

Australia-Japan-ASEAN

Strengthening the Core of the Indo-Pacific

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Philip Green OAM, first assistant secretary, US and Indo-Pacific Strategy Division, delivered this keynote speech at the Perth USAsia Centre's Japan Symposium 2019

Distinguished guests, I am very pleased to be here today to offer an Australian perspective on the Indo-Pacific and ASEAN's central role in it. I am particularly pleased to be doing this with the Perth USAsia Centre. In a few short years, the Perth USAsia Centre has established itself as one of the most important forums for discussion of regional issues in Australia.

Philip Green OAM, First Assistant Secretary, US and Indo-Pacific Strategy Division, Department of Foreign Affairs and Trade, "Australia-Japan-ASEAN: Strengthening the Core of the Indo-Pacific" (speech, Perth USAsia Centre, 22 March 2019).

It is natural given the significance of this state, its people, its natural endowments, and its proximity to our region, that Perth should have a centre of this prominence. But the considerable success of the Centre has not come about by natural evolution alone. It has taken vision, good planning and hard work. There are many in this room who have contributed to that, but I am sure that you will not mind if I acknowledge the very substantial efforts of Professor Flake and his staff in that achievement.

The Changing International Environment

Many of the Australians in this audience will know Professor Allan Gyngell. A former diplomat and high ranking public servant, Allan is now amongst the foremost thinkers in this country on regional affairs.

Allan likes to remind us that each generation of Australian foreign policy practitioners is inclined to think that their era is uniquely complex and challenging. In saying that, Allan puts our contemporary anxieties rightly into context. But Allan often goes on to say that, in imagining that our times are uniquely challenging, the contemporary generation of foreign policy practitioners may well be right. Allan has written that we are currently dealing (and I quote) “with a future more uncertain than any we have known since the Second World War.”

The perspective from government is certainly that we are living through a period of profound change, and that that change brings with it substantial challenge, as well as opportunity.

The Foreign Policy White Paper

The Government’s 2017 Foreign Policy White Paper outlined many of the drivers of change we face: deepening globalisation; fast paced technological change; demographic shifts; and climate change.

In our region—the Indo-Pacific—the White Paper focused closely on the changes to our strategic environment—changes that have real consequence for Australia and, if not well managed, will give rise to new levels of strategic rivalry between the major powers. The White Paper gave particular prominence to the roles of the United States and China.

While the United States remains the region’s most powerful country, its dominance is being challenged.

China’s fast economic growth, which has seen its share of world GDP increase from two percent in 1980 to nearly 19 per cent today, is already translating into significant power and influence across the region. China is the largest trading partner for most of the region’s economies—including Australia—and a significant

investor. It has the largest navy and air force of any Asian state, and the largest coast guard in the world. Its aid donations to the region are considerable.

At the same time, the US retains a significant lead in military and soft power. While, by some measures, the size of the Chinese economy has already overtaken the United States, the US will continue to be far wealthier than China in GDP per capita terms. It is the world leader in technology and innovation, and it is home to the world's deepest financial markets.

So the key strategic dynamic that we expect to influence our region for the foreseeable future is the presence of two major powers, each with substantial interests and heft.

We judge that the United States' security and economic equities in the Indo-Pacific will ensure it remains deeply engaged in the region.

The US and China are of course not the only powers in our region. Japan has substantial economic reach across the region, and is developing new capabilities. India is growing fast, and will be a larger fraction of Indo-Pacific strategic realities as time goes on. Other emerging powers, like Indonesia, are also growing in strategic weight and are likely to play larger roles in shaping the future of the region.

So, while the US and China are the key players, they are not the only ones of consequence.

Opportunities and Challenges

The changes we are witnessing will provide many opportunities, as well as challenges, for Australia. Forecasts suggest that our region could be home to a middle class of around 3.5 billion people by 2030 and four of the world's top five largest economies. Economic growth and development across the Indo-Pacific, coupled with the complementary character of the Australian economy to many of those in the region, will continue to benefit this country. Demand for our minerals and energy, as well as services and premium agricultural products, is likely to grow, particularly as Asia's mega-cities expand.

But there are also risks. In 2017, the White Paper noted that the postwar international order—and the principles embedded in it—were under unprecedented pressure. Those principles—including open markets, adherence to international law and norms, universal rights and freedoms, and the need to work collectively on global challenges—are important for Australia's interests and values. Since 2017, the threats to those principles have become even clearer:

- Strategic competition in our region has further increased, with its attendant effects on stability;

- We have seen further erosion of respect for international law and institutions, with some major powers showing an increasing willingness to exercise power coercively;
- Growing protectionist sentiment is threatening the free flow of goods and capital;
- And increasing distrust is undermining our ability to collectively resolve problems.

A continuation of these trends under a “business-as-usual” scenario would lead to a region that is less favourable to our interests.

Our Vision for the Indo-Pacific

But while Australians need to be clear-eyed about the risks, we should not feel unable to influence the way our region develops. A key judgement of the White Paper is that, rather than shrink from the challenge, Australian diplomacy—indeed all arms of the Australian Government’s international efforts—should be applied more actively to help shape the sort of region that we want. To support a balance in the Indo-Pacific that is favourable to our interests and to promote a region that is secure, open, inclusive, prosperous and resilient.

A region where disputes are resolved peacefully in accordance with international law and without the threat or use of force or coercion. Where open markets facilitate flows of goods, services, capital and ideas. Where rights of freedom of navigation and overflight are upheld, and the rights of small states are respected. Where international law, rules and norms are applied. And where ASEAN and the ASEAN-centred regional architecture, maintains its central role and helps set the rules and norms for behaviour in the region.

Working with Partners

The White Paper sets out a framework within which Australia can make a deeper contribution to those objectives. It draws on Australia’s many national strengths, and a history of active regional engagement over many decades – but focuses in particular on how our engagements with others in the region can contribute to shaping the sort of Indo-Pacific that we want.

First, our alliance with the United States is central to our strategy. We will continue to broaden and deepen our alliance cooperation and support the strongest possible security and economic engagement by the United States in this region. We are conscious of course that the United States has many preoccupations. But its *National Security Strategy*, and its new and important commitments under

the BUILD Act and the Asia Reassurance Initiative Act are signs of the US deepening its commitment to the Indo-Pacific. So too was last year's AusMin consultations, which focused on our region with a new level of intensity.

Second, we will also work to strengthen our Comprehensive Strategic Partnership with China. This objective flows from our extensive bilateral interests. It also reflects the reality that China's influence on the regional and global issues of consequence to our security and prosperity will continue to grow. We welcome China's rise and the benefits that brings to the region. At the same time, we will continue to encourage China to exercise its increasing influence in ways that enhance stability, reinforce international law and respect the interests of smaller states and their right to pursue these interests peacefully.

Third, we are also boosting our engagement with the major democracies of the Indo-Pacific—Japan, India, the ROK and Indonesia. We are working with these key regional states both bilaterally and through a range of other mechanisms that bring us together to promote our shared vision for the region. These include small groups—so-called “minilaterals”—that allow us to work flexibly with different configurations of states across a range of issues. These minilateral groups include the Trilateral Strategic Dialogue and the Quad. They also include new groupings, notably our trilateral engagement with India and Indonesia, and our trilateral meetings with Japan and India. India forms a larger fraction of our calculations, as its economy and strategic reach grow, and its influence is increasingly felt beyond the Indian Ocean.

Allow me to take a moment to focus on our strengthening bilateral engagement with Japan, our “Special Strategic Partner.” Our close cooperation with Japan reflects our shared values, our mutual interests across the span of the Indo-Pacific, and the close alignment of our regional priorities. We are increasing our strategic engagement in infrastructure, security, intelligence and trade. The potential impact of our partnership was demonstrated powerfully in our work to secure the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

As I have sketched out, since 2017, the Government has been embarked on an effort to help shape the future of our region—in increasingly testing times. An effort in which our relations with the United States and China, and our partnerships with the major democracies of the region play key parts in our strategy.

For most of the rest of my remarks I want to focus on our relations with Southeast Asia and the ASEAN-centred architecture—a vital part of our framework and the focus of your conference. But before doing so, I want to touch briefly on our engagement with the South West Pacific, a region of unique Australian interest and where the Government has recently stepped up substantially its engagement.

As Foreign Minister Marise Payne has said: “Stepping up in the Pacific is not an option for Australian Foreign Policy – it is an imperative.” In November, Prime Minister Morrison announced a new package of initiatives for the Pacific, including: new support for Pacific infrastructure development and labour mobility; enhanced security partnerships; and stronger people-to-people links. These new initiatives will take our deep and enduring partnerships with our Pacific family to a new level.

The Significance of Southeast Asia

Ladies and gentlemen, Southeast Asia’s proximity to Australia and location at the junction of the Indian and Pacific Oceans means its stability, security and prosperity directly affect our own. Southeast Asia frames Australia’s northern approaches and our key trade routes flow through it. Southeast Asia has become one of Australia’s most important economic partners. Our trade with the grouping surpasses our trade with the United States or Korea. Further, while our trade with ASEAN is smaller than with China, the number of Australian businesses exporting to ASEAN is almost double those exporting to China.

Australia has been significantly advantaged by the relative peace and stability that this region has enjoyed over past decades. We are conscious that that peace and stability—in a region that could easily have been difficult and divided—owes much to the statecraft of Southeast Asian leaders. It also owes much to the foundational principles of ASEAN. The ASEAN Charter and the Treaty of Amity and Cooperation have helped establish norms and the expected standards of behavior of the region. ASEAN warrants our engagement also because of its role in regional architecture.

Through its key role in the East Asia Summit and other regional forums, ASEAN’s role is truly central. ASEAN hosts each of these forums, sets their agendas, chairs the meetings, and settles statements. These facts about the significance of ASEAN to Australia reflect long term realities. But in the strategic context I have set out above, Southeast Asia and ASEAN become even more important in Australia’s strategic calculus. ASEAN lies at the nexus of the Indo-Pacific, geographically, diplomatically and strategically. And the ASEAN-centred architecture takes on a greater salience as we seek to shape a region that adheres to law, rule and norm. Moreover, given the strategic risks that the region faces, all of us—the states of Southeast Asia included—will need to make a greater effort to ensure the stability and prosperity of our region is preserved.

Working with ASEAN

The Foreign Policy White Paper commits Australia to further strengthen our cooperation with the states of Southeast Asia, and to boost our strategic partnership with ASEAN.

Four months after the White Paper was released, the Government made a major down payment on that effort. The ASEAN–Australia Special Summit—held in Sydney in March last year—marked a new era in the strategic partnership between ASEAN and Australia. It was the first time that Australia had invited all the leaders of Southeast Asian states to a summit in Australia.

The Sydney Declaration comprehensively set out ASEAN and Australia’s future partnership and our shared commitment to work towards a more secure and prosperous region. Fifteen new initiatives were announced at the summit which expand our cooperation in areas as diverse as security, education, infrastructure, digital connectivity, smart cities, and women, peace and security. ASEAN and Australia also committed to enhancing our cooperation on maritime security, transnational crime and defence. We will cooperate, for example, on a new ten-year A\$80 million counter-trafficking program that will support the region’s efforts to stamp out trafficking in persons.

The Special Summit’s momentum was sustained at a further leaders’ meeting in Singapore in November. At that meeting, Prime Minister Morrison announced three new initiatives:

1. A Southeast Asia Economic and Governance Initiative—which will help the region unlock the next phase of economic growth, focusing on support for infrastructure project selection and preparation.
2. A new phase of the Greater Mekong Water Resources Program—to support more equitable, transparent and effective water resource management in this vital waterway.
3. And a further maritime cooperation package—deepening engagement with regional civil maritime organisations, on maritime domain awareness, unregulated and unreported fishing and support for a rules-based maritime order.

These initiatives have set our relations with the states of Southeast Asia collectively on a new, stronger trajectory. They have been complemented by a range of bilateral initiatives:

- The Government struck a Comprehensive Strategic Partnership with Indonesia in August last year and signed the Comprehensive Economic Partnership Agreement with Indonesia just this month.
- Our relationship with Vietnam was upgraded to a Strategic Partnership in March last year.
- Since 2015, we have had a Strategic Partnership with Malaysia; and as the then High Commissioner to Singapore, I was pleased to see that relationship upgraded to a Comprehensive Strategic Partnership in 2016.

Each of these upgrades has its own set of initiatives, designed to strengthen our partnerships and our abilities to focus on the key challenges that the region faces. In sum, this represents a substantial new rate of effort with the nations of South-east Asia.

The East Asia Summit

Australia has long supported ASEAN and its centrality in regional architecture. But at a moment when the rules component of the regional order is under pressure, the ASEAN-centred architecture takes on new and greater significance. That is why Australia has reaffirmed its commitment to strengthening the ASEAN-led forums and in particular the East Asia Summit (EAS).

The EAS is the region's only leader-level forum at which all key regional players—including the United States, China, Japan, India and South Korea – meet to consider our shared political and security challenges. Australia aims to strengthen the strategic focus of the EAS, and to encourage a substantive exchange by leaders on the most pressing issues facing our region. And while that is a long run effort, it is making progress.

In 2018, leaders discussed issues of real significance, including Indo-Pacific concepts, the DPRK, the situation in Rakhine State, the South China Sea, cybersecurity and the threat of terrorism. These discussions and the collective decisions made by EAS leaders help to set expectations of state behaviour and reinforce the rules-based components of the regional order.

Together with other ASEAN forums—the ADMM+ and the ARF—the development of the EAS encourages discussion of the key strategic issues we face and promotes habits of cooperation.

Conclusion

Our Indo-Pacific region is undergoing unprecedented change. If current trends persist, the region is set to become more competitive, more contested and less stable. Under those circumstances, it would become harder for us to take advantage of the opportunities offered by our region's increasing prosperity.

This set of challenges requires a high level of realism. But it would be wrong for that realism to shade into fatalism. In fact, the current environment puts a higher premium on all states in the region, in their own way, doing more to secure a stable and prosperous future. That is what, through the Foreign Policy White Paper, the Australian Government has committed to do. We are conscious that Australia is only one part of the picture, and we can only succeed in combination with others.

At this conference, you are focusing on the role ASEAN and the states of Southeast Asia can play. While much will depend on the role of the great powers, the countries of ASEAN are an important part of the drama.

Through their statecraft over the history of ASEAN, the leaders of Southeast Asia have shown how stability and prosperity can be shaped. And through the ASEAN-led architecture, they hold many of the levers that can help sustain a region that operates in accordance with laws, norms and rules.

We are also fortunate to have partners in the region—like Japan—that are committed to working towards a region that is open, inclusive and prosperous. Together we can work to shape an Indo-Pacific that serves our collective interests.

Thank you. **JIPA**