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For Immediate Release

**DFAT Secretary Peter Varghese - Asialink Chairman's Welcome address**

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The Secretary of the Department of Foreign Affairs and Trade, Peter Varghese, says Australia and others in the Indo Pacific should give more attention to mechanisms to handle incidents at sea before they become a crisis.

Speaking at the Asialink 2013 Chairman's Welcome in Melbourne last night, Mr Varghese said Australia supported efforts by ASEAN to develop – in cooperation with China – a Code of Conduct for relations in the South China Sea.

“The reality is that in our region we lack much of the architecture and habits that can help us mitigate and manage conflict,” Mr Varghese said. “Asia is not Europe. Our region is much larger, much more heterogeneous. And we do not have the regional institutional structures that have evolved to help protect Europe.”

The rise of China, India and other countries raised new questions about how different nations would operate at sea, Mr Varghese said. Fisheries, seabed energy resources and potential marine genetic resources could be immensely valuable. Some of the rules for settling questions of sovereignty, jurisdiction and title to resources were still evolving.

“In the event of a miscommunication, or flawed judgement, or poor decision-making, a strategic miscalculation or any one of a dozen diplomatic misfires, what mechanisms do we have in place to help maintain peace and stability in Asia? I believe this is one of the core challenges we face.”

Mr Varghese said Asia was where the interests of the US and China, both competitive and complementary, would “need to be managed, harmonised and reconciled”.

“Indeed the challenge for all of us is to help prevent a US-China fault line running through Asia. Conflict between the US and China would be a disaster for everyone: the US, China, the region and the world.”

“China has every right to seek greater strategic influence to match its economic weight. The extent to which this can be peacefully accommodated will turn ultimately on both the pattern of China’s international behaviour and the extent to which the existing international order intelligently finds more space for China.”

Australia did not want to be put in the position where it had to choose between the US and China.” Indeed, we wish to see a strong and stable US-China relationship. And we will do all we can to support such a relationship.”

Mr Varghese said regional institutions would become more important. Australia was working through the EAS to entrench, deepen and expand across East Asia more broadly the type of cooperation that ASEAN has fostered in Southeast Asia.

“And I should say here that I agree with a great deal of the content of Asialink’s recent publication on Southeast Asia,” Mr Varghese said, referring to the report “Our Place in the Asian Century – Southeast Asia as the Third Way”, published in November.

“In particular, I agree that ASEAN can claim significant success as a regional body, that it has shown skill in region building and that it is an important partner for Australia and others in further developing regional institutions, including the EAS. “

Asialink’s Third Way report argues that Australia needs to move beyond the US-China dynamic and focus on its relationship with Southeast Asia. It says deepening Australia’s relations with Southeast Asia will help us to adjust politically to the dramatic rise of China while also making Australia a more valuable United States ally.

ENDS

Mr Varghese’s speech is available at:

[http://www.asialink.unimelb.edu.au/2013\\_asialink\\_chairmans\\_welcome](http://www.asialink.unimelb.edu.au/2013_asialink_chairmans_welcome)

Asialink’s Third Way report is available at:

[http://www.asialink.unimelb.edu.au/our\\_work/research\\_and\\_policy/third\\_way](http://www.asialink.unimelb.edu.au/our_work/research_and_policy/third_way)

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