

<http://www.theaustralian.com.au/news/features/close-but-not-close-enough/story-e6frg6z6-1226415059973>

Close but not close enough

ROWAN CALLICK, ASIA-PACIFIC EDITOR

From: *The Australian* July 03, 2012



President Susilo Bambang Yudhoyono is greeted by PM Julia Gillard in Darwin ahead of two days of meetings. Picture: Glenn Campbell. *Source: Supplied*

THE Australia-Indonesia summit in Darwin today will celebrate a strong relationship between two very dissimilar neighbours that has survived challenges that easily might have turned the two into opportunistic enemies.

Politicians in both countries inevitably have dabbled in boosting their domestic popularity by surfing tensions and irritants such as imprisonments, live-cattle bans and people-smuggling.

But the relationship between the top leaders has remained especially close since Susilo Bambang Yudhoyono became president in 2004, and a succession of tricky challenges has been defused.

Australian political leaders of both parties, however, have failed to capitalise on this exceptional period of co-operation by finalising the agreements, laws and pacts that would have institutionalised the close relationship.

One reason for this is that Canberra has used up big chunks of its capital in Indonesia on consular issues concerning jailed Australians, on doomed attempts to get Jakarta to halt people-smuggling and on live-cattle angst.

And now Indonesia is on the verge of a long, drawn-out, bruising political battle from which Australia's best friend among presidents since independence is sidelined. The constitution precludes a third term.

One of Australia's leading experts on Indonesia, Tim Lindsey, director of the Asian Law Centre at the University of Melbourne and chairman of the Australia Indonesia Institute, warns that as a result this may be "the last happy meeting" between the two countries for some time. He says the relationship is at "a critical juncture", and as well as celebrating the closeness of the relationship with Yudhoyono, "we need to be investing in a post-SBY future".

While Indonesian attitudes to Australia appear to be warming, according to polls and other indicators, "our literacy about Asia is in free fall. Within five years, most Asian languages will be wiped out in Australian schools and universities". For instance, last week La Trobe University stopped taking students of Indonesian.

Julia Gillard described the annual leaders' meeting -- today's will be the second -- as "central to strengthening our strategic partnership and to setting directions for a shared future".

Tony Abbott has also flown to Darwin to meet Yudhoyono. The Opposition Leader has vowed: "Within a week of taking office, I would go to Indonesia to renew our co-operation against people-smuggling. I would, of course, politely explain to the Indonesian government that we take as dim a view of Indonesian boats disgorging illegal arrivals in Australia as they take of Australians importing drugs into Bali."

The core meetings -- between the leaders alone, then with key ministers from both countries -- will take place this morning, before the President attends a lunch hosted by the Australia Indonesia Business Council.

Yudhoyono, who is widely known as SBY, has hit it off with all three Australian leaders he has dealt with: John Howard, Kevin Rudd and Gillard.

He was born into a lower-middle-class home in east Java. After joining the army, he had three training stints in the US, during which he also obtained a masters in business management.

SBY left the army after becoming a lieutenant-general, being appointed mining and energy minister by president Abdurrahman Wahid, then co-ordinating minister of political and security affairs, keeping that position when Megawati Sukarnoputri became president. He oversaw the hunt for those responsible for the Bali bombings in 2002, and he and the Prime Minister yesterday visited the Royal Darwin Hospital, which treated victims of the 2002 and 2005 Bali bombings.

He founded the Democratic Party, fell out with Megawati, and won narrowly at the ensuing presidential poll, scoring a triumph at his second election in 2009 with 60 per cent of votes.

The President's core achievements in office are substantial: the entrenchment of Indonesia's democracy and decentralisation; the 2005 deal that brought peace to Aceh; and a 70 per cent spurt in Indonesia's economy. He also has produced three albums while President, playing to his other strength -- that of singer-songwriter. Yudhoyono is accompanied by Foreign Minister Marty Natalegawa, another friend of Australia, who obtained his doctorate at the Australian National University in 1993.

Says Gillard: "Indonesia has consolidated its democratic transition and is a leader in its region and, increasingly, globally."

The countries are co-operating at international meetings, including the G20, and most recently at the Rio+20 environmental summit in Brazil. Indonesia is hosting the Asia-Pacific Economic Co-operation summit next year.

The countries are planning a comprehensive partnership agreement -- intended to be broader than a free-trade deal -- but negotiations have yet to start.

Agriculture Minister Joe Ludwig is in Darwin to discuss improved standards at abattoirs in Indonesia following ABC television's Four Corners controversy last year and the broader issue of Indonesia's push towards greater food security, including through boosting its own beef industry.

Another discussion topic is the Australian role in Indonesia's fluctuating mining industry -- in which Indonesia is seeking greater investment but has recently changed the rules to require the divestment of majority control within 10 years and the construction of smelters so that by 2014 minerals cannot be exported in their raw form.

Australian trade with Indonesia is growing rapidly, reaching \$11.3 billion last year. Indonesia is Australia's 11th biggest trading partner. Investment in Indonesia is modest, given its minerals prospectivity: \$5.4bn. The ANZ and Commonwealth banks have substantial and successful Indonesian branch networks.

Indonesia's economy kept growing strongly through the global financial crisis, dipping below a 6 per cent increase only once in the past six years. The Jakarta Stock Exchange has been one of the best performing global sharemarkets, up 46 per cent in 2010. But Australian funds have largely held back.

The Australian Federal Police co-operation program with Indonesian counterparts, focusing on terrorism and people-smuggling, has become a model, with 700 suspected terrorists being detained in the past few years.

Indonesian politicians and media commentators were scathing about people-smuggling kingpin "Captain Emad", who was settled as a refugee, then escaped from Australia last month.

And Indonesia has been strongly urging Australia to take action about the detention of Indonesian minors for crewing people-smuggling or illegal fishing boats. Since Gillard demanded action last December, 82 minors -- or people who insisted they were minors -- have been returned to Indonesia. The countries have been negotiating a prisoner-transfer agreement. Australia has several such deals, but this would be Indonesia's first.

Lindsey says that the people-smuggling issue is especially challenging because Australia is surrounded by "transit countries" where those seeking asylum don't wish to stay.

He says if Australians appear disinclined to welcome such asylum-seekers, it is not surprising if Indonesians should feel the same. Despite all the tools Australia provides Indonesia -- including, yesterday, two refurbished C-130 Hercules aircraft -- to upgrade its capacity to spot and detain asylum-seekers, the core issue is that "we are not offering them any realistic or sensible form of incentive to act as a filter for us".

Even if Indonesia succeeds in pushing them back to Thailand and Malaysia, "they will keep coming to make the jump into Australia, unless someone is able to stop this trade at its origin".

Lindsey says that beside material incentives, there needs to be a working regional framework, not just the optional Bali arrangement. "Australia has neglected to pursue institutional frameworks for co-operation in our region" -- compared with the range of deals the US has concluded with its neighbours including Mexico. "We've been the person standing with our back to the group."

Australia has suddenly discovered, he says, that Southeast Asia is booming economically and that "there is a huge amount of mobility not just of asylum-seekers but also jobseekers and criminals and many other groups. It won't stop. But we wait for the next disaster to occur before we seek the next arrangement."

He applauds the leaders' annual meetings as better late than never, while stressing the importance of holding them once they have been agreed on paper. The first "annual" meeting of foreign and defence ministers, negotiated under Kevin Rudd, did not take place for more than two years.

He cautions, however, that the problem with relying on Yudhoyono to pursue goals sought by

Australia is that "he has lost a huge amount of authority. It is said he is becoming a lame duck", with Indonesia obsessing as usual about its leaders and Yudhoyono, 62, having to step down in 2014. His Democratic Party has lost ground lately over a succession of scandals. And the economic policy high ground has been seized by protectionists, hampering free trade agreement prospects.

"Most Indonesians would say that the reformasi era has come to a close and the country is in a holding pattern until the election" in 2014, says Lindsey, when the likely presidential contenders include former Kopassus commander Prabowo Subianto, a son-in-law of Suharto; former president Megawati; and tycoon-politician Aburizal Bakrie.

There is a danger, says Lindsey, that Indonesia will pose serious challenges for Australia in the next couple of years, "and people are not really aware of that".

Yudhoyono went out on a limb when he wiped five years off Schapelle Corby's sentence in May and has been lambasted for it, including being taken to the administrative court. "There has to be a question of how willing or capable he will be of helping Australians or Australia in the future."

Until better formal arrangements are put in place, Lindsey says, "people's lives will depend on the current state of the bilateral relationship". Not only Australians convicted of drug crimes in Indonesia but also Indonesian fishermen in Australian prisons are being dealt with as political matters, on an ad hoc basis.

"It's time for a wake-up call," Lindsey says. "Let's hope this meeting in Darwin will provide it."