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INDONESIA: THE PAST IS PAST Moving Australia and Indonesia to a new level

Howard Dick Australia-Indonesia relations are not what they used to be. This is both a bad thing and a good thing. Australians should regret the passing of the special affection in which their country used to be held for its strong support during the struggle for Independence. Indonesia's sudden disillusionment with Australia during the Howard-Bush years has left scars. Yet, despite the passing of that affection, there is now a more mature relationship with much more depth and realism. The Embassy in Jakarta is now Australia's largest overseas post, ahead of London and Washington; Indonesia is Australia's leading aid recipient and its eleventh biggest export market. If there is a danger, it is one of sheer complacency on the part of Australia. Despite much recent diplomatic activity, we have been slow to rise to the challenges and opportunities of a more prosperous, democratic and sophisticated neighbour and are squandering our intellectual expertise.

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Trust and Betrayal

The special relationship between two very dissimilar neighbours was born of strife. From 1945 to 1949 during the long and bitter war for Indonesia's independence, Australia's Labor Government supported Indonesian diplomacy while the Waterside Workers' Federation refused to load supplies onto Dutch ships. The diplomatic relationship was adeptly preserved through the stresses of Indonesia's incorporation of what was then Dutch New Guinea, armed Confrontation between Indonesia and Malaysia (when Australian troops saw combat on the Indonesian border!), the destruction of the Communist Party and the emergence of Suharto's military dictatorship, and the forced annexation of East Timor. Many Australians would at times have preferred a more aggressive stance towards Indonesia. Yet within Indonesia, Australians were still treated as special guests into the 1990s.

What finally shattered the special relationship was Australia's support for the independence of East Timor. Indonesia's repressive rule and periodic atrocities in East Timor were not known to the Indonesian public, who saw their country as generously funding the development of its latest and poorest province. After supporting incorporation for over twenty years, Australia's sudden change of policy under the Howard Government and its military intervention, albeit under United Nations auspices, was seen as a grievous betrayal.

It did not help that at the time Indonesia was in turmoil because of the economic devastation of the Asian crisis and the transition from military dictatorship to parliamentary democracy. When Indonesia was in desperate need of understanding and massive aid, the Australian Government was seen to have turned away.

Then came 9/11. As a predominantly Muslim country, Indonesia was now portrayed by the Howard Government as the threat that many Australians had always believed it to be. The deaths of so many Australians in the Bali bombings of October 2002 and September 2005 was the ultimate confirmation. There was also the influx of 'boat people' and the perceived threat to Australia's border security. Thus while Indonesians were trying to rebuild their country, Australia was seen to be pursuing a narrow and selfish security agenda by means of what President Megawati once tellingly described as 'megaphone diplomacy'. Prime Minister John Howard's clumsy remark about Australia's role as Deputy-Sheriff for the United States reverberated in Indonesia and encouraged those who argued that Australia was an emerging military threat.

Reconciliation

Fortunately wiser counsel eventually prevailed. The turning points were President Bambang Susilo Yudhoyono's election in late 2004 and the Aceh tsunami of December that year. The spontaneous response of the Australian public to the aid appeal and the Australian Government's pledge of \$1 billion in additional aid cast Australia in a generous light for the first time in several years. In Indonesian culture there is a sense that those who are better-off should show sympathy and generosity to those who are in need. This helped to pave the way for a good personal relationship between Mr Howard and the incoming President Yudhoyono. In this new context, the grieving and police cooperation after the second Bali bombing of September 2005 actually helped to bring the two countries closer together. A Trade and Investment Framework agreement was signed between trade ministers in September 2005, followed in 2006 by a comprehensive Framework of Security Cooperation (Lombok Treaty).

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The Lombok Treaty is now the formal basis for the broad diplomatic relationship. A key principle is that both countries will “refrain from the threat or use of force against the territorial integrity or political independence of the other”. This restates the principle of the lapsed Security agreement negotiated between Prime Minister Keating and President Suharto in 1995. While the principle might once have been regarded as a pro forma reiteration of the United Nations charter, Australia’s military intervention in East Timor, the former Prime Minister’s assertion of a right to pre-emptive attack against terrorism, and lingering tensions over West Papua make it the essential bedrock of all other forms of cooperation.

The Lombok Treaty is broad in scope, referring to practical forms of bilateral cooperation over Defence, Law Enforcement, Counter-terrorism, Intelligence, Maritime Security, Aviation Security and Emergency relief. Not the least important in an era of globalisation is law enforcement or police cooperation against transnational crime, including people smuggling, money laundering, terrorist financing, corruption, cyber crimes, and illicit arms trafficking. Australia and Indonesia share long and porous borders and the weakness of law enforcement in Indonesia makes the country an easy transit route for all kinds of illegal activity. Such forms of cooperation not only reduce threats but also help Indonesia to build a democratic civil society.

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Business as Usual?

In 2009 relations at last seem to be back on a firm footing. In Indonesian eyes, defeat of the Howard Government in November 2007 marked a firm break with the past. Notwithstanding the personal relationship with President Yudhoyono, John Howard was not seen as a friend of Indonesia. The end of the Bush-Cheney presidency in the United States and the inauguration of Barack Obama with his Indonesian background have also helped create a more relaxed diplomatic climate. Despite the recent execution of the Bali bombers, good intelligence and police cooperation has so far avoided further terrorist incidents. The free-trade agreement between Australia and ASEAN has just been ratified and an Australia-Indonesia free-trade agreement is well advanced.

Aid is perhaps the clearest Australian commitment to the long-term relationship with Indonesia now ranking ahead of Papua-New Guinea as Australia’s number one aid recipient. In 2005 as post-tsunami aid the Howard Government had pledged an additional \$1 billion over five years under a new Australia Indonesia Partnership for Reconstruction and Development (AIPRD). These funds were divided equally between grants and soft loans. In June 2008 Mr Rudd and Mr Yudhoyono rolled this into a new Australia Indonesia Partnership agreement for \$0.5 billion per annum in aid until 2013. Priorities are education, health and development, especially in the poor eastern provinces.

At first sight, economic relations are also steadily improving. Since the Asian crisis two-way trade has grown steadily to \$10 billion in 2007, albeit much less than with Thailand (\$14 billion) or Malaysia (\$15 billion). Service trade is a fast-growing component. Indonesia has now overtaken Malaysia and Singapore as the main Southeast Asian source of international

students with around 15,000 enrolled in Australian schools and universities. Tourism flows, however, have fluctuated wildly in response to terrorist bombings and remain below their 1997 peak.

Investment figures are less encouraging. According to the Australian Bureau of Statistics, the stock of all types of Australian investment in Indonesia had risen quite slowly from \$2.9 billion in 2001 to \$3.4 billion in 2007, just 0.3% of total outwards investment and about the same as Australian investment in Malaysia. Indonesians invested \$0.4 million in Australia, so the net outflow was only \$3 billion.

Foreign direct investment (FDI) where the parent company exercises managerial control may be a better indication of long-term commitment: this figure rose from \$0.5 billion in 2001 to \$1.8 billion in 2007. Yet despite a strong trend, the 2007 total was still only 0.6% of outward FDI, compared with 2.5% for China and Hong Kong and 15% for New Zealand. Nevertheless, some uncertainty surrounds these figures because an unknown amount of investment into and out of Indonesia is mediated through Singapore and various tax havens.

Why does proximity not seem to encourage Australian firms to invest in Indonesia? The standard answer is a) lack of opportunities and, b) poor investment climate. The former is unconvincing. Any developing economy of more than 200 million people growing at around 6% per annum is generating a lot of business opportunities. Indonesia's investment climate, however, is a real problem, as recognised by the government itself. Investment and labour regulations, weak legal protection and erratic local government policies combine to deter direct investment. This is felt most by the capital-intensive mining industry, where Australian firms might be expected

to have been more prominent. Leading Australian companies have actually sold off their mining interests. Nevertheless, for most Australian firms, Indonesia is simply not on the radar screen.

Issues

Perhaps the greatest obstacle to closer long-term relations is that the Australian public remains largely ignorant and deeply suspicious of Indonesia. This is partly the old bogey of the Threat from the North. There are a lot of people in Indonesia, ergo they must covet expansion to Australia. The fact that most Indonesians are Muslim makes the equation with terrorism. Finally, there are the perceptions, inherited from the Suharto era, that Indonesia is highly corrupt and its judicial system hopeless. The Schappelle Corby case and those of the Bali Nine were grist to that mill. There is little recognition that Indonesia is a country in transition and that such endemic problems will take a long time to overcome. 'Border security' therefore translates subliminally into protection against threats from Indonesia: terrorism, boat people, disease, drugs, and so on.

These perceptions are not obviously informed by the spectacular long-term increase in tourism to Indonesia, especially to Bali. Even the two bombings and ongoing high-level travel warnings have barely cooled the passion to visit Bali. Yet Bali is as far as most Australian tourists get and this enclave experience of beaches and bars does not improve understanding of the country as a whole.

Education is a more reliable way to improve public understanding in both countries. Here Australia lags well behind Indonesia. For university-educated Indonesians, proficiency in English has become essential as a means of access to global networks. English is taught in most secondary schools, though usually not very well.

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In Australia, however, enrolments in Indonesian language at schools and universities have been in marked decline, accelerated by the Howard Government's withdrawal of Federal Government funding under the NALSAS or Asian languages program. According to an October 2007 report by the Commonwealth Department of Education (DEEWR), between 2001 and 2005 the number of Indonesian language students in government schools fell by 19% or around 5% per annum, more than double the rate of decline in overall language numbers.

The decline of language study would not matter so much if Asian Studies had continued to be widely taught in Australian schools, but Social Studies and Geography subjects have also been withering. There is no longer a platform for teaching on Indonesia, or indeed any other of our near neighbours.

The Australian Government's inflexible, high-level Travel Alert does not encourage the study of Indonesia. Parents are given official reason to believe that Indonesia is just too dangerous. For students who do persist, the travel warning leads to an insurance obstacle: Australian secondary students seeking in-country study of Indonesian can get no further than Darwin.

It gets worse. The flow-on effect is that the number of students studying Indonesian language and society in Australian universities is also in rapid decline – the Asian Studies Association of Australia (ASSAA) reports a 24% fall between 2001 and 2007. Because staff numbers are tied to student enrolments, academics are being retrenched, programs shut down and departments closed. Of the two universities where Indonesian was first taught in the mid-1950s, at the University of Sydney the program was almost abolished and the library collection sold off, while the University of Melbourne has contracted to a skeleton staff without a professor.

Vital research expertise on Indonesia is thereby being whittled away and there is almost no career path for aspiring young academics. Australia had built up an enviable international reputation as the world centre for Indonesian studies. On present trends, this will soon cease to be the case. A vital piece of the nation's soft infrastructure will thereby be lost.

One Foot on the Brake

The Australian Government's stubborn persistence with a Level-4 Travel Warning to "reconsider your need to travel" to Indonesia (and East Timor) is a stumbling block to closer relations. Indonesia and East Timor are treated the same as are Algeria, Angola, Congo, Eritrea, Ethiopia, Guinea, Haiti, Lebanon, Liberia, Madagascar, Mauritania, Nigeria, Pakistan, Saudi Arabia, Sri Lanka and Yemen. These countries have varying levels of insurgency and civil strife. They are not neighbouring countries and, with the exception of Pakistan, we do not seek closer relations. Yet the Philippines and Thailand, which also have local insurgencies, receive only a Level-3 warning ("exercise a high degree of caution").

Indonesians are well justified to regard the Level-4 travel warning as an official insult. Gentle diplomacy has failed. At recent bilateral talks, the Indonesian Foreign Minister made a forthright public request for the warning to be downgraded. The Australian Government's response is that the matter is continually reviewed, acting upon expert advice. However, that expert advice is not made available for public scrutiny, while contrary expert advice by Australians well informed on Indonesia is simply ignored. Meanwhile, many Australians exercise their common sense and travel anyway.

In March 2009, Australia and Indonesia signed an MOU to allow more flexible work and holiday visas for young, tertiary-educated people. Australia's Immigration Minister observed that the travel warning had not stopped Australians from visiting Indonesia.

Australia's official position is therefore like that of a bus driver steering with one foot on the brake. When challenged he defends it as a safety measure, but adds, "Don't worry, the brake isn't working properly".

A Level-3 travel warning as applied to Thailand would be completely appropriate to Indonesia, where key terrorists remain at large: "exercise a high degree of caution because of the high threat of terrorist attack...against a range of targets, including tourist areas and other places frequented by foreigners". This may be combined with warnings to avoid districts or provinces of the greatest danger.

Australia as a nation still has not made up its mind whether it wants to engage with Asia: to trade for profit, certainly, to surf in Bali or Nias, certainly, to receive full-fee paying students, certainly, but not to make a long-term commitment.

Conclusion

The big issue in Australia-Indonesia relations may now quite simply be complacency. Australia as a nation still has not made up its mind whether it wants to engage with Asia: to trade for profit, certainly, to surf in Bali or Nias, certainly, to receive full-fee paying students, certainly, but not to make a long-term commitment. Investment in Indonesia? Sustained education and research? Personal interaction? That is still expecting too much. Our hearts, minds and wallets are elsewhere.

Yet if old prejudices still hold sway, it is not the whole story. Compared with a generation ago, many more Australians have travelled through and even worked in Indonesia, learning Indonesian language and culture and sometimes intermarrying. There is a body of expertise and experience, albeit largely outside the mainstream of Australian society.

Moreover, it is probably no longer true that educated Australians know more about Indonesia than educated Indonesians about Australia. Elite and middle-class Indonesians, who used to travel to Singapore, now visit Australia in increasing numbers for business, tourism, health and education. This includes senior Indonesian figures, often below the radar and not on official visits. Sometimes their children are being educated in Australia. In Melbourne and Perth especially there are vibrant Indonesian communities. These cities are becoming familiar territory, part of the Indonesian world. This is a tribute to the stability of the relationship. But it is also a missed opportunity for Australians to make more of the two-way relationship.

In terms of its architecture, the Australia-Indonesia relationship is falling into place. The ASEAN and Indonesia FTAs will complement the Security Treaty and sit alongside aid, educational and cultural programs.

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And yet, for all the photo opportunities and warm rhetoric, in other ways it is almost as though the Australian government wants to sabotage the relationship. There is no sense of urgency that building a common future requires a large investment in Asia education to create a society that can envisage a shared future. Student interest is collapsing in schools and universities; teaching and research expertise is dissipating. With some notable exceptions, Australian business sees no future in its own region. Hence there are almost no career paths for Indonesia experts outside an attenuated public service.

Last but not least, the Australian Government, having been twice surprised by Bali bombings, still doggedly clings to a cautious official policy of actively discouraging Australians from visiting Indonesia. This is absurd. Let the travel advisories advise Australians as to the risks, provide information on sensible strategies and, as in the case of most other countries, advise on the provinces or cities or places that are best avoided. The Nanny Australia warnings do us all a disservice. Advance Australia Timid?

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