Smaller, but enmeshed: Why Australia needs to make ASEAN an even stronger priority

Tony Milner and Ron Huisken
The Centre of Gravity series

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Contact us

Dr Andrew Carr
Editor
Strategic and Defence Studies Centre
ANU Coral Bell School of Asia Pacific Affairs
T 02 6125 1164
E andrew.carr@anu.edu.au
W sdsc.bellschool.anu.edu.au

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Author bios

Tony Milner

Formerly Basham Professor of Asian History and Dean of Asian Studies at the ANU, Tony Milner is currently International Director of Asialink (University of Melbourne) and Visiting Professor at the Centre for Asean Regionalism, University of Malaya. A specialist on Southeast Asian history, he began to focus on regional relations - and also Track II activity - after being appointed Director of the Academy of Social Sciences’ ‘Australia Asia Perceptions Project’ in the 1990s. He has held a range of visiting appointments in the United States (Institute for Advanced Study, Princeton), Japan, Singapore, Germany and Malaysia. He is Co-Chair of the Australian Committee of the Council for Security Cooperation in the Asia Pacific.

Ron Huisken

Adjunct Associate Professor, SDSC, ANU. Ron Huisken joined the Strategic & Defence Studies Centre, ANU, in 2001 where he focused, in particular, on US and Chinese security policies, multilateral security processes in East Asia and arms control. Dr Huisken spent nearly 20 years in government with the departments of Foreign Affairs & Trade, Defence, and Prime Minister & Cabinet. Prior to government, he worked with the Stockholm International Peace Research Institute, the University of Malaya, and the United Nations secretariat in New York. He holds degrees in economics from the University of Western Australia and the Royal Stockholm University, and a PhD in international relations from the ANU.
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Executive Summary

🌱 The world does not wait to hear Australia on China; internationally we tend to be judged by how effective we are in Southeast Asia.
🌱 In recent decades we have lost the focus and energy that used to define our interactions with this region. This needs to be urgently overcome.
🌱 Australia is facing a future of relative decline as its region grows around it. This may however improve its chances of cooperation with ASEAN, and increases the value of ASEAN to Australia.
🌱 Australia’s support for ASEAN needs to be unambiguous and very public.

Policy Recommendation

🌱 Facing a future of relative decline, changing power balances and alliance uncertainty, Australia must make ASEAN and Southeast Asia its priority for economic, political and security cooperation.

The world does not wait to hear Australia on China; internationally we tend to be judged by how effective we are in Southeast Asia, and getting things right with ASEAN can help our influence in Washington and probably Beijing. Australians are often wary of people who get above themselves. An ASEAN priority - because a number of its members are broadly of the same international weight as Australia - has the potential to be seen (and supported) domestically as measured, proportionate, productive. Canberra still needs public discussion, however, about why ASEAN should be highlighted this way - and also about how to proceed.

True, the government has already taken some serious steps. An ASEAN-Australia Strategic Partnership was established in 2014 (with an ASEAN-Australia Plan of Action covering the period 2015-2019); in 2015, there was agreement to hold biennial ASEAN-Australia Leaders’ Summits, and the first of these took place in 2016. Planning is presently underway for a 2018 ‘special summit’ - which, according to Prime Minister Turnbull, will ‘deepen our economic partnership’ and ‘bolster our strategic partnership’. In the economic area the Australian Trade Minister issued a report in 2015 with the dramatic title ‘Why ASEAN and why now?’, and insisted that ‘the ASEAN region has never offered more opportunities for business than it does today.’
As a trading partner, Southeast Asia is more important to Australia than Japan or the United States; in 2015 well over one million people from ASEAN visited Australia, and almost three million Australians travelled in the other direction. There were some 123,000 Southeast Asians studying in Australia – and for a number of countries in the region, Australia has been the leading provider of Western education.

In government-to-government relations, Australia operates in such ASEAN-centred institutions as the East Asia Summit, the ASEAN Regional Forum and the ASEAN Defence Ministers Meeting-Plus. Australia has also been contributing to strengthening the ASEAN Secretariat and to the formulation of a Master Plan on ASEAN Connectivity. Other official cooperation is in disaster management, combating terrorism, transnational crime, public health, maritime cooperation, people movement (especially countering human trafficking), the standardization of agricultural practices, the managing of water resources and the promotion of women in business. With respect to trade and investment, the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), was implemented in 2010, and has won support from the business sector.

Such government initiatives are welcome – but it is safe to say that neither the full dimensions of the opportunity to engage ASEAN nor the urgency can be said to have gripped public opinion. It is urgent, first of all, because it will counter the enduring risk of Australia remaining ill at ease with its neighbourhood and becoming a more ‘lonely’ country (to use a term employed by Samuel Huntington long ago). This could trouble Australians more into the future, especially as several of our Asian neighbours are certain to project a more compelling presence in the region and our great ally, in contrast, could well remain ambivalent about its international posture.

Well before the erratic Trump administration, the changing indicators were compelling. In 1974, America had a GDP more than ten times the size of China’s; by 2015 the US GDP was little more than fifty per cent higher. In PPP terms (2015), the United States is already behind China — and it has been some time now since America was the leading destination for exports right across Asia. In 1988 US military expenditure was many times larger than all the Asian states combined — including China and Japan; by 2015, the US remained ahead, but China alone spent more than a third as much, and eventual convergence with the US had become a topic of discussion.
Troubling, but we’ve been here before

Today, Australia is facing a situation reminiscent of the late 1940s, when it could no longer have confidence in the United Kingdom and yet had not secured the ANZUS Treaty (1951) with the United States – a treaty which Australians were to find deeply reassuring over the next seven decades. In those anxious interregnum years both sides of Australian politics were creative in deliberating how best to find an accommodation with their Asian neighbours.¹¹

This is the time when Australia became closely engaged in the creation of the new, independent states in Southeast Asia – and this regional focus continued for several decades. In the words of the 1976 Defence White Paper, Southeast Asia was the ‘area’ of ‘Australia’s Primary Strategic Concern’,¹² and in key areas Australian governments sought to align their policies with ASEAN preferences.

Even in the case of ASEAN’s proposal for a Zone of Peace, Freedom and Neutrality (ZOPFAN) – which ran up against Australia’s strong Cold War commitments – both sides of politics supported endorsement.¹³ Australia even acknowledged the legitimacy of the Pol Pot regime in Cambodia in the late 1970s – as Prime Minister Fraser later recalled – ‘quite simply to be in harmony with ASEAN’.¹⁴

Looking back on its record in Southeast Asia helps to provide a narrative for renewed endeavours in the region. It reminds everyone of how busy Australia has been. Regional experience can be valuable in practical ways. In development cooperation, for instance, both Australian and ASEAN officials report that Australia’s experience is an advantage in deciding which initiatives are likely to be welcomed, and which best set aside. ASEAN aid recipients have, for example, appreciated Australia’s willingness to be more flexible than European governments in linking development assistance to human rights objectives.

The troubling aspect of looking back, however, is that it shows that Australia has to some extent lost its focus on Southeast Asia. In the 1970s, when Australia became ASEAN’s first Dialogue Partner, relations were not always smooth — but Southeast Asian developments were more front-page than they are today. The war in Vietnam and the refugee aftermath, the tragedy of Cambodia, the development of New Order Indonesia, struggles over trading arrangements — these were important matters for Australia. Recalling his period running Australia’s foreign affairs in the eighties and early nineties, Gareth Evans has often written warmly of his cooperation with ASEAN foreign ministers - ‘you’re one of us’, they once told him. But his interactions with this group were famously intensive (and challenging), and he is right to wonder whether such warmth has continued into recent times.¹⁵

Today we are facing a situation reminiscent of the late 1940s.
What cannot be said about recent activity is that it dramatically elevates Australia-ASEAN relations in either the Australian national imagination or the ASEAN regional imagination - or that this aspiration is central to the government’s vision. The objective of building political, economic and security connections with ASEAN is not spelt out conspicuously as a leading priority for Australia. It is not made clear to the public that Australia must recognise how important consultation and cooperation with the ASEAN region will be to the country’s longer-term future, so important that Australia should strive to make such consultation and cooperation instinctive for both sides.

To recapture the high profile of the first decades of Australia’s Dialogue Partnership, leader-to-leader optics will always be helpful. Images of the Australian Prime Minister strolling through a market place with the Indonesian President, or standing shoulder-to-shoulder with the Malaysian leader, cooperating in the desperate search for a lost airliner – projected to the ASEAN community as well as Australians - do more than words to highlight inter-state intimacy.

The coming relative decline

Australia, however, is faced with at least two serious challenges – as well as one distinct opportunity - in elevating ASEAN relations. First, there is the fact that Australia is getting smaller in regional terms. In the mid-1970s, Australia’s GDP was tenth largest in the world. The total ASEAN GDP was only about two-thirds that of Australia. South Korea had a GDP only one-fifth Australia’s size; China’s GDP was less than fifty per cent larger than Australia’s. Today Australia has the twelfth largest GDP in the world: South Korea has moved from 31st place to one ahead of Australia, and China’s GDP is now seven times that of Australia.

Five ASEAN member countries are now in the global top 50. ASEAN’s GDP is now more than USD 2.5 trillion – heading for double that of Australia. In terms of PPP (Purchasing Power Parity), ASEAN was six times (6.64) larger than Australia in 2014, and Australia had slipped to 20th place internationally. Looking to the future, a PwC report predicts that by 2050 – again in PPP terms – Australia will drop to 28th place, and Indonesia will be the world’s fourth largest economy.

As an exporter, Australia has also declined. In the mid-1960s, for instance, it held twelfth place in the world; today it is placed at 26, behind Singapore and Thailand and just ahead of Vietnam and Malaysia. As trading partners, ASEAN is today more important to Australia than Australia is to ASEAN: Australia faces more competition from other external economies than it did in the 1970s, and its share of ASEAN’s imports and exports has been dropping. South Korea’s trade with ASEAN is now well over double the size of Australia’s; it is also ahead as a foreign investor in the region.
Australia’s shifting circumstances are also evident in development aid. In the 1970s it ranked between second and fourth as a donor to ASEAN countries.\textsuperscript{26} Comparative figures regarding current assistance are difficult to obtain, but Australia has now dropped ‘out of the club of top ten OECD donors’.\textsuperscript{27}

At least equally significant, Australia’s military spending in 1988 was greater than that of all ASEAN countries combined and operated systems with capabilities well beyond those possessed by ASEAN.\textsuperscript{28} The key examples include the F – 111 fighter bomber (which began service in 1973), the torpedo-armed, P – 3 Orion maritime patrol aircraft (with advanced surface ship and submarine detection capabilities) and the sophisticated Oberon conventional submarine.

In addition, although more difficult to illustrate, Australia possessed intelligence capabilities that were formidable by regional standards, the product, inter alia, of a unique intelligence community forged in WW2 and the objective under ANZUS of interoperability with US forces. The Australian government, in its 1987 Defence White Paper, even chose to draw attention to ‘power projection capabilities’ judged to be ‘considerable by regional standards’.\textsuperscript{29} In 2015, by contrast, ASEAN spending was about 50% higher than Australia’s and the lead in technology was both narrower and more selective.\textsuperscript{30}

As these changing material relativities become better understood, they should enhance ASEAN’s profile in Australia. Calling the region “our backyard” – as even some senior political leaders have done\textsuperscript{31} — is completely inappropriate, especially when it is understood that this is the term Americans have used to refer to Central and South American territories under their sway (consistent with the Monroe Doctrine).\textsuperscript{32}

But the new relativities also create a fresh context for winning ASEAN support. The optimistic scenario is that a stronger fit between Australia and the larger Southeast Asian countries in terms of economic and political weight will encourage mutual respect and a better sense of what we have in common – including the task of handling a far stronger, more confident China. The less optimistic observation is that today we must certainly question the assumption — held by some commentators in Canberra — that Australia is obviously ‘the first choice of partner for ASEAN’.\textsuperscript{33}

A second reason why elevating Australia’s ASEAN engagement will require work arises from the way in which Australia-United States relations are portrayed in the region. The alliance, of course, can continue to be a strong asset in Australia’s regional endeavours\textsuperscript{34} — but not when the country’s entire international identity is encapsulated in the ‘deputy sheriff’ descriptor. A derogatory phrase incorrectly attributed to Prime Minister Howard in 1999, it is encountered time and again in the region,\textsuperscript{35} and implies that Australia has allowed its national independence and sovereignty to be compromised. Even though it may no longer be used as a descriptor of current circumstances, its persistence suggests lingering concern that Australia is prone to such a posture. The impact becomes all the worse when question marks are placed over America’s own relative power in Asia.

The ‘Deputy’ image damages Australia’s efforts with ASEAN – and yet working on Southeast Asian relations is perhaps the best strategy for modifying how Australia is viewed in the neighbourhood. A ‘US ally that is also shaped by a deep engagement with the ASEAN region’ could be Australia’s best option today – an identity more acceptable in Beijing, and more useful to Washington, than the ‘Deputy’ label. But how best can a deeper engagement be achieved? It may be in the diplomatic area that Australia has a timely opportunity.
A recent strategic development is the indication that Beijing is cautiously assembling a new regional architecture — and this will add to ASEAN anxieties about maintaining their regional 'centrality.' It should make ASEAN leaders increasingly enthusiastic about Dialogue-Partner collaboration. Now is the moment to act. Although China is elaborating its new vision – with the Belt and Road Initiative, Asian Infrastructure Investment Bank, Shanghai Cooperation Organization, CICA (Conference on Interaction and Confidence Building Measures in Asia), Xiangshan Forum and a raft of bilateral Strategic Partnerships – it has not expressed antagonism toward ASEAN architecture, but rather continues to offer significant support. Getting behind ASEAN now, therefore, does not mean confronting China, and it may even be possible to gain Chinese cooperation.

The objective of bolstering ASEAN regional institutions is certainly consistent with current bipartisan policy in Australia – at least since the ASEAN-unfriendly Rudd 2008 proposal for an ‘Asia Pacific Community’ was dropped by his own party. Given that the United States-supported ‘Asia-Pacific’ vision has faltered, and that a China-driven architecture is likely to be widely resisted (at least in the short and medium term), the option of an ASEAN-centred architecture also has wide acceptance internationally.

Supporting ASEAN will mean at least two things for Australia: first, to remain a close and enthusiastic partner for ASEAN as it works to strengthen its institutions, particularly the East Asia Summit; secondly, campaigning across the region to promote maximum support for ASEAN. In both cases it will be an enormous advantage to work collaboratively with the range of ASEAN Dialogue Partners. Australian officials in ASEAN institutions are already caucusing with South Korea and others – and this should be accelerated, including at leader-to-leader level – and should be publicized.

What Australia must certainly do is calibrate and clarify its message on ASEAN. Canberra should not be asking to join ASEAN, as former Prime Minister Keating has suggested we do. This merely communicates ignorance of the ASEAN viewpoint — expressed by former ASEAN Secretary-General Severino — that Australia is just ‘not Southeast Asian’. Yet the space to deepen and enrich Australia-ASEAN relations without contemplating membership is essentially unlimited. The political and diplomatic rhetoric needs to be clear, however, on what the ASEAN connection can do for both sides, and what it cannot do. In particular, it will be important to address and avoid the risk of creating the impression that a more intimate relationship with ASEAN somehow compensates for diminished confidence in the US alliance.
It is also counterproductive to harp on about the ‘Asia Pacific’ and the ‘Indo-Pacific’. These constructions may have appeal for Australians — they certainly incorporate Australia — but unlike the concepts of ‘Southeast Asia’ or ‘East Asia’, they possess little emotive value in the region. There is still suspicion that Australia holds “an ambivalent position toward South East Asian regionalism and ‘Asian’ regional identity” — and this can also gain credibility when highlighting bilateral relationships with specific ASEAN countries. The slogan of the Abbott Government (2013-2015), ‘More Jakarta, Less Geneva’, was admirable in its local focus, but could be understood as downplaying ASEAN unity and inspirations. When Foreign Minister Bishop singles out Japan, Indonesia, India and Singapore in cultivating Australian international ties, once again there is an implicit sidelining of ASEAN regionalism.

Australia’s support for ASEAN needs to be unambiguous and very public. The actual process of assisting the ASEAN project, working with other Dialogue Partners, will help position Australia in this region – modifying and enhancing our international identity. Here is a task in which to exploit our intimate relations with the United States, using that intimacy (as has sometimes been done in the past) to gain generous American support for ASEAN endeavours. Here too is an area that will bring, as a bi-product, deeper collaboration with Korea, India and others.

Australia’s Prime Minister was on message when he spoke a few months ago of ‘ASEAN’s unity and strength in times of adversity’ being essential to ‘determin[ing] our region’s future’. Foreign Minister Bishop has been astute in referring to the ‘moral force’ that ASEAN can ‘exert in the form of collective diplomatic pressure’. These things, however, need to be said far more loudly and nestled skilfully in a broader vision of where Australia sees its partnership with ASEAN going. Equally, of course, it will be important to be careful and patient in ensuring that the Australian community endorses these objectives. Southeast Asia is not ‘our backyard’, and Australia is not a major power positioned strategically halfway between Washington and Beijing.

From the perspective of a smaller Australia (in relative terms), ASEAN must be the priority — certainly so, if it is to avoid being a lonely country which lives uncomfortably in their regional neighbourhood.

**Policy Recommendation**

Facing a future of relative decline, changing power balances and alliance uncertainty, Australia must make ASEAN and Southeast Asia its priority for economic, political and security cooperation.

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**Endnotes**

2. Bruce Grant, ‘The US at sea in Asia-Pacific but Australia can show the way’, Sydney Morning Herald, 28 January 2016; see also Hugh White, Power Shift: Australia’s Future between Washington and Beijing (Collingwood; Black Inc, 2010).
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http://dbank.worldbank.org/data/download/GDP_PPP.pdf. Another sign of US relative decline in economic terms is its altered importance for ASEAN: today the US is no longer the first destination for ASEAN exports:


http://www.sipri.org/sites/default/files/Milex-constant-USD.pdf


15 For a written reference, see Evans’s “Foreword” in Milner and Percival Wood, Our Place, 2


20 Mike Callaghan, ‘Does it matter if Australia is no longer among the top ten largest economies?’, The Interpreter, 18 February 2015; https://www.lowyinstitute.org/the-interpreter/does-it-matter-if-australia-no-longer-among-top-20-largest-economies

21 Arny and Mary Belle Vandenhosch, Australia faces Southeast Asia (Lexington: University of Kentucky Press, 1967), 7.


23 Australia was in 2015 listed only as ASEAN’s ninth largest trading partner, amounting to 2.3% of ASEAN’s total trade in 2015, South Korea’s role was much larger with 5.4%; http://asean.org/storage/2015/12/table20_as_of-10-June-2016.pdf. In the mid-1970s Australia’s share was substantially greater. In 1976-1977 Australia provided 4.6% ASEAN’s imports, and took 2.4% of its exports. The numbers in 2015 were 2.8% and 1.7%; Frost, Engaging the Neighbours: 41; http://asean.org/storage/2015/12/table20_as_of-10-June-2016.pdf. Regarding foreign investment in ASEAN, Australia has now risen to seventh place with a 4.3% share; South Korea is slightly ahead at 4.7%, but the major investors are the EU, Japan, the US and China: http://asean.org/storage/2015/09/Table-27_oct2016.pdf; Why ASEAN and why now?, 23.


26 Angel, Australia and South-East Asia’, 238.

27 https://www.lowyinstitute.org/issues/australian-foreign-aid


30 https://www.sipri.org/sites/default/files/Milex-constant-USD.pdf


34 Milner and Percival Wood, Our Place, 17.


36 ‘The Future of ASEAN: Meeting the challenges of a changing and regional landscape, A Memorandum by the ASEAN Institutes of Strategic and International Studies (ASEAN-ISIS)’, 15 February 2017

37 Kishore Mahbubani and Jeffery Sng, The ASEAN Miracle: A Catalyst for Peace (Singapore: NUS Press, 2017); p. 192 refers to the desirability of a “closer partnership with Australia and New Zealand” as a “geopolitical buffer”.

38 Cheng-Chwee Kuik, ‘An emerging


40 ‘The Future of ASEAN: Meeting the challenges of a changing and regional landscape, A Memorandum by the ASEAN Institutes of Strategic and International Studies (ASEAN-ISIS)’, 15 February 2017

41 ‘The Future of ASEAN: Meeting the challenges of a changing and regional landscape, A Memorandum by the ASEAN Institutes of Strategic and International Studies (ASEAN-ISIS)’, 15 February 2017


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