

Australia and ASEAN: Past, present, future

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Director General Yong Chanthalangsy, Director General Phongsavanh Sisoulath, Australian Ambassador to Laos John Williams, distinguished guests, ladies and gentlemen. Thank you for the invitation to be here today. It is a great pleasure to be in Vientiane, on my second visit to Laos and my first as Australia's Ambassador to ASEAN. I look forward to visiting more frequently in the years ahead, most particularly in 2016 when Lao PDR takes over the ASEAN Chair from Malaysia.

2. Australia and ASEAN celebrate 40 years of dialogue partnership this year. To commemorate that important landmark, Myanmar hosted a Commemorative Leaders' Summit in Nay Pyi Taw earlier this month, at which leaders agreed to elevate our partnership to the strategic level and usher in a new era in cooperation. So in my remarks today, I would like to cover three broad topics: how Australia sees ASEAN, what ASEAN and Australia have achieved together so far, and where our new strategic partnership might take us.

3. These are very important times in ASEAN as ASEAN Member States enter their final year of preparations to form the ASEAN Community. An extraordinary amount has been achieved on these ambitions to date, and some difficult challenges remain, but the key thing is that ASEAN is one of the most successful regional groupings on the planet and has an incredibly bright future.

4. When ASEAN formed in 1967, or even when Australia became its first dialogue partner in 1974, few would have envisaged things turning out so well. But through vision, leadership and a deeply ingrained habit of consultation, ASEAN has not only contributed immensely to the stability and prosperity of Southeast Asia's ten countries and 625 million people, but has also created, driven and shaped the regional frameworks and mechanisms of the broader Indo-Pacific region. ASEAN today is not just a defining feature of Southeast Asia's stability and prosperity, but is at the very centre of critical processes such as the East Asian Summit and the negotiations for a Regional Comprehensive Economic Partnership, that mega-FTA that will aim to link in the ASEAN Economic Community with the other economic powerhouses of the East Asian region.

5. Southeast Asia's diversity is often cited, usually by non-Southeast Asians, as a factor that makes ASEAN's achievements all the more remarkable – three or four major religions, a dozen official languages, distinct cultural outlooks and very different styles of government – monarchist, communist, liberal democratic. Of course that *is* remarkable, but I also embrace the view of Malaysian scholar Farish Noor, that Southeast Asia has long had an interconnectedness of its own, sitting astride trade routes, populated by seafarers and merchants, exposed to waves of outside influences, and endowed with open, adaptive and syncretic cultures that have fostered internal migration and intermarriage.

6. I say this to make the point that the ASEAN Community ambition is not just some 21st century construct handed down by officials about trade rules, customs procedures and road networks, but has centuries and centuries of rich historical context.

7. Most of what I want to say today relates to why ASEAN matters to Australia – now, in the 21st Century. That's the purpose of today's talk.

8. But while ASEAN has a lot of new friends in the community of nations, and a good number more who are courting it, Australia is an old friend – not just through our 40 years of dialogue partnership, but through a close network of bilateral partnerships with Southeast Asian countries individually from the very beginning of Southeast Asia's post-colonial era – for the past 70 years. Indeed, Australia has had a resident embassy in every current ASEAN capital since the earliest years of their respective independence, dating back to the 1940s and 1950s. Here in Vientiane, Australia enjoys the longest unbroken diplomatic relationship at Ambassador level with Lao PDR of any country – from 1952, so 62 years now. And I hardly need to say that our bilateral relationship has never been closer, or more productive.

9. Aside from being around for a long time, we have worked hard to play a useful role. In some countries, we have had the honour of helping facilitate the path to formal independence, such as our UN Good Offices role in Indonesia in the 1940s. Or helping to end years of conflict, such as our key role in Cambodia's Paris Peace Process, along with Australia's ensuing substantial commitment to UNTAC, including command of the military component. Or educating many thousands of Southeast Asian scholars in our universities, from the 1950s onwards, under the original Colombo Plan and subsequent scholarships schemes. Or building bridges, literally,

across the Mekong – the Thai-Lao Friendship Bridge just down the road here, about which my Thai colleague Arthayudh Srisamoot says “Australia was doing ASEAN connectivity well before the term was coined.” As you will know, April this year was the 20th anniversary of that project and another event well worthy of celebration.

10. We have been engaged in these ways because it is part of being a good neighbour. To you here in Vientiane, in a landlocked country with so many neighbours, it might seem strange to think of Australia as a neighbour. But from where we sit on our island continent between the Pacific and Indian Oceans, the ASEAN Community is right next door. That sense of neighbourhood, for us, will only grow stronger, as 21st century production networks reshape trade flows and bring about a more enmeshed and economically integrated region.

11. So for us, ASEAN’s security and prosperity is a very important part of our own security and prosperity. That is why Australia takes very seriously those ASEAN-led mechanisms to advance the security and economic interests of the broader East Asian region: the East Asia Summit, bringing together the leaders of ASEAN, the US, China, India, Japan, Korea, Russia, New Zealand and ourselves, and RCEP, the mechanism by which the ASEAN Community joins up in a trade deal with the great Asian economies and other key regional actors.

12. Just as Australia’s appreciation of ASEAN is not a new thing, so too is our view that its future significance is not just fashion. Far from it, for our economic partnership is on a trajectory like never before. Back in 1974, no-one would have foreseen that by 2014, ASEAN would be Australia’s second-largest trading partner. But that’s just what it is: a larger trading partner for us than Japan, than the EU, than the US. With a \$92 billion two-way trade relationship, ASEAN is second only to China. And this figure is more than double what it was a decade ago. The recent growth has been amazing.

13. Trade grows for many reasons, but it is a fact that Australia and ASEAN have worked hard together to create the right conditions for growing our trade. Where once we all hid behind tariff walls, we have since transformed ourselves into free traders and between us have negotiated a very high standard free trade agreement known as AANZFTA – the ASEAN-Australia-New Zealand Free Trade Agreement. This ground-breaking agreement was something we both wanted – it was an idea to advance our mutual interests and better link ourselves economically. At the time,

though, ASEAN had concerns about capacity constraints: how could ASEAN Member States negotiate in their own best interests, and be confident they were doing so?

14. It was around that concern – and our collective ambition to allay it – that Australia, New Zealand and ASEAN created a facility within the ASEAN Secretariat aimed at building up the technical capacities of Member States to deal with these issues. Known as the AANZFTA Economic Cooperation Support Program, this delivers workshops, training modules, policy dialogues and other modes of capacity building on key trade-related procedures such as rules of origin, certification, customs, intellectual property and competition policy.

15. Drawing on this shared experience, Australia and ASEAN have become effective partners in driving even more ambitious trade liberalisation, in pursuing RCEP. The objective of RCEP is to achieve a modern, comprehensive, high-quality agreement that will cover trade in goods, trade in services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement and other issues. The 16 RCEP participating countries account for almost half of the world's population, almost 30 per cent of global GDP and over a quarter of world exports.

16. Like Australia, ASEAN sees the value in RCEP as a means by which to broaden the benefits of integration. That is why ASEAN is enthusiastic for negotiations to conclude by the end of 2015, in line with the advent of the ASEAN Economic Community. We look forward to the next round of negotiations in New Delhi next week for some sense of whether that deadline is achievable. For our part, the quality and completeness of any such agreement should be the key determinant of when it is concluded; it would be a setback for our collective credibility should, in the interests of meeting a target, we were to finalise an agreement that was not up to the mark.

17. Whatever happens with RCEP, Australia remains committed to its programs of support for preparing for the arrival of the ASEAN Economic Community in 2015, in particular through our ASEAN Secretariat-based programs that provide capacity building assistance in the fields of services, investment, consumer protection, agriculture and financial integration, while also helping to strengthen the Secretariat's institutional capabilities so it can deliver the AEC's priorities. I am gratified by the ASEAN Leaders' Declaration at their recent Summit for a renewed commitment to

strengthening the ASEAN Secretariat and we hope we may play a further role in supporting its efforts to strengthen that important institution.

18. While the breadth and depth of our trade and economic cooperation make for the dominant story in the ASEAN-Australia partnership, it is far from the only story. We have, for example, taken a close interest in ASEAN's work on disaster management and preparedness, in particular the ASEAN Agreement on Disaster Management and Emergency Response (AADMER).

19. Despite its many geographic assets and attributes, Southeast Asia is, sadly, one of the most disaster-prone regions of the world. We have seen proof of that too many times, with massive human tragedies resulting from typhoons, volcanoes, earthquakes, tsunamis and floods. In such circumstances, friends and partners will always rally to assist, but communication and coordination of responses pose a very particular challenge.

20. That is why Australia has been a proud friend and key supporter of the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management, or the AHA Centre. In its short life since late 2011, the AHA Centre has supported ASEAN responses to disasters six times, each time reflecting its growing capacity and experience. Having recently completed its comprehensive lessons-learned exercise on ASEAN's response to Typhoon Haiyan in the Philippines, Australia is confident that the AHA Centre will continue to invest in building preparedness and increasing the capacity of the region to respond to disasters.

21. In 1967, when ASEAN formed, Southeast Asia was a turbulent part of the world. While from the outset it was conceived as an organisation for economic, social and cultural cooperation, it also had a clear objective to promote regional peace and stability. Indeed, peace and stability were necessary preconditions to achieve results in these other fields.

22. One of the challenges ASEAN faces in framing its success is how to sell the diminution of conflict and instability as an achievement. While it would be impossible to prove that ASEAN was responsible for the last few decades of peace and stability in Southeast Asia, it is reasonable to assert that the habits of consultation that feature in ASEAN's approach have played a very significant role in preserving a peaceful neighbourhood. Indeed, it is difficult to imagine what Southeast Asia would

look like today had ASEAN never come about. Or as the Philippines Permanent Representative to ASEAN, my good friend Elizabeth Buensuceso, quipped when I took up my role in Jakarta “If you think working with ASEAN is a challenge, try working without it!”

23. ASEAN has a key role in helping all of us successfully manage the changing strategic dynamics in the region, including the relationships between and among the major players. ASEAN centrality serves a strategic purpose in helping to balance these dynamics. ASEAN and ASEAN-led fora can make the most of this centrality with active management of some of the region’s more sensitive issues. This includes, of course, the ongoing tensions in the South China Sea, which affects claimants and non-claimants alike by virtue of its role as a major thoroughfare for international trade – for example, around 60 per cent of Australian exports and almost 40 per cent of our imports pass through those seas.

24. This is why it is important for members of the broader region to invest in building up ASEAN-led mechanisms for dealing with security and strategic issues. This is why Australia has consistently attached great store to those processes that have brought together ASEAN members with stakeholders from the wider region, why we chose to be a founding member of the ASEAN Regional Forum.

25. The ARF’s work on functional cooperation across so many areas has been critical to fostering the habits of cooperation and consultation which build confidence over time. From disaster management to maritime security to newer issues such as cyber, the ARF has delivered a breadth of practical results to the regional security agenda. We expect this to grow further as the ARF moves into its Preventative Diplomacy phase.

26. Australia also sees strong opportunities for the region with the ASEAN Defence Ministers Meeting Plus (ADMM+), established at Vietnam’s initiative in 2010. With the ever-present risk of miscalculation, the ADMM+’s goal of fostering military-to-military cooperation and understanding at the operational level is of immense value for building confidence and reducing risk. The ADMM+’s work at building relationships and familiarity between services has a vital role to play in our regional security architecture, complementing both the ARF and the EAS.

27. From Australia’s perspective, the EAS is the premier regional forum: it is a leaders-led process, it includes all ASEAN members together with all the key players

in the region, with the United States, China and India at the one table, and it has the mandate to address the most compelling issues of our times. With ASEAN at its centre, the East Asia Summit represents a potential anchor for our region's peace and a stabiliser for our region in challenging times. Moreover, its members account for 55 per cent of global GDP and more than half the global population. Eight EAS members are in the G20; there are three permanent members of the UN Security Council which, along with India, possess four of the five largest armed forces in the world. Australia's interests lie in working with our ASEAN and other like-minded partners to ensure the EAS continues to develop in this role.

28. Australia's aspiration for the EAS is for it to build confidence and nurture a culture of dialogue and collaboration on security issues in this part of the world – that broad arc extending from India in the West across Asia and the Pacific to the United States in the East. We also want the EAS to ensure that regional financial and economic integration keeps moving forward, binding our economies together and deepening our mutual interest in thwarting future financial crises such as we have seen in the two preceding decades. And we also see the EAS as a vehicle to address the transnational issues of our times, including resource and food security, non-proliferation and terrorism, disaster management and pandemic response. In all of this our objective should be to nurture habits of consultation across the region. Consultation may not lead always to resolving problems but, as ASEAN has taught us, it can make the search for solutions easier and diminish the risks of miscommunication and miscalculation.

29. Australia's elevation to "strategic partner" this month was not only a great honour and recognition of my country's close involvement with ASEAN for the past 40 years, but also a signal of our future mutual interest in shaping a stable and prosperous region. This aligns closely with how we see our relationship playing out in the post-2015 environment. As we see it, since the ASEAN Charter came into force in 2008, ASEAN has been looking increasingly outwards to the world, recognising the opportunities that reside in open and inclusive regionalism. While we know it will be up to a year before we see the post-2015 vision in its refined form, all the indications are that the great ASEAN project of fostering stability and promoting prosperity will continue to project out onto a broader canvas, aspiring to further integration, liberalisation and openness.

30. A key feature of our future relationship with ASEAN will be the culture of two-way partnership. This notion – that Australia has much to learn from our friends in the region – underpins the thinking behind the New Colombo Plan, a scheme that provides assistance and opportunities to young Australians to live, study and work in Asia. Foreign Minister Bishop announced in Nay Pyi Taw that, following its successful pilot in 2014, the New Colombo Plan would be rolled out to all ten ASEAN Member States. In Laos, from next year, expect to see more bright young Australians on your streets, here not just to absorb the cultural wonders of Luang Prabang or seeking adventures on the Mekong, but to learn, understand and appreciate your way of life and your way of seeing things.

31. Such people-to-people links lie at the heart of any successful partnership. I personally was a beneficiary of a wonderful Australia-Indonesia student exchange program in the mid-1980s, that deepened my own interest in and understanding of Indonesia as a young man, and set me on a path that would lead me here today, speaking to ASEAN friends and partners as Australia's first resident ASEAN Ambassador.

32. Because we know the value of these things, the Government has considered the options for enhancing further the people-to-people engagement with ASEAN on a regional scale, and has decided, from mid-next year, to establish an Australian-ASEAN Council to promote Australia-ASEAN relations by initiating and supporting activities designed to enhance awareness, links and understanding between people and institutions in Australia and ASEAN.

33. So there are some new things for the ASEAN-Australia relationship, which sit proudly among many of our mature, longstanding commitments to our Southeast Asian friends. Make no mistake, our vision for the future of our engagement is about building on the strengths of the past, not replacing them.

34. We remain committed to helping ASEAN narrow the development gap, by sustaining our \$1 billion plus aid investment among the less well-off ASEAN members. In Laos, this includes our \$60 million annual program with its focus on the Lao Government's development priorities of education and human resource development, developing the rural economy, trade facilitation and natural resource management.

35. We remain committed to supporting ASEAN connectivity, reflected in such concrete terms by that first bridge over the Mekong 20 years ago and many projects since.

36. And we remain committed to supporting the ASEAN Community 2015 vision, through our programs designed to support Member States identify and overcome the challenges to achieving economic integration. In fact, Prime Minister Abbott announced just this month Australia's AUD10 million commitment over three years to the Mekong Business Initiative, a new ADB-run facility to provide technical expertise on policy reform to governments and the private sector in Laos, Cambodia, Myanmar and Vietnam. In line with our aid-for-trade and economic diplomacy agendas, the MBI will aim to improve local regulatory environments in those countries and to help businesses take advantage of the opportunities of economic integration.

37. So, looking ahead, our friends across ASEAN can continue to count on Australia as an old friend and neighbour, committed to a stable and prosperous Southeast Asia as a key element of our own stability and prosperity. But we are an old friend open to new ways, and, as we move forward, we seek to do so in partnership, jointly investing in a prosperous future to the benefit of us all.