

## THE ASIAN REGION IN 2011: TRENDS AND TENSIONS

**Presentation by Professor the Hon Gareth Evans AO QC to  
Asialink and Asia Society Chairman's Welcome Reception, Melbourne,  
21 February 2011**

This year, as always in the past, there is no shortage of security and economic issues, big and small, to engage the attention of policymakers around the wider Asian and Asia-Pacific region.

If I was going to take you on a really comprehensive tour d'horizon, the bus stops would have to include a litter of trade and macro-economic policy coordination issues, both bilateral and multilateral; together with a whole miscellany of troubling and unresolved security issues, including – and I'm not trying to be comprehensive – continuing fragility on the Thai-Cambodian border, and the internal situations in southern Thailand, the southern Philippines, Myanmar, India (with, inter alia, its Maoist insurgents), Sri Lanka and Nepal, as well as the ever-fragile environments in a number of our Pacific island neighbours closer to home.

But for present purposes, let me stand back a little and focus on just the really core geopolitical issues, that between them are going to determine whether the overall environment – particularly in, for Australia, the absolutely crucial sub-regions of North East and South East Asia – is going to remain one of continuing peace and stability for the indefinitely foreseeable future, or whether we are in for some quite nasty shocks.

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But a few more general comments first. I say 'continuing' peace and stability advisedly. The good news, of which we sometimes lose track in the daily blizzard of bad news media stories, is that East Asia in recent decades has undergone a quite extraordinary transformation, from being literally the most war-torn region in the world from 1946 to the end of the 1970s, to now being just about the least violent region in the whole international system. This region, a few smaller incidents apart, has been wholly free of any significant international conflict for two decades; while some insurgencies continue, none since the 1970s have remotely looked like overthrowing established government; and sporadic terrorist incidents, for all their immediate horror, have – similarly – had no larger significance.

We can debate the reasons for this reality. In the case of declining civil conflict, how much of this has been associated with the end of the Cold War and its proxy conflicts; how much with the impact of economic prosperity and rising incomes in changing the opportunity costs of rebellion and increasing

the relative strength of the state; how much with much greater international activism in peacemaking, peacekeeping and peacebuilding; and how much with a growing normative acceptance of the universality of basic human rights principles, and the international responsibility to protect people from the kind of mass atrocity crimes that, when perpetrated behind within state boundaries, have been previously thought to be no-one else's business?

In the case of international conflict, how much of the disappearance has been due to a recognition that the degree today's economic interdependence makes war a crazily counterproductive option for just about every state; how much to international conflict prevention activism; and how much, perhaps, to a new kind of cultural aversion to war, not previously discernible in human behaviour, after the catastrophes of the 20<sup>th</sup> century?

I can't give you decisive answers to those questions, but my own experience tells me that just about all the factors mentioned have played a significant part in generating today's comparative tranquillity in this region, and the optimism in me persuades me that there is every reason to believe that they will continue to operate in the future, to give us a very reasonable chance of that stability continuing, provided policymakers remain attentive to the main game and sensitive to the real interests of their own populations.

But I've also been round long enough to know that in the real world it's always wise to temper one's idealism – and optimism – with a little cautious realism. 'Stuff happens', as Mr Abbott might say in his less scatological moments: accidents occur, behaviour is misconstrued, misjudgements are made, minor incidents escalate out of control, peace can turn into war almost overnight. It has happened in the past, and could conceivably happen again.

The South Asian region, in particular – whether one is talking about India-Pakistan relations, the alarmingly fragile situation within Pakistan itself, the continuing trauma of Afghanistan with no end in sight, or the abdication of restraint by the government in Sri Lanka – has not so far given us much cause to believe that reason will usually triumph over emotion, that major miscalculations will not be made, that international institutions and activism will be effective, or that fundamental mindsets are changing in enough policymakers to make a permanent difference to the way the world works.

I remain deeply concerned in this context about the particular risks posed by nuclear weapons, which are omnipresent in the Asian region. Quite apart from the dangers posed by further proliferation, with 23,000 in the existing global stockpile, 2000 of them still on dangerously high alert, and everything we now know about the near-catastrophes that occurred throughout the Cold War period, and what know about the comparatively less sophisticated and even more vulnerable command and control systems operated by some of the newer nuclear powers, it is – as I have been saying around the world over the last two years wearing my Nuclear Commission co-chair's hat - nothing more than sheer dumb luck that we have not had a nuclear weapon catastrophe since Nagasaki, and it simply cannot be assumed that luck will continue.

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What, then, are the really core geopolitical issues that will determine the sustainability of basic peace and stability in the Asian region for the foreseeable future? I think they boil down to what can be described as five key relationships. Each could justify quite a long talk on its own, but let me say just a few words about each, and then conclude with just a few more words on what are the main challenges, and what should be the main priorities as a result, for Australian foreign policy in the region.

**China and the United States.** The bilateral relationship is in reasonable shape at the moment following some visible stepping back by China from some of its more aggressive postures last year on territorial waters issues which had attracted a sharp US response; after a constructive visit by Wen Jiabao to Washington last month; and after efforts at the G20 Finance Ministers meeting last weekend to move toward more workable macroeconomic coordination to redress the imbalance problem.

But there still remains the huge underlying issue of how the US will respond to the dramatic acceleration in China's economic growth, and all the stretching of wings, not least in rapidly increasing military capability, that is going with that. The central dilemma for Washington remains that which I heard Bill Clinton pose nearly a decade ago:

America has two choices. We can use our great and unprecedented military and economic power to try to stay top dog on the global block in perpetuity. Or we can seek to use that power to create a world in which we are comfortable living when we are no longer top dog on the global block.

My own sense is that the US will be sensible enough to make the second choice, and that that is certainly the direction in which President Obama wants to go. But if there is a shift back toward an uncompromising insistence on maintaining absolute dominance in the region, as well as globally, then there is every chance things will end in tears.

**China and its Neighbours.** China's relationships with Japan, ROK, Taiwan and with its disputed-sea-boundary neighbours in the South China Sea are all reasonably quiet right now, but the capacity for blow-up is never very far away, and every commentator has a favourite 'flashpoint'. Notwithstanding the overwhelming top-level preoccupation with maintaining internal stability as the top policy priority, and the absence of any rational basis for picking unnecessary foreign policy fights in its neighbourhood or anywhere else, there is a periodic risk in the current environment of adventurism and overreach, as we saw with some of the posturing – apparently driven by military and resource-focused interests – in both the South and East China Seas in the last year.

History looms as a constant undercurrent, with Chinese nationalist sentiment

– against Japan, and to a lesser extent the ROK - periodically allowed emotional rein by the leadership in recent years if diversions from domestic troubles have been required. And the relationship with Taiwan has its own always potentially explosive dynamic, with existential passions close to the surface on both sides of the Strait – though again, very much under wraps at the moment in the positive environment generated since President Ma Ying-jeo and the KMT regained government.

A critical relationship is Beijing's with Pyongyang. Senior officials privately claim frustration with their inability, however hard they try, to keep DPRK policy, particularly on the nuclear question, on a reasonable track. While some scepticism is in order, China ought to be taken seriously when it says it has to be cautious about applying the food and energy leverage it has, because its overwhelming priority has to be avoiding at all costs triggering the North's implosion, with all the population movement and regional instability that would generate. And I don't personally believe, though some still do, that Beijing is obsessed with maintaining the status quo in order to keep the US – through its Seoul ally - at arms length from its own borders. Overall the DPRK situation looks reasonably manageable and containable, but it seems likely to continue to generate stress in the region for some years to come.

**China and India.** The two homegrown top dogs on the Asian block have had a long history of border and other tensions (compounded by a fairly conspicuous lack of respect by China towards the quality of Indian democracy and economic management, India's resentment at China's Security Council status, and most recently China's activist presence in the Indian Ocean), and it cannot be assumed that difficulties between them will evaporate any time soon.

But since the very visible deterioration of relations in 2009 – the focal points for which were the Quad Initiative (by Japan, the US, India and Australia, which China saw, unsurprisingly, as amounting to an effort at strategic encirclement), and Washington's bending of the NPT rules with its bilateral nuclear deal – real efforts have been made to patch things up, with Wen Jiabao's visit to Delhi in December proclaiming success in 'managing differences, maximizing opportunities' and a return visit scheduled for later this year.

**India and Pakistan.** So long as relations between these two nuclear armed states remain as poisonous as they have traditionally been – whether the issue is Kashmir, jihadist militancy, Hindu extremism, or the conduct of the war in Afghanistan – it is entirely reasonable for policymakers elsewhere in the region, and the wider world, to remain quite anxious as to where it might all lead, not least because a significant nuclear exchange between them is likely to have catastrophic consequences much wider afield.

Attempts are being made yet again now to restart major bilateral talks, and there is everything to be gained, not least economically, by fully opening borders and reaching agreement on outstanding contentious issues, including

settling the international border in Kashmir at the existing line of control (which for years has seemed to just about everyone else in the world the obvious solution), and preventing potentially disastrous disputes in the future about water. But army politics in Pakistan and party politics in India continue to block progress, and there is a history of smaller tensions rapidly escalating and becoming explosive.

**Indonesia and its Neighbours.** Indonesia, which most people seem to constantly forget is both the fourth largest country, and largest Islamic country, in the world, is by far the biggest and most potentially influential player in ASEAN, although for most of its history has punched below its weight.

There is a widely shared and justified degree of confidence that Indonesia is not only consolidating its democracy and rapidly growing its economy, but also playing an ever more thoughtful and constructive role in both regional and global affairs. But there is also some growing concern at emerging signs of greater religious and ethnic intolerance than have been traditional, and should those currents gain real momentum some of those hopes for Indonesia as a major stabilizing presence in the whole region could be disappointed.

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Out of all of this, I think one can identify four main challenges for Australian foreign policy in the years ahead.

**Avoid a zero-sum game developing in our relations with China and the US.** In his recently published *Quarterly Essay* ANU Professor Hugh White has opened up an uncomfortable debate – but one we need to have – about whether it is reasonable to assume that Australia can go on enjoying indefinitely a hugely prosperous economic relationship with China, and a hugely reassuring security relationship with the US, in an environment where the tectonic plates really are shifting and it cannot be assumed that China will continue to recognize – as it becomes over time economically dominant – the primacy of US power.

He argues with some persuasiveness, though one can challenge some of his detailed argument, that the US has three basic choices in responding to China's inevitable further rise: withdraw from Asia (which it is extremely unlikely to do, and not many Australians would want it to do); compete with it for primacy (which runs a very serious risk of ultimately generating conflict); or – as he, like Bill Clinton prefers – sharing power with China, recognising it as a genuine equal (which it has so far been reluctant to do, but needs to, with support and encouragement from its allies like Australia).

Working all that through in practice, and its implications for how we should handle our defence posture and expenditure in the future – in a way that gives us some affordable independent protection against various ugly contingencies without either spending ourselves into penury or making potential regional tensions worse – is going to keep us preoccupied for a long time to come.

**Recognise that the Asia Pacific is gradually becoming the Indo Pacific.**

The rise of India is becoming as visibly important a phenomenon as that of China, but this has so far been insufficiently noticed by global policymakers, and is only slowly dawning on our own very East coast-oriented commentariat. Trade volumes between East Asia and South and West Asia actually now far outweigh those across the Pacific, and are growing dramatically. A lot of that, true, is Gulf oil fuelling China's growth, but a lot of it is also burgeoning bilateral trade between the two giants, and the overall trend is unmistakable. And there is an unmistakable military buildup occurring by both major powers, reflecting the growing extent of their maritime interests in particular.

There is nothing much for Australia to be alarmed by, and quite a lot for us to be excited by, in this development. Just as South East Asia becomes more important as the geographic hub for most physical communication between the North East and South West, Australia also becomes significantly closer to the action. Australian businesses are certainly starting to recognise that the economic of potential in India is of the same order of magnitude as that with China, but it has taken a long time for policymakers and publics generally to get their heads past the stereotypical three C's: cricket, curry and the Commonwealth.

It's more than time that we did, starting with a sensible resolution of the uranium sales issue. I for one thought that the US-India deal was very unhelpful to the non-proliferation cause, essentially because the opportunity was not taken – either by Washington, or by the Nuclear Suppliers Group which meekly endorsed the bilateral deal – to demand that India, as the price of getting access to uranium and energy technology, ratify the test ban treaty and agree to make no more fissile material for weapons purposes.

But that having occurred, and that leverage having been lost, there is no particular point in Australia continuing to demand that India join the NPT as a non-weapons state as the price of receiving Australian uranium. That has always been an unrealisable objective, and we are now effectively alone, certainly among other major uranium suppliers, in pursuing it by this means. What we can reasonably require as a condition for Australian sales is that India sign an intrusive safeguards agreement, and that it strictly maintain its strong record of support for non-proliferation elsewhere, which in fact has historically been much better than that of the other two NPT non-members, Pakistan and Israel, and does something to justify its differential treatment.

**Get right, and keep right, our relationship with Indonesia.** One of the many enduring mysteries of Australian public policy is why Indonesia simply hasn't (with only a few honourable exceptions) attracted the same level of attention, understanding, and sustained high level commitment from our political leaders that other Asian countries have received, and which it so manifestly deserves. We all know how political, press and public preoccupation has been almost wholly dominated over the years by irritants and negatives like East Timor, Bali bombers, drug smugglers, and boat

people.

As Bruce Grant and I wrote back in 1995 in our book on *Australia's Foreign Relations*, 'The relations that we went out of our way to cultivate in Asia always seemed to be with other countries', and it would be hard to say anything very different now. And other elements that would add real ballast to our relationship are either deteriorating – like Indonesian language teaching and learning – or just not getting any better: 2009 saw Indonesian students commencements at just 2.5% of the national total, ranking not only after China and India, but Korea, Thailand, Vietnam, Nepal, Malaysia – and Brazil as well!

I suspect that a big part of the reason why a multi-dimensional relationship hasn't really taken off, at least on the Australian side, is that old stereotypical habits of thinking about Indonesia haven't really changed very much – and that it still thought of as military-dominated, authoritarian, undemocratic, hostage to Islamic terrorist fortune, and with an exotic institutional-governance culture about as unfamiliar and unrecognisable in an Australia context as a Balinese funeral. The short point to make is that stereotype is completely outdated: there has occurred a fundamental democratic transformation, which is in the process of fundamentally changing the old governance culture, and which it is critical now that we and the rest of the world recognise, applaud, and do our best to help consolidate.

What would most certainly *not* be helpful either in consolidating our bilateral relationship, or helping to guard against any increase in jihadist sentiment, is the cancellation of our extremely successful school-building aid program, as recently proposed by the Opposition. It is difficult to think of a foreign policy position taken by either side of politics in recent times so comprehensively, mindlessly, counterproductive to our national interests.

**Develop effective regional economic and security dialogue and architecture.** The environment I have described, and the issues that are emerging over the years ahead, make it imperative that we work as hard as we can to put in place regional policy-making architecture that actually works. There have been until very recently three obvious basic gaps in the structural architecture for Asia Pacific dialogue and cooperation: there is no security forum bringing all key players together at leaders level (the ASEAN Regional Forum is ministerial); the key economic forum – APEC – does not include India; and the only forum with potential for broad-ranging dialogue on all major policy issues, security, economic, and broader socio-political – the East Asia Summit – has not included all the relevant players, namely the US and Russia.

These are the perceptions which lay behind the proposal announced by Australian Prime Minister Kevin Rudd in mid-2008 to create an 'Asia Pacific community', which set a major debate running over the last two years. The Australian proposal generated quite a lot of controversy, and looking back, some of criticisms that were directed at the Rudd proposal – at least as to the way it was originally formulated, and some advocacy events were conducted – were not entirely unreasonable:

But there is a good news story with which I can conclude these remarks as I began (and as a congenial optimist about international relations I always like to do that). Very much as a result of Australia's lobbying persistence, which resulted ultimately in some strong buy-in from the Obama Administration, it has now been agreed that from this year the East Asian Summit will include both the US and Russia.

This means an annual meeting of leaders from all the key broader Asia-Pacific region countries - ASEAN, China-Japan-ROK, India, Australia-New Zealand, and the US and Russia - which is able to debate in free-ranging way all the key economic, security and strategic political issues (including the environment) that will be crucial to our common future. This is exactly what Australia had in mind from the outset as the core unmet regional institutional need

Of course what we need with this new architecture, if it is really going to enhance stability, prosperity, state security and human security, is real dialogue and policy cooperation, not just another expensive series of photo-opportunities with set-piece speeches endorsing pre-cooked lowest-common denominator communiqués. Optimists of the world, unite!

## **Professor the Hon Gareth Evans AO QC**

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Melbourne, 21 February 2011**