

## Synthesis Report

# Australia and Southeast Asia: Shaping a Shared Future

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# Why it Matters

Southeast Asia has been considered one of Australia's highest foreign policy priorities since at least the 1940s.<sup>1</sup> But it has been difficult to achieve the sustained attention the region deserves.

Current geopolitical and geoeconomic trends provide a window of opportunity, with Southeast Asia a focus of attention for Australian decision-makers. Right now, there is the potential for a step-change in relations.

Australia needs a new vision for its engagement with Southeast Asia that extends across government and society. For Australia to influence and shape the region, it needs to use all tools of statecraft to achieve its foreign policy objectives, bringing together development, diplomacy and defence to achieve maximum effect. Beyond government, Australia needs a whole-of-nation approach that builds a common vision across Australian society with a narrative that galvanises and inspires.<sup>2</sup>

## RISKS

On the one hand Australia should be motivated by risk. Southeast Asia faces many challenges that could indirectly or directly impact Australia:

- Many of the traditional and non-traditional security threats to Australia either emanate from or transit through Southeast Asia, part of the immediate region prioritised for the Australia Defence Force's geographical focus.<sup>3</sup>
- The region is highly susceptible to the effects of climate change,<sup>4</sup> including climate migration and refugee flows. Climate change has profound implications for emergency services, community resilience and food security across the region,<sup>5</sup> and will potentially lead to the Australia Defence Force being called on more often as a first responder in disaster relief operations.<sup>6</sup>
- Rising authoritarianism is challenging governance across the region, causing increased civil unrest and instability.<sup>7</sup>
- There is a danger that Southeast Asia's pandemic recovery will be uneven and protracted. The region remains vulnerable to the medium and long-term impacts of the pandemic that will continue to exacerbate issues of poverty, climate resilience and inequality.<sup>8</sup>
- A sustained economic downturn will have far-reaching consequences for social cohesion. Countries riven by income inequality are vulnerable to social unrest, ethnic tensions and extremist movements. A region that is pandemic-ridden and unstable is detrimental to Australia's national security.<sup>9</sup>
- Individually these challenges are formidable, and they also interreact.

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<sup>1</sup> Allan Gyngell, *Fear of Abandonment: Australia in the World since 1942* (La Trobe University Press, updated edition, 2021).

<sup>2</sup> Michael Wesley, *Finding Australia's New Asia Narrative* (Asialink 2021): <https://asialink.unimelb.edu.au/stories/finding-australias-new-asia-narrative>

<sup>3</sup> Department of Defence, *2020 Defence Strategic Update*, 1 July 2020, p. 25:

<https://www.defence.gov.au/about/publications/2020-defence-strategic-update>

<sup>4</sup> ASEAN Secretariat, *ASEAN State of Climate Change Report*, October 2021, <https://asean.org/wp-content/uploads/2021/10/ASCCR-e-publication-Final-12-Oct-2021.pdf>

<sup>5</sup> Robert Glasser, *The Rapidly Emerging Crisis on our Doorstep*, Australian Strategic Policy Institute, April 2021: <https://www.aspi.org.au/index.php/report/rapidly-emerging-crisis-our-doorstep>

<sup>6</sup> Department of Defence, *2020 Defence Strategic Update*, 1 July 2020, p. 16:

<https://www.defence.gov.au/about/publications/2020-defence-strategic-update>

<sup>7</sup> Asia Centre, *COVID-19 and Democracy in Southeast Asia: Building Resilience, Fighting Authoritarianism*, December 2020: <https://asiacentre.org/covid-19-and-democracy-in-southeast-asia/>

<sup>8</sup> Richard Maude, *COVID-19 and Southeast Asia's Long Road to Economic Recovery*, November 2020,

<https://southeastasiacovid.asiasociety.org/covid-19-and-southeast-asias-long-road-to-economic-recovery/>

<sup>9</sup> Department of Foreign Affairs and Trade, *Partnerships for Recovery: Australia's COVID-19 Development Response*, 29 May 2020: <https://www.dfat.gov.au/sites/default/files/partnerships-for-recovery-australias-covid-19-development-response.pdf>

## OPPORTUNITIES

At the same time, Australia has real opportunities to benefit from Southeast Asia's success.

- If Australia is strongly integrated with the region it will benefit from Southeast Asia's dynamism and growth, with a material impact on Australia's economy, job creation and welfare.
- In particular, Australia can be part of the region's green economy transition as a renewable energy superpower.<sup>10</sup> Australia has a major competitive advantage due to its significant renewable energy resources that positions it well to continue to support Southeast Asia's energy needs.<sup>11</sup>
- As Southeast Asian economies continue to grow, the region will have increased diplomatic influence, making regional countries attractive and useful international partners. Australia wants to be integrated with a part of the world that is growing in its influence.

Both risks and opportunities mean that Australia has a stake in the future of Southeast Asia. It is in Australia's national interest to have safe and prosperous countries in its immediate region. Australia should focus on how to contribute to Southeast Asia's success.

Because Australia is not a dominant actor in Southeast Asia it needs to identify the best avenues to maximise its influence to shape trends in the region. Thoughtful investments can act as a catalyst or provide a nudge in a positive direction.

In engaging with Southeast Asia, Australia does not wish to be perceived as being primarily self-serving. It needs to present itself as a real partner working together on shared interests.

### Australia in Southeast Asia:

- The overall vision is of Australia as an active and engaged partner, deeply integrated with a growing and dynamic part of the world.
- Australia recognises the necessity of applying all arms of statecraft in engaging with the region, ensuring both sufficient investment across development, diplomacy and defence and the effective coordination of the activities of each in support of common strategic objectives.
- Australia frames its engagement with Southeast Asia as valuable in its own right, not through the lens of geostrategic competition. Australia de-emphasises the focus on Southeast Asia as a stage for great power contestation in its foreign policy approach.
- Australia is an active and engaged partner in a mutually beneficial partnership of equals where Australia leverages its expertise and experience to add value to existing local and regional initiatives and bodies.
- Australia anchors its Southeast Asian development, diplomacy and defence engagement in a strategy of shared interests. It positions itself as an invested insider rather than a helpful but somewhat detached outsider. Australia focuses on being an effective partner by aligning with Southeast Asia's priorities.
- Australia is willing to invest in the necessary resources to maintain its status as a trusted and influential partner to governments, civil society and business in the region.

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<sup>10</sup> Ross Garnaut, *Superpower: Australia's Low-Carbon Opportunity* (La Trobe University Press, 2019)

<sup>11</sup> WWF, *Making Australia a renewables export powerhouse policy*, October 2021: <https://www.wwf.org.au/what-we-do/climate/renewables/resources/making-australia-a-renewables-export-powerhouse-policy#gs.n1vgha>

# The Vision in Practice

This report investigates five areas to illustrate what it looks like for Australia to shape a shared future with Southeast Asia.

## What does it look like for Australia to be a...



## ...in Southeast Asia

First, being a partner for Southeast Asian recovery and growth connects Australia with one of the region's most important priorities, with Southeast Asian leaders focused on growth in all of its facets. Growth is a goal with diplomatic, defence and development cooperation implications and should not be understood as only about development cooperation. Australia can partner with Southeast Asia on recovery and growth with a focus on health, education and economic cooperation. Through a new model of development cooperation, Australia can focus on areas where it can have outsized effect, including in systems, regulation and technology and as a pivotal education partner contributing to skills development across the region. Australia has a stake not just in the economic trajectory of the region, but in ensuring that growth is sustainable and inclusive.

Second, Australia can be a partner with Southeast Asia in climate leadership. It can help build the region's ability to manage the impacts of climate change, such as through regional risk assessments and disaster preparedness. Australia can be part of the region's green economy transition.<sup>12</sup> Australian renewable energy resources can be exported via cable from northern Australia or via green hydrogen shipped from elsewhere in the country.<sup>13</sup> Australia's natural endowment of minerals such as nickel, copper, lithium and cobalt – critical to the development of solar panels and electric vehicles – positions it well to support the region's needs. This will lead to job creation in raw materials, technological development and service delivery.

Third, in the security realm, Australia's focus should be on finding common ground with Southeast Asian leaders across a broad spectrum of cooperation, in particular with respect to shared interests in human security and effective governance. Australia's national security and international engagement strategy should see investing in human security and state security as complementary and mutually reinforcing endeavours, not

<sup>12</sup> Ursula Fuentes, Tania Urmeo & Anna Chapman, South East Asia's Transition to Renewable Energy: Opportunities for cooperation between Australia and South East Asia, *Transition Hub*, April 2020, [https://www.energy-transition-hub.org/files/resource/attachment/sea\\_transition\\_to\\_renewables\\_-\\_summary\\_paper\\_may2020.pdf](https://www.energy-transition-hub.org/files/resource/attachment/sea_transition_to_renewables_-_summary_paper_may2020.pdf)

<sup>13</sup> James Bowen, *Fuelling Cooperation: The Indo-Pacific Hydrogen Transformation*, Perth USAsia Centre, August 2021: <https://perthusasia.edu.au/our-work/fuelling-cooperation-the-indo-pacific-hydrogen-tr>

competing paradigms. The pursuit of gender equality and addressing gender-based violence is vital to the concept of human security as a driver of peace and security.<sup>14</sup> Defence has an important role to play in championing human security. Defence will also play a leadership role in advocating for development and diplomacy as important elements of foreign policy, recognising that it is in Defence's self-interest for Australia to use a range of tools to shape its international environment.

Fourth, Australia can be a catalyst for civil-military cooperation by modelling positive behaviour and building civil society links with Southeast Asia. While Australia has sometimes been cautious about emphasising liberal values of democracy and human rights in its foreign policy, its strong civil-military collaboration and governance framework represents an avenue through which it can enhance and expand its engagement in Southeast Asia. This is particularly relevant against the backdrop of rising authoritarianism in the region. Australia has an important role in promoting civil-military collaboration to strengthen effective whole-of-nation responses to humanitarian and security issues. Connections at the community level can be leveraged to pursue Australian policy objectives in Southeast Asia. A policy approach focusing on civil society collaborations will enable Australia to more effectively engage in the region.

Finally, to achieve these aims, Australia needs to become more strategically coherent in terms of its planning, structures and culture. A roadmap for deeper relations with Southeast Asia is essential, but Australia also needs to develop a more creative, contestable strategic culture. The combination of planning and culture will allow Australia to clarify its strategic objectives and align its policies, strategies, people and budgets into a strategically coherent whole. To achieve its objectives in Southeast Asia, Australia needs to ensure alignment and coordination of each arm of statecraft to maximise impact. For example, defence cooperation that supports stability, resilience and sovereignty in the region contributes to economic growth and development, meaning that Defence has a place at the table when it comes to recovery and growth in the region.

None of this will happen without ambition and political will. This report sets out some indicative pathways for Australia to shape a shared future with Southeast Asia.

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<sup>14</sup> Mary Kaldor, *Human Security* (Blackwell, 2007).

# Pathways

It would be wrong to think that Australia is not active in its Southeast Asia engagement. The region is currently receiving significant focus and attention.

In the last year, Australia has added Comprehensive Strategic Partnerships between Australia and ASEAN<sup>15</sup> and Australia and Malaysia<sup>16</sup> to existing ones with Singapore and Indonesia. Australia and ASEAN leaders now hold an annual summit.<sup>17</sup>

In response to COVID-19, Australia has made its largest investment in the region since the 2004 tsunami.<sup>18</sup> Australia has demonstrated a renewed focus on Southeast Asia through a new package of economic, development and security measures to support the region's recovery from COVID-19 including a regional vaccine initiative.<sup>19</sup> A new ASEAN Centre for Public Health Emergencies and Emerging Diseases is being established with Australian and Japanese funding.<sup>20</sup>

The pandemic has highlighted the need to strengthen regional economies against future economic shocks. The recent \$1.5-billion loan to Indonesia for budgetary support during the pandemic is an example of Australia as a stronger partner for recovery and growth in the Southeast Asian region.<sup>21</sup>

Australia recently announced \$65 million for regional maritime states for enhanced training, technical advice and cooperation that will significantly contribute to strengthening relationships across the region.<sup>22</sup> A Statement on Climate Action pledged \$500 million to support Southeast Asian countries through better management of forests, land and agriculture,<sup>23</sup> while the Prime Ministers of Vietnam and Australia signed the Joint Statement on Commitment to Practical Climate Action in November 2021.<sup>24</sup>

There are examples already in action that exemplify an approach based on partnership, shared interests and applying all arms of statecraft in engaging with the region. It is important to recognise these and encourage further investment in similar activities.

Initiative	Description
<b>The Indo-Pacific Centre for Health Security</b>	The Centre is the implementation body for the Australian Government's Vaccine Access and Health Security Initiative. It brings together global investments, collaboration with regional organisations and bilateral health cooperation to deliver both strategic direction and practical, timely assistance for regional government partners. The Centre's mix of DFAT staff, secondees from six Departments and specialist contractors provides in-house expertise in areas including the veterinary sciences, regulation, immunology, microbiology, epidemiology and anthropology. <a href="https://indopacifichealthsecurity.dfat.gov.au/">https://indopacifichealthsecurity.dfat.gov.au/</a>

<sup>15</sup> <https://www.pm.gov.au/media/australia-asean-leaders-summit-and-east-asia-summit>

<sup>16</sup> <https://www.dfat.gov.au/geo/malaysia/joint-statement-comprehensive-strategic-partnership-between-australia-and-malaysia>

<sup>17</sup> <https://www.pm.gov.au/media/remarks-asean-australia-virtual-summit>

<sup>18</sup> Melissa Conley Tyler, "Can 2021 still be Australia's year of Southeast Asia?", *The Strategist*, February 2021:

<https://www.aspistrategist.org.au/can-2021-still-be-australias-year-of-southeast-asia/>

<sup>19</sup> <https://www.dfat.gov.au/geo/southeast-asia/investing-our-southeast-asian-partnerships>

<sup>20</sup> <https://jaif.asean.org>

<sup>21</sup> <https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/bilateral-loan-indonesia>

<sup>22</sup> <https://www.pm.gov.au/media/investing-our-southeast-asian-partnerships>

<sup>23</sup> <https://www.foreignminister.gov.au/minister/marise-payne/media-release/climate-action-mobilising-private-finance-sustainable-land-use-across-southeast-asia>;

<sup>24</sup> <https://www.pm.gov.au/media/vietnam-australia-joint-statement-commitment-practical-climate-action-and-enhanced-economic>

<b>ASEAN-Australia Women, Peace and Security Dialogue</b>	<p>This is an example of Australia collaborating to strengthening security partnerships with Southeast Asian countries. It acknowledges the importance of women’s full and meaningful participation in creating lasting peace and security.</p> <p><a href="https://acmc.gov.au/resources/publications/asean-australian-women-peace-and-security-dialogue">https://acmc.gov.au/resources/publications/asean-australian-women-peace-and-security-dialogue</a></p>
<b>Prospera</b>	<p>A program in which experienced Australian public servants are seconded to Indonesian government departments. This capitalises on Australia’s knowledge base to help partners meet their own diverse challenges, as well as building a wider regional network of officials and advisers who can better tackle shared future problems. <a href="https://prospera.or.id/">https://prospera.or.id/</a></p>
<b>Cyber and Critical Technology Cooperation Program</b>	<p>This includes \$20.5 million to strengthen cyber and critical technology resilience in Southeast Asia and working with other partners to support the region - such as recent announcement of memorandum of understanding with Republic of Korea on a Digital Cooperation Initiative in Southeast Asia. <a href="https://www.internationalcybertech.gov.au/">https://www.internationalcybertech.gov.au/</a></p>
<b>Katalis</b>	<p>A government-backed business development program designed to maximise benefits from the Indonesia-Australia Comprehensive Economic Cooperation Agreement (IA-CEPA). It is a business-first program aiming to build commercial partnerships between businesses in Australia and Indonesia. Mutual business interest is key to the delivery model. <a href="https://www.iacepa-katalis.org/">https://www.iacepa-katalis.org/</a></p>
<b>Mekong-Australia Partnership on Transnational Crime</b>	<p>An example of Australia’s forward-leaning practical collaboration to strengthen partner engagement in Mekong countries and to reinforce a collective response to transnational crime and border security. The program is implemented by the Department of Foreign Affairs and Trade and co-ordinated out of the Australian Embassy in Thailand to maximise the availability and sharing of technical expertise by the Australia Public Sector agencies working to disrupt and prevent transnational crime offshore. <a href="https://www.foreignminister.gov.au/minister/marise-payne/media-release/combating-transnational-crime-southeast-asia">https://www.foreignminister.gov.au/minister/marise-payne/media-release/combating-transnational-crime-southeast-asia</a></p>
<b>Autonomous Sanctions Regulations 2021</b>	<p>This provides Australia a way to promote good governance and disincentivise democratic backsliding regionally by targeting regime figures guilty of corruption and human rights abuses while sparing citizens from the negative impacts of uniform sanctions. <a href="https://www.dfat.gov.au/news/news/autonomous-sanctions-amendment-magnitsky-style-and-other-thematic-sanctions-regulations-2021">https://www.dfat.gov.au/news/news/autonomous-sanctions-amendment-magnitsky-style-and-other-thematic-sanctions-regulations-2021</a></p>
<b>Asia-Pacific Ministerial Conference on Disaster Risk Reduction</b>	<p>In Brisbane in the second half of 2022, Australia will host a range of ministerial meetings, thematic sessions and partner-led public forums to promote coordination and cooperation and assess regional progress made in the implementation of the Sendai Framework, the global blueprint to reduce disaster risk and losses. <a href="http://www.undrr.org/event/asia-pacific-ministerial-conference-disaster-risk-reduction-apmcdrr-2022">www.undrr.org/event/asia-pacific-ministerial-conference-disaster-risk-reduction-apmcdrr-2022</a></p>

## FURTHER PATHWAYS

AP4D Options Papers have identified further pathways towards this vision including:

Focus	Need	Possible pathway
Recovery and growth	Enhanced cooperation with Southeast Asian states to improve the quality and complexity of engagement	Australia can continue to develop pathways to be a strong partner for <b>skills development and knowledge transfer</b> to increase access to education in the region at an affordable scale. This should be aligned with regional development priorities. For example, the field of <b>infectious disease research</b> can boost infectious disease intelligence cooperation and support pandemic preparedness. <b>Digital health</b> is another example of a practical way of building deeper collaboration between Australia and the region in this area, bringing together infrastructure, research and technical cooperation.
Climate leadership	Develop an understanding of the changing nature of disasters	Work with ASEAN on a <b>climate risk assessment</b> for the region. Australia can be a partner in developing an assessment of climate risk, building on initiatives like Australia's National Recovery and Resilience Agency. <sup>25</sup>
	Develop better forward strategies for disaster preparedness	Engage with Southeast Asian states to build <b>capacity for disaster preparedness</b> , working with existing mechanisms and guidelines as a pathway.
	Build practical cooperation on climate issues	Develop an <b>Australia-Southeast Asia Climate Partnership</b> bringing together existing and new initiatives for practical action including in technology, water, energy and infrastructure.
	Support Southeast Asian energy security	Assist with development of a region-wide <b>ASEAN electricity market</b> , leveraging Australia's expertise around energy market design.
	Promote Australia as a renewable energy superpower	<b>Promote green exports</b> , including compiling and promoting up-to-date assessments of regional needs and Australia's opportunity to supply these (including in critical minerals, green steel, green aluminium and hydrogen) and working with regional bodies on related policy issues, including standards, certification and regulation.
	Build critical technology value chains	Support ASEAN efforts to position itself at the core of <b>critical technology value chains</b> , for example in electric vehicle manufacturing where Australia could secure a key supply chain and help expand export markets for Australian lithium.
Effective security	Prevent transnational organised crime from undermining development objectives and systems of governance in the region	Strengthen domestic action to <b>tackle international corruption</b> by closing bank accounts and disrupting flows of money-laundering.

<sup>25</sup> <https://recovery.gov.au/>

	Recognise that state and human security are underpinned by gender equality	Work with Southeast Asia to co-create a <b>feminist foreign policy</b> agenda that identifies common goals and priorities that are relevant to the region.
	Promote open, secure platforms that enable the exchange of social, political and economic information, including by citizens about their governments	Deepen Australia's partnership with Southeast Asia on <b>cyber security</b> , including working together to agree on and build regional systems, standards and protection mechanisms.
<b>Civil-military relations</b>	Enhanced crisis coordination and whole-of-government management of security challenges	Develop a flagship <b>civil-military-focused short course program</b> designed for participants from military, security, civil society organisations and civilian agencies.
	Prepare the ADF and regional military partners for future operations while promoting a model and culture for regional militaries within their societies	Implement a <b>Regional Military/Civil Society (RMCS)</b> framework to manage Humanitarian Assistance and Disaster Relief (HADR) across the region.
<b>Strategic coherence</b>	A single international engagement strategy	Institute an <b>integrated strategic review</b> <sup>26</sup> to provide a rigorous process to surface and test alternative architecture, strategies, policies and programs.
	A common vision for Southeast Asia	Develop a <b>roadmap</b> that frames a clear regional objective for Australia in Southeast Asia.
	Significantly expanded program activity	Launch a <b>substantial increase</b> in Southeast Asia development, diplomatic and defence programs.
	A unified strategic culture	Promote cultural change, including more interchange of senior personnel and whole-of-government processes for setting and assessing <b>international strategies</b> .
	Increased economic cooperation	Develop a substantial new <b>Southeast Asia Economic Cooperation Program</b> driven by a new and professional economic cooperation agency within the foreign affairs portfolio.

<sup>26</sup> As recently conducted by the United Kingdom: <https://www.gov.uk/government/publications/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy>

## THE IMPORTANCE OF PROCESS

Building a shared future with Southeast Asia is not only about what Australia does, it is also about how it does it. Australia must build confidence within the region that it views Southeast Asia as a priority across government and across society.

For decades Australia has been blessed with a relatively stable environment that afforded security and underpinned prosperity. In times when crises have arisen, it has generally been able to mobilise quick, decisive and coordinated responses to weather them. But the global outlook is no longer so benign. Many of Australia's longstanding international assets and advantages are eroding, and positive trends have stalled or are in reverse.<sup>27</sup> The 2017 Foreign Policy White Paper recognised a need to forge new relationships, tackle new problems and build new forms of international governance in a more contested and competitive world.

In this context, how Australia institutes and institutionalises its Southeast Asia policy is important. The initiatives in this report outline logical places where Australia can build, enhance and elevate regional relationships within Southeast Asia. To have the best chance of success, these should be backed up by system level coordination of each arm of statecraft. A roadmap for deeper relations is essential, but Australia also needs a more creative, contestable strategic culture. What is required is absolute clarity about what Australia's objectives are, a tight focus in pursuing them and well-tested strategies that are continually sharpened and reshaped.

While Australia's overarching strategic objectives ought to guide all of its international work, the role of each actor in achieving these objectives may be distinctly different. A comprehensive integrated framework provides Australia with a strategic grand narrative and a unified approach to Australia's international relations. It brings together the different parts of government – and potentially, wider society – in a way that aligns strategies, people and budgets behind shared priorities to maximise impact and achieve shared goals.

And it recognises the necessity of applying all arms of statecraft and ensuring that investment in one is not at the expense of another. When successfully coordinated, statecraft as a whole is greater than the sum of its parts. Defence cooperation that supports stability, resilience and sovereignty in Southeast Asia also contributes to regional economic growth and development.

A strategically coherent approach has in-built feedback mechanisms to continually evaluate and refine policies against national objective metrics and recalibrate strategic planning as required in real time. The strategic culture and the strategic system support each other in constantly drawing attention back to Australia's priority interests.

Institutionalising strategic coherence requires new resources, long-term commitments and a cultural shift in the way Australia identifies and pursues its strategic objectives. Novel grand strategy mechanisms and bureaucratic processes will take time to establish. In the interim, ensuring Australia's overarching policies, big programs and key agencies are pulling broadly in the same directions in Southeast Asia is vital.

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<sup>27</sup> Department of Foreign Affairs and Trade, 2017 Foreign Policy White Paper, November 2017: <https://www.dfat.gov.au/publications/minisite/2017-foreign-policy-white-paper/fpwhitepaper/index.html>

# Imagine if...

**Dateline: July 2025, Jakarta**

**Speech by the Australian Prime Minister at the Fifth Annual ASEAN-Australia Summit<sup>28</sup>**

**Working together for peace, prosperity and a resilient regional community**

**Australia's shared future with Southeast Asia**

**\*\*Check against delivery\*\***

Australia shares ASEAN's vision of success: a stable, integrating, prosperous region, where rights and freedoms are observed and differences resolved peacefully, based on the rule of law.

It is increasingly important to the world – and especially to Australia – that this diverse, dynamic region remain strong, open and engaged on its own terms with other countries and regions.

That is why my government commissioned the development of a funded roadmap for enhanced Australia-Southeast Asian relations in parallel with our new Integrated Strategic Framework, which brings together and more tightly focuses all aspects of our international relations.

In working up the Southeast Asian roadmap I'd like to recognise the extensive consultations we have had across the region with states, citizens and civil society. We have been actively listening to understand regional thinking more fully and harmonise our responses wherever possible.

On our side, I particularly recognise the leadership of Ambassador Birmingham, here in Jakarta. The bipartisan Australian support for his nomination is indicative of the heightened political priority Australia is according the region.

The Minister for Foreign Affairs and I have increased our own engagement and this has been complemented by an expanded program of parliamentary visits, including by members of the Joint Standing Committee on Foreign Affairs and Trade, assisted by a permanent secretariat.

The further expansion of our diplomatic network in the region – especially in Malaysia, the Philippines, Vietnam, Indonesia and Singapore – will institutionally equip us both to hear local voices and views and to lift our engagement on issues and pursue joint opportunities.

If deep engagement is to be achieved it can not only be a government process.

We want to see much greater two-way tourism, cultural exchange and institutional links. Our new national language learning policy looks to greatly expand the teaching of Southeast Asian languages, in particular Indonesian.

New programs have been introduced to support and reward university study in Southeast Asia and to encourage mid-career business leaders to undertake regional assignments.

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<sup>28</sup> From the desk of AP4D founding co-convenor Richard Moore.

One indicator of how seriously we intend to engage, is the role that my department now plays in coordinating international relations across all other Australian government departments.

We have significantly expanded the International Division of the Department of the Prime Minister and Cabinet to undertake this work and to drive implementation of our new Integrated Strategic Framework. Southeast Asia is unambiguously a top tier priority within that framework.

To keep us on track, the National Security Committee of Cabinet will annually review an independent strategic performance assessment to determine whether we are achieving our international goals, especially in Southeast Asia. As part of that process, the Australian National Audit Office will report on an expanded range of assessments of the effectiveness of our diplomatic, defence and development efforts.

I know that growth and development are amongst Southeast Asia's highest priorities so that your citizens can have better lives and I commit to work with you more intensively to this end. Maintaining peace – regionally and globally – is essential for the economic expansion we seek. This requires resilience and resolve as well as a commitment to common rules, norms and values that we are collectively willing to defend.

No country wants to be bullied. The best way of avoiding being bullied is to make it clear that we will not give in to it. We are stronger together and where attempted coercion occurs, we need to support each other in resisting it. In negotiations, in dialogue, in legal processes and, where necessary, through military means.

Increasingly we need to be wary of decisions that unintentionally surrender sovereignty.

Cyber security is a major part of our new Strategic Framework because it is so integral to continued economic expansion, the exchange of information and ideas and the security of our nations. Malign actors are increasingly targeting our critical infrastructure, our electoral rolls, our political debate and our commercial dealings.

Defence against direct attacks is critical, but so too is defence against insidious infiltration including through new electronic communications and financing platforms that put citizens' data and commercial information in the hands of those who might misuse it.

That is why we have proposed a digital "rules of the road" summit next month to establish common principles and regulatory standards.

No set of circumstances challenge the ASEAN vision more than Myanmar. We know that it is unlikely that there will be rapid progress, but all the more important that we stay the course.

Over more than 50 years Myanmar's leaders have repeatedly made choices that have led to conflict, instability, poverty and human rights abuse. ASEAN must continue to deal resolutely with Myanmar, never normalising its behaviour and patiently searching for ways forward. We pledge to assist you as we have done in the past.

Indonesia provides a global example of how civil-military relations can be reformed. The role of the Indonesian military was modernised more than a decade ago, focussing it on defence tasks and creating additional space for civilian democratic participation.

As always, there is still work to do and remaining challenges, but the Indonesian example shows that big, hard reforms are possible with vision and leadership.

Civil-military relations can be strained when there is a lack of knowledge and understanding between these critical institutions. Differences will not magically disappear through dialogue, but by working together where

there are shared interests and responsibilities, for example in disaster preparedness and response, a degree of mutual respect can be created and misunderstandings reduced.

The Regional Military/Civil Society Framework and the common training programs we have jointly developed promise not only enhanced humanitarian effectiveness, but also, potentially, more productive dialogue on other issues, including human rights.

Both COVID and climate change have helped us bring human security more to the fore in our thinking and policies. This is a welcome development that challenges all of us to think and work differently, but of course it does not mean that conventional security challenges have gone away.

I acknowledge that Australia's emphasis on hard security has sometimes been misunderstood in the region. Our aim is to deter aggression through strength, clarity in our intentions and consistency in what we do.

I note that, like Australia, many of you are acquiring new military capability as a key means of preserving your sovereignty and strategic room to manoeuvre. This is understandable, though none of us want to see an intensifying arms race and all of us must be wary of miscalculation.

It is critical, especially now, that international tensions are reduced wherever possible through proactive diplomacy, that nations make their future intentions clear and that destabilising actions are avoided.

Australia's regional security cooperation will continue to contribute to all of these goals.

Of course, security dialogue and defence cooperation are only part of much broader relations. To underline that, and the importance we give to human security, our new regional roadmap greatly expands engagement in several fields.

We have taken the ASEAN 2025 vision of a thriving regional community as our starting point – and our end point. An economic community that is "highly integrated, cohesive and competitive", but also one that is "people-centred, tolerant and cooperative".

From this base we have set our own overarching strategic objective for the region:

"A stable, peaceful, rules-based region of fast-growing countries that enlarge equity and opportunity, confidently and openly engage with Australia and the world and that are increasingly able to manage domestic and international challenges, defend their interests and resist coercion."

This will be the fundamental goal of our international efforts in the region.

A centrepiece is continuing to tackle the immediate and long-term legacies of COVID.

It is not surprising that countries focused on themselves during the pandemic, but COVID is not a problem for a single country, or even a region, but a global one. It is clear that our machinery for dealing with it was inadequate.

To protect ourselves, as well as for ethical reasons, we need a much more reliable, equitable system to get vaccines into the arms of everyone in the world during a pandemic. Vaccine charity is a wholly inadequate response, as is a focus only on vaccine production and allocation with inadequate attention to logistics, administration and personnel requirements.

Consequently, Australia will work with ASEAN to increase regional manufacturing capability both of traditional and mRNA vaccines and to develop the systems and workforce for their delivery.

We need reliable, open supply lines that are linked to major international producers, but that can also operate separately if need be. Ramping up sovereign manufacturing capability in every nation would be a mistake that would continue to turn the world inward towards costly, inefficient solutions.

Beyond vaccines, there is much else to do to promote greater readiness for emerging infectious diseases which we know are likely to recur. In particular, stronger surveillance and reporting is required so that we can respond faster to outbreaks.

We understand the sensitivities of outside intervention in disease surveillance and that is why we have proposed the formation of an ASEAN-wide surveillance capability with the authority both to support local efforts, but also to undertake rapid investigations when outbreaks are detected.

I commend ASEAN Health and Finance Ministers for commencing a joint dialogue on regional and global health system reform. I expect global health reform to consume a very large amount of time and money over the next decade

Strengthening health security will involve many years of negotiations, institution-building and the design of new governance and financial instruments.

Reform of the World Health Organization – especially ensuring Regional Directors are appointed on merit – will be a high priority for Australia, but by no means the only one.

An expanded, expert, whole-of-government team is now working in the Department of Foreign Affairs and Trade on this agenda, including through the enlarged Indo-Pacific Centre for Health Security.

A fast-growing Southeast Asia will be in the best position to manage health, climate and other threats. This is why Australia is putting renewed emphasis on helping the region deal with growth bottlenecks, infrastructure shortfalls and related policy and financing challenges.

Our new, 10 year, \$15bn Southeast Asia Economic Cooperation Program recognises our shared interests in regional economic expansion and the need for countries to avoid the 'middle income trap'.

It is a multi-faceted, expert-led program that will allow us to interact intensively both with national policy makers and also with international institutions such as the Asian Development Bank. To ensure the program is effective we are creating a new professional agency within the foreign affairs portfolio to manage it.

The Program will provide direct technical advice and will also gear to enhancing support to countries undertaking major multilateral lending projects. Clean energy financing will be a major focus to address climate change in practical ways. It will also work on revenue and budgetary policy and the design and implementation of effective and affordable social infrastructure and policies.

A key component will involve knowledge-based cooperation. Skills development and training, certainly, but also intra-regional collaboration to create knowledge and solve problems, using the capabilities of our best institutions, both public and private.

Encouraging women's economic, social and political participation has been an ongoing theme of Australian foreign policy for many years. We see it as a major means by which various ASEAN objectives can be realised, including economic growth, peace building and human rights observance.

Australia will more consistently integrate gender into international policy and program design, including where opportunities have been missed in the past, for example in trade negotiations.

Some of you may be wondering why I have said relatively little about climate change. It is because I wanted to end on an issue where cooperation has turned threat to opportunity.

Fossil fuels gave the world cheap energy for over a hundred years and billions benefitted from that, especially in the West, but the cost was passed to future generations and now the bill is due.

We all now aspire to achieve carbon neutrality by 2050, but we know if we're to limit the costs of storms and floods, disrupted food supplies and water scarcity we cannot leave progress until the last minute. We must act now and act decisively.

Fortunately, major advances in technology – for example in cheap reliable solar, in green hydrogen and in battery storage – have made renewable energy, not just more sustainable, but also economically efficient.

And so, the conflicts between the short term and the long, between acting or not acting, between OECD countries that got rich on fossil fuels and developing countries that understandably want the same opportunity, have all receded.

The task now is to look after those communities that are dependent on coal and gas and make sure they do not bear the brunt of the transition. And to organise the needed finance and technology to accelerate regional and global progress.

That is where ASEAN-Australia cooperation on clean energy is such an inspiring symbol of our shared interests.

Together – public and private, regional and non-regional, old industries and new – we are delivering on a plan to bring Australian renewable energy to the region as a key plank of an emerging ASEAN electricity market.

This could not have happened without ASEAN and Australian eagerness; without commercial know-how, drawn from across the globe; and without both private and multilateral development bank financing.

It came at just the right moment, reminding us of what can be gained, not just through open trade and investment - but through international cooperation in multiple forms.

It is a beacon for a world in need of renewable hope as well as renewable power.

A fitting symbol of what we can achieve together when we commit to a common cause and see it through.

For Southeast Asia and Australia, our geography makes us neighbours, but our actions determine how productive our relations are.

Australia is redoubling its efforts to be a supportive partner and a creative, proactive contributor to our shared future.

Thank you.

# The AP4D Approach

The Asia-Pacific Development, Diplomacy & Defence Dialogue (AP4D) is a platform for collaboration between the development, diplomacy and defence communities that brings together individuals and organisations united by a mission to reimagine Australia's international relations.

Funded by the Australian Civil-Military Centre, AP4D's inaugural program commenced in mid-2021 with the aim of generating more effective approaches to advancing Australia's influence in Southeast Asia and the Pacific through the integrated application of development, diplomacy and defence perspectives.

The Southeast Asia component began with a series of online diagnostics discussions in which experts surfaced problems and raised questions about Australia's approach to Southeast Asia. A compendium of research was prepared covering Australia's Southeast Asia policy foundations as well as commentary and analysis from Australia and perspectives from the region.

Three dialogue events were then held in August and September 2021 in which over 120 experts and practitioners from the development, diplomacy and defence communities determined priority areas of focus. A stand-alone dialogue was held to ensure input from Southeast Asian experts.

This formed the basis for the five topics selected for Options Papers. Working Groups comprising more than 40 experts collaborated on draft papers from September to December. Draft papers were presented for feedback to senior representatives of the Department of Foreign Affairs and Trade and Department of Defence at a roundtable in November. Throughout the process AP4D also held private briefings and consultations with dozens of senior bureaucrats and political advisors.

The key findings and common themes from the Options Papers form the basis for this Synthesis Report, which in conjunction outline a vision for how Australia can put an integrated approach to foreign policy into practice in Southeast Asia.

## ACKNOWLEDGEMENTS

AP4D acknowledges the Australian Civil-Military Centre for its generous support in funding this inaugural program.

AP4D is extremely grateful to everyone involved in the Southeast Asia component. Thanks are due to Options Papers Working Group members, to all who attended diagnostic and dialogue sessions, to those who made time for consultations, to editorial panel and staff, and to AP4D Advisory Group members for their feedback and oversight.

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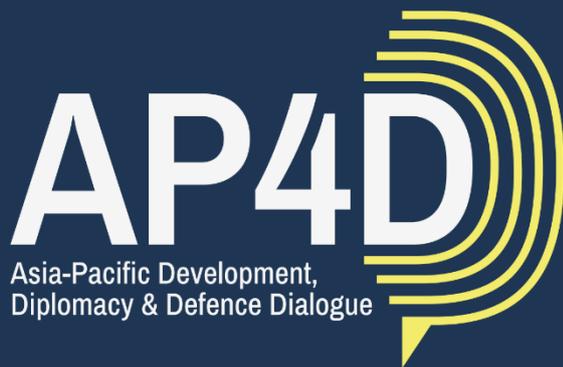
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## Options Paper

What does it look like for Australia to be a ...

# Partner for Southeast Asian Recovery & Growth

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# Why it Matters

Over the next 10-20 years Southeast Asia will significantly impact Australia's prosperity and security. Southeast Asia is a dynamic and high growth region that has significant opportunities for Australia. The economic outlook is positive, and there is an expected long period of sustained development in the region.<sup>1</sup> As Southeast Asia's closest neighbour, Australia has the opportunity to be strongly integrated with the region and benefit from its potential growth and dynamism.

However, Southeast Asia's growth is not guaranteed. Important regional challenges including the COVID-19 pandemic recovery, income inequality, regional instability and significant geopolitical shifts remain.<sup>2</sup> The 'middle-income-trap' continues to challenge some Southeast Asian nations.<sup>3</sup> Australia could face a divided region, struggling to restore the development trajectory that rising middle classes have expected, and with increasingly weakened regional institutions. These risks require a broader and deeper engagement by Australia, focused on the most significant challenges, to support inclusive and sustainable growth.

Growth in all of its facets is one of the highest priorities of the region. Growth is a goal with diplomatic, defence and development cooperation implications and should not be understood as only about development cooperation. It is about Australia connecting with the region's most important priorities given the significant implications for Australia's national interest. This creates a strong incentive for Australia to use diplomacy, defence and development cooperation to be more engaged.

High stakes mean Australia needs to support Southeast Asia's growth. Whether Southeast Asia succeeds is crucial for Australia's security and prosperity and Australia should focus on how to contribute to Southeast Asia's success. What happens in Southeast Asia will have a material

impact on the welfare of Australians regarding growth, job creation and welfare.

There are trajectories in the region that would be an issue for Australia. A region that has inequitable growth, instability, and is pandemic-ridden will be detrimental to Australia's national security. For example, poor economic growth could create a breeding ground for fundamentalist movements and terrorism. The region may export that instability and that will be an issue for Australia. Australia has a stake in not only the economic development trajectory of the region, but ensuring that growth is sustainable and inclusive, to ensure its own security.

Southeast Asia's diplomatic heft is increasing and Australia must prepare for shifting regional dynamics. Diplomatically, Australia wants to be integrated with a part of the world that is growing in its diplomatic influence. Southeast Asian nations have been growing strongly for 50 years and, with the exception of Myanmar, will likely continue that trajectory. As they grow, they are becoming more consequential both economically and also in the institutions of regional and global power.<sup>4</sup> As a result, even if Australia increases its influence, it will inevitably be relatively less as other nations become stronger.

Australia must work harder in the region to remain influential. Australia will be required to build trust and reliability as a development cooperation partner with contemporary thinking, and have enhanced diplomatic engagement to remain relevant and take advantage of Southeast Asia's opportunities. Australia must build confidence within the region that it views Southeast Asia as a priority.

A region that has national resilience is key to meeting emerging challenges. Increasing tension from humanitarian crises, authoritarianism, social unrest and ethnic tension may contribute to further regional instability. These are significant

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<sup>1</sup> Asian Development Bank, *Asia's Journey to Prosperity*, February 2020

<sup>2</sup> AP4D Southeast Asian Voices Dialogue, 31 August 2021

<sup>3</sup> Satoru Kumagai, "Can Multinationals save ASEAN from the middle-income trap?", *East Asia Forum*, October

2019: <https://www.eastasiaforum.org/2019/10/05/can-multinationals-save-asean-from-the-middle-income-trap/>

<sup>4</sup> Asian Development Bank, *Asia's Journey to Prosperity*, February 2020

factors affecting nations' resilience to respond to challenges and resist coercion from others. Australia's ongoing engagement across defence, diplomacy and development builds national resilience, ensuring the region can meet complex challenges.

Development cooperation programs remain an important tool for Australia to engage with the region. While some have transitioned away from receiving foreign aid, there are still six Southeast Asian countries that receive significant development assistance. Although aid is shrinking as a percentage of GDP in the middle-income countries like Indonesia, this support continues to have an outsized impact because of its catalytic effects and its ability to influence strategic priorities and projects.

### COVID-19 PANDEMIC RECOVERY

COVID-19 has brought on a comprehensive set of intersecting crises that will continue to negatively affect the region and Australia's place in it. Southeast Asia remains vulnerable to the medium and long-term impacts of the pandemic which will continue to exacerbate issues of poverty, climate resilience, and inequality. Pressure on healthcare systems, and basic public health services will continue and pandemic preparedness and response will remain a priority for the region.<sup>5</sup>

Australia, as part of the regional recovery process, has the opportunity to ensure inclusive and long-term sustainable growth. Health, education and economic cooperation underpin growth: education is vital in developing the knowledge and skills that drive economic competitiveness and productivity<sup>6</sup> while health security remains imperative in overcoming the challenges of pandemics, health emergencies and weak health systems that impact on economic security.<sup>7</sup> These are priority areas for

Southeast Asian partners where Australia has an established reputation and much value to add.<sup>8</sup>

Australia has demonstrated a renewed focus on Southeast Asia through a new package of economic, development and security measures to support the region's recovery from COVID-19.<sup>9</sup> Australia's commitment includes a \$523 million regional vaccine initiative in Southeast Asia and the Pacific,<sup>10</sup> including \$300 million to supply COVID-19 vaccines in Southeast Asia. In addition, a new ASEAN Centre for Public Health Emergencies and Emerging Diseases is being established with AU\$21 million from Australia adding to funding from Japan.<sup>11</sup>

The pandemic has highlighted the need to strengthen regional economies against future economic shocks. The recent \$1.5-billion loan to Indonesia for budgetary support during the pandemic is an example of Australia as a stronger partner for recovery and growth in the Southeast Asian region.<sup>12</sup> This approach can be built on across the region.

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<sup>5</sup> Department of Foreign Affairs and Trade, *Partnership for Recovery: Australia's COVID-19 Development Response*:

<https://www.dfat.gov.au/publications/aid/partnerships-recovery-australias-covid-19-development-response>

<sup>6</sup> OECD, "The Future of Education and Skills: Education 2030": <https://www.oecd.org>

<sup>7</sup> World Health Organization, "Health security": <http://www.who.int>

<sup>8</sup> Department of Foreign Affairs and Trade, *Partnership for Recovery: Australia's COVID-19 Development Response*:

<https://www.dfat.gov.au/publications/aid/partnerships-recovery-australias-covid-19-development-response>

<sup>9</sup> Melissa Conley Tyler, "Can 2021 still be Australia's year of Southeast Asia?", *The Strategist*, February 2021: <https://www.aspistrategist.org.au/can-2021-still-be-australias-year-of-southeast-asia/>

<sup>10</sup> Department of Foreign Affairs and Trade, "Australian support for COVID-19 vaccine access in the Pacific and Southeast Asia": <http://foreignminister.gov.au>

<sup>11</sup> ASEAN Centre for Public Health and Emergencies and Emerging Diseases (ACPHEED), <https://jaif.asean.org>

<sup>12</sup> Australian Treasury, "Bilateral Loan to Indonesia": <https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/bilateral-loan-indonesia>

“ASEAN members’ growth underpins regional stability, and Australia’s prosperity. Your stability is fundamental to our own. Our health security is inextricable tied to yours. And our enduring partnership supports an open, inclusive and resilient Indo-Pacific region. ASEAN is the centre of the Indo-Pacific. And we back this, both through our words and actions.”

*Prime Minister Scott Morrison*



“The emergence of COVID-19 has caused significant disruptions to people, to health systems, economies around the world. And what that has ultimately demanded is strong leadership, partnership and collaboration.”

*Minister for Foreign Affairs Marise Payne*



“Development challenges are what keep Southeast Asian policymakers awake at night.”

“As far as your neighbours are not doing well, your country and your security and your development is also at risk.”

*AP4D Southeast Asian Voices Dialogue*



“The biggest and most immediate factors in Australia’s Southeast Asia refocus have been the challenges posed by Covid-19 and China. The scale of damage across the region wrought by the pandemic has been profound and has made it impossible to argue that Southeast Asia somehow no longer needs Australia’s support...”

At the same time, the rise of China and its influence in Southeast Asia have made clear that Australia can’t ignore its region in the face of intensifying great-power competition.

If Australia wants to have deep relationships in Southeast Asia, it has to invest.”

*Melissa Conley Tyler, “Can 2021 still be Australia’s Year of South East Asia?”, The Strategist, February 2021*



“Despite a shrinking aid budget, Australia can still make a valuable contribution if it invests smartly and generously in Southeast Asia’s future and focuses on areas in which it has expertise and experience. The best way to offset the asymmetry is for Australia to bet on digital and tech diplomacy.”

*Huong Le Thu, “Australia Should Bet on Digital Engagement with Southeast Asia”, The Strategist, 2021*



# Aligning Views

## SOUTHEAST ASIAN VIEWS

Southeast Asian countries view growth, in all of its facets, as one of the highest priorities of the region.

Southeast Asia requires a new approach to development cooperation, focused on strong partnerships and the transfer of knowledge and skills. The top-down, donor-recipient divide is no longer appropriate or productive. Australia has an opportunity to present itself as a development and diplomatic partner willing to roll-up its sleeves and be pragmatic. Southeast Asia will respond best where Australia is culturally sensitive and welcomes feedback from Southeast Asian partners.

Southeast Asia is open to a stronger relationship with Australia, as shown by the recent ASEAN Summit and agreement to establish a Comprehensive Strategic Partnership between ASEAN and Australia.

## AUSTRALIAN VIEWS

Australia should challenge itself to see the diplomatic and defence implications of regional challenges, and the diplomatic and defence responses which can be brought into an integrated series of interventions.

For Australian diplomacy, emphasising shared values can make it difficult to have relationships with some countries in the region, and carries the risk that Australia may be perceived as a donor giving in order to buy influence. Australia should accept that it has relationships with countries that have different value systems and work to build genuine relationships. A stronger focus on problem-solving and partnering will produce stronger relationships built on trust.

## OPPORTUNITIES FOR ALIGNMENT

There are opportunities for alignment in health, education and economic cooperation.

In their responses to the immediate and long-term impacts of the COVID-19 pandemic, both Southeast Asia and Australia are prioritising health security. This provides an opportunity for closer engagement, collaboration and investment towards strengthening health outcomes across the region.

Australia as a key education provider is an important player in building influence and strengthening regional linkages. Southeast Asian nations look to Australia as a pivotal education partner for the region, providing an opportunity for Australia not only as an education destination, but as a contributor to skills development across the region.

Australia would benefit from promoting business-to-business connectivity. While being mindful of maintaining a balanced approach between government and the business community, Australia needs to consider how to use public investment through development programming to leverage greater business-to-business and, by extension, people-to-people connectivity between Australia and the region.

Australia and Southeast Asian nations have a shared interest in combating corruption and improving transparency to strengthen institutions and build resilient nations. There is an opportunity for greater development cooperation in this area, and Australia should build on development cooperation programs that address institutional resilience through an anti-corruption prism.



“We are partners with a vital stake in a dynamic region undergoing major changes. We commit to intensify our shared work to shape a secure and prosperous region for our people.”

JOINT STATEMENT, ASEAN-  
AUSTRALIA SPECIAL SUMMIT, 2018

# Barriers

There are a range of reasons why it has been difficult for Australia to remain focused on Southeast Asia. As a result of its significant growth, the region is challenging in terms of its size, diversity and complexity. There is a cultural divide that means that Australia's broader population often lacks a deep understanding of Southeast Asia to facilitate closer engagement. These factors mean that at times, it is hard to pay close attention to the region.

The divergence of strategic outlooks between Australia and Southeast Asia challenges Australia's ability to be a strong regional partner. The harder Australia acts to balance regional geostrategic security concerns, the more uncomfortable it may be for Southeast Asian nations. Southeast Asian countries want Australia to engage with the region in its own right, not only because of geostrategic concerns.

Changing regional dynamics have seen Australia need to balance a range of security risks — including terrorism and the movement of drugs and people — with an approach that primarily frames regional security risks in terms of geostrategic competition. Australia needs to ensure programs addressing a range of security risks are sustained, even as major power competition becomes the primary driver of Australian security policy.

The current focus on China has made it difficult for other priorities. There has often been a lack of political priority on Southeast Asia. While Australia's economic relationship with Southeast Asia has expanded as a whole, Australia's relationship with China continues to dominate. Australia is missing a significant opportunity to benefit from the rise of the Southeast Asian middle class. A broader and deeper economic relationship could be achieved through setting ambitious but achievable goals: for example, doubling the proportion of total goods and services exported to ASEAN countries to ensure

Australia is less vulnerable to regional economic shocks.

Emerging security issues including cyber warfare, misinformation and an increasing digital divide have a direct impact on Australia's critical infrastructure and digital economy and require an increasingly coordinated response. Australia has an important role to play in supporting cyber infrastructure and development. It recently announced \$104 million for a security package to extend defence cooperation, including military health collaboration, cyber resilience and defence attaché postings across ASEAN countries.<sup>13</sup>

New approaches based on strong partnerships are required to ensure development cooperation continues to be valuable. An approach is needed that focuses on technology transfer in areas such as transport, power, water, civil construction and social infrastructure in the form of training semi-skilled and highly-skilled professionals. An example already in action in the health sector is the Australian Therapeutic Goods Administration, which provides advice and support to countries in the region on regulations and quality control in relation to vaccines, diagnostics and therapeutics as they grapple with the pandemic. A future initiative could be to collaborate with countries in the region to explore the possibility of a regional regulatory authority, drawing on the experience of the EU European Medicines Agency (EMA).

Climate change is a crisis that threatens sustainable growth and stability across the region. Australia can provide leadership based on experience, expertise and funding to address the impact of global warming. Australia is already working with regional partners on transitioning to clean energy, recently establishing the Indonesian-Australia Cooperation on the Green Economy. This is an example of what can be achieved when Australia partners with the region for sustainable growth.

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<sup>13</sup> Minister for Defence, "Australia and ASEAN-tenth anniversary a milestone for regional security cooperation", Media Release, 10 December 2020:

<https://www.minister.defence.gov.au/minister/lreynolds/media-releases/australia-and-asean-tenth-anniversary-milestone-regional-security>

# The Vision in Practice

*What does it look like for Australia to be a partner for Southeast Asian recovery and growth?*

Australia is an active and engaged partner, deeply integrated with a growing and dynamic part of the world. Australia recognises the necessity of applying all arms of statecraft in engaging with the region, ensuring sufficient investment across defence, diplomacy and development.

Australia's economic diplomacy will promote openness to ideas, technology and the free flow of knowledge and services to support resilience and equitable growth. Australian development cooperation will work in partnership with Southeast Asia to create growth and human capital through building sophisticated social protection, health and education systems, good governance and hard infrastructure. Australia's expertise will make a valuable impact building systems in areas that support equitable and sustainable growth.

Australia will use its positions as an education provider to strengthen linkages to enable policy and knowledge exchange in priority areas including health, education and technology. Linkages will be strengthened by promoting opportunities for networking, professional development and alumni support.

Australian agencies will cooperate on non-traditional security threats and Australia will continue to engage actively to promote a secure, stable and prosperous region. Australia will adopt a balanced approach to risks, focusing both on non-traditional security including terrorism and transnational crime as well as emerging geostrategic challenges. Australia will support inclusive and sustainable development to avoid a region riven by inequality, which produces instability counter to Australia's national interest.

Australia's approach to the region will synchronise with regional initiatives and emphasise interventions that align with other actors in the region. Australia can capitalise on its development cooperation by focusing on key interventions in support of regional policy and initiatives, becoming a strong multilateral partner.

## **CASE STUDY:** The Indo-Pacific Centre for Health Security

An example of supporting collaboration and institution-building in practice is the Indo-Pacific Centre for Health Security.

The Centre is the implementation body for the Australian Government's \$300 million Health Security Initiative, launched in 2017, and the \$623 million Vaccine Access and Health Security Initiative, announced last year in response to the COVID-19 pandemic. The Centre is located in the Department of Foreign Affairs and Trade, and brings together relevant Australian Government Agencies, advised by a distinguished Technical Reference Group. The Centre's mix of DFAT staff,

secondees from six Departments and specialist contractors provides in-house expertise in areas including the veterinary sciences, regulation, immunology, microbiology, epidemiology and anthropology.

The Centre for Health Security is uniquely placed to leverage the projects, partnerships and goodwill Australia has built to address the urgent need to mitigate growing health security threats to our country and our region. The Centre brings together global investments, collaboration with regional organisations (including ASEAN) and bilateral health cooperation to deliver both strategic direction and practical, timely assistance for regional government partners in the Indo-Pacific region.

This is an example of what can be built in other areas.

With a well-resourced diplomatic arm, Australia will establish stronger diplomatic engagement with ASEAN and individual countries through further comprehensive partnerships, adding to the Comprehensive Strategic Partnership between Australia and ASEAN and ASEAN members Singapore, Indonesia and Malaysia. The relative growth of most Southeast Asia countries affects Australia's role however, Australia still has an important contribution to make. By linking diplomacy and development cooperation together to build strong and effective relations, Australia will be the nation Southeast Asia looks to on priority development issues, moving from a prism of development cooperation to a genuine partnership of equals.

Australia's private sector will actively engage with opportunities in the region, supported by both government and business associations. An increasing number of Australian companies will have Southeast Asian strategies. There is an opportunity for development cooperation programs to support this.

Australia will create a deeper and more sophisticated relationship not only built on economic cooperation, but on stronger relationships through understanding the language and business culture, including people-to-people and institution-to-institution connectivity.

Research institutions across the region will be supported to put in place strategies to build deeper research and development partnerships that build enduring relationships, respect and trust. Institutions will build awareness and resilience to foreign interference.

Australia will invest in building better relationships with the people of Southeast Asia and support more resilient civil societies. This can be pursued creatively without stepping on the toes of local governments, including by supporting Australian civil society to boost its engagement with the region and by promoting more dialogue around shared social issues such as race, religious and gender-based discrimination.

#### CASE STUDY: IA-CEPA ECP Katalis

Katalis is a government-backed business development program designed to maximise benefits from the Indonesia-Australia Comprehensive Economic Cooperation Agreement (IA-CEPA). It is a business-first program aiming to build commercial partnerships between businesses in Australia and Indonesia. Mutual business interest is key to the delivery model.

The Katalis business engagement approach rests on four key elements for success:

- *Sectors with most mutual benefit:* Katalis works in sectors with the most potential for mutual economic benefit over the long term: agri-food, advanced manufacturing and selected services such as education, health, digital and professional services. Also included are other sectors or parts of value chains that offer substantial growth and development potential in the next 5-20 years.
- *High-profile business activities:* Katalis supports a step-up in mutually beneficial trade and investment, with activities that have a positive demonstration effect for the business community. It showcases these activities with impactful public communications to promote success, leverage more interest and crowd-in more business partnerships.
- *Large businesses with flow-on benefits to SMEs:* Katalis emphasises building relationships with large businesses in targeted sectors as the entry point to connect and engage with firms of all types and sizes involved in their value chain.
- *Ensure all activities catalyse trade and investment that is mutually beneficial, commercially meaningful and inclusive.* This entails a strong emphasis on working with businesses willing and able to co-invest, in cash or in kind, in activities to further develop the Indonesia-Australia economic relationship.

This approach would be worth exploring at the regional level.

“Our efforts will focus sharply on where we can make the most difference. Our response will focus on three core action areas, which reflect our shared interests with partner governments: Health security. Stability. Economic recovery.”

*Partnerships for Recovery: Australia’s COVID-19 Development Response, 29 May 2020.*



“What ASEAN as a region requires is help from all the major powers. Surviving and recovering from the ravages of the Covid-19 pandemic will be the focus for Southeast Asia for the foreseeable future.”

*Nurliana Kamaruddin, “US-China Rivalries: What matters for ASEAN,” The Interpreter, July 2021.*



# Pathways

## Immediate

Focus Australia's development cooperation on priority areas that promote sustainable growth and development. Australia will specialise in areas where it can add value and have a comparative advantage. Priority areas of development that underpin sustainable growth and development will be health, education and economic cooperation.

Australia should build on existing initiatives that exemplify strong collaborative partnerships and transfer technology and know-how. The Indo-Pacific Centre for Health Security is an example already in place.

Australia should look to expand its technical assistance to Southeast Asia along the lines of the Prospera program in Indonesia, which sends experienced Australian public servants to Indonesian government departments. Great powers such as China and the US are too big and threatening to develop these kinds of relationships, which can only be sustained through a high degree of mutual trust. This approach capitalises on Australia's knowledge base to help partners meet their own diverse challenges, as well as building a wider regional network of officials and advisers who can better tackle shared future problems.

Australia will coordinate each arm of statecraft to maximise impact by emphasising that all agencies have a role to play. In practice, this means defence cooperation that supports stability, resilience and sovereignty in the region will significantly contribute to economic growth and development. It is important for Australia to advocate for defence to have a place at the table when it comes to recovery and growth in the region.

Australia will continue close collaboration across enforcement agencies to combat security risks. Australia recently announced \$65 million for regional maritime states for enhanced training, technical advice and cooperation that will significantly contribute to strengthening relationships across the region.<sup>14</sup> Australia should continue to move beyond capacity-building and focus on enhanced partnering with Southeast Asian states to improve the quality and complexity of engagement.

## Medium-term

Work with Southeast Asian states to strengthen cooperation on emerging challenges that will have a direct impact on Australia's critical infrastructure and digital economy. Digital development is one area that will benefit from closer collaboration.

Provide support to research institutions to build and strengthen partnerships in research and development across the region. Digital health is one example of a practical way of building deeper collaboration between Australia and the region in this area, bringing together infrastructure, research and technical cooperation. There are opportunities for collaboration on drug repurposing, where artificial intelligence shortlists drugs that can be used to intervene in earlier stages of disease. Likewise, applications of artificial intelligence to triage patients in isolation to determine if they require hospital care is another collaboration opportunity.

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<sup>14</sup> Prime Minister of Australia, "Investing in the Southeast Asian Partnerships", Media Release, 14 Nov 2020: <https://www.pm.gov.au/media/investing-our-southeast-asian-partnerships>

Ensure scholarship and Australia Awards short courses are aligned with regional development priorities. For example, the field of infectious disease research can boost infectious disease intelligence cooperation and support pandemic preparedness. These areas of cooperation also build stronger partnerships across research institutions and develop effective nodes of cooperation and networking.

Build on Australia's position as Southeast Asia's pivotal education provider and expand services offshore to increase access to technical and vocational education and training. Australia will be a strong partner for skills development and knowledge transfer and develop and implement systems to increase access to education in the region at an affordable scale.

Australian economic diplomacy should promote openness to global trade, investment, technology and the free flow of ideas. This should integrate diplomatic efforts with development cooperation to create sophisticated, modern and respectful partnerships that are genuinely collaborative. This framework will provide the basis for working together on significant projects.

Expand on initiatives that strengthen economic cooperation and improve development outcomes. The Indonesia-Australia Comprehensive Economic Cooperation Agreement (IA-CEPA) is an example already in place. While commercial engagement has proved elusive in the past, it remains an area of significant potential.

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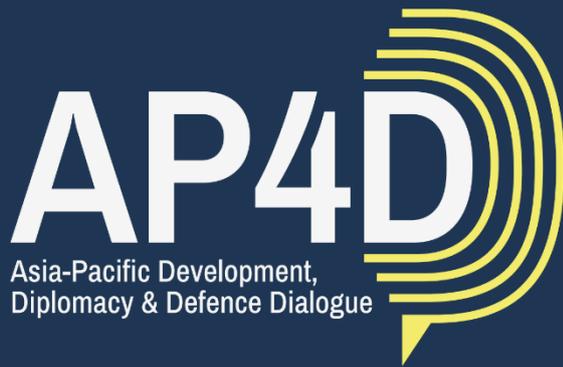
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## Options Paper

What does it look like for Australia to be a ...

# Partner in Climate Leadership in Southeast Asia

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# Why it Matters

As one of the primary security threats<sup>1</sup> of this century, climate change is a foreign policy dilemma – but it is also a foreign policy opportunity.

There is a window of opportunity for Australia to demonstrate transformative climate leadership in Southeast Asia. Australia has the capabilities to work with Southeast Asia on climate risk assessment and disaster preparedness and to be part of the region's green economy transition as a renewable energy superpower helping meet Southeast Asia's energy needs.

Without a major shift in global, regional and national policy approaches and targeted, coordinated efforts to advance adaptation and mitigation activities, the world is on track to experience significant impacts of climate change including rising temperatures and sea levels, potential spread of infectious disease, more frequent and extreme weather events and shifts in resource availability. The cumulative impacts will drive major and new security threats and cause significant disruption to lives and livelihoods.

Australia and the region are already experiencing the impacts of climate change in terms of environmental, human and financial costs. This has profound implications for emergency services, community resilience and food security. There is an increasing burden on Defence as a first responder to disaster relief.

In an era of disasters, Australia needs to avoid getting caught in a spiral of simply responding to events, rather than seeking measures to mitigate them.<sup>2</sup> It is in Australia's national interest to have safe and prosperous countries in its immediate region. This is beneficial both economically and to Australia's security.

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<sup>1</sup> International Military Council on Climate and Security, *World Climate and Security Report*, June 2021: <https://imccs.org/wp-content/uploads/2021/06/World-Climate-and-Security-Report-2021.pdf>

<sup>2</sup> Robert Glasser, *Preparing for the Era of Disasters*, Australian Strategic Policy Institute, 6 March, 2019: <https://www.aspi.org.au/report/preparing-era-disasters>

If the emerging energy demands of Southeast Asian countries – particularly Indonesia, Vietnam, Thailand and Malaysia – are going to be fuelled by hydrocarbons, this will create even more environmental stresses than at present. There is an increasing risk of climate refugees and climate migrants across the region, as well as growth in extremist ideology in response to these stresses.

At the same time, the energy demands of Southeast Asian emerging markets present major opportunities for Australian businesses. Australia has a major competitive advantage due to its significant renewable energy resources. These can be exported via cable from northern Australia or via green hydrogen shipped from elsewhere in the country.

Australian renewables can be used to support domestic production of new green commodities for Southeast Asian markets. Australia's natural endowment of minerals such as nickel, copper, lithium and cobalt, critical to the development of solar panels and electric vehicles, positions it well to continue to support the energy needs of its neighbours. This will lead to job creation in raw materials, technological development and service delivery.

This provides an opportunity to develop a new pillar of engagement with Southeast Asia, supporting Australia's objective of looking less to Northeast Asia for trade opportunities.

Renewables can be a diplomatic as well as an economic tool. Exporting hydrocarbons until they are no longer viable is not a long-term strategy. Australia can move to a renewables model of regional influence. This includes directly supplying energy, green commodities and critical minerals, as well as associated infrastructure. There will also be an opportunity to work with Southeast Asian governments on policy creation, including establishing regulations, standards and certification regimes for the energy transition.

In the coming decades several Southeast Asian countries will develop economies to match their populations, changing Australia's relative standing in the region. Australia needs to start preparing for this transition while it is still a significant player.

“Australia faces a challenge it has never experienced before – a changing strategic order that has governed the Indo-Pacific for decades occurring in conjunction with a change in the biophysical environment, of which climate change is the most visible manifestation”

*Brendan Sargeant, “Challenges to the Australian Strategic Imagination”, Centre of Gravity Series, Strategic & Defence Studies Centre, May 2021*



“Within a decade, as the climate continues to warm, the relatively benign strategic environment in Maritime Southeast Asia – a region of crucial importance to Australia – will begin unravelling. Disruptive climate events (individually, concurrently, or consecutively) can cause cascading, security-relevant impacts, such as disruptions of critical supply chains, galvanized separatist movements, climate refugees, opportunistic intervention by outside powers, political instability, and conflict.”

*Robert Glasser, The Rapidly Emerging Crisis on our Doorstep, Australian Strategic Policy Institute, April 2021*



“The resilience of developing Southeast Asia functions as the protective membrane for Australia’s own prosperity and security.”

*Hervé Lemahieu, “The Case for Australia to Step Up in Southeast Asia”, Brookings Report, October 2020*



# Aligning Views

## AUSTRALIAN VIEWS

Australia has an official target to achieve net zero emissions by 2050. It also wants to deepen Southeast Asia engagement. Climate cooperation can contribute to both goals.

## SOUTHEAST ASIAN VIEWS

Due to their environmental realities, countries in Southeast Asia are developing policy approaches and strategies to address climate change. While there is no single view, a number of countries have made commitments to net zero by 2050 or earlier. ASEAN has also expressed this aspiration.

Southeast Asian countries are highly exposed to the effects of climate change. ASEAN has stated that the issue of climate change is a major concern as Southeast Asia is one of the most at-risk regions in the world to the impacts of climate change.<sup>3</sup> The likely impact of disasters, coupled with the need for sustainable development, means that this is very high among Southeast Asia's policy priorities.

There is a huge appetite for addressing climate as part of a “green and resilient recovery” from COVID-19. ASEAN's vision is for member states to upgrade and redesign national policy frameworks, effectively changing the flow of finance, diffusing relevant technologies, reshaping the market and local community, and transforming entire societies towards the direction of global goals.

Those Southeast Asian countries which are most ambitious in their aspirations will increasingly be looking for renewable energy sources, green commodities and critical minerals, as well as supporting technologies and infrastructure. They will be recalibrating their development models around renewable energy. Australia should be in a position to facilitate this. Southeast Asian countries are actively looking for partners in their energy transition not just within ASEAN but also to other countries such as Australia.

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<sup>3</sup> ASEAN Secretariat, *ASEAN State of Climate Change Report*, 12 October 2021: <https://asean.org/wp-content/uploads/2021/10/ASCCR-e-publication-Final-12-Oct-2021.pdf>

## OPPORTUNITIES FOR ALIGNMENT

Australia and the members of ASEAN are all signatories to the Paris Agreement, committing themselves to the current iteration of the United Nations Framework on Climate Change. Alongside this, they are members of regional institutions such as Asia-Pacific Economic Cooperation (APEC) which has sought to facilitate trade in a manner that is sensitive to climate concerns.

Australia and Southeast Asian countries are both concerned about the impact of natural disasters and already work together on humanitarian and disaster response. They are both concerned about water and energy security and sustainable development in the region.

Both Australia and Southeast Asia share similar but distinct challenges in responding to climate change. There are differences in geographic realities, development needs and economic goals. But there are strong similarities in the need to encourage innovation and problem-solving, attract and mobilise private capital to achieve emissions targets and find alternative sources of income for regions currently reliant on fossil fuel extraction.

The most positive scenario would see these shared concerns about the effects of climate change within both Australia and Southeast Asia leading to significant cooperation, including within the renewable energy sector.

There is already some alignment of private sector interests in Australia and in Southeast Asian countries. Over time, the influence of Australian private sector actors who sense new market opportunities may be greater than governments, non-government organisations or analysts when it comes to shifting perspectives towards a renewable-fuelled future for Southeast Asia.

Because of the diversity among ASEAN members, there will be leaders and laggards in achieving net zero emissions by 2050, providing opportunities for Australia to work with those that wish to opt into specific initiatives.

“We are going through incredibly difficult times in which the livelihood and lives of our people are under threat by the COVID-19 pandemic while the economic and social life is in disarray, and further aggravated by severe natural disasters, storms, floods and droughts.”

*Remarks by HE Nguyen Xuan Phuc, Prime Minister of Vietnam at the Opening Ceremony of the 37th ASEAN Summit, November 2020*



“Australia is also partnering with our region... on climate change which is, as we know, a major risk to sustainable development in the Indo-Pacific.”

*Minister for Foreign Affairs Marise Payne, Speech to the Australian Council for International Development, March 2021*



“In the midst of enormous challenges, Indonesia and Australia must focus on strengthening our partnership... we must work together to protect the environment... to commit to lowering carbon emissions and to develop renewable energy and other green technologies.”

*HE Joko Widodo, President of Indonesia “Speech to Australian Parliament”, February 2020*



# Barriers

In recent years Australia's domestic political calculations have been built around concerns that energy transition may affect energy reliability or cost, or impact regions currently reliant on fossil fuel extraction. This has led to a lack of strong domestic goals. Fossil fuel dependent communities may need a multi-decade government investment plan that allows their regions a just and clear transition away from an economic reliance on coal and gas, leading to new viable and geographically specific industries.

Persistent subsidies for fossil fuels in Australia skew market incentives away from future renewables opportunities.

Vested interests and political calculations are also present throughout Southeast Asian countries. For example, there are strong political incentives to subsidise fossil fuels in some countries. Unless other avenues are found to provide electricity to the poor, these will be hard to shift. Finding ways for elites to benefit from renewables, for example as equity investors, may be necessary to help them transition from fossil fuel exploitation.

These inhibitions and negative incentives have limited the market's ability to innovate and gain experience delivering major renewables projects. Investors may balk at facilitating such endeavours until viability can be proved. The proposed Sun Cable link between Northern Australia and Singapore has a scale and complexity never before attempted.

Furthermore, these inhibitions and negative incentives have also led to a lack of investment by rich countries such as Australia in funding climate programs within Southeast Asia.

There has been a lack of coordination between various sectors and political jurisdictions within Australia. Southeast Asia shares this lack of institutional coordination between various sectors. For example, Southeast Asia does not yet have strategies for hydrogen. A transition to renewables will not happen organically and needs organisation around it.

The scale of Southeast Asia's need for expanded access to energy has major implications for climate

and environmental policy. Yet the current thin capabilities in the region to tackle environmental problems, including limited budgets and state capability, will potentially restrict how effectively programs can be designed and implemented. Southeast Asia's clean energy transition will be hugely costly.

Australia will not be the only player in seeking to service Southeast Asia's renewable energy demands. Japan, China and South Korea will provide considerable competition, as well as European powers as they pivot towards the Indo-Pacific.

Despite the efforts of some notable organisations, Australia still lacks the cultural literacy to engage well with Southeast Asia. These deficiencies work in concert with the general lack of Australian corporate sector confidence with Southeast Asian governance and legal systems, creating structural hurdles to be able to take advantage of the region's energy shift. There needs to be sufficient motivation to overcome the cultural, financial and technological barriers involved.

Most recently, the COVID-19 pandemic has diverted much-needed attention and investment away from climate change. On the other, it has heightened the need for decision-makers to lift ambition on the interrelated challenges of human and planetary health and security, and reinforced the fact that addressing these issues requires multilateral and multi-stakeholder approaches.

# The Vision in Practice

*What does it look like for Australia to partner in climate leadership in Southeast Asia?*

Australia will commit and position itself as a significant player and partner in achieving the global goal of net zero by 2050 in Southeast Asia, a region that will be a litmus test for the rest of the world.

Australia will become actively involved in influencing the shape of Southeast Asian economies towards sustainable infrastructure and renewable energy sources, further integrating Australia's economy with Southeast Asia.

Australia's private sector advances in transitioning away from fossil fuels towards renewables. Sub-sea cables and green hydrogen will become major Australian energy exports to the region, with Australia also becoming a significant exporter of green commodities and the critical minerals used in renewable technology. Industry will be aware of the opportunities for Australian renewable exports and volume will rise.

Australia takes leadership in the development of green ports, encouraging ships to reduce carbon dioxide and sulphur oxides emissions and setting conditions on port entry. Australia will be active in carbon offsets programs and encouraging adaptation by the insurance sector.

This will involve Australia seeking opportunities in climate finance, promoting investment mechanisms that support climate goals and bringing climate considerations into investment decisions. This may be through existing mechanisms, such as the Emerging Markets Impact Investment Fund (EMIIIF), or through building on other initiatives, such as the Australian Infrastructure Financing Facility for the Pacific (AIFFP).

Australia uses its diplomatic skills to build trust in international processes in climate financing. It will provide presence and gravitas in multilateral forums and organisations in support of global climate goals. Australia will use its talent for devising rules to develop governance around global climate agreements that work equitably and have positive social and environmental impacts.

In particular, Australia will be active in working with Southeast Asian governments and other regional governments and multilateral institutions to develop policy frameworks for the necessary energy transition, including establishment of relevant regulations, standards and certification regimes. Australia will focus its diplomacy on creating green energy pathways in the region.

Australia will maintain engagement with current regional institutions and work towards buy-in from existing elites.

Policies developed within regional multilateral institutions will link with local priorities within state, territory and municipal governments, businesses in a range of industries, scientific communities and the broader civil society.

Australia's development cooperation program will support climate leadership in Southeast Asia, for example development of an ASEAN electricity market.

Beyond opportunities in renewable energy cooperation, Australia will also collaborate with Southeast Asia on sustainable landscape management, limiting the encroachment on wild habitats and exposure to zoonotic disease, and on marine innovation and preservation.

The protection and careful management of wild habitats and marine environments presents an opportunity to bring Indigenous perspectives to the fore, allowing for the ability to integrate traditional knowledge and local wisdom into contemporary climate change dialogue and responses.

Australia's knowledge base will enable it to work with Southeast Asia to develop renewable energy and other technology through partnerships between Australian and Southeast Asian universities. Australia becomes a major educational partner to develop Southeast Asia climate skills through scholarships and training across the tertiary sector. Australia will

increasingly be involved in low-emissions technology partnerships.

Looking across the Tasman, Australia follows New Zealand's lead in developing a defence policy response to the risks and challenges of climate change. Defence and development will continue to work closely in humanitarian assistance and disaster response.

Australian and Southeast Asian defence forces will continue to enhance their disaster relief coordination, building both interoperability and trust. Australia will support enhanced civil-military coordination in disaster and humanitarian response.

Australia recognises that it is not the only player in this space and will work with other partners to achieve positive objectives. For example, on the development of a green energy market in Southeast Asia, Australia has the ability to work with other countries such as Japan, China and South Korea. Australia should be realistic about its value-add.

Australia can use its diplomacy, including its membership in multilateral and minilateral groupings like the Quad, to progress its vision on climate change.

Defence integrates a climate perspective into its bilateral defence cooperation and defence diplomacy, raising awareness of how climate risks manifest. Through its engagement with ASEAN defence dialogues it can promote a preventive approach. Through a focus on human security, it can contribute to regional resilience in the face of climate change. Defence attachés can build on existing relationships with counterparts on disaster access in a way that respects national autonomy. As a consumer of energy, Defence can contribute to the emergence of sectors such as green fuel, building renewables into its supply chains.

Australia will also recognise that it has huge potential to use the major asset of its diaspora communities to engage on climate change issues with Southeast Asia. Alongside this, greater people-to-people links will be developed through the creation of young climate leader programs, which promote interactions between young Australians and young leaders in Southeast Asia.

Being perceived as a climate leader in Southeast Asia will bring Australia positive benefits in terms of its image and soft power. It will demonstrate

that Australia is listening to the needs and wants of Southeast Asia and will help Australia develop a national identity more closely linked to its neighbourhood.

# Pathways

Immediate

## Domestic Political Vision

Overcome ambivalence and inconsistency around Australian climate and energy policy. Lack of policy certainty for energy market operators inhibits their ability to effectively plan projects and seek market opportunities within the region.

## Climate Risk Assessment

Work with ASEAN on a climate risk assessment for the region. It is becoming increasingly problematic to base disaster management strategies, policy assumptions, operational arrangements and funding on the historical experience of disasters in a stable climate. States need integrated national assessments of climate risk and its implications for poverty, inequality and instability. Australia can be a partner in developing an assessment of climate risk to reflect the changing nature of disasters, building on initiatives like Australia's National Recovery and Resilience Agency.

## Disaster Preparedness

Engage with Southeast Asian states to build capacity for disaster preparedness. This will involve working with existing mechanisms and guidelines as a pathway to better forward strategies for prevention, such as the cooperative protocols essential to partner with Southeast Asian response teams and negotiating the pre-positioning of materials.

This will require enhancing the diplomatic buy-in from Southeast Asian countries for Australia to have legitimacy as a significant humanitarian partner in the region.

Defence should add to its operational level expertise by working preventively with the command level at ASEAN to get policy principles in place. Australia can draw on the example of its engagement with the Pacific Islands Forum in assisting with policy settings.

There is also great potential for sharing new technologies for weather prediction, modelling and geo-spatial mapping of hazards developed by Australian institutions such as the CSIRO and Bureau of Meteorology. The upcoming Asia-Pacific Ministerial Conference on Disaster Risk Reduction (APMCDRR) in Brisbane in the second half of 2022 could showcase these collaborations.

Medium-term

## Climate Partnership

Develop an Australia-Southeast Asia Climate Partnership bringing together existing and new initiatives for practical action including in technology, water, energy and infrastructure.

Recent case studies include Australia's Statement on Climate Action pledging \$500 million to support Southeast Asian countries through better management of forests, land and agriculture and the Australia-Vietnam Joint Statement on Commitment to Practical Climate Action.

Australia can aspire to become a hub of training for climate change adaptation and mitigation. It should look at how it can get the next generation of climate change experts in Southeast Asia to study and partner with Australia. This can be done through university-to-university and institution-to-institution links, including through programs like the New Colombo Plan as a vehicle for greater people-to-people connections around climate change.

### Green Export Promotion

Compile and promote up-to-date assessments of regional needs and Australia's opportunity to supply these, including in critical minerals, green steel, green aluminium and hydrogen.

Work with regional bodies on related policy issues, including standards, certification and regulation.

### ASEAN Electricity Market

Assist with development of a region-wide ASEAN electricity market to provide green energy pathways to meet Southeast Asia's overriding need for energy security. This will require surmounting existing barriers, including vested interests, to create legitimacy for the concept of a regional framework.

Australia has expertise around energy market design. It has limited leverage but does have access to the ASEAN Secretariat and motivated member governments can humbly share its expertise. Australia should identify the countries that are most aligned with its aims and work outwards on a forward-looking program.

Ambitious

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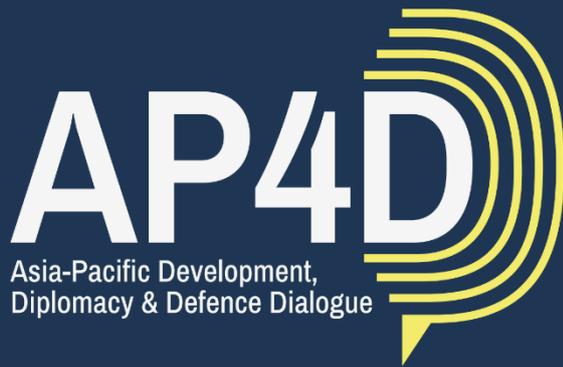
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# Why it Matters

Australia's perceived emphasis on traditional state security concerns, particularly strategic competition with China, is one key reason that Australia's security partnership with Southeast Asia falls short of its potential. This is a missed opportunity to find common ground on security. Australia needs an expansive vision of what it means to be a security partner in Southeast Asia.

The three most significant security challenges facing Australia and Southeast Asia today are geostrategic competition, the impacts of climate change and complexities of accountable governance.

Notwithstanding the tough geostrategic headwinds, Australia risks foregoing significant opportunities to be a security partner of choice in Southeast Asia if it overwhelmingly emphasises the first challenge alone.

Instead, its focus should be on finding common ground with regional leaders across a broad spectrum of cooperation, in particular with respect to shared interests between Australia and Southeast Asia in human security and effective governance.

Australia's national security and international engagement strategy in Southeast Asia should see investing in human security and state security as complementary and mutually reinforcing endeavours, not competing paradigms.

Insecurity at the individual level undermines national stability, while fragility and conflict at the state level undermine security for individuals. Neither should be viewed as subservient to the other. Regional examples like Timor Leste, Myanmar and Mindanao in the Philippines highlight how poverty and political grievances that elicit a primarily military response can become trapped in a vicious cycle.

The pursuit of gender equality and addressing gender-based violence is foundational to this conception of individual security as a driver of peace and security.

In both economic and security terms, Southeast Asia matters deeply to Australia. However,

Southeast Asia's progress over the last 30 years is unlikely to be a blueprint for coming decades. As a region, Southeast Asia finds itself described as a geostrategic flashpoint for the emerging great power contestation between the United States and China, vulnerable to climate impacts and suffering persistent governance challenges. These have been complicated by the on-going health burdens and human security concerns – as well as the economic fallout – from the COVID-19 pandemic.

Simultaneously, the region is taking positive steps to determine its future development and security pathways, including through the strategic strengthening of partnerships beyond the region.

Countries' ability to respond to wicked challenges like climate change and pandemics is fundamentally about human security and the extent to which individuals and governments have the resources and structures to respond and recover from shocks. Improving human security and development outcomes at the individual level provide states with the resilience to meet these challenges. Addressing and preventing wicked challenges – or at least mitigating the worst impacts – is about collective regional action that requires countries to look beyond the great powers to build security partnerships among the countries in the region.

With the potential for real conflict in the region, combined with enduring hunger, disease, natural disasters, poverty and inequality that kill more people than war, genocide and terrorism combined, it is timely to examine where Australia and Southeast Asia share comprehensive security interests that recognise the full spectrum of human insecurity.

It is in Australia's national interest to support a secure, stable and prosperous Southeast Asia that supports human flourishing.

“Australia’s vision to implement ‘rules-based order’ should be pursued through extensive dialogue with Southeast Asia counterparts by strengthening force. Southeast Asian countries do not want attention in the region simply to be because of the ‘China factor’, but based on building genuine relations to understand its closest neighbors better.”

*Lina Alexandra, “Building Stronger Relations Between Australia and ASEAN”, La Trobe Asia, June 2021*



“The economic, security and diplomatic benefits to Australia of moving [the remaining poor] into the Asian middle class locates South East Asian development at the nexus of Australian interests. Despite this, we barely make the top ten development partners in a majority of ASEAN countries.”

*Richard Moore, “Rising Risk and Opportunity in Southeast Asia Require Reassessment and Response”, International Development Policy Review Submission, 2020*



# Aligning Views

For many Southeast Asian states, development challenges, governance issues, public health and the risks associated with climate change rank highest as security concerns. Demographic and generational shifts are impacting on how Southeast Asia sees itself.

If Australia's main focus is on geostrategic dynamics, it risks paying inadequate attention to the substantial human security challenges that the region faces. Although some Southeast Asian states share Australia's geostrategic concerns, this overlap is not universal. Misalignment with Southeast Asia's broader human security priorities will undermine Australia's real and perceived status as a regional security partner.

Southeast Asian states have a clear strategic preference for maximising their room for manoeuvre and flexibly accommodating the responsible presence of superpowers. This is due to the significant public goods—in the form of infrastructure, investment, development finance — that this can bring.

Southeast Asian states reject any perceived fatalism that views the region as the site of an impending great-power clash. Fatalism does not align well with a region eager to maximise choice and which is cautiously optimistic about its potential to moderate US-China tensions and sustain a peaceful path towards prosperity.

Southeast Asian states recognise and value the agency they wield in shaping the regional order.

Australia's perceived preoccupation with great-power contestation is a significant barrier to enhancing effective regional partnerships.

Australian investment in external partnerships such as the Quad and AUKUS, which are intended to supplement rather than displace engagement with ASEAN, can instead fuel anxieties in some Southeast Asian capitals that Australia is working around the region rather than with it. Prioritising cooperation with Washington, New Delhi, Tokyo and London may alienate some of the resident states with the largest stake in regional security outcomes.

On the positive side, Australia has a strong, established network of significant regional and bilateral relationships in Southeast Asia: each uniquely shaped by history, geopolitics, trade and more. From Cambodia to Timor Leste, Australia has solid experience to point to where it has thought in both national security and human security terms.

While there are occasions where diverging goals emerge between Canberra and its Southeast Asian counterparts, there are real and practical ways that Australia has been, and can be, an effective security partner in pursuit of both Southeast Asian and Australian interests.

“Australia is the anchor of ASEAN, hanging down there as a steadying force in the rising and ebbing geopolitical tides; rounding out our geographical distinctiveness, security, and the felicity of Southeast Asia.”

*Foreign Affairs Secretary Teodoro L. Locsin Jr,  
Philippine Intervention at ASEAN Post-ministerial  
Conference Session with Australia, August 2021*



“The top three pressing national security issues were the COVID-19 pandemic, terrorism and violent extremism, and the communist insurgency. The fact that terrorism is still high on the list indicates that the focus of the Australia-Philippine security cooperation is where it should be.”

*Charmaine Misalucha-Willoughby, Australia and the  
Philippines – Prospects for Engagement, La Trobe Asia,  
June 2021*



# Barriers

Australia's ability to act and be seen as a partner of choice for Southeast Asia is challenged by the region's heterogeneous interests, values and priorities. This complicates a uniform partnership agenda across the region. Australia cannot treat Southeast Asia as a monolith and must approach each country in the region with a tailored and graduated approach, attuned to the overlapping but often different constellations of interests in each context.

At the same time, a regional partnership that is greater than the sum of its bilateral parts requires strategic emphasis on the interests and priorities that are broadly shared within and with the region. This includes maritime security, countering interference and securing economic growth. Each of these elements provide fertile ground for effective and broad-based cooperation.

Many countries in Southeast Asia have different conceptions of human rights and responsibilities to Australia, placing value in different areas especially in regards to individual versus collective rights. In extreme scenarios of genocide and crimes against humanity, it may be untenable to continue to pursue security cooperation. Yet it would be premature to entirely preclude cooperation on the basis of diverging political systems and values alone. Pursuit of interests and values is not necessarily zero-sum. Australia has a strong history of balancing advocacy on abolition of the death penalty – a central part of the justice system in many Southeast Asian countries – with other objectives in its relationships in the region. This can be extended to other issues such as freedom of the press, strengthening civil society and advancing women's rights. For the same reason that the region's pragmatism can generate actions and policies that jar with Australia's values, so too it gives the region the bandwidth to cooperate with Australia on areas of shared interest.

Australia's declining relative power weakens its capacity to be an influential and attractive partner. Part of the decline in Australia's relative power stems from structural factors, such as the faster growth of some Southeast Asian countries and Australia's comparatively small population. But Australia's diminishing influence can be partially attributed to an underinvestment in its development cooperation program and diplomatic capabilities. There is the need for greater coordination and rebalancing of investment between Australia's defence, diplomacy and development.

There can be tensions between these different arms of statecraft. For example, development cooperation programs need to engage with systemic drivers of inequality to be effective in the long term – which may include global economic systems and trade arrangements. Closer cooperation between different aspects of statecraft, including analysis of the gendered development impacts of Australia's foreign policy choices, is critical to ensuring that efforts in one space are not undermined by another.

Although state security and human security are ideally mutually reinforcing, these dimensions of security can work at cross-purposes. Australian efforts to support state security risk strengthening governments that do not adequately attend to the human security needs of their citizens. Equally, moves to improve human security can be politically fraught in some contexts, leading these governments to be less likely to accept Australian support to bolster state security.



Cambodian Mine Action Centre landmine team at work (Department of Foreign Affairs and Trade)

# The Vision in Practice

*What does it look like for Australia to be a security partner in Southeast Asia?*

Australia's Southeast Asian regional engagement will be animated by areas of shared interest, with Australia's development, diplomacy and defence policy agendas aligned towards the pursuit of a secure, stable and prosperous Southeast Asia.

Australia is willing to invest in the necessary resources to maintain its status as a trusted and influential partner to governments, civil society and business in the region.

## A PARTNER FOR BOTH STATE SECURITY AND HUMAN SECURITY IMPERATIVES

Australia de-emphasises the focus on Southeast Asia as a stage for great power contestation in its foreign policy approach. Australia's regional presence and engagement becomes a force that reduces the risk of intra-regional conflict and, where necessary, responds in a way which promotes rapid and sustainable returns to peace.

Australia acknowledges the synergistic relationship between state and human security goals, and identifies and addresses where these may come into conflict.

Australia will recognise the opportunities to promote an expanded conceptualisation of human security in context-specific ways and pursue collaboration where the human security goals of Australia and Southeast Asia align. This includes actively promoting inclusive human security, including beyond urban centres, that addresses gender inequality and gender-based violence. Australia delivers investment in targeted Women, Peace and Security forums and initiatives designed in collaboration with relevant counterpart agencies in each country.

Defence will play a role in championing human security: explaining it and talking about it publicly. Defence will also play a leadership role advocating development and diplomacy as important elements of foreign policy, recognising that it is in Defence's self-interest for Australia to use a range of tools to shape its international environment. This will be supported by opportunities for agencies to understand each other better through

greater cross-pollination and training across the sectors.

## STRENGTHENING LINKAGES WITH, WITHIN AND BEYOND THE REGION

Australia will further utilise ASEAN's access and agency as key means of propagating new cooperative approaches to human and state security. It will maintain and strengthen bilateral linkages, including through second track dialogues and broader civil society engagement. It will signal its commitment and common interests with Southeast Asia in actions and in messaging.

Australia elevates the Annual Australia-ASEAN Women, Peace and Security Dialogue to one of the central arms of its security engagement within Southeast Asia. The dialogue demonstrates Australia's leadership in strengthening regional security partnerships and emphasises the importance of women's full and meaningful participation to lasting peace and security.

The Department of Foreign Affairs and Trade's human fragility analysis function will be revived.

Trade and foreign investment will be promoted as a driver of human security. Australia will continue to promote trade liberalisation for Southeast Asia as well as pragmatically responding to China's significant economic role in the region. Free trade agreements with and within the region will be activated and applied towards the promotion of a broad and inclusive regional prosperity.

Australia blends official development assistance with other funding to support modern development initiatives. Development and defence look for opportunities to integrate to promote human security. There is recognition of the link between people's basic needs (food, water, shelter, energy, safety and respect for human rights) and national security. The security and regional development agendas of superpowers and middle powers in the Indo-Pacific have merged and are integrated into national security strategies and bilateral partnerships in the region.

Australia uses its diplomacy and development cooperation program to promote positive relationships between Southeast Asian states and their citizens, regardless of the form of government. It will enhance existing initiatives to support civil society and strengthen connections across the region as a critical strategy for building resilient and open societies, and ensuring governments are informed by and accountable to citizens. Central to this is the enhancement and maintenance of links with Southeast Asian civil society and addressing areas where structures of governance are 'broken' in how they relate to citizens.

There is an expanded scope for international volunteering, New Colombo Plan scholarships and regional language learning to strengthen linkages with the region.

Australia plays an important role on cyber security, helping to counter disinformation and its effect on democratic backsliding, as well as addressing the misuse of technology for human rights abuses.

#### RESPECTING SOVEREIGNTY AND DIVERSITY

Australia's strategic policy, practice and communications maintain respect for the sovereignty that states have over their own development and security goals. Australia recognises the constructive role that Southeast Asian partners can play in conditioning US-China rivalry and regional order. Australia partners constructively with the region in support of its stability and burgeoning prosperity, including in areas such as maritime security cooperation.

Australia will be flexible and nuanced in its approach to its security partnerships with each Southeast Asian state, avoiding the pitfalls of uniform treatment in a diverse region. Australia's engagement with each nation will account for the significant diversity of economic, political and social contexts with the Southeast Asian region.

Australia avoids methods of statecraft which simply seek to 'win over' Southeast Asia to Australia's view of the world. It will seek to promote and expand the agency of Southeast Asian states to pursue their own human security goals responsive to the needs of their citizens.

“Australia supports a peaceful, stable, resilient, and prosperous region, with ASEAN at its heart. A strong, united, and resilient ASEAN is vital to our region’s success and supports Australia’s own security and prosperity.”

*Joint Media Release, Australia-ASEAN Leaders’ Summit 2021*



“What Australia needs to do is to expand its understanding of security to include the management of climate change, pandemics, international criminality, pollution and environmental degradation, the creation of human and social capital, the expansion of institutional and other arrangements that enhance social equity, and the recognition that resilience and social inclusion are of greater significance in maintaining and enhancing national security than are defence and law enforcement systems of themselves.”

*Allan Behm, Rethinking National Security in the Age of Pandemics and Climate Change Catastrophe, 2020*



“So far Australia has been eerily silent on what is transpiring in Thailand. Worse, it comes across as being insensitive to the domestic audiences.”

*Yawee Butrkrawee, Thailand Protests While Australia Watched from the Side-lines, La Trobe Asia, May 2021*



“The ASEAN Leaders... were pleased to note the steady progress achieved in the dialogue relations between ASEAN and Australia over the past forty-two years and looked forward to enhancing the ASEAN-Australia strategic partnership encompassing the areas of political-security, economic, socio-cultural and development.”

*Laos PDR Chairman’s Statement, First ASEAN-Australia Biennial Summit, September 2016*



# Pathways

*There are numerous complementary and competing policy options to position Australia as an effective security partner in Southeast Asia, ranging from the pragmatic and incremental to the ambitious and transformative. While some policy competition is natural and unavoidable, seeking consistency across Australia's development, diplomacy and defence policies should be seen as an overarching strategic objective.*

## Immediate

Aligning with the recent commitment to a Comprehensive Strategic Partnership with ASEAN, the Department of Foreign Affairs and Trade can build upon existing dialogues to develop a suite of **strategic and economic dialogues** with both ASEAN as an institution and individual Southeast Asian states to share concerns about the security dimensions of economic developments in the region. This would include a high-level ministerial component, associated working-level collaboration and knowledge-exchange among relevant departments and agencies to facilitate shared understanding.

Australian Border Force and Australian Federal Police can build on existing collaboration with Southeast Asian counterparts, especially maritime Southeast Asia, on **non-traditional security threats**, including humanitarian and disaster relief (HADR), piracy and counterterrorism. Department of Defence can build on existing relationships to find areas of practical cooperation.

There is also scope to build on existing initiatives on **cyber security** with additional capacity-building support. This could include working together with Southeast Asian countries to agree on and build regional systems, standards and protection mechanisms in line with a shared commitment to open, secure platforms that enable the exchange of social, political and economic information, including those of citizens about their governments. A cyber security strategy for development cooperation could be included in a new development strategy or hybrid national security-development fund. As well as improving state security by helping Southeast Asian states protect themselves, this would have beneficial human security outcomes such as protecting privacy.

Domestic action to **tackle international corruption**, specifically the flows that come to Australia from parts of Southeast Asia where illicit profits are generated from drugs and other transnational organised crime. These illicit flows grossly undermine development objectives and systems of governance. Australia can play an important role by closing bank accounts and disrupting flows of money-laundering. Greater transparency requirements around local company ownership and the real estate industry is also important to disrupting illicit money flows. A hands-off approach is at odds with Australia's international obligations in this space. Australia can leverage domestic financial regulation for international impact to foster greater security in the region.

The Australian Security Intelligence Organisation in partnership with the Department of Home Affairs can strengthen existing programs of outreach and capacity-building on **political interference and influence operations**. These grey zone activities are a threat to both human and state security and adversely impact all Southeast Asian states to varying degrees. As well as building the political, social and institutional resilience of Southeast Asian governments and societies, such an initiative would provide Australia with an opportunity to engage with governments in the region as a supportive partner. It would allow Australia to learn from Southeast Asian experiences, while also providing Australia an opportunity to share its lessons learned.

Promote **climate adaptation and resilience** regionally. A proof-of-concept initiative would be to leverage the ARC Centre of Excellence for Climate Systems Science, which supports research into Australian mitigation and adaptation strategies, to be more regionally focused. Australia's research base and university sector is a key asset of power and influence which can partner with Southeast Asian governments and regional partner organisations to support collaborative research with clear public policy benefits. Australian-funded research into actionable regional resilience, adaptation and mitigation strategies is practical and mutual benefit.

Promote greater **renewable energy exports** to meet Southeast Asia's rapidly rising energy demand and concern for energy security. Beyond the significant economic benefits this will bring to Australia, it will also help the region meet its energy needs without locking-in long-term emissions. This has the double benefit of supporting Southeast Asia's stability and growth while reducing collective exposure to climate risk.

Support ASEAN efforts to position itself at the core of **critical technology value chains**. A proof-of-concept initiative would be to use blended finance to support investment into Indonesia's emerging car battery industry to help it become a global electric vehicle (EV) manufacturing hub. Australia would secure a key critical-tech supply chain and help expand export markets for Australian lithium. This will reduce climate risk for Australia and the region by accelerating the transition to EVs and deepen two-way investment and business-to-business links. This would also build on existing initiatives like the Cyber and Critical Technology Cooperation Program.

The Foreign Investment Review Board in partnership with Treasury could develop a series of dialogues and workshops with **investment review bodies** in Southeast Asian states. Foreign investments and economic connectivity are a key vector for security threats and vulnerabilities where a two-way exchange of knowledge and expertise would benefit Australia and Southeast Asian. The aim would be to support Southeast Asian states to enjoy the human security benefits of investments and infrastructure while avoiding the potential state security risks associated with some investments. This initiative would empower Southeast Asian states to negotiate deals that best serve their development needs, including on gender equality.

Expand the use of Australia's updated **autonomous sanctions regime**. The aim would be to promote good governance and disincentivise democratic backsliding regionally by targeting regime figures guilty of corruption and human rights abuses while sparing citizens from the negative impacts of uniform sanctions. This could involve greater cooperative partnerships with civil society organisations across the region, helping to maintain human security partnerships with peoples across Southeast Asia especially in countries where governments are not representative of their citizens.

Announce a comprehensive **investment in civic space** involving increased funding directly to civil society individuals and entities, strengthening free media and supporting actors in Southeast Asia that foster open states and free and fair elections.

As a strategy to harmonise an approach to state and human security which recognises the way both are underpinned by gender equality, Australia works with Southeast Asia to co-create a **feminist foreign policy agenda** that identifies common goals and priorities that are relevant to the region. This should build on Australia's track record in Women, Peace and Security and extend and deepen the focus on transforming systems of inequality across all arms of statecraft.

Work with the region to develop **robust de-escalation mechanisms and communication channels**, including at the military-to-military level, that can help deconflict crises when they arise.

## CONTRIBUTIONS

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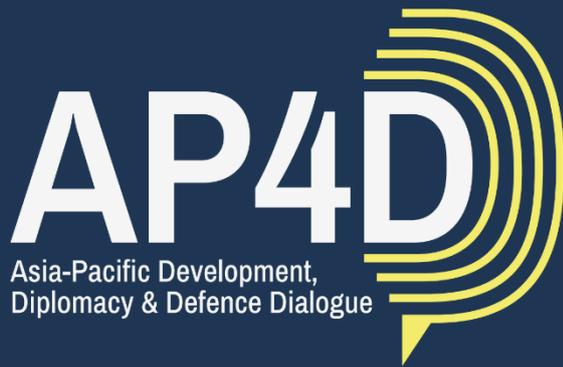
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## Options Paper

What does it look like for Australia to be a ...

# Catalyst for Southeast Asian Civil-Military Cooperation

SUPPORTED BY



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# Why it Matters

Australia has an important role in promoting civil-military collaboration to strengthen effective whole-of-nation responses to humanitarian and security issues.

Australia has a declared commitment in the 2020 Defence Strategic Update to engage with regional security forces in both traditional and non-traditional military activities.<sup>1</sup> This is expressed in the Australian Defence Force's Regional Presence Deployments, defence attaché network and annual Indo-Pacific Endeavour activities.

Pressing security challenges will be exacerbated by climate change and the magnitude of humanitarian and disaster events will require an expanding role for military forces. If not guided and managed proactively, this could weaken civil society capabilities and distort the role of military institutions and priorities.

Enhanced civil-military integration and interoperability is a priority to meet complex emergencies. Australia has a direct interest in working in partnership with Southeast Asian nations to support the strengthening of their own capacity to manage crises and security challenges requiring integrated whole-of-government response.

Australia as a development cooperation partner is well-positioned to address these challenges with the region and model effective civil-military engagement. While Australia has sometimes been cautious about emphasising liberal values of democracy and human rights in its foreign policy, Australia's strong civil-military collaboration and governance framework represents an avenue through which Australia can enhance and expand its engagement in Southeast Asia.

Rising authoritarianism is challenging governance in the region and causing increased civil unrest and instability. In Myanmar, the recent military coup has limited media freedoms and weakened civil society. In 2021 Freedom

House ranked four Southeast Asian countries partly free (Indonesia, Malaysia, the Philippines, and Singapore) and six countries not free (Brunei, Cambodia, Laos, Myanmar, Thailand, and Vietnam). Only one country, Timor-Leste, was free.<sup>2</sup> In light of these trends, it is important that civil society continues to be supported as a key part of promoting a stable and inclusive region.

Australia has a shared interest with Southeast Asia to protect and promote human rights. Australia views democratic values and vibrant civil societies as crucial to human rights. The weakening of democratic governance, civil society and human rights poses a challenge to Australian interests in preserving a secure and prosperous region that supports human freedoms and social and economic flourishing.

Australia's interest is in an open and stable region with a strong civil society alongside justice and policing. Civil society and civil society organisations are strategic to efforts to deliver outcomes in development programs and policy frameworks to which Australia is committed over the coming decade.

Australia and Southeast Asia are deeply connected at the community level. Individual connections provide a unique opportunity that can be leveraged to pursue Australian policy objectives in Southeast Asia. Australia-based Southeast Asian community members are conduits in creating linkages of development and business collaborations. A policy approach focusing on civil society collaborations will enable Australia to more effectively engage in the region.

Significant numbers of Australians work within civil society organisations, alongside local civil society counterparts in Southeast Asia. They have established long-lasting and trusted relationships with current and emerging social and political leaders. A systematic and coherent approach to leveraging such influential connections should be central to Australia's Southeast Asia policy.

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<sup>1</sup> Department of Defence, *2020 Defence Strategic Update*, 1 July 2020: <https://www.defence.gov.au/about/publications/2020-defence-strategic-update>

<sup>2</sup> Freedom House, *Freedom in the World Report*, 2021: <https://freedomhouse.org/countries/freedom-world/scores>

# Aligning Views

## SOUTHEAST ASIAN VIEWS

Southeast Asian states want Australian interventions to be aligned with the priorities of the region. In addition to the prospect of a regional armed conflict between major powers, there are a range of other pressing security challenges. The COVID-19 economic recovery remains a priority, a shift reflected in Australia's development response.<sup>3</sup> Climate change, illegal fishing, maritime security, counter-terrorism, cyber security, critical technologies and supply chain security are also high priorities and highlight the importance of enhanced civil-military coordination in responding to complex emerging issues.

Southeast Asian states have questioned the commitment of Australia to the region given the expansion of extra-ASEAN mechanisms, such as the Quadrilateral Security Dialogue and AUKUS. Australia's programs and policies will only be effective if they align with the defence, diplomatic and development priorities of Southeast Asian states, rather than being perceived as modalities for containing Chinese influence.

The climate change outlook for many parts of coastal Southeast Asia is dire with ASEAN describing climate change an 'unprecedented regional challenge'.

Southeast Asia needs assistance for Humanitarian Assistance and Disaster Relief (HADR), such as through the ASEAN Coordinating Centre for Humanitarian Assistance on disaster management (AHA Centre).<sup>4</sup> Importance should be placed on capacity-building through joint training to ensure that the military, security and policing sectors and civil society organisations are prepared. HADR is an area where Southeast Asian governments are potentially open and inclusive of civil society actors. For example, faith-based organisations such as Muhammadiyah and Nahdlatul Ulama are key actors in humanitarian response and climate

change mitigation and adaptation, working with the AHA.

There is marked variation across Southeast Asia in terms of the region's polities. Myanmar has no civilian oversight by contrast with Indonesia and the Philippines which have far greater civilian oversight of their security forces. This variation needs to be taken into account in Australia's engagement and the design of its programs.

Australia's interest is in shaping a region where a vibrant civil society supports good governance. Civil society actors can be viewed as critics and opponents by regional governments, thus Australia's commitment to democratic and human rights values need to be communicated with sensitivity and diplomacy when engaging such actors in defence, diplomatic and development programs.

## AUSTRALIAN VIEWS

Australia's Comprehensive Strategic Partnership with the ASEAN reflects Southeast Asia's importance to Australia.<sup>5</sup> This Partnership reflects the Australian Government's recognition of the region's centrality and relevance to the political, technological, economic, security and environmental futures of the Indo-Pacific region.

The 2020 Defence Strategic Update also reaffirms the importance of Southeast Asian states to Australia's defence planning. Defence has a focus on strategic alignment with the region and fostering close relationships with defence organisations in the region, including through the ASEAN Defence Ministers' Meeting (ADMM) Plus platform. Likewise, international engagement and capacity building by law enforcement strengthens partnerships with ASEAN states to combat transnational crime and security issues in the region.

There are a range of views concerning the military's role in HADR, and concerns have been

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<sup>3</sup> Department of Foreign Affairs and Trade, *Partnerships for Recovery: Australia's COVID-19 Development Response*, 29 May 2020: <https://www.dfat.gov.au/publications/aid/partnerships-recovery-australias-covid-19-development-response>

<sup>4</sup> AP4D Southeast Asian Voices Dialogue, 31 August 2021  
<sup>5</sup> Prime Minister of Australia, "Press release: Australia-ASEAN Leaders' Summit and East Asia Summit": <https://www.pm.gov.au/media/australia-asean-leaders-summit-and-east-asia-summit>

raised whether an increasing role as a result of the prevalence of climate-induced natural disasters will come at the expense of war-fighting capabilities.

### OPPORTUNITIES FOR ALIGNMENT

Australia and Southeast Asia face a fundamental question regarding the role of the military in governance, society and social order and its relationship with citizens, communities and non-military institutions. Civil-military cooperation provides an opportunity for closer interaction, discussion and debate on this issue.

There will be a range of views between Australia and Southeast Asia, and within countries. HADR can become a principal mechanism for these discussions to occur, with Australia and Southeast Asian civil-military cooperation creating new opportunities for consensus-building.

Australia and Southeast Asia countries have a shared experience of complex domestic disaster response. There are shared concerns across the region that increasing disasters due to pandemics and climate change will demand more effective civil-military response.

Australia and regional partners are committed to development goals in improved socio-economic, technological and public policy outcomes where a strong civil society plays a critical enabling role.

Australians working within local civil society organisations in Southeast Asia build personal connections that are significant for Asian engagement. Leveraging such connections is valuable for Australia's foreign policy.

Australia's utility to Southeast Asian states lies in its provision of development cooperation, educational opportunities and technical expertise; its close coordination with Southeast Asian states on pressing regional security, health, law and justice, environmental and economic challenges; and its commitment to international legal norms, particularly in the maritime domain. These provide influence Australia should capitalise on. Australia can develop mechanisms for closer diplomatic cooperation as part of education and training partnerships.

To promote alignment, Australia's engagement should not be framed through the dynamics of great power competition but through regionally-

appropriate diplomatic strategies and a framework of local partner development priorities.

#### **CASE STUDY:** Regional Consultative Group for Humanitarian Civil-Military Coordination for the Asia and the Pacific

The Regional Consultative Group (RCG) on Humanitarian Civil-Military Coordination for Asia and the Pacific was formed in 2014 to act as a multi-stakeholder, regional forum that brings together humanitarian, civilian and military actors involved in planning for and responding to disasters in the region.

The RCG was formed to discuss response preparedness planning, with a focus on the coordination of operational planning between civilian and military actors in priority countries in the region.

It serves to facilitate the exchange of information and innovative ideas to enable well-coordinated and needs-based effective disaster responses, and strengthen linkages with other relevant platforms with an emphasis on the relationship with Regional Organisations and the Global Consultative Group on Humanitarian Civil-Military Coordination.

#### **CASE STUDY:** Australia Awards Women in Leadership short course

In October 2021, the Australia Awards program in Indonesia released a Request for Tender for a short course entitled: 'Women in Leadership in the Security Sector'. The course is designed to include participants from the armed forces, police, coastguard, intelligence agencies, civilian ministries, legislature universities and civil society organisations.

This model should be emulated and rebadged as a unique and prestigious type of new award program designed specifically to support Southeast Asian partners to enhance crisis coordination and whole-of-government management of security challenges.

“Australia’s defence cooperation with ASEAN will be guided by six core principles: Mutual Respect. ASEAN centrality. Supporting sovereignty. Addressing areas of shared priority. Transparency. Respect for international law and norms.”

*Minister for Defence Linda Reynolds, “Australia’s 2020 Vision for Defence Engagement with ASEAN”, February 2020*



“Australia should identify priority investments to scale-up the capability within Defence, Foreign Affairs, the intelligence agencies, Home Affairs and other key agencies to recognise and respond to emerging regional climate impacts, including by supporting our regional neighbours to build their climate resilience.”

*Robert Glasser, The Rapidly Emerging Crisis on our Doorstep, Australian Strategic Policy Institute, April 2021*



“Civil society is clearly making an important contribution to delivering basic supplies, essential services, and vital information to citizens but often that is when governments fail to do so.”

*The Asia Foundation, “Civil Society in Southeast Asia during Covid-19: Responding and Evolving Under Pressure”, September 2020*



# Barriers

There are many areas where the region needs to improve capacity to manage crises and security challenges requiring integrated whole-of-government response. Climate-induced disasters will increase in prevalence and magnitude, as will the need for emergency response. Southeast Asian states also face a range of other challenges including Illegal, Unreported and Unregulated (IUU) fishing; maritime security threats; illegal trafficking of people, wildlife, and narcotics; terrorist attacks and terrorism financing; cyber-attacks by both state and criminal actors; unregulated crypto currency; and dissemination of online hate speech and disinformation threatening national resilience.

As HADR requirements grow, there is a risk that response will become overmilitarised. Southeast Asian armed forces remain the first responders to natural disasters due to their C4 abilities, air and maritime strategic lift. This is not unique to Southeast Asia. In Australia, the Australian Defence Force (both personnel support and command elements) is increasingly used in response to the COVID pandemic and devastating bushfire and precipitation-related natural disasters. Australia will need to work closely with neighbours to ensure the right frameworks are in place to facilitate balanced civil-military engagement in responding to increasing humanitarian crises.

Southeast Asian states require support to strengthen coordination and operational familiarity between the various key stakeholders responsible for crisis management. These stakeholders comprise four categories:

- Armed Forces Personnel;
- Police and Paramilitary Personnel, including Coastguard and Aviation Security personnel;
- Civilian Government Agency personnel at both national and subnational levels of government; and
- Civil Society Actors including NGOs, faith-based organisations, local community-based organisations, private citizens and volunteers.

Strengthened coordination is required between Australia's various capacity-building programs. Australia offers a range of short course programs to Southeast Asia under the Department of Foreign Affairs and Trade's Australia Awards program. The Department of Defence runs training programs for regional armed forces' personnel through the Defence Cooperation Program (DCP). There are also additional short course training programs focussed on security, immigration and border control implemented by other Australian agencies such as the Department of Home Affairs. Each do great work, but consultations with those involved suggest that they don't collaborate to a great degree. This is a barrier to a whole-of-government approach.

There are structural and practical reasons that lead to a lack of integration of military and security force personnel with their civilian agency and civil society counterparts in Australian training and capacity building programs. Reasons for this include military posting cycles, deployments and the fact that Official Development Assistance (ODA) cannot be directed to active military personnel unless they are in civilian roles. Southeast Asian public servants and civil society representatives are not familiar working alongside security force actors, although they recognise the need to include military and police personnel on HADR-related courses.<sup>6</sup>

It is not productive to have military and civil society institutions disconnected from each other. Different institutions need to connect, understand and influence each other's thinking and behaviour. Within Government, taskforces and cross-agency work need the support of senior decision-makers.

Australia needs to engage carefully with regional governments and civil society actors, which can be perceived as critics and opposition. Some of the work it does in this area will not be branded. A nuanced approach is needed to engage with local versus international NGOs in humanitarian response scenarios to effectively support efficient interoperability on the ground at the time of a disasters.

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<sup>6</sup> Participant feedback from the Australia Awards in Indonesia Humanitarian Assistance short course, Post-course workshop, Jakarta, July 2019.

“Over the past two decades, governments have repeatedly taken opportunities during crises to deepen their authority.... As COVID-19 subsides, the inexorable heightened state surveillance will be the latest authoritarian residue to afflict Southeast Asia. Civil society needs to prevent these authoritarian ‘residues’ from building up in order to reverse the regression of democracy in Southeast Asia.”

*James Gomez, COVID-19 Accelerates Democratic Regression in Southeast Asia, Australian Outlook, December 2020*



“Before the pandemic, many observers discussed and debated the illiberal turn in Southeast Asia... Covid-19 will exacerbate this trend.”

“Australia should identify priority investments to scale-up. This crisis of democracy presents a serious challenge, and Australia must support those in the region working to reverse the decline.”

*Melissa Crouch, “Southeast Asia Democracies in Declining Health Amid Covid-19”, The Interpreter, July 2020*



“The focus must be less on shared values and more on ‘shared principles’ on which cooperation in the Indo-Pacific should be based.... The right narrative needs to be matched with more of the patient, long-term work that will build Australia’s influence, diversify trade and forge genuine partnerships in developing Asia.”

*Richard Maude, “The Transformation of Australian Foreign Policy: Reflections on Prime Minister Morrison’s Perth Speech”, Perth USAsia Centre, July 2021*



# The Vision in Practice

*What does it look like for Australia to be a catalyst for Southeast Asian civil-military cooperation?*

Australia will be a positive force in shaping a region where effective and engaged civil society supports good governance.

Australia will be a leader in HADR partnerships in Southeast Asia with well-developed and organised mechanisms in place to support effective whole of government response. Australian NGOs will continue to play a critical role both as partners to the Department of Foreign Affairs and Trade through the Australian Humanitarian Program as well as the independent resources they bring to regional crises including humanitarian and disaster response.

Australia will have a balanced approach between civil capacity to respond and the military's role as first responder in humanitarian assistance and disaster response. Military capabilities such as platforms, logistics, training, communications and equipment will continue to play a crucial role. Building civil society response capability will also be important to strengthen and elevate the role of civil society in humanitarian assistance. Despite the necessary involvement of the military as a first responder, HADR will be civilian-led where possible. It should follow the maxim: "as civilian as possible; as military as necessary".

The ADF will model an appropriate culture of the military moving in and out of partnerships with civilians. Strong legal frameworks will be in place to support the governance of crisis response

situations where military and civilian actors are engaged. Australian civil society organisations will be encouraged to promote civilian oversight and allow local civil society organisations to leverage their connections with Australia through common platforms and strong development partnerships.

Australia will be an important development partner that enhances civil-military cooperation through capacity-building programs focussed on crisis coordination. Australian short courses and training programs will integrate all categories of stakeholders and build familiarity between security force actors, civilian government agency personnel, including police, and civil society organisations, promoting empowerment for all civil society representatives.

Australian short course programs will develop leadership skills, networks and communities of practice and will create connections to be leveraged in support of HADR and management of complex security challenges. Short courses will address command and control, information-management and sharing protocols, hand-over and hand-back protocols, common technical applications and IT platforms and appropriate mechanisms for coordination and consultation.

Australia will actively coordinate its defence, diplomatic and development agencies' activities in Southeast Asia in support of common strategic objectives.

## **CASE STUDY: Mekong-Australia Partnership on Transnational Crime (MAP-TNC)**

MAP-TNC is an example of Australia's forward-leaning practical collaboration to strengthen partner engagement in Mekong countries and to reinforce a collective response to transnational crime and border security. MAP-TNC was launched in 2020 as a \$30 million, 8-year initiative to promote cross border co-operation between Thailand, Vietnam, Cambodia and Laos on crime threats including child sexual exploitation, drug trafficking and financial crimes.

The program is implemented by the Department of Foreign Affairs and Trade and co-ordinated out of the Australian Embassy Thailand to maximise the availability and sharing of the technical expertise by the Australia Public Sector agencies that work towards hardening the transnational crime environment offshore.

Managing contractor support ensures a maximised Australian effort to co-ordinate the delivery of capacity-building activities. This partnership will deliver programs that capitalise on and showcase expertise across related sectors and highlight the benefits of interoperability across responsible departments to combat transnational crime.

# Pathways

## Immediate

Develop a **flagship civil-military-focused short course program** designed for participants from military, security, civil society organisations and civilian agencies to enhance crisis coordination and whole-of-government management of security challenges. The program will implement a monitoring and evaluation framework that includes an objective to ensure that the Australia Awards (or another professional development vehicle) is achieving greater civil, military and security force integration. It will be predicated upon closer coordination between Australian Government agencies with respect to achieving common defence, development and diplomatic outcomes in Southeast Asia.

This could build on the Australia Awards Women in Leadership in the Security Sector program as a model that includes a comprehensive range of participants from across the security, defence and civil society sectors.

## Medium-term

Implement a **Regional Military/Civil Society Framework (RMCS)** framework to manage HADR across the region. Australia has played a significant role in providing HADR in Southeast Asia through the ADF. Australia could significantly enhance its role in the region, the ADF's general engagement of regional security forces and the ADF's development of interoperability with regional security forces through proposing and co-resourcing the development of an integrated RMCS framework to better manage HADR across the region.

The ADF has well-developed, up-to-date policy and operational guidance for military assistance to civil authority domestically. The ADF would be well-placed to work with partners to develop a regional framework of national, bilateral, and multi-lateral policies, operational guidelines, and, importantly, capabilities. These activities would be conducted in close co-ordination and complement the work that the Department of Foreign Affairs and Trade, Australian Federal Police, Department of Home Affairs and other public sector agencies are already doing.

A RMCS program would entail:

- Collaborative HADR scenario development, simulations, and risk assessment
- Identification of multi-service and whole-of-government operational requirements for proactive capability development and deployments
- Enhanced annual ADF Regional Presence Deployments focused on regular RMCS HADR training and exercises
- Capacity-building partnerships for regional government, military, police and civil society personnel in both policy development and integrated HADR operations
- consideration of an RMCS Liaison Officer network to support the program

The RMCS would explore collaboratively with regional partners the possibility of pre-formed regional capability with the ADF and Australian Public Sector Agency partners playing a key role as part of that joint capability. In all RMCS program development, consideration would be given to ensuring primary roles for civilian capability-development and military complementarity as 'last resort'. RMCS would prepare the ADF and regional military partners for future humanitarian and disaster relief. RMCS promotes a model and culture for a defined role for regional militaries within their civil societies.

Finally, Australia can build on regional structures already in place to create a **predictable model for coordination on HADR** in Southeast Asia, such as the Regional Consultative Group. Australia can harness the potential of work already done by this group to build stronger civil-military engagement across the region.

## CONTRIBUTIONS

Thank you to those who have contributed their thoughts during development of this paper. Views expressed cannot be attributed to any individuals or organisations involved in the process.

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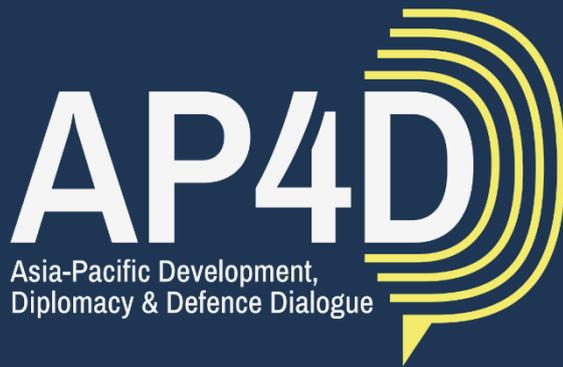
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## Options Paper

# What does it look like for Australia to be a ... Strategically Coherent Actor in Southeast Asia

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# Why it Matters

While Australia is prosperous and seemingly secure, many of its longstanding international assets and advantages are eroding. Positive trends that for decades favoured geopolitical stability, democratic advancement, open economies and tolerant societies have stalled or reversed, including in Southeast Asia. Australia's relationship with China – its largest trading partner – has become adversarial. Previously, Australia was kicking with the breeze, now it faces strong headwinds.

This is a problem because Australia's strategic system for setting international priorities, developing appropriate policies and building core capabilities is not fully fit for purpose and is declining in key areas.

## A STRATEGIC SYSTEM NOT FULLY FIT FOR PURPOSE

Australia is perceived to be good in response to crises: quick, decisive and well-connected. Strong regional examples include the Bali bombings, Timor stabilisation and the Indian Ocean tsunami. However, it is more challenging to see crises coming, head them off or prepare in advance.

In the past this may not have mattered as the trends were largely benign. Now many trends are negative and the systems, norms and global leadership on which Australia previously relied are breaking down. Australia needs to be working the long game, but it is currently not geared for this. If crises are going to be more frequent in future, new methods are needed to get ahead of the game. This has been acknowledged in domestic governance reforms following both the 2020 bushfires and the COVID-19 crisis.<sup>1</sup>

As the 2017 Foreign Affairs White Paper recognised, Australia needs to forge new relationships, tackle new problems and build new forms of international governance. To achieve this, it needs to strengthen its strategic decision-making system to recognise wider threats and opportunities, more clearly adjudicate and articulate its interests and connect its expanded and rebalanced international efforts.

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<sup>1</sup> Reforms included the replacement of COAG with a National Cabinet to deal with COVID and major reforms

The most logical place for Australia to start is working to build regional relationships by addressing the highest Southeast Asian priorities, including infectious disease management, economic recovery and cyber security. But it must also improve its strategic system so that it consistently produces better outcomes, dragging the focus back to Australia's enduring interests and regional priorities.

Within DFAT there are areas and individuals that argue the importance of openness and of addressing instability, inequality, governance failures and other drivers of internal and external conflict in the region. However, the national agenda is more focused on the immediate concerns of the departments of Home Affairs, Attorney-General's and Defence. The National Intelligence Community dominates Australia's national security system and, essential as their work is, there is a danger of a 'monoculture' that focuses too heavily on immediate hard security threats. There are concerns that assessments are heavily weighted to downside risks and give inadequate attention to a wider range of issues, threats and opportunities.

System level international relations coordination in Australia falls almost exclusively to the Secretary's Committee on National Security. This mechanism is essential, but insufficient. There is an argument that DFAT should primarily hold this role, but it is not clear DFAT as it currently stands has the clout or resources to discharge the responsibility effectively. One option is to ensure that it does. Another is to mandate and resource the Department of the Prime Minister and Cabinet to undertake the job, carrying as it does the authority of the highest office in the land. Either way, a broader process of policy development and coordination is needed to support ministerial decision making. Such arrangements might allow for the evolution of an Australian National Security Council.

One important reason why Australia has not adequately addressed its declining profile and influence in Southeast Asia is that the system has not forced Australia to confront it. There are

to COMDISPLAN and Australia's national crisis response framework after the Bushfires Royal Commission.

examples of robust and rigorous performance assessment, particularly in defence and intelligence programs and the work of the awarded – but now abolished – Office of Development Effectiveness. However, these examples are largely at a program level and are not representative of the system as a whole, which is viewed as weak in assessing in real-time whether strategic objectives are being achieved.

The solutions to this problem include promoting a much stronger strategic performance culture in major departments and across the system as a whole.

### DECLINING CAPABILITY

Australia's international challenges have increased, but not the resources invested in the task. On the contrary, efficiency dividends and budget cuts have not only reduced program deliverables, but also led to a shedding of policy development and program management skills and capability.<sup>2</sup> DFAT has a significantly increased agenda, including delivering development programs, but has lost much of its program delivery capability.<sup>3</sup> This is not only leaving the department underpowered, but also storing up major, unrecognised fiduciary and reputational risks.

As the latest Lowy Institute Power Index recognises, Australia's comprehensive power has declined.<sup>4</sup> Simultaneously Southeast Asia has become more important to its interests. Ministerial visits to Southeast Asia, while having increased recently, are relatively few and far between. Australia's bilateral development programs have been halved, as other countries have increased their economic engagement, pushing Australia to the rear of Southeast Asia's top ten development partners.<sup>5</sup> Export growth has been underwhelming and Australia's Asia literacy has waned. There is a danger that Australia will become resigned to its economic, institutional and

people-to-people relations in the region never achieving their full potential.

By 2050 – if conflict is avoided and they manage their way through 'the middle-income-trap' – several Southeast Asian nations may be amongst the top tier global economies.<sup>6</sup> Southeast Asia's current and projected growth gives it more weight in the world – and more attention. The decisions its leaders take will make Australia more or less secure, more or less prosperous and more or less able to confidently navigate the world.

The region is increasingly an arena of geopolitical contestation and, despite its discomfort with these circumstances, this will continue. Southeast Asian nations want strategic, economic and political options, including for energy security, infrastructure and security balancing. If Australia is worried about a Chinese-dominated region, it needs a far more intensive and influential approach to diplomacy, defence and development in order to generate options so that countries in the region can avoid over-reliance and resist coercion.

The region's most trusted partner, Japan, provides a model of strategic success that Australia should seek to emulate. Tokyo has extensively engaged in Southeast Asia – including contributing large amounts of finance – and is patient and undemanding. It is highly trusted as a result.

Australia needs to move faster, with more regional knowledge and skill, and with greater intent and perseverance, to turn the diplomatic rhetoric of Southeast Asian regional strategic partnerships into tangible results. A roadmap for deeper relations is essential, but Australia also needs a more creative, contestable strategic culture. That combination of plan and culture would allow Australia to clarify its strategic objectives and align its policies, strategies, people and budgets into a strategically coherent whole.

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<sup>2</sup> Graeme Dobell, "Fifty Years of Foreign Affairs; the anaemia problem", *The Strategist*, December 2020: <https://www.aspistrategist.org.au/fifty-years-of-foreign-affairs-the-anaemia-problem>

<sup>3</sup> Richard Moore, *Strategic Choice; A future-focused review of the DFAT-AusAID Integration*, Development Policy Centre, 2019: <https://devpolicy.org/publications/a-future-focused-review-of-the-dfat-ausaid-integration-2019/>

<sup>4</sup> Hervé Lemahieu and Alyssa Leng, *Asia Power Index*, Lowy Institute, 2021:

<https://power.lowyinstitute.org/downloads/lowy-institute-2021-asia-power-index-key-findings-report.pdf>

<sup>5</sup> Richard Moore, *Strategic Choice; A future-focused review of the DFAT-AusAID Integration*, Development Policy Centre, 2019:

<https://devpolicy.org/publications/a-future-focused-review-of-the-dfat-ausaid-integration-2019/>

<sup>6</sup> PwC, *The World in 2050. The long view: how will the global economic order change by 2050?* February, 2017: <https://www.pwc.com/gx/en/research-insights/economy/the-world-in-2050.html>

# What is Strategic Coherence?

Strategic coherence is about 'getting our act together', making the most of strengths and reducing weaknesses. It is about different parts of government – and potentially, wider Australian society – utilising their capabilities within an overall game-plan that maximises the chances of success. It necessitates having clear and shared goals and working together to see that they are achieved. Australia can strengthen in both regards.

Strategic coherence does not mean there will be no institutional conflicts, but in a business and bureaucratic sense, strategic coherence is about taking a 'systems approach': aligning strategies, people and budgets behind shared priorities.

This is an approach modern sporting teams often take. Sports coaches/managers organise players into a favoured 'formation' to maximise the team's collective attributes. This is 'strategically coherent'. While executing the game-plan successfully benefits from skilled players, advanced training and the right incentives, a strong team culture and organising players in their most effective positions maximises the chances of success no matter what assets a team has.

Of course, international relations priorities overlap, shift and compete, but some interests – such as those within Australia's immediate neighbourhood – endure and are sufficiently important to want all parts of government to be pulling in the same directions. To achieve this, a consistent framework and agreed ways of working are needed to set out strategic priorities and how they will be achieved.

But what if the strategic objectives settled on are wrong, the analysis faulty, or the processes too slow? These are real risks to be managed. Strategic planning must be recalibrated in real-time. Processes must allow for rapid, expert reassessment. Progress must be independently monitored especially against strategic objectives and course corrections should be ongoing. The strategic culture and the strategic system should support each other in constantly drawing attention back to Australia's priority interests: both long-term as well as short and the grindingly difficult as well as the straightforward.

While Australia's overarching strategic objectives ought to guide all of its international work, the role of each actor in achieving these objectives may be distinctly different. Differences in mission and mandate should be recognised and agencies and programs allowed to specialise in what they do best. For example, while development cooperation can play useful roles in providing fast, flexible, responsive assistance, its key and unique value-add is in making lasting contributions to long-term development and relationship building.

## Australia's Response to the Downing of Flight MH17

The downing of Malaysian Airlines flight MH17 over the Ukraine in July 2014 killed 298 people, including 38 Australians. The Australian-led effort to draft and secure passage of resolution 2117 (2013), adopted with 14 votes in favour and one abstention (Russia), was a clear success of Australia's term on the UN Security Council (2013-14). The resolution secured a cease-fire around the crash site, safe recovery of bodies and agreement towards an international investigation, all negotiated a mere four days after the flight was downed by a suspected missile attack.

The episode highlights Australia's highly professional diplomats delivering in a crisis situation. Much of Australia's diplomatic success was due to technical mastery and professionalism, which in turn derive from resources invested. The ramp up in diplomatic staffing in New York after Australia won a seat on the UNSC allowed the mission to respond effectively when Australia's interests were threatened.

Yet as investment in diplomatic resources continues to decline, this advantage is being reduced. While Australia's crisis-response capabilities are exceptional, its ability to lead and influence longer term 'slow-burning' proactive diplomatic initiatives is less proven, especially across the last two decades. Recent diplomatic successes speak primarily to tactical competence, rather than strategic capability.

“Australians at different times ... have seen themselves as builders of the British Empire, representatives of a beleaguered white race in a sea of Asians, a pillar of the West in a global Cold War, a loyal American ally, a successful multicultural society seeking its future in the Indo-Pacific, a model international citizen, a tribune of liberal democracy. All these images have helped fashion Australia’s role in world affairs.

The question is: what comes next? ... Australian statecraft is about to be tested and the outcome is far from clear.”

*Allan Gyngell, “Australia’s diplomatic ranks lack firepower when they need it most”, Australian Financial Review, August 2021*



“The contest to influence narrative is a test of leadership. Leadership matters more in times of crisis, strategic vulnerability and when international conditions are fluid. That time is now. Yet, it is also a test of diplomacy in its many forms — traditional and public, external and domestic — to engage with conventional and less conventional audiences.”

*Caitlin Byrne, “Securing the ‘Rules-Based Order’ in the Indo-Pacific: The Significance of Strategic Narrative”, Security Challenges, August 2020*



“As border closures have remained in effect for 15 months and counting, there are mounting concerns this is having implications for Australia’s national character. And serious questions need to be asked about the message Australia is sending to the rest of the world by shutting everyone out.”

*Natasha Kassam, “Fortress Australia: What are the Costs of Closing Ourselves off to the World?”, The Conversation, May 2021*



# Aligning Views

## AUSTRALIAN VIEWS

Given its geographic proximity, Southeast Asia has always played a significant role in Australia's international relations. It is a security gateway to Australia, a growing US\$3 trillion market of 650m consumers and a rising centre of power. Australia retains a large diplomatic presence in Southeast Asia and has worked to upgrade several bilateral and regional relationships. Its defence engagement is substantial, sustained and valued. And yet, over the last 20 years, relative stability, growth and development in Southeast Asia have encouraged Australia to shift its strategic focus elsewhere, including alliance commitments in Afghanistan and Iraq and significant demands in the Pacific.

There is a pronounced difference in how those inside government and those outside – both Australian and regional – assess Australia's strategic coherence in Southeast Asia. Members of the government and bureaucracy point to a continuous series of initiatives whose tempo has quickened recently – an annual leaders' summit, new strategic partnerships and various trade and security agreements – as important forms of regional engagement. It would be wrong to say that the region is receiving little attention, but the pattern and pace of relationship-building is insufficient for the circumstances Australia now confronts.

## SOUTHEAST ASIAN VIEWS

Australia's rhetorical acceptance of 'ASEAN centrality' has been undermined by announcements that take the region by surprise. AUKUS is the most recent, but comes on the back of the formation of the Quad. Other examples include Australian border control measures, animal export restrictions and consular issues where decisions have been presented as a fait accompli. Australia's relatively rapid reframing of international relations in terms of geostrategic competition between the United States and China is perceived as attempting to force Southeast Asian countries into choices they would prefer to avoid. Policies that create a perception of a 'Fortress Australia', for example through management of people movement, highly risk-

averse travel warnings or a perceived indifference to climate change impacts, leave Australia outside of the regional consensus and at risk of reinforcing an image of Australia and Australians as set apart from the region.

Australia's regional statements, formal positioning and high-level messaging are broadly well-received, but supporting actions are sometimes inadequate and inconsistent. Australia has significant successes to point to in each domain – defence, development and diplomacy. However, these 'wins' are not always joined-up to be mutually reinforcing and maximise overall achievement of our strategic goals.

Australia can be perceived as running hot and cold on relationships based on its own immediate needs and sending mixed messages about where Southeast Asia sits in its priorities. Lack of follow-through creates an incoherence that diminishes Australia's reputation and influence. If Australia wants to be a fully-fledged regional partner it needs to be seen as both a good listener and active in addressing regional priorities.

## OPPORTUNITIES FOR ALIGNMENT

The conclusion is that if Australia is serious about deeper engagement with Southeast Asia and wants the region to become more open, democratic and rules-based it will require a 'full court press' on a much larger scale, consistently pursued over many years. This will obviously cost more, but finance gains attention. Without it, Australia's influence is much diminished.

Additional resourcing brings additional responsibility. New systems, processes and performance measures need to be put in place to provide confidence that the policies and programs selected under the regional strategy will deliver the maximum possible benefits in terms of strengthening Southeast Asian relations. The strategic system must be rigorous, responsive and results-focused.

“For all its wealth, Australia remains a limited power ... [it] therefore needs to make hard choices about how it uses its capabilities.

Australia will be required to do more of the heavy lifting to protect the region’s norms. The most important component will be building trust and mutual perspectives with other countries, particularly with Southeast Asian states ... Yet for Australia to also step up in Southeast Asia it will first need to step out of its shell.

Australia will need to take a more holistic approach to its foreign policy and understand the domestic initiatives that could increase the country’s capabilities.... And, of course, Australia needs an enhancement of Asia literacy within its population to bridge the cultural divide Australia has in its region.”

*Grant Wyeth, “Australia’s Southeast Asian Step Down”, The Diplomat, March 2020*



“There is no doubt that Australia’s links to Asia will expand in years to come, both in terms of demographics and politics. Ultimately, its future status and identity in the region will depend on how it interprets its place in Asia, and how it reflects this interpretation through its policies – and whether this alters perceptions among its Asian neighbours.”

*Sarah Teo, “Can Australia be One of Us?”, Australian Foreign Affairs, April 2019*



“How are we to live in the Indo-Pacific in the 21st-century? This is not first a question of policy or strategy. It is a challenge to strategic imagination.”

*Brendan Sargeant, “Challenges to the Australian Strategic Imagination”, Centre of Gravity Series, Strategic & Defence Studies Centre, May 2021*



# Barriers

## LACK OF A NARRATIVE AND A PLAN

Australia needs a storyline that positions it in Southeast Asia and helps to navigate relations and events. This requires a plausible, positive vision of how the region operates and where Australia fits in. This would help determine how best to pursue Australia's interests in an increasingly crowded and competitive space. The plan would need to nest within a larger narrative and provide clarity about who Australia is and where it is going as a nation to underpin its action in the world.

In the uncertainty of the reordered post-war world, Australia made major readjustments. The United States became its primary security partner, decolonisation proceeded rapidly and the Cold War framed its strategic thinking. Australia was very active in Southeast Asia, building alliances, supporting institutions and initiating development diplomacy in the form of initiatives such as the Colombo Plan. Later, in the 1990s, a renewed emphasis on strategic and economic engagement with Southeast Asia saw Australian political leadership of major diplomatic, defence and development efforts, perhaps best expressed in leadership of the Cambodian UNTAC mission, alongside long-term practical support for ASEAN, intensive engagement with Indonesia and sub-regional economic cooperation in the Mekong.

While these periods are suggestive of what can be achieved, they do not provide adequate templates for the future. The countries within the region are stronger and more capable now. They know their own interests and priorities. They want neither old-style aid, nor paternalistic diplomacy. It is harder for Australia to add value and also harder to be heard. Geopolitical contestation is real and ongoing – even if viewed differently in the region – and Australia will need to be skilled, nimble and creative to nudge events in its favour.

What is needed is absolute clarity about what Australia's objectives are, a tight focus in pursuing them and well-tested strategies that are continually sharpened and reshaped. The most

productive approach would be to forgo trying to be a helpful but somewhat detached outsider and instead reposition Australia as an invested insider. Australia could anchor its Southeast Asian diplomacy, development and defence work in a strategy of shared interests.

## DIVISIONS ON BIG STRATEGIC QUESTIONS

Australia is ambivalent on several important strategic questions including where Southeast Asia sits in terms of its priorities, the significance of ASEAN and the value of its diplomatic and development efforts.

Southeast Asian relations are currently run on a shoestring. In late 2021 DFAT had a third of the staff working on Southeast Asia as it did on the Pacific and its development efforts have been downsized, prematurely disengaging from working on some of the highest political priorities of the region. Several former senior defence officials have begun to speak out about the damage this is doing to Australia's reputation and broader security interests.<sup>7</sup>

As with climate change, the principal policy division appears to be between executive government and the bureaucracy. While officials must respect ministerial responsibility and decision making, the executive should listen to and trust the expert advice it receives. Without a dynamic policy interplay between the executive and the bureaucracy it is likely serious misjudgements will be made.

Currently it is clear that governments need to be further persuaded on the merits of enhanced cooperation with Southeast Asia. The development, diplomacy and defence communities have more work to do to build the case. This might best be accomplished by moving from the abstract notion of intensified relations with Southeast Asia to a practical roadmap of what this would entail via funded programs in priority areas. A plan can become the process by which choices are illuminated, tested and executed.

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<sup>7</sup> Angus Grigg and Lisa Murray, "Defence establishment frowns on proposed Australian aid cuts", *Australian Financial Review*, April 6, 2018:

<https://www.afr.com/world/asia/defence-establishment-frowns-on-proposed-australian-aid-cuts-20180405-h0yd3t>

Consensus needs to be built on the importance that should be given to regional economic growth and cooperation. The case for prioritising this is that regional growth and development result in more capable, better-resourced states and more contented communities and citizens. As nations become more resilient, they are better able to resist coercion and protect their territory and interests.

Stable, fast-growing states can sort out their problems so that they do not become ours. As their populations not only grow, but become wealthier, large new markets open up for Australian goods and services. The Asian middle class is expected to triple between 2010 and 2030 offering considerable diversification opportunities if Australia can gear itself to meet them.<sup>8</sup>

There is an argument that potential gains for Australia are illusory, as several of the fastest growing Southeast Asian states have become mired in politically intractable power struggles, hobbling their progress, and instability has not disappeared. Countries in the region have not become more democratic, more tolerant and more inclined to cooperate with each other. And at a transactional level, repeated, if modest, Australian efforts to tap Southeast Asian markets have yielded weak results. Better, it is argued to focus more directly on assisting Southeast Asian states build resilience to coercion, whether in cyber technology, maritime security or counter intelligence cooperation. Yet, if substantially more priority were allocated to the region, it would be possible to do both.

Australia has not built strong economic relations with Southeast Asian countries because it has been easier to ride the China boom with massive mineral export growth and stick to traditional markets for consumer goods. But the need for new markets has increased and the opportunity cost of ignoring continued market expansion and service trade liberalisation is growing. This argues for renewed attempts to deepen regional economic engagement. Yet this is much more than a trade promotion task. It would require a whole of society effort, led by government, driven by the

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<sup>8</sup> Natalie Chun, *Middle Class Size in the Past, Present, and Future: A Description of Trends in Asia*, Asian Development Bank, 2010: <https://www.adb.org/sites/default/files/publication/28421/economics-wp217.pdf>

### **Economic diplomacy: a challenge for Australian strategic coherence**

If major conflict can be avoided, there are good prospects for sustained growth in Asia for at least the next 50 years. By 2050, five of the ten ASEAN states may be amongst the top 25 global economies. This economic expansion will provide huge opportunities for Australia if it opens up to take advantage of them. There will be bigger markets, especially for services, more two-way investment opportunities and deeper and broader regional economic integration based on complementarities.

There is often a recognition of the great benefits of Southeast Asian growth and development, but this has not consistently translated into policy and practice. Both the Australia in the Asian Century Foreign Affairs White Paper lacked implementation plans and/or funded programs. DFAT has strong, stand-alone trade capability, but limited broader economic expertise and heft. Country development programs in Asia are now around half what they were 10 years ago, while other nations have expanded their support.

A more coherent response would recognise the huge national interest benefits of Asian growth and gear up to take advantage of them. It would look at domestic reforms needed and consider how Australia could be a supportive partner – removing Australian barriers to economic engagement; encouraging openness; and rejecting a 'Fortress Australia' strategy.

Australia's international economic policy needs to become more connected and avoid being disjointed, transactional and narrowly focused on trade in goods rather than services. There are multiple departments and agencies across different levels of government pursuing different and sometimes contradictory international economic objectives.

There is currently no machinery to bring all of this together to maximise the gains for Australia. In the past this did not have large visible costs because East Asian growth has been so rapid and its demand for resources so large, that the benefits far outweighed the costs. However this has left Australia over-reliant on China and on mineral exports.

Australia needs to reposition with a clear, coherent plan providing pathways to achieve it. It needs to broaden its focus to include finance, knowledge, services and labour markets and bring long-term thinking, deep expertise and Asia literacy to the task.

private sector and supported by much stronger cultural, education and language acquisition. Arguably there was such a whole-of-government approach in the 1990s, but it was not sustained. It is time to revisit it, not least as the opportunities for knowledge sector engagement are very large and have multiple pay-offs.

On gender too, there are mixed views and mixed messages. Successive ministers have made greater gender equality a foreign policy priority. There is no doubt in terms of statements, speeches, events and awards, gender issues have been brought into the diplomatic mainstream. Despite this, many interlocutors doubt the follow-through, seeing more opportunities to unlock women's economic participation – and foster more sustainable growth – through its incorporation in trade agreements and mainstream economic policy programs.<sup>9</sup> Likewise, security discourse might be deepened and made more effective by more thorough consideration of the Women, Peace and Security agenda.

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<sup>9</sup> Shannon Zimmerman, "Australia needs a feminist foreign policy", *The Interpreter*, March 2020: <https://www.lowyinstitute.org/the-interpreter/australia-needs-feminist-foreign-policy>

# The Vision in Practice

*What does it look like for Australia to be a strategically coherent actor in Southeast Asia?*

A comprehensive integrated framework provides Australia with a strategic grand narrative and a unified approach to Australia's international relations. As a result, some wide-ranging changes are made to how Australia's international policy and programs are planned and implemented.

Robust systems, strong institutions and deep regional expertise are assembled to debate and determine objectives and how best to meet them. A culture of contestability is created and a process of strategic system strengthening is implemented.

Following rigorous interrogation of Australia's interests and priorities and both Southeast Asian and Australian consultations, a funded roadmap for more intense and effective Southeast Asian relations is developed. The roadmap has ASEAN at its core and is centred on shared interests. Transboundary issues such as maritime cooperation, cyber security and people movement are prominent, but so too are economic development, climate change, disaster preparedness and joint efforts to build deep institutional and people-to-people links.

The roadmap provides a base to integrate Australia's strategic planning and coordinate its international assets. Political leadership is cemented through ongoing engagement by the Prime Minister, Minister for Foreign Affairs and other ministers.

To align resources with what needs to be done, a whole-of-government, strategic budgeting process is introduced. This will commence with an audit and rebasing of resources, expanding Australia's diplomatic and development efforts in the region. The new processes include an upgraded, cross government strategic performance assessment system. The overall system monitors and makes course corrections to support strategic coherence.

The combination of a Strategic Framework and a Southeast Asian Roadmap nurtures a common strategic outlook across Australia's international policy and programs, providing a base for consistent messaging to the region. Efforts are made to align the interests of players within the

system with incentives supporting greater coherence. This includes new departmental units, institutions and programs focused on long-term threats and opportunities and changes to overseas posting cycles and personnel performance assessments to increase attention to long-term issues.

Several steps are taken to promote deeper, whole of government strategic coordination with the encouragement of greater movement of personnel between development, diplomacy, and defence policy and program domains and to-and-from think tanks and the private sector. Joint scenario planning and interoperability exercises are introduced. This helps to break down silos and build a deeper, whole-of-government culture.

Australia's overarching policies, big programs and key agencies are pulling broadly in the same directions in Southeast Asia. As a more consultative and attuned partner, Australia is stepping forward confidently, with policies and programs that appear more local than foreign to ASEAN observers.

# Pathways

Immediate

## An integrated strategic review

Institute an integrated strategic review, along the lines of the one recently conducted by the United Kingdom. This will provide a rigorous process to surface and test alternative architecture, strategies, policies and programs. The process will be led by a small group of independent experts, assisted by a team of senior officials. It will have the trust of government, but the authority and instructions to clarify threats and opportunities and focus very sharply on achieving Australia's top international priorities. It will identify what we need to do, how we need to do it, as well as essential capability and systems, culminating in a fully-funded action plan.

The resulting overarching framework can reorder priorities, strategies and thinking and help align policies, programs and resources with objectives. Within this would nest a whole-of-government strategy for greater Southeast Asian engagement, with increased resourcing of diplomatic and development efforts.

It is clear that there is a renewed government appetite for options and ideas. "Give us solutions" is a frequent refrain. However, the solutions being sought are typically for specific, urgent, policy problems on the government's existing agenda. Mechanisms need to go beyond that. While there are plenty of interesting ideas around, solutions won't magically appear. A solution-generating system is needed.

## A Southeast Asia roadmap

Frame a clear regional objective for Australia in Southeast Asia, such as:

A stable, peaceful, rules-based region of fast-growing countries, enlarging equity and opportunity, confidently and openly engaging with Australia and the world and increasingly able to manage domestic and international challenges, defend their territory and interests and resist coercion.

A credible, funded roadmap should be developed to set out how this objective will be achieved, aligning programs, policies and budgets with this goal. A clear narrative will help reset and reinvigorate Australia's relations with Southeast Asia, anchoring them more soundly in ASEAN priorities and Australia's interests

## Stronger support for political leadership

Increase political engagement with Southeast Asia through leadership by the Prime Minister and Minister for Foreign Affairs, supported by greater Cabinet engagement. Options like creating a minister or special envoy to devote greater time to the region could be considered.

Encourage more frequent parliamentary exchanges to assist in broadening Southeast Asian knowledge and networks. A permanent secretariat consisting of the same staff members working consistently on Southeast Asian affairs would assist committee focus and continuity at little cost.

### Significantly expanded program activity

Launch a substantial increase in Southeast Asia development, diplomatic and defence programs. A development budget comprising both Official Development Assistance (ODA) and non-ODA components can fund programs in areas such as peace building and stability across government. These new devices allow Australia to engage coherently on the highest priorities of the region. Part of the expansion of program activity would give explicit attention to restoring program delivery capability.

### A whole-of-government strategic culture

Promote cultural change, particularly through the leadership of heads of departments and agencies. More interchange of senior personnel and new whole-of-government processes for setting and assessing international strategies build a broader, unified strategic culture. In particular, the Southeast Asian strategy provides the common vision of what Australia is trying to achieve and is both roadmap and score card for whole of government efforts.

The key features of all strategies across the domains of development, diplomacy and defence should be visible to policy makers, with judgements formally interrogated consistently, and achievements measured against strategic goals. This enhanced accountability for strategic outcomes – not just announceables – also helps drive change.

### A stronger strategic system

Modernise Australia's strategic system to meet the challenges of the current and coming environment. To ensure the balancing of hard and soft power, short and long-term considerations – and opportunities as well as threats – the Department of the Prime Minister and Cabinet would take the lead in international coordination. This expanded mandate is reflected in its resourcing and structures. DFAT responds to this agenda by increasing its capacity for whole-of-department integrated strategic planning and budgeting, along the lines of the US State Department's Policy and Planning function.

While big picture reviews, stocktakes and updates should continue intermittently, a strategic performance assessment system would ensure cabinet formally judges progress against strategic priorities twice a year. PM&C should lead this process and be informed by an expanded comprehensive program of Australian National Audit Office international relations assessments, via a dedicated international directorate, to look across development, diplomacy and defence to provide independent assessments of strategic effectiveness.

### A new economic cooperation program and agency

Develop a substantial new Southeast Asia Economic Cooperation Program driven by a new and professional economic cooperation agency within the foreign affairs portfolio. This 10-year program has a particular emphasis on regional economic policy expertise, backed by substantial program support. To be influential, this would need to be at significant scale, recognising both what needs to be done and how much others, including the US, Japan, the EU and China, have stepped up.

For DFAT, regional economic development provides a long-term agenda and a business case to expand its strategic planning, economic and development capability. It would expand Australia's opportunities for engagement and leverage on matters of ongoing importance to heads of government and would strengthen relations with countries destined to become much more influential. A focus on public financial management, including support for sound, sustainable revenue raising, pursued in strategic partnership with multilateral development banks offers catalytic opportunities.

Regional growth and development have positive security consequences delivering more capable, better-resourced states that can better maintain stability and avoid stumbling into conflict. As nations become more resilient, they are better able to resolve their problems, resist coercion and better protect their territory and interests.

The Economic Cooperation Program has a development orientation, but not an aid mindset. Grant funds are provided typically in partnership with ASEAN countries and others to finance technical expertise to help countries execute complex projects. A lending arm is created as an Australian development financing institution while a joint feasibility study is being undertaken with ASEAN into a regional Carbon Bank to provide clean energy finance for Southeast Asia and the Pacific. A Carbon Bank could use relatively small amounts of paid-in capital to leverage billions of dollars to accelerate the transition to climate-friendly energy generation.

The Economic Cooperation Program Agency would recruit high-level expertise from government, the private sector and the region. This and the program resources it can invest in would enable it to have sophisticated influential dialogue with Southeast Asian states on some of their most important policy questions. This would also allow Australia to interact more effectively and more influentially with international institutions such as the World Bank and the Asian Development Bank.

## CONTRIBUTIONS

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