

# THE FIFTH ASEAN-AUSTRALIA-NEW ZEALAND DIALOGUE / 2012

4-6 December Kuala Lumpur Malaysia



## SUMMARY

Australia's growing relationship with Asia, the US-China dynamic, and Southeast Asia's progress towards establishing a common economic community were key themes of the fifth annual ASEAN-Australia-New Zealand Dialogue held in Kuala Lumpur. Malaysia's Institute of Strategic and International Studies was the generous host to 49 participants, whose open and in-depth discussions over two days revealed the relationships built over five years of the dialogue. The 2012 Dialogue came five weeks after Australia's Prime Minister, Julia Gillard, released the *White Paper on Australia in the Asian Century*, and closely followed Australia's elevation to the UN Security Council. Other significant events over the previous year included the United States "rebalancing" in Asia, including basing 2500 troops on rotation through Darwin, and Myanmar's rapid emergence as a democracy.

## AUSTRALIA'S ENGAGEMENT WITH ASEAN

Dialogue members agreed that Australia was making genuine efforts to engage with the Asia region, and ASEAN participants saw signs of a significant change in the Australian mindset. It was noted that in Australia the breadth and depth and history of its relationship with Southeast Asia, including becoming ASEAN's first Dialogue Partner in 1974, was not widely recognised in the community. But there was change in Australia, where a range of businesses and community organisations were considering how they could advance the country's Asia engagement.

More could be done, however, to promote Australian investment in the region and to help address and overcome the concerns of Australian businesses about regulatory structures and sovereign fund risk. The Australian community also needed to be more open to Asian investment in Australia.

ASEAN members noted indifference towards Australia's *White Paper in Asia*, where it received little media coverage or public discussion. One ASEAN delegate said ASEAN should be doing its part to help Australia become more integrated with Asia, not simply for the sake of being good neighbours but also because of the mutual benefits.



ASEAN participants, apart from noting that Southeast Asia did not feature prominently in the White Paper—and that China was a persistent preoccupation—expressed concern that the paper portrayed Indonesia as the most important ASEAN country for Australia, and tended not to set Indonesia in its ASEAN context. The meeting noted, however, that the Australian Foreign Minister, Bob Carr, had placed major focus on Southeast Asia through his public comments, travel and meetings. In regard to the Australian election in 2013, participants did not believe a change of government would result in a shift away from engaging with Asia.

Delegates referred to the Asialink report released in November 2012 which argued that Australia should see Australia-Southeast Asia engagement as the basis for a wider Asia strategy. *Our Place in the Asian Century: Southeast Asia as 'The Third Way'*, which came out of consultations with a wide range of specialists from Australia and the region, argued that Australia needed to move beyond the preoccupation with the US-China dynamic and focus on its relationship with Southeast Asia.

### AMERICA'S PIVOT

RASEAN participants said the US announcement of a “pivot” in Asia had been mostly viewed as a military strategy and they were unsurprised that China would regard the new US base in Darwin as a threat. The US rebalancing tended to heighten competitive relationships with China, something which ASEAN nations were trying to avoid. Other participants noted a lack of a comprehensive strategy by the US, which seemed to find it difficult to align economic opportunities with its strategic goals.

However there was recognition that all countries in the region were to some extent “pivoting” in taking heed of China’s rise and the changing dynamic between the US and China. Indeed, Australia’s White Paper could be regarded as a pivot—part of a strategic shift which included Australia increasing its diplomatic staff in the Asia region.

One participant described the US pivot as a “con”, stating that the big-picture issue was America’s declining power and importance. This was an issue that ASEAN needed to discuss and be more nimble towards in its responses.

Others were more sympathetic to the US, noting that all countries were increasing their focus on Asia. They felt the US-China dichotomy was being portrayed too starkly. The US was in the process of rebalancing with China and a lot of work was being done behind closed doors.

The rebalancing posed challenges for Australia and New Zealand, as they were seen as friends of the US and therefore any role they played with the US tended to be viewed with suspicion. In Australia, the rebalancing had raised questions about the costs of committing to the US alliance at a time when Australia was struggling to regain a budget surplus.

### ASEAN CONSIDERS CHANGE

Delegates recognised the major challenges in announcing an ASEAN Economic Community by the stated timeframe of December 2015. They noted there continued to be disagreement about the pace and extent of change, and that community attitudes would need to be managed carefully when the common economic community was finalised and announced.

Most ASEAN countries wanted gradual change, not radical reforms, one participant said. Flexibility was one of ASEAN’s main strong points and there was a danger that reform could lead ASEAN to be too rigid, like the European Union. There was a feeling that some countries such as Indonesia, Thailand and the Philippines would like to progress faster. However ASEAN was always going to be an organisation of consensus. “That is the ASEAN way—it’s slow and frustrating but this is the way we do things,” one Southeast Asian participant said.



Another participant said ASEAN had to identify and agree on what kind of economic community it wanted. There was disconnection between what the business sector and governments saw as an economic community. ASEAN was already moving to universal integrated processes such as the stock market, but this was being driven by the market, not by governments or government agencies. Governments had to play a greater role in the integration process.

It was suggested that the Australia New Zealand Closer Economic Relations Trade Agreement, which would mark its 30th anniversary in March 2013, could offer insights into how a successful model had worked.

One participant said it was important not to underestimate the changes Southeast Asia had undergone, particularly since the Asian economic crisis. It was also important to better communicate what was being done. It was agreed that ASEAN, which marks its 50th anniversary in 2017, should be proud of what it had achieved over so many years.

## MYANMAR PARTNERSHIPS

There was unanimous appreciation of the changes Myanmar had undergone in the previous year—opening up to the rest of the world and initiating reforms to the judiciary and the economy, and to fighting corruption. It was agreed that no one—neither inter-

national observers nor the people of Myanmar—had anticipated such drastic changes when President U Thein Sein was elected in 2011.

However it was acknowledged that Myanmar needed considerable assistance in building infrastructure and health and education services, as well as support for its democratic reforms. One participant also asked what the world could do to make sure there was responsible investment in Myanmar, “not just people making a quick buck”.

Fears were expressed that the domestic and political pressures facing Myanmar could result in it retreating from openness—to “close up like a clam”. While the country’s resources needed to be tapped, there also needed to be investment in capabilities and infrastructure.

There was uncertainty around how Myanmar’s economic nationalists would react to resources development, and how the military would react to ongoing change. Growth brought uneven benefits to society, said one participant, who asked how long the military regime could hold on to power as other groups and regions became empowered. Whether new groups were accommodated or repressed would reveal how Myanmar moved to full democratisation. There was a need to find a place for the military, involving and engaging them, so they did not feel alienated and hostile to reform.

One participant outlined three priorities. First, building and entrenching institutions, such as the financial system and rule of law. Second, empowering communities to ensure democracy and a better social system improved the life of impoverished people. Third, building the capacity of government and civil service to work more efficiently. A key question was whether Myanmar’s bureaucracy could learn to adapt to change.

While Myanmar had good relations with China, including being one of its first neighbours to negotiate a border agreement, the fact that it did not want to be reliant on China was one reason for opening up to the Western world and balancing its relationships with the US, China and India.

## THE FIGHT AGAINST HUMAN TRAFFICKING

An Australian delegate proposed that Australia, working through the Bali Process, should help to reframe issues around human trafficking and asylum seekers. There was a cognitive bias in the way Australia referred to illegal migration and likened it to illicit activities, the delegate said. Instead, those involved with the Bali Process should recognise there was a near-permanent refugee issue globally because of displacement in Africa and elsewhere. A new framing was required to serve the vulnerable and victims of human trafficking, and to provide accessible and affordable migration channels.



Participants outlined many steps taken by ASEAN to combat human trafficking, including adopting international protocols and individual agreements with neighbours. However it was noted that such agreements did not address forces such as poverty which impacted on populations vulnerable to trafficking. The underlying causes of human trafficking remained unresolved, and the international community needed to address poverty and inequality.

One problem was a lack of understanding about the extent and impact of trafficking, due to a lack of research. International efforts used different methods to measure and analyse trafficking, and the reliability of the data was in question. Trafficking was also viewed through multiple prisms—security, crime, labour rights, human rights and migration. From one perspective it was a movement issue, and this was a growing matter for ASEAN to address. Part of the challenge, however, was that irregular movements were hard to quantify.

One reason for increased movement between countries was the relationship between urban development and the movement of people, exacerbated by Asia's rising middle class and economic growth. Migration could be viewed as hydraulic—like water, people would seek the path of least resistance. As one country increased its barriers, people would move somewhere else. If some governments increased their definition of certain

migrants as illegal, those people would become more vulnerable to trafficking and labour exploitation. It was important for the region to consider how it could promote legal and planned migration and decrease illegal movement.

It was also argued that ASEAN countries needed to skill their labour forces—to train them in languages and work skills so they were better equipped to take advantage of opportunities in the region.

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## COPING WITH DISASTERS

There was now considerable capacity for ASEAN countries to respond to mid-level disasters, the Dialogue was told. The region had become a donor as well as a receiver of aid, and there was broad regional cooperation and assistance when responding to disasters. ASEAN countries had contributed money and personnel for disaster relief to developed countries such as to New Zealand after the Christchurch earthquake in February 2011, to Australia during the Central Queensland bushfires in October 2011, and to Japan after the earthquake and tsunami in March 2011.

ASEAN disaster management mechanisms had also improved. The Committee for Disaster Management had representatives from all member countries. The newest joint regional body, the ASEAN Humanitarian Assistance Advisory Centre (AHAA), was having its first birthday.

While bilateral contributions to disaster relief had been occurring for some time, the first joint ASEAN response was to send in technical staff to assist following the earthquake in northern Myanmar in November 2012.

AHAA was ready to respond to Typhoon Bopha which hit the Philippines in December 2012, and to the series of tornados which struck New Zealand on 6 December 2012. “Disaster happens anytime, anywhere,” a Southeast Asian delegate told the meeting. “We could not say we are in a safe haven; we should be prepared.” Japan, it was noted, had provided US\$13 million for stockpiling disaster-relief provisions, and World Food Program resources were available for any country in need.

Australia's AusAID Humanitarian Action Policy and its domestic Natural Disaster Relief and Recovery Arrangements could provide models at the international and domestic levels for countries to strengthen their disaster management capacities. As well, enhancing civil-military cooperation through training and simulation exercises would accelerate effective responses of Australia-NZ-ASEAN military assets in Humanitarian Assistance and Disaster Relief (HADR).

Disaster response in the Asia region was “a mosaic”, one delegate said, and who led the response depended on the entry point. “The new player in disaster management I suppose is APEC, and there is also work by the East Asia Summit, but ASEAN is the main player in this region.”



It was worth noting that disaster management was a wonderful confidence-building tool, the delegate said. NGOs and civil society were pillars for community resilience and the essential foundation of good country-level response while waiting for outside assistance to reach the disaster area. The media also played a critical role in communicating disaster responses and advocating the proper formulation and implementation of disaster management policies.

One participant said Myanmar was known as the world's second-most disaster-prone country. It lay on a major geological fault line and was "waiting for the big one" and needed to prepare for that. Some buildings in Myanmar had been hastily built between 1999 and 2000, the delegate said, and people feared they were not strong enough to resist a major earthquake. "If a quake hits the big cities there will be many casualties."

## AUSTRALIA-NEW ZEALAND BRIEFING

The dialogue heard that in March 2013 Australia and New Zealand would celebrate the 30th anniversary of the Australia New Zealand Closer Economic Relations Trade Agreement. This pragmatic collaboration was a remarkable but little-recognised global success story. Australia and New Zealand had quietly and successfully constructed a 'single market' which, like Europe's, reduced barriers to the movement of goods, services, capital and people.

The New Zealand-Australia model might be one for ASEAN to consider as it moved towards greater integration.

There was consensus in Australia and New Zealand that ASEAN ought to be central to policymaking in both countries, participants said.

New Zealand was one year into an election cycle and the economy was tracking at 2.6 per cent growth, a little unsteady but satisfactory. It was fortunate that the economies of Australia and Asia were doing well, especially China, because New Zealand was dependent on those and they shaped its policies. The New Zealand government aimed to bring the budget back into surplus in 2014-15 and therefore exercised restraint in public investment, although investment was proceeding in areas including infrastructure.

In Australia, it was not expected that a Coalition government, if that was the result of the 2013 election, would deviate from the principles of the Asian Century White Paper. Indeed, it was possible there would be a fight over which party was more focused on Asia. It was noted that Australia's Defence White Paper was due for release in the middle of 2013. Recommendations on defence spending, and Australia's commitment to its alliance with the US, would have to take into account budgetary pressures and the lead-up to the federal election.

Australian foreign policy would have to be more accountable due to its elevation to the UN Security Council and it would need to better define how it fitted in to the US rebalance in the region. There was an increasing emphasis on multi-lateralising the Australia-US alliance—working out how that alliance could work more closely with Asian countries. Despite concerns about the slowing Chinese economy and uncertain demand for Australian resources, most Australians were upbeat.

While there was a greater effort by Australia to see itself as part of Asia, the challenge would be to explain this to some ASEAN countries. Relationships with ASEAN nations were not just economic, one ASEAN participant said, asking whether Australia was truly multicultural. He made the point that when Australians came to Asia they maintained their Western lifestyle, and that New Zealand was known in Asia as a good place to have a holiday. Such observations indicated the need for greater depth in mutual cultural understanding.



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