

# **LOWY INSTITUTE**

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## **FOR INTERNATIONAL POLICY**

Dear friends of the Lowy Institute

2011 gave us plenty to think, write and talk about at the Lowy Institute. Whether it was the strains on the global economy and political failure in the US and Europe to deal with them, the Arab Spring and other popular movements of protest, or the challenges posed by the world's massive demands for energy and food, Lowy Institute scholars and our guests from the world of politics, business, academe and the media featured prominently in the debate. Your continued support and enthusiasm for our work was a critical factor in our success.

Global economic and strategic weight is shifting from West to East. This is a change of world-historical significance with particular implications for Australia, as a Western country located on the edge of a rapidly changing Asia. It provided the focus of the Lowy Institute's major research themes for 2011 and encompasses everything from India's rise to the growing economic integration on the Asian continent, to the future of the US-China relationship which will be played out in Asia and in which the stakes for Australia could not be higher.

This year we welcomed our new East Asia Program Director, Linda Jakobson, a world authority on Chinese foreign policy, and strengthened our East Asia team with the appointment of an Indonesia expert, Dr David McRae. Our new Director of Strategic Communications, Stephanie Dunstan, is helping us communicate more effectively with a wider audience.

Leading Australian political leaders and international visitors again chose the Institute to deliver international policy addresses or spent some time with the Institute. They included the Leader of the Opposition Tony Abbott, the Shadow Foreign Minister Julie Bishop, Foreign Minister Kevin Rudd and Parliamentary Secretary for Pacific Island Affairs Richard Marles. We hosted major addresses by the Secretary of the Department of Foreign Affairs and Trade, Dennis Richardson, the Director-General of AusAID, Peter Baxter and the Director-General of ONA, Allan Gyngell.

Prominent international guests included renowned economists Richard Koo and Rick Mishkin, Greenpeace International Director Kumi Naidoo, the Director of the Nuclear Information Project at the Federation of American Scientists Hans Kristensen, the President of the Asia Foundation David Arnold, US Assistant Secretary of State for East Asia and Pacific Affairs Kurt Campbell, Jia QingGuo from Peking University and Sri Mulyani Wadrawati from the World Bank. From international business we hosted Ann Pickard, Country Chair and Executive Vice President of Shell Australia, and James Hogan, CEO of Etihad Airways. The Premier of NSW, Barry O'Farrell, delivered a major lecture on NSW and India, wrapping up a very active year for the Institute on building the Australia-India strategic relationship. We hosted numerous high-level forums on China and India, and major international conferences included a Pacific Islands and the World conference in Auckland and an event in Washington commemorating the 60<sup>th</sup> anniversary of the ANZUS Treaty.

The nature of power, and how it is being redistributed in Asia and the world, are the defining questions of our age and will continue to guide our work in 2012. Our end of year Lowy Lecture, delivered by our first international lecturer, Lionel Barber, the editor of the highly respected *Financial Times*, challenged us to think harder and deeper about these questions, and next year's Lowy Lecturer, the NAB CEO Cameron Clyne, will look at this question from the perspective of the future of the global financial system.

Watch out for our new and improved website to be launched in February 2012. We hope it will transform the way in which you can access and participate in our work, including through our highly successful weblog, *The Interpreter*.

And here are four major issues to watch for in 2012.

Leadership transitions – the first is occurring as I write with the death of the North Korean dictator Kim Jong-il. Other significant elections will take place in Taiwan, Malaysia, South Korea and the USA. Major leadership transitions will also take place in China. So there are a large number of very significant balls in the air at a time of growing strategic competition in our part of the world. There will be more social network activism and efforts to suppress it, and more uprisings in the Middle East and deep popular discontent in Europe and the US, all strong factors of instability. The shale gas deposits around the world, including in the global giants USA and China could, on the other hand, lead to greater energy security and remove a major cause of insecurity and friction from global affairs.

So if you were intrigued, inspired or disturbed by 2011, you're going to love 2012. The Lowy Institute will continue to highlight, analyse and propose responses to what we see as the big issues for the coming year.

Thank you all for supporting our work – as sponsors, members, contributors and enthusiasts.

We look forward to seeing you all again in 2012. In the meantime all the very best for Christmas and the New Year.