

More engagement with ASEAN is Australia's best hedge in Asia

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Australian Financial Review, 29 July 2018

Link: <https://www.afr.com/news/politics/world/more-engagement-with-asean-is-australias-best-hedge-in-asia-20180729-h139zg>

Australia's diplomacy in recent years can at best be described as underwhelming, if not at times inimical to Australia's national interests. In March, however, the presence of ASEAN Heads of Government in Australia, meeting at Prime Minister Turnbull's initiative, was an important event. It is to be hoped that it will mark a return by Australia to its previous middle-power role in the Asia-Pacific region.

In the past, Australia has led high-profile regional initiatives which have involved it working constructively and cooperatively with ASEAN states individually and collectively. These have included the establishment of APEC, the creation of the APEC Summit, the Cambodian Peace Settlement and the Bali Process on People Smuggling. Each is a legacy of Australia's three recent "foreign-policy" Prime Ministers – Hawke, Keating and Howard. Prime Minister Turnbull now has the opportunity to establish his foreign-policy legacy.

Ten years ago the idea of ASEAN's leaders meeting in Australia would have been laughable. Australia has always been seen by ASEAN as an outsider in the Asia-Pacific region, notwithstanding our massive economic integration and our valuable cooperation across defence, counter-terrorism, people smuggling, organised crime and disaster relief. ASEAN members have always sought to protect the integrity of the group and to make it central to East Asian affairs.

Australia's liberal democracy with a robust independent media that criticises regional governments for abuses of human rights or for ethnic discrimination sits awkwardly with the more authoritarian political systems of our neighbours and their controlled or cowed media. Successive Australian Governments have sought to navigate a way through this with varying degrees of success. Former senior diplomat Dick Woollcott famously described Australia as the "odd-man-in" in Asia. But we were never comfortable with being an insider and neither was ASEAN with having us there.

The change in ASEAN's attitude towards Australia is attributable to the rise of China.

Australia is now having a debate that it has needed to have for a long time over the rise of China. Heated, and often abusive, domestic arguments over foreign interference laws are a distraction. The real issue is with China's rise and increasing weight in the East Asian region, and Australia responds to the changed regional order.

The problem with China is that as a great power its internal means of political and social organisation stand far from the global norms. In a world where China's influence is prevalent, we can expect much less attention to human rights, for example, or with international norms that it believes were created by developed nations without its participation. China is also adopting more assertive and at times aggressive foreign policy positions. It has taken to settling for itself [disputed territorial issues in the South China Sea](#) with unilateral action.

Countries in East Asia need to find ways to manage the risks, militate against bad behaviour by China and encourage constructive engagement with China that accommodates China's rise but not at the expense of its regional neighbours.

One response has been to try again to breathe life into the so-called [Quadrilateral Dialogue of Democracies](#) in the region, involving Japan, India, the US and Australia. As its original name suggests, it is an ideologically defined grouping intended to balance China. Not surprisingly, Beijing for its part sees it as being intended to contain China.

Australia has become a vocal advocate for this group. The difficulty, however, is that three of its members are China's strategic rivals, whereas Australia is not. Two – India and Japan – also have active border disputes with China. Moreover, other major democracies in the region which also are not China's strategic rivals, such as South Korea, Philippines and Indonesia, are not included. It is therefore disingenuous to try to pass off the so-called Quad as merely a discussion group of like-minded countries.

Rather than seeking to balance or contain China, which is only likely to be self-defeating as China will feel compelled to push back against this, a hedging strategy involving of China's maritime neighbouring states which are not strategic rivals is a better option to try to prevent bad behaviour by China.

Australia should be clear and explicit about what it intends to do with such a strategy, which is to encourage China to adhere to rules and norms in the region that seek to minimise conflict while respecting sovereignty of all states in the East Asia region. We should also explore ways to make new rules in the region and create new regional architecture which reflects contemporary realities in the region.

China has shown it is open to rule making and the creation of new multilateral institutions. The Asia Infrastructure Investment Bank (AIIB) is an example of this and points the way to new possibilities . China could have achieved all the objectives of the AIIB by itself acting unilaterally, and it does do this as well. Instead, with the creation of the AIIB, Beijing decided to bind China in a new set of multilateral rules and disciplines.

The creation of the AIIB was largely in response to the refusal of the old developed powers to reform the IMF and World Bank to reflect the new realities of the contemporary global distribution of economic power. The confusion in the Australian Government's foreign policy in responding to China's rise was highlighted by its fumbling of the issue of AIIB membership. While it did manage to scramble and become a founding member, Australia joined well down the list behind Luxembourg and just ahead of Norway, hardly prominent members of the Asia Pacific region. We also lost potential leverage and influence in shaping the AIIB.

An effective hedging strategy will have a number of strands. It is messier to execute than a grand grouping like the Quad and, as such, will require skilful and energetic diplomacy. For Australia, as it already is for Singapore, close cooperation in the region on how to respond to China's rise need not be mutually exclusive of maintaining the traditional security relationship with the United States. Indeed, that relationship is essential for any successful hedging strategy.

Australia already has close bilateral relations with a number of countries in the region, such as Japan, the Republic of Korea, Indonesia and Singapore. These will need to be sustained and deepened, including where they do not already occur, with bilateral military-to-military

exchanges and exercises. The recently-concluded bilateral military arrangement with Vietnam is an excellent case in point. The Australian military is actively engaged in assisting the Philippines army deal with the insurgency threat in the south of the country. This should lead to longer and more enduring forms of bilateral military cooperation.

A major challenge for Australia, however, is that many of the governments in the region have dubious democratic and human rights credentials. An effective hedging strategy will require Australia to work closely with governments that we do not like. Many of these states are susceptible to China's influence.

Collectively, ASEAN is the most obvious body with which Australia should engage on a China-hedging strategy. Australia does not need to join ASEAN formally for it to add substantial geopolitical weight to ASEAN and ASEAN to Australia. Already there is the ASEAN "plus" processes and the ASEAN Regional Forum.

A hedging strategy focussed on our area of immediate strategic interest, namely East Asia, should seek to strengthen and broaden each of our individual bilateral relationships across South-East Asia as well as work with ASEAN collectively.

Australia's relations are of uneven quality. We have close and deep relations with some, but the depth of the relations tails off fairly quickly from there. We are also often inconsistent in how we manage relationships. We embraced former Philippines President Aquino, especially after his strong stance against China in the South China Sea encouraged by the Obama Administration, but have allowed the relationship to cool in response to our concerns over President Duterte's human rights abuses in his anti-drug campaign, while supporting anti-insurgency efforts in Mindanao.

Balancing these complex elements – moral convictions and security in the case of the Philippines – is an unfamiliar challenge for Australia's diplomacy. Finding carefully nuanced trade-offs will be necessary if we are to build more robust and enduring close relationships across the region. Building trust will require deft statesmanship at the highest levels. Consistency in our policies and public statements will be a key to this. Something we have not been particularly good at.

Sensibly, we have strengthened and broadened relations with Vietnam but have neglected other parts of South-East Asia. Incredibly, an Australian Prime Minister has not made a bilateral visit to Thailand, as distinct from attending a multilateral meeting such as APEC, since the late 1990s.

Other front-line states facing China's immediate influence, such as Laos and Cambodia, have similarly been neglected. Australia was quick to support the democratic renewal in Myanmar but equally quick to cool its ardour in the face of human rights abuses of ethnic minorities.

Laos and Cambodia

Laos and Cambodia have been effectively lost to China. It has achieved its strategic aim to have these as client states. Myanmar is resisting as best it can despite massive Chinese commercial presence. Thailand seems to be finding it difficult to position itself, as shown by the ongoing public debate and changes in policy over China's railway construction ambitions there. [Mahathir's' return to power](#) has seen him push back quickly against China with the review or cancellation of a number of major infrastructure projects.

All countries in the region are trying to work out how to accommodate China's rise while not undermining their sovereignty. They recognise that China is now and will continue to be the dominant power in the region through its economic and increasingly military weight. In an important respect, they are like Australia. They all seek China's markets and investment but are trying to work out how to manage China's overweening influence.

This convergence of interest between South Asia and Australia in the face of China's rise provides an opportunity for Australia to develop with its neighbours a hedging strategy for managing China while providing strategic space for China's continued rise.

A key element of such a strategy would be realistic solidarity. This means that while allowing for the reality that each country's interests will prevail in its dealings with China, beneath this China should know that if it pushes hard against one it would be pushing hard against all and would be resisted by all. It will take a lot of diplomatic effort to achieve this.

The South China Sea is a case in point. A co-ordinated position from the region, including Australia, would have had much more impact in Beijing than various individual responses. While Laos and Cambodia, and perhaps Thailand, would not have engaged actively, concerted diplomacy across the region may have been able to develop a coordinated position.

If Australia's security is truly under challenge from China – which itself is not self-evident and thus needs to be argued by those who claim it to be – then Australia needs to work much harder, more creatively and more skilfully on its relations with South East Asia.

Engage more directly

A policy framework for an ASEAN hedging strategy would involve, among, other things:

1. Continuing with ASEAN plus One (Australia) engagement, including hosting more ASEAN meetings in Australia below the level of Head of Government to build habits of cooperation and consultation and over time policy coordination around challenges to regional stability, including from state and non-state actors.
2. Engage more directly, consistently and actively with major ASEAN states bilaterally on strategic challenges created by China's rise, particularly with Indonesia, Philippines, Vietnam, Thailand and Malaysia, including more frequent Prime Minister and Foreign Minister visits to build a greater sense of strategic trust.
3. Such engagement should include annual meetings between foreign and defence meetings.
4. We should be clear, direct and open with China about our intensified engagement with ASEAN collectively and with its individual members and what the purpose of our hedging strategy is and is not. It is not about containing or balancing China, nor is it based on ideological premises, but rather it is a pragmatic response by China's maritime neighbouring states to their legitimate concerns that China as the major power in the region behaves in ways that respect the interests of the region's smaller states.
5. Initiate discussion with key ASEAN states on a possible new regional security mechanism. In 2008, former Prime Minister Rudd floated the idea of an Asia Pacific Community which would

have, in effect, introduced formal discussion of security issues into APEC – or combining economic and security issues in the same forum. Unfortunately, the execution was found wanting. The idea was floated ahead of consultations with regional partners and ASEAN was immediately suspicious that it would – by design or inadvertently – marginalise ASEAN.

The East Asian Security Cooperation Conference (EASCC) might initially comprise ASEAN, Australia and the Republic of Korea, with the US, China and Japan as observers. Once established, with a settled structure and work streams, and had demonstrated its worth, membership issues could be re-visited.

EASCC would preferably adopt a wide definition of "security" to include, for example, traditional areas of armament and disarmament; non-state actors; energy; resources; transportation; food; environment; and economic matters.

It would, of course, require considerable diplomatic agility and consultation. It should be a bottoms-up process, proceeding on the basis of dialogue and confidence building.

EASCC's primary objective would be to build mutual trust in East Asia and, in doing so, reduce the prospect of armed conflict.

Violent conflict not inevitable

China's ever-growing weight in the region need not lead inevitably to violent conflict. The Thucydides Trap is not an ordained historical outcome, despite what some hawkish commentators may think. It is up to each generation of policy makers and statesmen to understand the changing geopolitical realities and the deep structural forces shaping them and accept their responsibility to avoid conflict.

The global order has changed but is still not settled. China is driving this. Regional states need both to play their part and find ways of cooperating to ensure that their legitimate interests are respected, especially territorial integrity, without conflict.

If Australia returns to a more neutral foreign policy stance which, in the face of the vagaries of President Trump it will sooner or later have little choice but to do, and rebuilds its once strong relationship of trust with China and major regional players, it will be well placed to lead on these initiatives to promote a new regional order and stability. It is an historic opportunity for the Prime Minister.

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