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ASEAN in Australia's Indo-Pacific Outlook

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EXECUTIVE SUMMARY

- The ASEAN-Australia Special Summit on 17-18 March 2018 demonstrates Australia's support of ASEAN centrality in the defense of the region's rules-based order, and open and free trade.
- The Special Summit is but the latest in the considerable efforts that have been made by Australia to reinforce the notion that Southeast Asia and ASEAN are central to its Indo-Pacific conception.
- Canberra's positioning in the Indo-Pacific requires deepening engagement with ASEAN and leveraging ASEAN's many relevant assets.
- Australia's embrace of the Indo-Pacific and ASEAN's reluctance to do the same should not be a barrier to the strengthening of ASEAN-Australia ties, which are based on aligned interests and shared vulnerabilities in the face of shifting power balances and transnational challenges in the region.

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INTRODUCTION

The ASEAN-Australia Special Summit (AASS) was convened on 17-18 February 2018 in Sydney – the first time ever on Australian soil. The AASS was hailed as a milestone in ASEAN-Australia relations and a success for Australia’s diplomacy. It ended with 15 clusters of initiatives to be undertaken, ranging from counter-terrorism, maritime security, cyber security to smart cities, digital trade and infrastructure, many of which are to be sponsored by Australia.

The AASS was also the first high-level engagement between ASEAN and Australia since the announcement of the Free and Open Indo-Pacific (FOIP) concept by the US. This initiative, supported by Japan, India and Australia, together with the revival of their quadrilateral partnership (Quad) in November 2017, unsettled ASEAN which was about to hold its annual leader’s summit in Manila. Some ASEAN members expressed concerns over the risk of diluting the ASEAN-led regional security architecture and the apparent exclusion of China. ASEAN members also recall the Asia-Pacific Community proposal by the Kevin Rudd government in 2008, which would have marginalized ASEAN. This explains ASEAN’s cautious response to Australia’s embrace of the Indo-Pacific.

This article aims to locate the place of ASEAN in Australia’s Indo-Pacific outlook, by dissecting Australia’s defense and foreign policy formulations, its strategic interests vis-à-vis ASEAN, and the outcomes of the AASS. It argues that Australia’s embrace of the Indo-Pacific does not undermine the value of ASEAN in Australian foreign policy. On the contrary, Australia’s interests in ASEAN’s open regionalism and economic dynamism come into sharper focus with the extension of its outlook from Asia-Pacific to Indo-Pacific.

ASEAN IN AUSTRALIA’S INDO-PACIFIC OUTLOOK

Despite their shared understanding on the general contours of the Indo-Pacific – based on the rule of law, freedom, openness and embedding India in the regional power balance – the Quad members remain the case of “same bed, different dreams.”¹ Even as these powers flesh out this evolving concept each in their own way, they continue to reaffirm ASEAN’s role in their Indo-Pacific outlooks, through policy formulations or diplomatic outreach, with varying levels of specificity and substance.

The 2017 National Security Strategy of the US (NSS) affirmed ASEAN as a “centrepiece of the Indo-Pacific’s regional architecture”² but stopped short of any elaboration. Meanwhile, the role of ASEAN was diluted in Japan’s 2017 FOIP paper which placed focus on strategic collaboration with other Quad members and stretched Japan’s sphere of diplomacy in all directions, including Africa, South Asia, Central Asia, the Pacific and Caribbean states.³ India, despite its Act East posturing and the convening of the ASEAN-India Commemorative Summit in February 2018, remains too inwardly occupied to flesh out and substantiate its Indo-Pacific strategy with concrete action.⁴

As for Australia, its Indo-Pacific outlook pre-dated the launch of FOIP last year. Constant reviews of the changing regional environment, especially the rise of China and India, have led Canberra to adjust its priority focus to the Indo-Pacific as a single strategic system in the 2013 and 2017 Defense White Papers (DWP). After the release of its Foreign Policy

White Paper (FPWP) in December 2017, Canberra has now definitely embraced the Indo-Pacific as “the context through which Australia is shaping its approach to the region.”⁵

The extension of Australia’s strategic outlook from Asia-Pacific to Indo-Pacific since 2013 has consistently featured the importance attached to Southeast Asia and ASEAN. The 2013 DWP placed Southeast Asia at the geographic centre of the emerging Indo-Pacific system, connecting the Indian and Pacific Oceans.⁶ It also recognised that the security of Southeast Asia and its maritime environment is central to the stability of Indo-Pacific,⁷ where Australia has strategic interests.

Australia has thus far made the most effort to assuage ASEAN’s concerns about the risk of peripheralisation or replacement by FOIP. It has been ahead of other Quad members in reinforcing how Southeast Asia and ASEAN are central to Australia’s Indo-Pacific conception. As clearly stated by Australian Foreign Minister Julie Bishop, “Australia’s perspective is that the states of ASEAN are pivotal to any debate about the future of the Indo-Pacific. Geographically, diplomatically and strategically, ASEAN sits at the heart of this important region.”⁸

Unlike the US’ NSS which presents the Indo-Pacific in starkly competitive and realist terms, Australia’s 2017 FPWP, while acknowledging a more contested and competitive region, chose to respond in a more balanced and inclusive manner. It is guided by principled pragmatism and supported by multi-vectorised engagement: deepening the alliance with the US, strengthening engagement with China, developing partnerships with India, Japan and other like-minded partners, being open to other bilateral, trilateral and plurilateral arrangements, i.e. the Quad, and intensifying ties with ASEAN.

Despite ASEAN’s reluctance at this juncture to embrace the term “Indo-Pacific,”⁹ there is a convergence of interests between ASEAN and Canberra on the need to keep the regional architecture open and inclusive. The goal set out in the 2017 FPWP is towards an “open, inclusive and prosperous Indo-Pacific”¹⁰ instead of “free and open” as coined by Washington and Tokyo. This notion of openness and inclusiveness is particularly important for both ASEAN and Australia when it comes to their response to China’s re-emergence: to assure that China is a key player that must be engaged robustly; and at the same time ensure that the region is not sucked into an exclusive Sino-centric ecosystem. Inclusiveness also makes sure that all key stakeholders have a seat at the table, be it India from the Indian Ocean or the US from the other side of the Pacific.

In fact, Southeast Asia and ASEAN have always been at the centre of the Indo-Pacific not only geographically but also conceptually. It was ASEAN that brought India into its security architecture with the establishment of full Dialogue Partnership in 1995, well before any talk about the Indo-Pacific. The genesis of the Quad was the coordinated response of the four countries to the Boxing Day tsunami that hit Southeast Asia, India and Sri Lanka in 2004. It should also be noted that the first meeting of the Quad was on the sidelines of the ARF in 2007, and the revival of the Quad last year took place during the ASEAN Summitry in Manila. Normatively, the proposed Indo-Pacific Treaty by former Indonesian Foreign Minister Marty Natalegawa demonstrated Indonesia’s early interest in extrapolating the ASEAN code of conduct to the wider Indo-Pacific region. Last but not least, institutionally, ASEAN-led mechanisms such as the ARF, ADMM-Plus and EAS are the most Indo-Pacific

representative in their membership composition. There is more to the shared interests between ASEAN and Australia in shaping the Indo-Pacific order than meets the eye.

AUSTRALIA'S STRATEGIC INTERESTS IN ASEAN

Geo-political Interests

The Sydney Declaration of the AASS set out in no uncertain terms that ASEAN and Australia are “partners with a vital stake in a dynamic region undergoing major changes.”¹¹ Both sides have shared interests and vulnerabilities amidst the shifting power balances in the region. Faced with uncertainty in the US’ leadership and China’s growing assertiveness, the imperative for middle powers and small states to “take our fate into our hands” has become more pronounced. Australian Prime Minister Malcolm Turnbull conveyed this sentiment at the 2017 Shangri-La Dialogue: “*We cannot rely on great powers to safeguard our interests. We have to take responsibility for our own security and prosperity while recognising we are stronger when sharing the burden of collective leadership with trusted partners and friends.*”¹² While not turning away from Washington, Canberra is looking to deepen and diversify its engagement with regional partners to hedge against a more aloof and self-centred US and an ever more omnipresent China.

Furthermore, ASEAN’s role as the strategic convener provides much needed platforms for Australia to exert its presence and leverage beyond its immediate neighbourhood. As remarked by Anthony Milner, “deepening relations with ASEAN will make Australia a less lonely country.”¹³ Another value-added of the ASEAN-led platforms is to anchor the presence of the US, Canberra’s most important ally, in the region. The 2017 FPWP put it clear: “Through the EAS and other forums such as APEC, ADMM-Plus and the ARF, Australia pursues a regional agenda that [...] encourages full and active engagement by the US in regional affairs.”¹⁴

Australia and ASEAN also have common interests in “nurturing and defending a stable and rules-based order in Indo-Pacific,” which was identified as a strategic defense objective in the 2016 DWP and the highest foreign policy priority in the 2017 FPWP.¹⁵ ASEAN’s norms-based approach to international relations, based on the principle of sovereign equality and peaceful settlement of disputes, echoes with Australia’s desire for the rules-based order where “might is not right.”¹⁶ Australia’s support for ASEAN’s role in the rules-based regional order has thus been a consistent feature in the 2013 and 2016 DWP and 2017 FPWP. In the same vein, the Sydney Declaration highlighted the “commitment to ASEAN’s central role in the evolving rules-based regional architecture [...] through ASEAN-led mechanisms.”¹⁷

Economic Interests

Australia has been looking to Southeast Asia’s economic dynamism for business opportunities. Collectively, Southeast Asia is Australia’s third largest trading partner, accounting for 15% of its total trade.¹⁸ Both are outward-looking economies and the ASEAN-Australia-New Zealand FTA (AANZFTA) is among Australia’s most ambitious FTAs.¹⁹ A Business Summit held back-to-back with the AASS demonstrated that economics is central to Australia’s engagement with ASEAN.

In geo-economic sense, intensifying trade ties with Southeast Asia could help mitigate Australia's increasing economic dependence on China. There is an ongoing debate on whether and until when Canberra can sustain its sweet spot of having both China as its largest trading partner and the US as its security ally.

Table 1: ASEAN and Australia's trade with China (US\$ millions, 2017)

	Exports	Share of total	Imports	Share of total	Trade balance
Australia	76,687	33.0%	49,159	21.5%	+27,528
Brunei	271	4.0%	591	16.0%	-320
Cambodia	743	6.2%	5,495	38.2%	-4,752
Indonesia	22,941	13.6%	35,825	22.8%	-12,884
Laos	1,421	60.7%	1,511	39.1%	-90
Malaysia	27,356	12.6%	38,850	19.8%	-11,494
Myanmar	4,072	35.8%	5,667	33.5%	-1,595
Philippines	6,920	12.0%	16,741	18.7%	-9,821
Singapore	53,871	14.4%	45,183	13.8%	+8,833
Thailand	29,391	12.5%	45,038	20.0%	-15,647
Vietnam	30,663	17.4%	56,983	32.7%	-26,320

Source: CEIC Database

In the face of anti-trade sentiments and protectionist policies in the US, the lack of fair and open competition in China's market, and "trade wars" looming on the horizon, partnership with ASEAN is important for Australia in maintaining an "open, outward-looking regional economy" and in defending "an open global economy."²⁰ ASEAN-led free trade agreements/negotiations such as the AANZFTA and the Regional Comprehensive Economic Partnership (RCEP) provide pathways for Australia to defend the multilateral trading system. The Sydney Declaration reflects ASEAN-Australia consensus to "resist all forms of protectionism" and underlines "the critical importance of the rules-based multilateral trading system."²¹

Another notable outcome of the AASS is the ASEAN Linkage to the Global Infrastructure Hub to join the global pipeline of bankable infrastructure projects. This appears to be a nuanced alternative to China's Belt and Road Initiative (BRI) which has caused a lot of concerns among the Quad members, including potential debt traps, lack of local content and the building of "white elephants"²² that do not match local development needs. Providing an alternative to the BRI is becoming part of the Quad members' Indo-Pacific strategy although it remains unclear how they can match China's financial largesse. As for ASEAN

member states, while earnestly jumping on the BRI bandwagon, they also look to other partners to diversify and balance the palette with “quality, sustainable and transparent infrastructure development” as highlighted in the Sydney Declaration.²³

Security Interests

Given their geographic proximity, Australia has intertwined security interests with ASEAN member states, especially on transnational challenges such as terrorism, maritime security, trafficking in persons, pandemics and cyber security. The bulk of the 15 initiatives at the AASS aimed to promote ASEAN-Australia collaboration in handling these challenges.

On top of the AASS’ agenda is terrorism which is now considered “the most serious threat to Southeast Asia.”²⁴ Australia has a critical stake in ASEAN counter-terrorism efforts. Over 10 years since the 2002 attack in Bali which killed 88 Australians among others, “it remains the case that it is in Southeast Asia that Australians are more likely to be targeted,” according to the 2013 DWP.²⁵ Likewise, the 2017 FPWP requires counter-terrorism planning “on the basis that a mass casualty attack against western targets in Southeast Asia will take place.”²⁶ The terrorism threat in the region has been heightened since last year due to the links between local extremists and terrorist groups such as ISIS. Australia therefore rendered significant support to the Philippines in the fight against ISIS-linked militants in Marawi, including sending troops, military trainers and surveillance planes.

The convening of the Counter-Terrorism Conference on the sidelines of the AASS, and the signing of the ASEAN-Australia Memorandum of Understanding (MoU) on Cooperation to Counter International Terrorism, attest to the importance that Australia places on counter-terrorism in Southeast Asia. The MoU – the first of its kind between ASEAN and a Dialogue Partner²⁷ – is to be implemented along with various initiatives on technical and regulatory assistance to develop counter-terrorism legislation, dialogues and workshops on electronic evidence, financial intelligence, and online radicalisation.²⁸

Maritime security was another priority area at the AASS given both sides’ shared interests in freedom of navigation and peaceful uses of oceans. The second strategic defense interest of Australia in the 2016 DWP is to support security in maritime Southeast Asia, especially to ensure open and secure sea lanes between the Indian and Pacific Oceans that provide trade connections between Australia and the world. This has become all the more important as the regional maritime domain gets more contested. China’s growing military presence in the South China Sea and the Indian Ocean is being met with countervailing measures by the Quad members through freedom of navigation operations and naval exercises.

The AASS rolled out a robust maritime cooperation package containing many initiatives with clear implementation arrangements and pledged funding by Australia. These initiatives focus on capacity building and joint operations with the involvement of both civilian and military agencies, covering wide-ranging maritime concerns such as civil maritime and border protection, environmental protection, maritime domain awareness, maritime law and its applications.²⁹ Enhancing maritime cooperation with ASEAN fits nicely within Australia’s Indo-Pacific outlook as Canberra is looking for ways to manage the contested maritime domain around it, including through expansion of its maritime capabilities and forming partnerships with like-minded partners.

CONCLUSION

The Turnbull government has made efforts to make the AASS a success, both in promoting mutually beneficial cooperation in focus areas of economic integration, counter-terrorism and maritime security, and in navigating minefields such as the Rohingya issue or clash of democracy and human rights values with some ASEAN member states. Instead of grandstanding at the Summit, Turnbull chose a more nuanced approach between quiet diplomacy and frank engagement, determined not to let these irritants affect ASEAN-Australia relations in general. This is a significant effort, given the strong pressure exerted by Australian media and human rights groups on Canberra to act otherwise. It may signal a shift in Australia's diplomacy with ASEAN to become less values-based and more interest-based, which is regarded by Aaron Connelly as "cool, pragmatic and focused on the long term."³⁰

Moreover, strengthening partnership with ASEAN has consistently received bipartisan support in Australia. As stated by Senator Penny Wong, Leader of the Labour Party at the Senate, "The continuing development of Southeast Asian regionalism through institutions like ASEAN aligns with Australia's interests. [...] It was a Labour Government, under Gough Whitlam, who originally negotiated for Australia to be an ASEAN dialogue partner, and a future Labour Government would similarly seek to advance Australia-ASEAN relations."³¹

The AASS took place at a critical juncture as ASEAN and Australia are positioning themselves in a region under strategic transition, be it called "Asia-Pacific" or "Indo-Pacific." Impacts of power shifts and contestations among the major powers are most profoundly felt in Southeast Asia as ASEAN struggles to keep its unity and strategic autonomy. As for Australia, the strategic puzzle is how to avoid the invidious choice between economic reliance on China and its security alliance with the US.

What sets Australia apart from other Quad members is the fact that Australia is not in direct strategic rivalry with China. It is a non-major power like other ASEAN member states individually and collectively, and its views on the Indo-Pacific thus appear to be the most congruent with ASEAN concerns. Both sides therefore feel the need to enhance ties, and at the same time keep the major powers engaged in the regional rules-based order so as to moderate their unilateral propensities.

The AASS attests to the increasing importance of ASEAN in Australia's foreign policy even as Canberra seeks closer collaboration and coordination with other Quad members under the Indo-Pacific framework. Moving forward, ASEAN and its member states should get over their original concerns and defensive reactions, and start engagement and dialogue with Australia to shape and mould the Indo-Pacific – what it should and should not be – to best serve their interests in the evolving regional order.

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- ¹ Yoshihide Soeya, “Diving into the Indo-Pacific”, *ASEANFocus* 7/2017, December 2017, p. 9
- ² National Security Strategy of the United States of America, December 2017, p. 46. The change of the US Secretary of State would perpetuate the benign neglect of Southeast Asia as the State Department, customarily the key institution formulating US policy towards the region, continues to be embroiled in organisational reshuffle and to suffer the lack of both political leadership and mid-level policy-makers.
- ³ Priority for Development Cooperation FY 2017, MOFA of Japan, <http://www.mofa.go.jp/files/000259285.pdf>. Japan’s 2018 FOIP version ostensibly inserted ASEAN at the centre of its Indo-Pacific strategy but the insertion appears more like an afterthought to appease ASEAN’s concerns than a re-awakening to ASEAN’s significance in Tokyo’s strategic outlook.
- ⁴ Hoang Thi Ha and Termsak Chalermpanupap, “ASEAN-India Commemorative Summit: Matching “Act East” with Actions?”, ISEAS Perspective, February 2018
- ⁵ Julie Bishop, “ASEAN: The Nexus of the Indo-Pacific”, Asia Society Speech, 8 March 2018
- ⁶ Australia’s Defense White Paper 2013, p. 7-8
- ⁷ Australia’s Defense White Paper 2013, p. 25
- ⁸ Julie Bishop, “ASEAN: The Nexus of the Indo-Pacific”, Asia Society Speech, 8 March 2018
- ⁹ Both terms “Asia-Pacific” and “Indo-Pacific” are not mentioned in the Sydney Declaration.
- ¹⁰ Australia’s Foreign Policy White Paper 2017, p. 3
- ¹¹ Joint Statement of the ASEAN-Australia Special Summit: the Sydney Declaration, 18 March 2018
- ¹² Malcolm Turnbull, Keynote address at the 16th Shangri-La Dialogue, 3 June 2017
- ¹³ Anthony Milner, “Four challenges for Australia–ASEAN relations”, East Asia Forum, 15 March 2018
- ¹⁴ Australia’s Foreign Policy White Paper 2017, p. 46
- ¹⁵ Julie Bishop, *Ibid.*
- ¹⁶ Malcolm Turnbull, *Ibid.*
- ¹⁷ Sydney Declaration, *Ibid.*
- ¹⁸ Australian DFAT
- ¹⁹ Australian DFAT, “General Review of the ASEAN-Australia-New Zealand FTA” <http://dfat.gov.au/trade/agreements/aanzfta/Pages/general-review-of-the-asean-australia-new-zealand-fta.aspx>
- ²⁰ Australia’s Foreign Policy White Paper 2017, *Ibid.*, p. 4 and p.51
- ²¹ Sydney Declaration, *Ibid.*
- ²² Australia lashes out at China’s ‘useless’ Pacific projects, *The Financial Times*, 10 January 2018, <https://www.ft.com/content/9bd0cb6a-f5a6-11e7-8715-e94187b3017e>
- ²³ Sydney Declaration, *Ibid.*
- ²⁴ News Release of the ADMM Retreat, 6 February 2018, Singapore, https://www.mindef.gov.sg/web/portal/mindef/news-and-events/latest-releases/article-detail/2018/february/06feb18_nr
- ²⁵ Australia’s Defense White Paper 2013, *Ibid.*, p. 18
- ²⁶ Australia’s Foreign Policy White Paper 2017, *Ibid.*, p. 27
- ²⁷ ASEAN signed an MoU with China on Transnational Crime, which includes, but not limited to, counter-terrorism.
- ²⁸ <https://aseanaustralia.pmc.gov.au/asean-australia-special-summit-initiatives>
- ²⁹ <https://aseanaustralia.pmc.gov.au/asean-australia-special-summit-initiatives>
- ³⁰ Aaron L Connelly, “ASEAN summit is diplomatic coup for Australia,” *Australia Financial Review*, 16 March 2018
- ³¹ Opinion Piece by Senator Penny Wong, “Australia and ASEAN: The Next 50 Years”, 8 August 2017, <https://www.pennywong.com.au/opinion-pieces/australia-and-asean-the-next-50-years/>

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