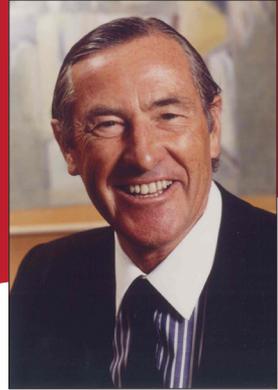


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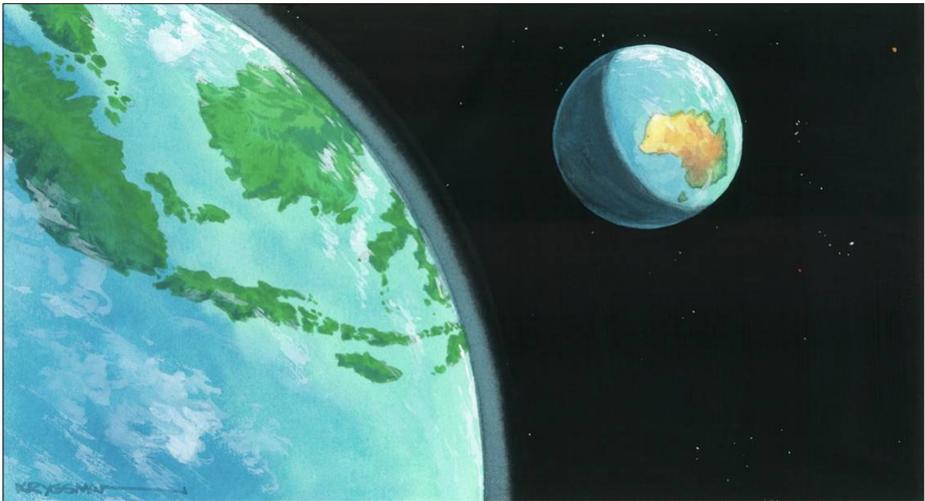
Centre for Indonesian Law,
Islam and Society

Policy Paper



Indonesia and Australia in the Asian Century

Mr Richard Woolcott AC



CENTRE FOR INDONESIAN LAW, ISLAM AND SOCIETY

The Centre for Indonesian Law, Islam and Society (CILIS), located in the Melbourne Law School, was established in 2013. The Director of the Centre is Professor Tim Lindsey, Malcolm Smith Professor of Asian Law in the Melbourne Law School. The Deputy Director is Helen Pausacker, who is also a Principal Researcher in the Asian Law Centre. The Centre Manager is Kathryn Taylor.

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- promote interdisciplinary approaches to understanding contemporary Indonesian legal issues at the University of Melbourne.
- attract researchers/specialists of the highest calibre in the study of contemporary Indonesia legal issues to the University of Melbourne.
- function as a think-tank for issues related to Indonesian law, Islam and society.
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INDONESIA AND AUSTRALIA IN THE ASIAN CENTURY¹

MR RICHARD WOOLCOTT AC²

ABSTRACT

The Asian Century, driven by the unprecedented transfer of wealth and influence from the West to the East, offers opportunities to Indonesia and Australia to enhance their cooperation to their mutual advantage, if they take them. Richard Woolcott argues that the challenges ahead in the bilateral relationship – as well as the opportunities – will require a fundamental change in Australia’s national psyche, to focus more on Asia than on our traditional links with the United States, the United Kingdom and Europe.

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- 1 Edited version of the address by Mr Richard Woolcott AC at the Launch of the Centre for Indonesian Law, Islam and Society at the University of Melbourne Law School on 21 May 2013. Recordings are available at <http://www.law.unimelb.edu.au/melbourne-law-school/news-and-events/news-and-events-details/diaryid/7008>
 - 2 Mr Richard Woolcott AC is the Founding Director of the Asia Society AustralAsia Centre and has been a member of the Australian American Leadership Dialogue since 1992. He is also a member of the International Council of the New York-based Asia Society. In June 2008 he was appointed the Prime Minister’s Special Envoy to develop an Asia Pacific Community concept. He was Secretary of the Department of Foreign Affairs and Trade from 1988 to 1992 and served as deputy to the High Commissioner in Malaysia, Commissioner in Singapore, High Commissioner to Ghana, Ambassador to the Philippines, Ambassador to Indonesia and Ambassador and Permanent Representative to the United Nations (1982-1988), where he also represented Australia on the Security Council (1985-1986). He was Chairman of the Australia Indonesia Institute from (1992-1998) and a member of the Advisory Panel for the first Government White Paper on Foreign and Trade Policy, published in 1997. Mr Woolcott was closely involved with the establishment of the Asia Pacific Regional Economic Cooperation forum (APEC). He has carried out Special Envoy roles for Prime Ministers Holt, Whitlam, Hawke, Howard and, most recently, Rudd. He was made an Officer in the Order of Australia in 1985 and a Companion in the Order in 1993. He was awarded the Bintang Mahaputra Utama by the Government of Indonesia in 2000 for his contribution to bilateral and regional relationships. He was awarded the 2008 Sir Edward ‘Weary’ Dunlop Asia Medal for his contribution to Australia’s relationships with Asian countries. In 2008 he was selected as one of the inaugural Fellows of the Australian Institute of International Affairs. He was awarded an honorary degree of Doctor of Laws by the University of Melbourne in March 2012 and gave the 15th Annual Hawke Lecture in Adelaide in November 2012. Mr Woolcott has contributed articles to leading Australian and overseas newspapers and journals. He is the author of *The Hot Seat: Reflections on Diplomacy from Stalin’s Death to the Bali Bombings*, published in 2003 by Harper Collins and *Undiplomatic Activities*, published by Scribe in 2007.

All Australians, especially our political leaders, should be in no doubt that in the future no bilateral relationship will be more important to Australia than that with Indonesia.

Our relations with the great powers, especially with the United States, China and Japan, are also of major importance to us. But Indonesia – so close, so large (a country of some 250 million people, 81 per cent of which are Muslims, and a 94 per cent literacy rate), so complex, and growing economically so rapidly – offers so many challenges and opportunities, that I believe it is, in actuality, our paramount bilateral relationship.

In this paper, I want first to set the Australian-Indonesian relationship in a wider global context. The government asserts we are building our future in the Asian Century and that our relations with Indonesia have never been better. But the rhetoric and the ‘spin’ emerging from Ministerial offices, much of which finds its way into the media, gives a false sense of satisfaction at our progress.

Second, I want to emphasise what I have already said about the growing importance of Indonesia globally, regionally and, in particular, for Australia.

Third, I want to draw on my long experience – I have made some 25 visits to Indonesia since retiring from the Department of Foreign Affairs and Trade – and use what limited influence I may have as a retiree to dispel some of the misconceptions – and indeed ignorance – that linger in much of our wider community about Indonesia.

Fourth, I want to say something about Australia’s national identity in terms of our South East Asian neighbourhood.

The rise of Asia caused by an unprecedented transfer of wealth from the West to the East, from the Atlantic to the Pacific which is likely to continue into the foreseeable future. This seismic shift is driven by the spectacular economic growth of China, in particular, but also by the rise of India and the established economic strengths of Japan and South Korea, in addition to the growing potential of Indonesia and Vietnam. It constitutes an historic global turning point to which Australia must respond, if we are not to find ourselves left behind.

It has recently become something of a cliché, but we do live in a greatly changed and much more interconnected world now. The Asia Pacific is the region where the world’s major power relationships most closely intersect. It is where the template for the United States/China relationship will be largely shaped. It is also the crucible in which the inter-relationships on Asia Pacific issues between Indonesia, Australia, the United States, China, Japan, Russia, South Korea and the other main ASEAN countries will be forged.

In this rapidly changing world, we need to put outdated Cold War thinking behind us. Australia needs to decide whether it wants to cling to policies rooted in the past or engage more actively in Asia’s future. I believe we need to develop a more comprehensive and integrated strategy for the future and then secure bipartisan political support for it, as

well as much wider public acceptance of such a strategy.

I travel widely in the region and in the United States. I do have some concern that Australia is losing ground in this changing world. At present Australia brings to my mind an image of a marathon runner carrying a 10 kg back pack. We can see some neighbouring countries pulling ahead of us and at present – because of our turbulent domestic political situation and the need for greater productivity – we seem unable to increase our pace. One can only hope that, once the general election this September is behind us, the incoming government will focus on how Australia can increase its productivity and genuinely strengthen our engagements with Asia.

I recall when I was posted in Moscow I was travelling by train on the Siberian railway between Omsk and Kharborovsk, I was listening to two Russian workers talking about the future of the Soviet Union. One said, 'Yuri, we are building a new communist society'. His more cynical and realistic companion replied, 'yes, Ivan. But only in our media'. This remark 50 years ago has a resonance for me in Australia today.

The fact is that we are not doing as well with our Asian engagement as the regular rhetoric and diet of 'spin' emerging from Ministerial offices would have the public believe. The study of Asian languages, especially Bahasa Indonesia, and Asian history and cultures in our schools and universities has substantially diminished in recent years.

I believe Australia needs a fundamental change to our national psyche, to focus more on Asia than on our traditional links with the United States, the United Kingdom and Europe. We need a continuous and sustained, rather than spasmodic, approach to the countries of Asia.

The idea that Australians do not have to choose between our history and our geography is simplistic and has been a politically expedient cliché to avoid considering in depth our relationships with the United States and China and other important Asian countries. Our history is our past; some of it noble and some of it shameful. The reality is that our future lies in our geography. The steadily increasing importance of countries in Asia and the need for Australia to adjust to its geographical environment is, of course, not new. Successive Australian governments have advocated this but their responses have, so far, yet to reach stated objectives or government rhetoric, and have been far from adequate.

A key task for the Australian government which comes to power in September will be to determine a more appropriate and updated balance in our relations with the United States and China, the emerging super power. Another will be to reinforce the government's rhetoric about our role in the Asia Pacific region with action and funding.

There is currently a debate as to whether the United States is in decline or whether it will continue to maintain a strong involvement in Asia; and another debate as to whether China's economic progress will stumble if a rising Chinese middle class challenges

the continuing authoritarian rule of the Communist Party of China.

The United States, traditionally a major importer of oil, natural gas and coal, is now undergoing a great change. Its production of shale gas means that the United States could overtake Saudi Arabia as a producer of oil and gas by 2020. Problems which seemed insurmountable five years ago can now be surmounted. So, although the United States still faces considerable domestic political and financial problems, it would be wrong to assume that it is in economic decline and will prove unable to maintain a strong role and presence in Asia in the future.

In respect of China, there is no intrinsic reason why it cannot continue to rise peacefully under its system of authoritarian capitalism, through which some four hundred million people have been lifted out of poverty, provided the new leadership under Premier Xi Jinping, established earlier this year, manages the major social and economic problems that China will need to address.

In the Asian Century, Australia must maintain an unambiguous signal to the Australian public, as well as to the United States and Chinese governments that, while we are in a long standing alliance relationship with the United States, and while we have different values from China, we welcome the rise of China and oppose policies directed at the containment of China. A failure to accommodate a rising China could, if mismanaged, lead to instability and frustrate progress towards Asia Pacific Regional co-operation. All countries in the region need continued peace and stability, if they are to maintain economic growth and deal with competition within the region for resources, including food and water.

The present debate about China mainly assumes that Australia has no choice but to support American primacy in Asia against a perceived threat of a rising Chinese hegemony. Former Prime Ministers Rudd, Hawke, Keating and Fraser have all argued that this is a simplistic notion which should be challenged. Similar concerns have also been raised by a number of Australian business leaders, academics and commentators.

There is a danger that adversarial attitudes towards China could become a self-fulfilling prophesy. While China can be expected to resist American 'hegemony' over the Asian region, I believe it welcomes a constructive United States involvement in Asia. China is not a natural enemy of the United States. It is essential that both these, along with other major countries in the region, including Indonesia and Australia, develop further the habit of frankly discussing difficulties as they arise within existing cooperative frameworks, such as the G20 and the East Asian Summit, of both of which Indonesia and Australia are members. The East Asian Summit is becoming a de facto emerging Asia Pacific community. This is an important step forward as no regional problem can now be resolved without the involvement of the United States, China, Japan, Russia and Indonesia.

Turning to the Australia/Indonesia relationship, we need to make regular and improved

consultations on a wide range of policy issues a habit, especially in advance of any major policy decision which we might take that could affect Indonesia. A recent example of our failure to do this, with negative consequences, was the decision, subsequently rescinded, to ban live cattle exports to Indonesia. Another is the handling of the refugee/asylum seekers issue in the region, an issue which is much less of a priority for Indonesia than it is for Australia. Another was the decision, announced during President Obama's visit in November 2011, to rotate 2,500 US Marines through Darwin. A group from the NSW Branch of the Australian Institute of International Affairs who toured Indonesia earlier this month said that one of the main impressions members gained was that Indonesia would like to see Australia follow a more independent foreign policy, not based on either compliance with American wishes or a fear of China. Former Prime Minister Rudd put this well when he said that compliance did not equate to alliance in respect to the United States; similarly with China, understanding did not equate to agreement.

It is clear that the Australians and Indonesians need to know much more about each other. It is regrettable that many Australians still regard Indonesia as a mysterious, chaotic and corrupt country in which the rule of law is very weak. According to the Lowy Institute's polls many Australians still see Indonesia as a potential threat. This is largely because of historical fears, its size, its proximity, its assumed potential instability and its activities in West Papua.

Many Indonesians also see Australians still as part of the 'Anglosphere', as uncouth, in terms of Indonesian culture, and still harbouring undertones of racism and religious intolerance. These suspicions go back, of course, to the days of the White Australia Policy and statements of politicians such as Pauline Hanson. Many Indonesians I have encountered still remain uncertain about the depth and sincerity of our commitment to our Asian and South West Pacific neighbourhood. I have always found on visits that we are on a sort of 'good behaviour bond' in the eyes of many.

While Indonesia, like Australia, welcomes a constructive continuing United States involvement in the Asia Pacific there is some concern about the so-called 'pivot to Asia' – now referred to as 'rebalancing'. Australians in particular need to know what this will involve for us in United States strategic thinking. In respect of Indonesia, there will be some concern, for example, if we are seen as bound to American military activities. Another is the extent to which the Cocos Islands – so close to Indonesia and Malaysia, yet now part of Western Australia – might be used, including by drones, for security purposes in the South East Asian and the southern China region.

While the present government maintains that Australian strategic cooperation with the United States is not related to any containment policy, the government's rhetoric should not be contradicted by our actions. Also we should, as a matter of course, keep Indonesia informed of what involvements we may be entering that may affect them. The Australian public is likewise not fully informed on what is being planned in the context of the U.S. pivot to Asia. Our Ministers and their spin doctors often obscure issues and

mislead the public. This reflects residual Cold War thinking that needs to be put to one side.

As John le Carré wrote in his novel *Absolute Friends*, 'politicians lie to the press, see their lies printed, and call them public opinion'. In trying to justify failed policies such as the Howard government's involvement in the Iraq war, and more recently, the Gillard government's approach to Afghanistan, the real situations have been concealed from the Australian public, along with their wider implications for Australia. We need to ensure that this approach does not continue in respect of the United States' 'rebalancing' in Asia.

It is of course of great importance to Australia that Indonesia will have elections in April next year for the Indonesian parliament, followed by the presidential election in July. So there will be major political change in Indonesia next year. It is too early to predict who the new President will be. Unfortunately it will not be Susilo Bambang Yudhoyono (SBY) because, under the revised Indonesian constitution, the President is limited to two terms.

While disappointment has been expressed that SBY has not been as effective in his second term as many Indonesians and some Australians had hoped, he will leave Indonesia in better shape than it was when he was first elected. Indonesia now has a stronger economy, growing at 6½ per cent, and a more open economy, some two-thirds of which is unregulated. Terrorism is well in check and democracy is, I think, now institutionalised. Indonesia now has over a thousand newspapers, 10 TV networks in Jakarta and 140 regional TV stations. Objectively, I believe that the four major newspapers are now as professional and with as wide a coverage – in some cases a better coverage of regional affairs – as the main Australian newspapers.

There is no clear front runner at present who we could confidently predict will replace SBY but, whoever it is, a re-elected Labor government or a new Coalition government in Australia will need to move quickly to reinforce and further strengthen the relationship at the political level. Personal affiliations at senior levels will remain important.

I would like to turn now to the issue of Australia's national identity. In May, I attended the Annual Republican Dinner which was addressed by Shadow Minister Malcolm Turnbull and the current Chairman of the Republican Movement and former Western Australian Premier, Geoff Gallop. Both stressed the importance of gaining community support for an Australian Republic, which they saw not only as a matter of symbolism, but as an important aspect of establishing more clearly Australia's national identity in our part of the world.

Indonesia is a Republic, so are India, Singapore and the Philippines. It is true that Thailand, Brunei, Malaysia and Japan have Heads of State who are monarchs but the King of Thailand is a Thai, the Sultan of Brunei is a Bruneian, the Agong of Malaysia is a Malay and the Emperor of Japan is a Japanese. It must seem curious to these regional

neighbours that *our* Head of State, whom we share with several former colonies in the South West Pacific (including New Zealand and Papua New Guinea), is resident 12 thousand miles away in London.

I was disappointed that the Republic was not mentioned in the White Paper on Australia in the Asian Century. It should *not* have been overlooked. Australia is still a work in progress. The next constitutional step in the unfolding story of Australia should be the establishment of the Republic which, like Federation in 1901, will be a defining moment in our history.

Our anachronistic links with the English monarchy, and the fact that our Head of State is still the Queen of England, does limit the understanding overseas of Australia's place in the world. The Queen of England is of decreasing relevance to an increasing number of migrants from many countries, including European and Asian countries which have no links with the English Monarchy. We are now a multi-ethnic, multi-cultural society and the severance of this link with the British Crown will prove a rallying point for all Australians regardless of the origins of their families.

This is not simply a constitutional issue. The establishment of an Australian Republic will have both foreign affairs and trade advantages. It will also reinforce the Australian identity throughout the world.

To conclude, the importance of our relations with Indonesia in the future and in the context of the Asian Century cannot be over-stated. It is essential that each country comes to know more about its neighbouring country. The new Centre for Indonesian Law, Islam and Society (CILIS) is a constructive and positive step forward and will, I hope, make an important contribution to this fundamental Australian national interest. The University of Melbourne and the Melbourne Law School are to be congratulated on their forward-looking approach to promoting a wider understanding of Indonesian law through CILIS. It will help in the ongoing need to widen understanding of Indonesia as a whole.

As a nation we need to be genuinely and continuously engaged – not just in a rhetorical sense or in going through the motions – with our great neighbour of increasing global and regional importance. We shall both share this neighbourhood for the rest of time.



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