

## REVIEW OF REGIONAL DEVELOPMENTS

**Love your Neighbors?:  
Crisis in Indonesia-Australia Relation and  
the New ASEAN Chairmanship**

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In the fourth quarter of 2013, there are two cases which might bring implications for both Indonesia as well as ASEAN in the near future. Firstly, the change of government in Australia from the former Labour Party to a Liberal-National coalition has immediately created tension in the bilateral relations of Indonesia and Australia after some period of smooth and constructive relations especially in dealing with the threat of terrorism. The policy of the new administration under Prime Minister Tony Abbott to curb the numbers of boat people coming to Australia has been viewed by Indonesia as challenging its national sovereignty. The second important case is the result of the ASEAN Summit in Brunei Darussalam. The relative success of this Summit, following a shameful failure of ASEAN to come out with a Joint Communique in Phnom Penh the previous year, has to some extent brought ASEAN back on track towards establishing an ASEAN Community in 2015.

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## **Indonesia-Australia Relations and the Challenges of a New Government in Canberra**

The Liberal-National coalition headed by Liberal leader Tony Abbott won 88 seats in parliament in the recent Australian general elections. The coalition defeated the Labour party which had been in power for the last six years. The election of Tony Abbott as the new Australian Prime Minister and the change of majority in parliament marks a significant shift in Australian foreign policy from that of the previously Labour-led governments. Subsequently, this holds substantial implications for Indonesia's relationship with Australia. Although the details of Abbott's foreign policy strategy are in certain areas ambiguous at best and encapsulated in catch phrases such as "more Jakarta, less Geneva," differences in the areas of border control, international aid and overall diplomatic approach to foreign policy can be observed.

It has been hoped that a change of government in Canberra would bring improved relations between Indonesia and Australia. Although the new PM has stated the importance of Indonesia as a 'friend' and neighbour, missteps such as the lockout of Indonesian journalists from a press conference held during Abbott's first state visit to Indonesia in September 2013 hamper the efforts to deepen relations between the two states. Moreover, the recent discovery of Australian spying activities targeting President Susilo Bambang Yudhoyono, the first lady, and the President's inner circle through the wire-tapping of their mobile phones have led to a breakdown of diplomatic and political relations. Abbott's statement to the Australian parliament on the matter was unremorseful of the incident and instead of quelling anger in Jakarta has led to President SBY's decision to recall the Indonesian Ambassador to Australia indefinitely.

This is certainly an opposite situation compared to last year. The Indonesia Poll 2012 released by the Lowy Institute in the same year which measures the warmth of bilateral relations, found that among 21 countries, Indonesia's feelings towards neighbouring Australia reached a level of 62 degrees while the warmest relation was perceived to be with Japan measured at 66 degrees. This showed a significant increase from 2006 when Indonesia's feelings towards Australia only reached 51 degrees, which is considered as 'lukewarm' relations.

However, despite frequent travel to Bali and other areas in Indonesia, around 33% of Australians said that Indonesia is more of a threat to Australia now than it was 15 years ago when Indonesia was still under an authoritarian regime.<sup>1</sup> Therefore, it seems that the policies made by the new administrative in Australia may to some extent reflect this sort of feeling among its people towards Indonesia.

### **Australia's stricter policies on asylum-seekers arriving by boat**

While only a part of the wider cooperation agenda between Indonesia and Australia, the handling of asylum-seekers transiting through Indonesia to reach Australian shores has proven to be a challenging undertaking. Tony Abbott ran for election on the assurance that he would put in place strict border control policies to deter the arrival of boat people. He also stated that he would 'turn boats back' where possible. In Operation Sovereign Borders, which was drafted during his election campaign, Abbott outlines his plan to treat the issue as a national emergency and employ the use of a three- star general to head a military response.<sup>2</sup>

Abbott's harsher position has spurred much tension as the implications of the policy on the complex dimensions of sovereignty and national security of both countries come into play. The coalition has voiced its preference to deal with the issue in the context of bilateral cooperation as opposed to a multilateral forum that Indonesia had originally favoured. Australia and Indonesia have settled on handling the issue of people smuggling through bilateral talks complimentary to progress made by the Bali Process, or 'Bali Plus' as Abbott calls it.<sup>3</sup>

It is doubtful that meaningful and lasting cooperation on the matter can be achieved if Canberra continues to give preference to strategies that in effect bypass Indonesian approval. So far, Abbott has expressed endorsement of three strategies to deal with people smuggling: towing boats back, buying back boats that could potentially be sold to people smugglers and paying Indonesian nationals for intelligence relating to

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<sup>1</sup> Fergus Hanson, "Shattering Stereotypes: Public Opinion and Foreign Policy," *Lowy Institute, Indonesia Poll 2012*, p. 7.

<sup>2</sup> "The Coalition's Operation Sovereign Borders Policy," *Liberal Party of Australia*, July 2013, [http://lpaweb-static.s3.amazonaws.com/Policies/OperationSovereignBorders\\_Policy.pdf](http://lpaweb-static.s3.amazonaws.com/Policies/OperationSovereignBorders_Policy.pdf)

<sup>3</sup> "Australia and Indonesia: Boats, cows and grass," *Economist*, 5 October 2013

human smuggling activities. All of which raise questions regarding the infringement of Indonesian sovereignty. Mahfudz Siddiq, Chairman of Commission I of Indonesia's Parliament has said that the strategies favoured by Abbott are "*degrading and offensive to the dignity of Indonesians*" and further mentioned that "*Indonesia is not Australia's colony whose people can be bought for another country's interest*".<sup>4</sup> Another member of the Indonesian Foreign Affairs Commission, Tantowi Yahya has also expressed concern over the consequences of the policy for Indonesia-Australia relations and its effects on Indonesia's sovereignty.<sup>5</sup>

Moreover, the policies stated have done little to gain favour in Jakarta. For instance, the idea that Australia would pay Indonesians for information on people smuggling activities is arrogant on the part of Australia in its assumption that information from Indonesian people is readily available to be bought for the right price. As indicated in a statement made by current Foreign Minister Julie Bishop, Australia does not see it necessary to seek permission from the Indonesian government to apply its asylum seekers policy.<sup>6</sup> Since boat people are obviously sailing through the Indonesia waters this can be viewed as an insult since it inherently undermines Indonesia's legal and procedural systems concerning people smuggling activities. Furthermore, it casts doubt on whether or not Abbott is sincere about approaching the matter in a cooperative and consultative manner.

Vice Admiral Bambang Suwanto who serves as the Executive Director of the Indonesian Maritime Security Coordinating Board has stated that Indonesia will not be pressured by Australia to adopt a strategy that seeks to stop boats by any means. Rather, he instructed the 13 maritime authorities of Indonesia to act in line with national laws and procedures.<sup>7</sup> On November 8, 2013 Australia requested that Indonesia receive a rescued boat carrying 60 asylum seekers bound for Australian shores. The request was not granted and a maritime

<sup>4</sup> "Mahfudz Siddiq Calls Australia Opposition's Asylum-Seeker Plan 'Crazy'," *The Jakarta Globe*, 27 August 2013.

<sup>5</sup> Sophie Brown, "Australia's Asylum Seeker Policy is 'Offensive and Illegal': Indonesian MP," *Time*, 19 September 2013.

<sup>6</sup> "Coalition won't be asking for Indonesia's permission on asylum seeker policies: Bishop," *ABC News*, 16 September 2013, <http://www.abc.net.au/news/2013-09-16/coalition-to-ask-indonesia-for-understanding-not-permission/4959976>

<sup>7</sup> "RI rejects Australia's people smuggling proposal," *The Jakarta Post*, 12 November 2013.

standoff ensued. Indonesia, having never agreed to Australia's towing-back policy in the first place, declined the last three requests from Australia to receive rescued boats between the months of September and November this year.<sup>8</sup>

### **Reduction and reorganization of Australian foreign aid**

The decision by the Australian government to cut the foreign aid budget and reallocate the estimated A\$4.5 billion in savings over a period of three years to domestic infrastructure and road projects is expected to delay Australia's previous commitment of raising foreign aid spending to 0.5% of GNI by 2015-2016.<sup>9</sup> Under Abbott's government, aid spending amounting to 0.5% of GNI is said to remain a goal although Canberra has declined to provide a timeframe for its realization.

Furthermore, AusAID is set to undergo structural change as the new government has decided to merge the aid body with the Department of Foreign Affairs and Trade in an effort to closer align diplomatic objectives with aid-giving activities. Although such a move is not uncommon, the increasing politicization of the purposes of Australian aid can be expected.

In 2012-13, Indonesia received an estimated \$541.6 million in aid from Australia focusing mainly on education, governance, economic development and health. It is the largest singular recipient of Australian foreign aid. It will be watching intently to see the measureable effects of the reorganization of Australian aid and whether or not this affects social development projects currently underway in the country. A concern in Indonesia is that the aid reduction may affect education since this is the sector that receives the largest amount of Australian aid.<sup>10</sup>

### **Spying scandal**

The information released by by Edward Snowden on the spying activities conducted by the United States and Australian governments

<sup>8</sup> Ina Parlina, "Govt stands its ground on asylum standoff," *The Jakarta Post*, 10 November 2013

<sup>9</sup> "Australia's new PM vows to cut foreign aid," *Al Jazeera*, 8 September 2013, <http://www.al-jazeera.com/news/asia-pacific/2013/09/20139854334779191.html>

<sup>10</sup> Donny Syofyan, "Indonesia remains important for Australia under Abbott," *The Jakarta Post*, 10 September 2013

have immediately sparked strong reactions among their allies and neighbouring countries. While Obama's speedy response to seek for an apology has relatively been able to tone down the wrath of its allies, it is a totally different case for the Indonesia-Australia relations. The wiretapping activities were done in 2009 to ten officials in Yudhoyono's cabinet and surprisingly to the President himself and his wife, Ani Yudhoyono.<sup>11</sup>

The failure of the Abbott administration to immediately seek for an apology and promise to stop such intelligence activities, but rather put all the blame to the previous administration has pressured the Indonesian government to take a hard line on this issue in order to ease domestic anger.<sup>12</sup> Moreover, it is also clear that the current administration does not have a good understanding of the political dynamics in Indonesia, in which the current Indonesian president has been portrayed for so long as weak and indecisive. As a result, this spying case is being perceived as one of the chances for him, in his last ruling term, to flip such an image.<sup>13</sup>

The seriousness of the problem has been indicated by the recall of the Indonesian Ambassador to Australia. The announcement made by the President himself that cooperations in all sectors, including the areas of people smuggling, defence and intelligence will be evaluated and put to a halt for an uncertain period of time. Moreover, the strategic partnership between the two countries would also be reviewed. While some observers believe that the relations will soon improve due to the many common interests shared by the two countries, it is certainly necessary for the new Abbott administration to gain a better understanding of Indonesia and from the very beginning to get used

<sup>11</sup> The nine officials are Susilo Bambang Yudhoyono (President), Boediono (current Vice President), Jusuf Kalla (Former vice president), Dino Pati Djalal (Former Presidential Spokesperson), Andi Malarangeng (Former Presidential Spokesperson), Hatta Rajasa (State Secretary), Sri Mulyani (Coordinating Minister of Economic Affairs), Widodo AS (Coordinating Minister of Political Affairs and Defence), and Sofyan Djalil (Minister), plus Madame Ani Yudhoyono (First Lady). As quoted from in "Diplomatic fallout from the latest Snowden revelations," Lowy Interpreter, 18 November 2013, <http://www.lowyinterpreter.org/post/2013/11/18/Reveal-their-secrets-protect-our-own.aspx>

<sup>12</sup> Dave McRae, "Abbott's failure to listen escalates spying row," Lowy Institute, [http://lowyinstitute.org/files/dave\\_mcr\\_abbotts\\_failure\\_to\\_listen\\_escalates\\_spying\\_row.pdf](http://lowyinstitute.org/files/dave_mcr_abbotts_failure_to_listen_escalates_spying_row.pdf)

<sup>13</sup> Peter McCawley, "Australia-Indonesia relations: Where to from here?" Lowy Interpreter, <http://www.lowyinterpreter.org/post/2013/11/20/Australia-Indonesia-Dont-expect-things-to-get-easier.aspx>

to the fact that Indonesia is indeed a big country and will become a stronger regional player in the near future. This has been nicely put by Dennis Richardson, the former Secretary of the Department of Foreign Affairs and Trade and now Secretary of the Department of Defence:

“[Another] big challenge is to continue to manage our near neighbourhood relations with deftness and sensitivity, consistent with our national interests. This is a challenge which confronts successive generations of Australian foreign policy advisers and decision makers. We have had mixed success. But the environment is changing. It is only a matter of time before we have a neighbour in Indonesia which has a bigger economy in nominal terms than our own. We are not used to that. As Indonesia grows wealthier and more confident it will become increasingly difficult for Australia to gain the attention of Indonesian decision makers to the extent that we think our interests might warrant. In other words, we may need to become more selective in what we push and what we ask for.”<sup>14</sup>

A friendly Indonesia certainly brings more advantages for Australia in terms of trade benefits and support for Australia’s counterterrorism activities and deterrence policies in regards to boat people.

### Moving forward

The recent breakdown in working relations between Australia and Indonesia has been the tensest period since the 1999 East Timor crisis. Australia’s involvement in East Timor was popularly eyed with suspicion, casting doubt on its support for Indonesian unity and territorial integrity.<sup>15</sup> This created an air of mistrust between both parties and reinforced the view that Australia supports separatist movements within Indonesia.<sup>16</sup> Consequently, uncertainty regarding Australian intentions in the region still persist; making trust between both countries volatile and sensitive to events that transpire in the exercise

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<sup>14</sup> Ibid.

<sup>15</sup> “Indonesia relations: Three lessons from Timor”, Iain Henry, Lowy Interpreter, 1 August 2013, <http://www.lowyinterpreter.org/post/2013/08/01/Indonesia-Three-lessons-from-Timor.aspx>

<sup>16</sup> “What Indonesia’s Rise Means For Australia”, Hugh White, The Monthly, June 2013, <http://www.themonthly.com.au/issue/2013/june/1370181600/hugh-white/what-indonesia-s-rise-means-australia>

of foreign policy. Following the crisis, the two countries were able to normalize relations due to the warm reception given by then Australian Prime Minister Howard towards the election of President SBY in 2004. The two leaders developed an amicable personal relationship which laid the groundwork for strengthening and deepening relations, later materialized in the Lombok Treaty which underlines support for national sovereignty and territorial integrity of both countries. Relations between the two countries continued to improve under the Rudd government due to the historically positive experience of Indonesia with Labour governments<sup>17</sup> and the good rapport Rudd had cultivated with President SBY that made enhanced people-to-people relationships a seemingly feasible objective.<sup>18</sup>

For Australia and Indonesia to move past tensions and resurfaced mistrust issues due to the recent spying row, Tony Abbott should take heed of two lessons from the past. First, rhetorical promises to develop friendly relations and mutually beneficial cooperation should be reinforced by tangible commitments. Such was the case in the creation of the Lombok Treaty which formed the basis for positive engagement in key security areas while assuring Indonesia of Australian respect for its sovereignty thus mitigating prevalent doubts to the contrary. In regards to Australian spying on Indonesia, President SBY has proposed a six-point roadmap towards the normalization of relations, the intended result of which is to produce a code of conduct and intelligence protocol to guide the actions of both countries, but more importantly assure both sides of cooperation on the basis of friendship. Rather than respond with contempt, Abbott should maximize this opportunity to show sincere resolve to rebuild trust with Indonesia in the effort of moving towards deeper relations with its neighbour. Second, the relationship between the leaders of both countries matters. Rudd was able to foster good relations with Indonesia in part because of the goodwill he had accrued with President SBY. On the other hand, Abbott's relationship with his counterpart in Jakarta remains tense, this being further exacerbated by his response to the spying revelations.

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<sup>17</sup> Priyambudi Sulistiyantono, "Indonesia-Australia Relations in the Era of Democracy: The View from the Indonesian Side", *Australian Journal of Political Science*, 1 (2010): 117-132.

<sup>18</sup> Editorial: Bye Kevin. Hello Julia?, *The Jakarta Post*, 25 June 2010.

Contradictory statements given by Abbott and Bishop on whether or not Australia will halt its intelligence gathering on Indonesia undercut the trust-building process that both countries are currently pursuing.<sup>19</sup> Furthermore, the lack of a personal relationship between the two leaders coupled with inflammatory statements made in Canberra by the PM and hyped media attention given to the issue in Indonesia only foster an environment of suspicion. If Abbott is sincere in his desire to repair Australia's relationship with Indonesia his public statements must be consistent with this goal. Moreover, his approach to the roadmap proposed by President SBY should not be one riddled with reluctance and a 'show them who's boss' attitude rather he should view this as an opportunity to transform uneasy bilateral relations into one that resembles a partnership built on mutual trust and respect.

### **ASEAN: Recognizing Achievements in 2013 While Looking Forward to 2014 and Beyond**

#### *The successful leadership of Brunei in 2013*

Brunei's chairmanship of the ASEAN in 2013 has been considerably successful, from the onset Brunei aimed to make strides in implementing the blueprint for ASEAN integration in preparation for the envisioned ASEAN Community by 2015. This community is to be founded on three pillars: the ASEAN Economic Community (AEC), the ASEAN Political-Security Community (APSC) and the ASEAN Socio-Cultural Community (ASCC). At present, there has been a noted 79.7% implementation of action lines outlined in the AEC Blueprint while around 90% of the ASCC Blueprint has been implemented,<sup>20</sup> positive progress on the APSC blueprint has also been acknowledged.

In an effort to reduce tensions surrounding the South China Sea, Brunei has been instrumental in bringing parties back to the negotiation table. At this year's ASEAN Regional Forum (ARF), China agreed to begin consultations on a Code of Conduct to manage the South China Sea dispute. A renewal of ASEAN and Chinese commitment to consult one another and hold formal discussions regarding the formulation

<sup>19</sup> "RI unsure about Australia's 'sincerity'", Bagus BT Saragih, *The Jakarta Post*, 8 December 2013.

<sup>20</sup> "Our People, Our Future Together," Chairman's Statement Of The 23rd ASEAN Summit, Bandar Seri Begawan, 9 October 2013.

of a binding Code of Conduct (CoC) has been significant especially since there had been concern that rising nationalistic sentiments could threaten regional security and peaceful settlement of the issue. Although tangible outcomes have yet to be seen, Brunei has been effective in that its chairmanship has allowed for the easing of tensions and has brought ASEAN and China one step closer to amicable cooperation on the dispute.

As ASEAN looks to the future, the subject of the direction of ASEAN after the creation of the ASEAN community has been discussed in various meetings and summits held this year. It has become clear that a vision for ASEAN beyond 2015 is important for continued progress of the region. As such, the ASEAN Coordinating Council has been tasked with drafting the ASEAN Community post-2015 Vision.<sup>21</sup> ASEAN also remains determined to double its combined GDP from US\$2.25 trillion to US\$4.4 trillion and slash the poverty rate in half from 18.6% to 9.3%.<sup>22</sup>

Another achievement made in this Summit is the launching of the ASEAN Security Outlook for the first time. The release of this Outlook should be appreciated as the first effort to share the common views of what constitute the security challenges faced by ASEAN as well as individual country's threat perception and military capabilities and budget. So far, the non-traditional security challenges such as terrorism and natural disaster dominate the Outlook, while the fear over the heightening competition among the major powers which may implicate into ASEAN's unity and stability has been considered as the ultimate concern in the traditional security domain.

However, there are still some loopholes due to the lack of standard in determining what information each member should present regarding their military posture and expenditure since some countries are still reluctant to mention such information.

### *Myanmar's chairmanship of the ASEAN in 2014*

Myanmar is set to chair the ASEAN for the first time in 2014, as such it will host numerous regional meetings including two key summits

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<sup>21</sup> Ibid.

<sup>22</sup> Luke Hunt, "Brunei Caps Off a Solid Year at ASEAN's Helm," *The Diplomat*, 12 October 2013, <http://thediplomat.com/2013/10/brunei-caps-off-a-solid-year-at-aseans-helm/>

next year. Its leadership of ASEAN is also symbolic of its progress on its human rights record, the country was previously passed over due to its inability to exhibit commitment to improving its adherence to human rights.<sup>23</sup> Since then, the election of President U Thein Sein the release of hundreds of political prisoners, legalization of unions and the de-censorship of media networks such as BBC have taken place.

Concern still remains regarding Myanmar's operational capacity to carry out the logistics of the 1,100 meetings it will host next year. Among these concerns is the lack of skilled civil servants and basic infrastructure. The capital city of Naypyidaw which is set to be the venue for ASEAN meetings has struggled with bouts of power shortages and internet connectivity issues. However, Myanmar is confident that it will be able to fulfil its duties and has sought counsel with diplomats from Singapore, Thailand and South Korea and sought counsel regarding the task of chairing the ASEAN next year.

Under the mantra of "Moving forward in unity in a peaceful and prosperous community", Myanmar will seek to build upon the progress made by Brunei in facilitating the transition to an ASEAN Community by 2015. The timing of its chairmanship, a year before the creation of the ASEAN Community, necessitates that the country mobilize efforts towards full implementation of the ASEAN Economic Community Blueprint. Furthermore, the Deputy Director General of ASEAN Affairs for Myanmar Aung Htoo, has stated that the country is eager to make headway in the areas of a people-centred ASEAN, human trafficking and migrant workers.<sup>24</sup>

While the now semi-democratic government has made a lot of important steps towards becoming a democratic country, it is important for Myanmar to use this time to manage its domestic problems specifically, to deal with various ethnic conflicts. The ability to manage such issues would increase its confidence as ASEAN chair. This concern has been aired in April this year by President Yudhoyono during the ASEAN Summit, who also offered help, together with the Thai government, to deal with this problem. However, the offer was

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<sup>23</sup> Jane Perlez, "Myanmar in Lead Role At a Regional Meeting," *The New York Times*, 11 October 2013.

<sup>24</sup> Yohanna Ririhena, "Myanmar assures readiness to host ASEAN 2014," *The Jakarta Post*, 17 June 2013.

softly rejected by Myanmar by claiming that this issue is a domestic affairs concern and should be handled accordingly.<sup>25</sup> Appropriately addressing this issue is important for the government of Myanmar to gain confidence from the international community; including the UN and certainly from its ASEAN fellows that have thrown their support for Myanmar to take the chairmanship next year despite continuous criticisms from many human rights NGOs.

Indonesia is in a position to extend help to Myanmar in preparation for its chairmanship, and it would be especially advantageous in aiding Myanmar on technical preparations to host hundreds of ASEAN-related meetings. More importantly, Indonesia, as the most influential member country, could assist Myanmar in setting up the agenda for its chairmanship, particularly to push forward the creation of Code of Conduct (CoC) in relation to the South China Sea dispute and to make the ASEAN a more people-oriented ASEAN which is responsive to human security problems in the region.

Finally, it is important to ensure the successful of this chairmanship for at least two reasons. First, to show ASEAN's faith in Myanmar and prove that the country is capable of being a 'normal' ASEAN member and should no longer be regarded as ASEAN's achilles heel. Second, this chairmanship is integral in that its success will rely on its ability to build on the progress made by Brunei in creating the stepping stones towards achieving an ASEAN Community by 2015.

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<sup>25</sup> "Indonesian leaders airs concern on Myanmar violence", *The Jakarta Post*, 26 April 2013.