented that we could not assume that the Australian government would feel obligated under the ANZUS Treaty to support the US in a war over Taiwan. Consideration would be given, among other matters, to the circumstance in which such a war was provoked.

Another participant argued that the contested maritime boundaries of East and South China (namely the disputed Senkaku and Spratly islands) represent another regional flashpoint. As the world's second largest importer of oil, China is increasingly looking for offshore oil reserves to minimise its strategic dependence on foreign imports. Yet, others questioned whether China would act in a rogue and unilateral fashion. Its oil dependence is no different from that of the US and Japan. Looking at the issue from a different point of view, some wondered whether it was the current US administration rather than the Chinese that posed the greatest threat to regional stability. One participant spoke about a growing international chorus which views the US - despite its good intentions - as a 'rogue superpower'. Others expressed concern about Australia's own interventionist language, arguing that it creates the impression that Australia is America's 'deputy sheriff' in the region, or in the words of some Chinese, the region's *xiao buxi* ('little Bush').

Despite a certain level of uneasiness with US President George W. Bush's vision for Pax Americana, most in the group recognised the importance of keeping the US actively engaged in the region. The recent announcement that the US will withdraw troops stationed in Asia and Europe could be a destabilising move, foreshadowing a return to the 'Guam Doctrine' - a policy of military disengagement from the region.

SESSION 3: CONTINUED

For Southeast Asia these developments highlight the importance of ASEAN solidarity and the need to strengthen ties with Australia and New Zealand.

Australia's geographic distance from China and the US, one participant noted, parallels the fundamental asymmetry in Australia-ASEAN relations. Both spend much more time and energy on their relations with China and the US than they do with each other. Some in Australia argue that the deeper Australia engages with China the more influence it gains in Washington and vice-versa. At the same time, one must also question whether Australia can afford to look past its nearest neighbours in the search for a deeper and more meaningful engagement with the region.



11. Amina Rasul-Bernardo (Philippines), Research Fellow, Washington SyCip Policy Center, Asian Institute of Management

‘This was a brilliant set of conversations... most of my conversations have been with Americans and this provided a unique opportunity to enter into a discussion with our Australian and ASEAN partners’.

Amina Rasul-Bernardo

SESSION 4: TERRORISM IN OUR REGION: UNDERSTANDING DEEPLY, ACTING EFFECTIVELY

THE GROUP BEGAN ITS DISCUSSION by focusing on some of the drivers and different forms of terrorism. Terrorism has deep historical roots in the Asian region. What is new is the transnational ideology of Al-Qaeda and other extremists which use the new technological and communication tools of globalisation to export terror. One participant stressed the importance of distinguishing between domestic/nationalist terrorist movements (such as the struggle of the Moro Islamic Liberation Front (MILF) for an independent Muslim state following years of political and economic marginalisation) and international terrorist organisation (such as Al-Qaeda who oppose US-support for corrupt Islamic governments and are driven by anti-US, anti-Israel political sentiment). Others disagreed, arguing that the terrorist threat represented by Jemaah Islamiyah (JI) blurs the lines between nationalist, separatist and transnationalist agendas. For them it is more useful to define terrorism by its tactics (namely organised political violence) rather than its purpose.

There was also little agreement on the seeds of this new terrorism. Some participants argued that terrorism was fundamentally a problem of socio-economic marginalisation; others pointed out that the masterminds behind the 9-11 and Bali bombing were well educated and affluent. Others contended that the so-called 'war on terror' would never be won without addressing some of the fundamental political and economic grievances terrorists evoke in their rallying cries. For one participant, this required a fundamental rethink of US policy towards the Middle East, and in particular an immediate solution to the Israel-Palestine conflict. Another participant argued that it was more helpful to see the evil of terrorism as rooted in a criminal psychosis. Rather than poverty, beliefs or a specific worldview, the one common denominator driving all acts of terrorism is a criminal mentality.

Several of the participants commented on the present disconnect with regards to the scope of the terrorist problem in Southeast Asia. The Australian government's new White Paper on Terrorism, *Transnational Terrorism: The Threat to Australia*, identifies Southeast Asia as 'a key focus in the international counter-terrorism effort', stating that regional terrorism 'has become more frequent, widespread and lethal - and more focused on targeting the interest of the West'. Many of the ASEAN participants and a few of the Australians pointed out that while terrorism remains a serious problem, it is by no means the region's most pressing security concern.

For most the threat of separatism (Taiwan, West Papua, Mindanao, etc) and the growing 'arms race' between traditional nation-state rivals (North and South Korea and India and Pakistan) presents a far greater danger to regional peace and

stability. Many in ASEAN were disappointed by the emphasis the US placed on counter-terrorism over economic and developmental issues at last year's APEC leaders summit in Bangkok. The group also expressed concern about the way terrorism is being fought in our region. Many of the so-called 'experts' on terrorism in Southeast Asia have very little knowledge about the region - its language, culture and history. The recent 'Flood Report' on the Australian intelligence agencies highlighted the shortage of essential language and cultural skills needed to produce high-quality strategic assessments about the threat of terrorism in Southeast Asia. Some spoke of a 'terrorism industry' that might be distorting its impact on our region. Several of the business leaders in the group claimed that terrorism was having a negative impact on their companies' bottom-lines - increasing transaction costs through high insurance premiums and transportation costs - yet they were also quick to point out that 'the deal still gets done - it just takes more time and costs more money'.

One participant cited the recent rise in tensions between Thai Muslims and the Central Government in Bangkok to highlight the complexity of the terrorist problem in Southeast Asia. Thai security officials have killed over 300 people this year in their battle against Islamic insurgency in the country's predominately Muslim southern provinces, and not a single one of these have been foreigners. Despite the high profile arrest of JI mastermind Hambali in Thailand, Hambali's global jihadist agenda appealed little to Thai Muslims. The problem in Southern Thailand, this participant argued, was purely a domestic political struggle between the economically marginalised Muslim communities of the south and the political centre in Bangkok. Unlike JI or even the MILF, Thai Muslims do not desire an independent homeland but rather a more equal distribution of central resources. At present, the problem can be solved domestically but if it is allowed to fester transnational elements could take root, creating a much larger problem for the region. One participant feared that the poorer parts of ASEAN - Burma, Laos, Southern Thailand and more remote sections of Indonesia and the Philippines - could become breeding grounds for transnational crime.

Participants discussed several strategies for countering regional terrorism. There was widespread consensus on the need to help moderate or progressive Islam find a more effective voice. While terrorism has no religious identity, the dramatic 9-11 attacks and the worldwide media coverage they generated have created a powerful semiotic link between Islam and terrorism. Some saw the madrassas system - and better funding of it - as part of the solution while others spoke favourably of Malaysia's efforts to mainstream religious



12. L-R Dato' Mohd Annuar bin Zaini (Malaysia), Chairman, Malaysian National News Agency (BERNAMA) and Tom Harley (Australia), President Corporate Development, BHP Billiton

instruction into a single national education system. One ASEAN participant linked the fight against terrorism to the struggle against communist insurgencies during the 1960s - claiming that political and psychological measures aimed at winning the hearts and minds of the people was the most effective strategy. Most agreed that rather than isolating extremists, we need to engage with them in a battle of ideas.

Another participant stressed the importance of treating terrorism as a policing and intelligence issue rather than a military problem. Terrorism is just one example of the current wave of transnational crimes (money laundering, people smuggling, the drug trade, piracy, and cybercrime) that threatens region stability. Police and intelligence agencies are at the frontline in this campaign - tracking the movement of money and illegal weapons while monitoring the recruitment and movement of terrorists. To act effectively against these criminals, we need to strengthen our regional capacities - analytical, language and cultural skills - and expand our cooperation and intelligence sharing. The investigation into the Bali bombings, one participant reminded the group, serves as a good example of how effective regional cooperation in the fight against terrorism can produce results. The next challenge is to expand this cooperation into areas that will prevent terrorist attacks from occurring in the first place.

SESSION 5: CELEBRATING DIVERSITY: IS IT HARDER AFTER SEPTEMBER 11?

ONE OF THE PARTICIPANTS began this discussion by asking whether our difficulty in celebrating diversity in the post-9-11 era is a political or cultural problem. If we are to believe what American Professor Samuel Huntington tells us, the world is locked in an inevitable 'clash of civilisations' that makes the celebration of diversity highly problematic. For this participant and others, the current problem is largely political and can be overcome through greater communication, cooperation and understanding. All of the world's major religious traditions - at their core - celebrate tolerance, diversity and restraint. Essentialised notions of culture over simplify the problem. In Indonesia, as one of the participants pointed out, Christians have joined Muslims in attacking the West. One of the real dangers of Huntington's theory is its propensity to create a self-fulfilling prophecy. If either or both parties see the problem as an inevitable clash, they will lock themselves into a conflict of epic proportions, one that may only resolve itself in equally dramatic ways. Here the path to the present conflict in Iraq is a poignant example.

Most agreed it was more difficult to celebrate cultural diversity in the post-9-11 environment. Diversity, one participant noted, cannot be nicely packaged. The media shows little interest in the complexities and nuances of cultural exchange. In the hands of an increasingly consolidated global media, our picture of the world is becoming increasingly homogenous. And when diversity is mentioned, it inevitably comes in the form of conflict. While this problem is not new, the message of diversity has become even more difficult to sell in the culture of fear that dominates the present era.

When one is threatened, the natural tendency is to look for things that are familiar, to draw inward and to try and reshape the world in one's own image. For many in the West post-9-11, the Muslim hijab or veil has come to symbolise this fear of the unknown, this fear of difference. The veil is a complex cultural and religious object in Southeast Asia. Those who choose to wear it, one delegate noted, are not necessarily backwards, uneducated and conservative. Here tolerance is only the first step; acceptance and understanding of this difference are equally crucial. Yet, at this time when the need to celebrate diversity is at its most important, our resources for doing so seem to be at their lowest. 9-11 represented a historic opportunity for the world to celebrate and strengthen its cultural diversity, however the political will to realise this opportunity seems lacking in many quarters.

Some argued that we need to be more creative and market-oriented in our drive to celebrate diversity. The tools of globalisation - the Internet, mobile phones, and freer movement of peoples - can open up new opportunities for

cultural exchange, innovation and learning. The fusion of modern music styles and ethnic vocal sounds evident in the works of Mickey Hart, Sting, Raihan, and Emha & Kiai Kanjeng have all been commercially successful, it was pointed out. Another example that was mentioned was the internationally acclaimed Asia-Pacific Triennial of Contemporary Art. Based in Brisbane, the Triennials bring together top artists from Australia and the region in a celebration of the contemporary art of the region and with the stated aim of enhancing cultural awareness and understanding. A major part of the Triennials' success is the strong support it receives from government bodies, grant agencies, corporations and individuals sponsors.

There was some discussion about the extent of Australia's media coverage of the region. Some thought it was patchy and narrowly focused while others thought it was quite extensive when compared to other countries, such as the United States and the United Kingdom. ABC Radio Australia, SBS and Asia Pacific TV were put forward as positive examples of Australia's reach into and coverage of the region. All three have faced funding difficulties but have managed to find creative solutions to remain on air.

The group came up with several new strategies for overcoming cultural misunderstandings. One participant called for more effective use of cultural diplomacy, arguing that cultural understanding is an important starting point for the strengthening of political, economic and security ties. Rather than trying to replicate the Western classics - Mozart,



13. & 14. L-R Sidney Myer (Australia) and Dr Termsak Chalermphananupap (Thailand), Special Assistant to the Secretary-General of ASEAN, ASEAN Secretariat

Shakespeare and French Impressionism - each country should export those cultural forms that are closest to their own national identity. To succeed, cultural exchange needs to be based on a sense of curiosity, courtesy and cultural humility.

Educational and youth exchange programs were again mentioned as a useful instrument for overcoming differences and celebrating diversity. As the famous American author Mark Twain remarked, 'Travel is fatal to prejudice, bigotry, and narrow-mindedness'. Here it is important that programs are reciprocal and funded by both Australia and ASEAN member countries. Others suggested the creation of an adequately funded Council or Institute (along the lines of the British Council or the Japan Foundation) to make better use of Australia's 'soft power' assets in the region and facilitate more bilateral cultural exchanges. Finding sustainable funding streams for these exchange programs is one of the key challenges for the region as a whole.

One participant suggested that symbols and celebrations are powerful drivers for the acceptance of difference. What better symbol of our globe's diversity than food. Even the most parochial of Australians has tasted Chinese, Thai, and Indian cuisine. This participant, perhaps only half in jest, suggested a regional sausage festival as a forum for celebrating the unity and diversity of Australia and the ASEAN region. The sausage and its regional permutation - the Aussie *snag*, China's *lap cheong*, the Thai *sai klok*, India's *chourisam*, Sri Lanka's *lingus*, and Malaysia's famous *lor bak* - are powerful symbols of the rich and interrelated cultural mosaic that defines our region.



15. Michael Richardson (Singapore), Visiting Senior Research Fellow, Institute of Southeast Asian Studies

16. L-R Fauzi Ichsan (Indonesia), Vice President, Global Markets Economist, Standard Chartered Bank; Muti Ichsan (Indonesia); Kimina Lyall (Australia), Southeast Asia Correspondent, The Australian Newspaper and Dato' Mohd Annuar bin Zaini (Malaysia)

SESSION 6: INCREASING TRADE: OVERCOMING THE OBSTACLES AND MAXIMISING THE OPPORTUNITIES

LIKE OUR DISCUSSION TWO years ago in Australia, this year's group spent a good deal of time debating the merits of bilateral and regional free trade agreements (FTAs) in relation to the wider WTO multilateral trade liberalisation agenda. Since 1997, over 40 different FTA initiatives have been concluded, explored or proposed in the Asia region. Relatively speaking, this represents only a small fraction of the nearly 150 or so agreements already signed by countries around the world. Several participants expressed concern about the 'patch work' or 'spaghetti bowl' like nature of these bilateral and regional FTAs, arguing that as we move in the direction of a more inclusive, multilateral free trading zone additional work will be needed to patch up the holes and integrate the disparate nature of these bilateral agreements.

Another participant argued that as long as the political will for greater economic integration is lacking at a broader regional and global level, the economic results produced by these bilateral agreements would be mixed at best. Economists argue that many of these top-down trade initiatives are pursued at the expense of regional interests, and it is only bottom-up economic forces that are truly capable of driving policy changes. In the case of the ASEAN Free Trade Area (AFTA), intra-regional trade has been patchy - increasing only slightly over the last couple of decades - and unless individual governments are willing to cede some autonomy and create stronger multilateral frameworks and mechanisms, the process of economic integration will be a slow and drawn out process.

That said, the group as a whole tended to view the FTA

phenomenon through a highly pragmatic prism. While the multilateral trading system of the WTO may provide the best long-term vehicle for advancing global trade, bilateral and regional FTAs can complement this process while also contributing to regional stability and prosperity in the immediate term. First, there is room for optimism that the flurry of bilateral FTAs may have contributed to the recent breakthrough in WTO talks in Geneva, where wealthier member nations accepted proposals to cut agricultural subsidies in a move that WTO Director-General Supachai labelled as 'truly historic'. Bilateral FTAs recognise the genuine complexity of our region, creating new avenues for trade liberalisation and providing momentum to wider multilateral trade objectives. We need to see these 'preferential trade agreements' as a first step in the direction of freer trade - unleashing the economic forces that lead to greater specialisation, improvements in logistics, technology and innovations and the distribution of production processes in different countries, which in turn promote greater regional trade.

Second, bilateral trade liberalisation needs to be seen as a dynamic and continuous process. If we take Australia as an example, its bilateral FTAs with Thailand and Singapore have produced some immediate results - such as the lifting of over 50% of all Thai tariffs on Australian goods. These benefits will be gradually scaled up over the coming years so that by 2010 an additional 40% will be removed before all remaining tariffs disappear in 2020. In many cases these dynamic agreements create a platform for closer economic ties which goes well beyond the specifics of the original agreement. In the case of the US-Australia FTA, the agreement more closely ties Australia to the world's largest economy, creating more long-term opportunities for increased trade, technology transfer and investment. One participant reminded the group that the Australia and New Zealand Closer Economic Relations



'The Conversations seemed to strip away people's titles and positions while carving out some quality time for each of us to engage in some free-ranging and fruitful discussion'.

Jock Clough

17. & 18. Fauzi Ichsan (Indonesia) and Jock Clough (Australia), Chairman, Clough Limited



19. L-R Sok Siphana (Cambodia); Manu Bhakaran (Singapore), Partner and Board Member, Centennial Group Inc and Dato' Mustapa bin Mohamed (Malaysia)

20. L-R Professor Wang Gungwu CBE (Singapore) and Dato' Mohamed Jawhar Hassan (Malaysia), Director-General, Institute of Strategic and International Studies (ISIS) Malaysia

Trade Agreement (CER) took years to produce solid economic results.

Yet, for the group, one of the most important benefits of these bilateral FTAs - their 'softer' yet highly influential cultural dimensions - are also their most unheralded. The actual process of negotiating these agreements leads to new understanding, networks and opportunities - both broadening and deepening bilateral relations - that cannot be immediately measured in terms of dollars and cents. The protracted and intense negotiations that go into these

agreements - which one participant likened to a 'cultural dance' - helps to strengthen relations well beyond the economic realm. They often lead to what another participant called 'head-turning experiences' where traditional perceptions and attitudes are challenged. One participant stressed the need to provide current negotiators with more effective cultural training prior to the initiation of talks, and others spoke about more effectively capturing some of the knowledge gained during these negotiations so that future generations can benefit from lessons learned.

At the same time, the group recognised that the multilateral mechanisms were crucial for advancing some of the more protracted and difficult aspects of freer trade. Questions relating to quarantine, intellectual property, labour, water rights and environmental standards need to be dealt with at a broader regional and global level. Trade liberalisation will remain incomplete at best without the international political will to tackle these more complex, transnational issues.

In the meantime, for most countries in Asia, it is the rise of China (and to a lesser extent India) that is producing new opportunities for expanded trade. The rising per capita income and expanding middle class in China and India are creating new demand for Asian consumer goods and services. For ASEAN this has meant a six-fold increase in trade with China over the last decade and prospects for even more with the establishment of an ASEAN-China Free Trade Area by 2010. In the case of Australia, China's near insatiable appetite for natural resources is a major contributing factor behind the 13% and 56% growth in mineral and fuel exports, respectively, over the last twelve months. The value of Australian mineral and fuel exports to China increased by over A\$1 billion in 2003 and now stands at close to A\$6 billion. The rise in world oil prices, one participant pointed out, has more to do with increased demand from China than the situation in Iraq. One of the key challenges for much of the region is to maintain a balance in their external trade so that they do not become overly dependent on a single source such as China. This is particularly difficult for smaller ASEAN countries like Laos, Burma and Cambodia. A sudden decline or collapse in the Chinese economy would have a devastating effect on regional economies and remains a distinct possibility given the serious challenges still faced by authorities in Beijing.

THE CONVERSATIONS

The term 'conversation' captures the character of our meeting. Conversation suggests a sense of give and take, acknowledgement and accommodation. It allows for a diversity of opinions and implies an acceptance of different points of view. But conversation also conveys a strong belief in the importance of continuing to talk, and the sense of community that 'talk' can promote.

Participants at the 2004 Asialink Conversations acknowledged the potentially divisive effects of misperceptions. Australia, like the US and Japan, has suffered from an image problem in the region. And, as ASEAN participants were quick to point out, misperceptions are also a source of latent tension inside Southeast Asia between individual 'Asian' countries. Yet, there was agreement that these misperceptions complicate rather than dominate regional relations, and a hope that the multilayered totality of regional interactions engenders a certain durability which is beyond permanent damage.

The Asialink Conversations, it was also agreed, has a valuable role to play in fostering mutual understanding, closer cooperation and new ways of thinking about Australia-ASEAN relations. Track II processes like the Conversations provide a non-threatening platform where participants can share their perceptions, anxieties and aspirations in an environment free from the constraints of individual government positions. International diplomacy is no longer the sole preserve of governments and can benefit from the strategic insights offered by a fuller range of community voices.

The Malaysian Conversations, in particular, seemed to play a constructive role in the renewal of Australia-Malaysian relations. Both the Malaysian National News Agency and *The Australian* newspaper reported that Prime Minister Dato Seri Abdullah Badawi's remarks at the formal closing dinner of the 2004 Asialink Conversations signalled 'a new era in relations'. Declaring Australia a 'friend' of Malaysia and ASEAN, the Prime Minister's remarks were heralded as a breakthrough in Australia-Malaysian relations by *The Australian*, and 'the first formal acknowledgement of perhaps one of the most remarkable truces in Australia's foreign policy history'. Conversations' co-convenor Tan Sri Noordin Sopiee described the relationship as the same as that under Dr Mahathir 'just warmer', while his fellow co-convenor Baillieu Myer AC remarked that a 'new dawn appears to be breaking in Australia-ASEAN relations'.

The 2004 Asialink Conversations helped to illustrate the way a set of shared concerns draw Australia and ASEAN together. Participants at the Conversations had a frank and vigorous exchange on the challenge of dealing effectively with terrorism, the need to strengthen the 'voice' of moderate Islam,



21. L-R Baillieu Myer AC (Australia) and Tan Sri Dr Noordin Sopiee (Malaysia)
22. Professor Wang Gungwu CBE (Singapore)

'What makes the Conversations so special is the spontaneity of the discussion, the distance from one's more immediate day-to-day concerns... it provides an opportunity to stand back and draw out some of the more complex, longer term issues'.

Professor Wang Gungwu CBE

strategies for managing our relations with China and the US, and methods for increasing trade and human security throughout the region.

We had differences of opinion, of course; yet, exploring these differences added to the interest and the value of the Conversations. As in the first of the Asialink Conversations, we talked about common problems and often divergent solutions with humour as well as purpose, and some of our exchanges will provide lasting memories.



23



24



25



26

23. L-R Jonathan Mills (Australia), Director, The Alfred Deakin Innovation Lectures and Neilma Gantner (Australia)

24. & 25. L-R Greg Moriarty (Australia), Assistant Secretary, Maritime, Southeast Asia Branch, Department of Foreign Affairs and Trade and Stephen Lake (Australia), Chief Executive Officer, GBST Holdings Pty Ltd

26. L-R Tony Hallam (Australia), National Financial Assurance Leader, PricewaterhouseCoopers and Dato' Musa bin Dato' Hj Hassan (Malaysia), Director, Criminal Investigations Department, Royal Malaysian Police

PARTICIPANTS

AUSTRALIA

Ms Lee Lin Chin, Newsreader, SBS World News

Mr Jock Clough, Chairman, Clough Limited

Mr Carrillo Gantner AO, Chairman, The Asialink Centre

Mr Tony Hallam, National Financial Assurance Leader, PricewaterhouseCoopers

Mr Tom Harley, President Corporate Development, BHP Billiton

Mr David Holly, Assistant Secretary, Department of Foreign Affairs and Trade

Mr Stephen Lake, Chief Executive Officer, GBST Holdings Pty Limited

Dr Simon Longstaff, Executive Director, St James Ethics Centre

Ms Kimina Lyall, Southeast Asia Correspondent, The Australian Newspaper

Ms Jenny McGregor, Executive Director, The Asialink Centre

Mr Jonathan Mills, Director, The Alfred Deakin Innovation Lectures

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

Mr Greg Moriarty, Assistant Secretary, Maritime Southeast Asia Branch, Department of Foreign Affairs and Trade

Mr Baillieu Myer AC, Co-Founder and Former President of The Myer Foundation and Patron, The Asialink Centre

Mr Sidney Myer, Director and Chairman of the Beyond Australia Committee, The Myer Foundation

BRUNEI DARUSSALAM

Mr Hj Mohd Hamid bin Hj Mohd Jaafar, Deputy Permanent Secretary, Ministry of Foreign Affairs

Mr Darren C.S. On, Managing Director Brunei, CommVerge Solutions Holdings (Asia) Inc

CAMBODIA

Mr Sok Siphana, Secretary of State for Commerce (Vice-Minister), Ministry of Commerce

INDONESIA

Mr Fauzi Ichsan, Vice President, Global Markets Economist, Standard Chartered Bank

Mr Noke Kiroyan, Chairman, Rio Tinto Indonesia and President, Indonesia-Australia Business Council



27. L-R Dato' Musa bin Dato' Hj Hassan (Malaysia) and Amina Rasul-Bernardo (Philippines)

28. L-R Dato' Mustapa bin Mohamed (Malaysia); Tan Sri Dr Noordin Sopiee (Malaysia), Tom Harley (Australia); Jonathan Mills (Australia) and Sidney Myer (Australia)

MALAYSIA

Dato' Musa bin Dato' Hj Hassan, Director, Criminal Investigations Department, Royal Malaysian Police

Dato' Mohamed Jawhar Hassan, Director-General, Institute of Strategic and International Studies (ISIS) Malaysia

Mr Bunn Nagara, Associate Editor, Star Publications

Tan Sri Dr Noordin Sopiee, Chairman and Chief Executive Officer, Institute of Strategic and International Studies (ISIS) Malaysia

Ms Tan Lei Cheng, Executive Chairman and Chief Executive Officer, Gold IS Berhad

Dato' Mohd Annuar bin Zaini, Chairman, Malaysian National News Agency (BERNAMA)

PHILIPPINES

Ms Amina Rasul-Bernardo, Research Fellow, Washington SyCip Policy Center, Asian Institute of Management

SINGAPORE

Mr Manu Bhaskaran, Partner and Board Member, Centennial Group Inc

Ms Valerie D'Costa, Director of the International Division, Information Development Authority of Singapore

Mr Michael Richardson, Visiting Senior Research Fellow, Institute of Southeast Asian Studies

Professor Wang Gungwu CBE, Director, East Asian Institute, National University of Singapore and Patron, The Asialink Centre

THAILAND

Dr Termsak Chalermpananupap, Special Assistant to the Secretary-General, ASEAN Secretariat



29. L-R Dr Jim Leibold (Australia), Director of Public Programs, The Asialink Centre and Narajana Jantan (Malaysia), Senior Public Affairs and Conference Organiser, Institute of Strategic and International Studies (ISIS) Malaysia

Copies of this report are available from The Asialink Centre:

4th Floor, Sidney Myer Asia Centre

The University of Melbourne VIC 3010 Australia

Tel +61 3 8344 4800

Fax +61 3 9347 1768

Web www.asialink.unimelb.edu.au

Published by The Asialink Centre, November 2004.

All rights reserved © 2004 Asialink.

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

Design and layout: Jacinta Schreuder