

Indonesia-Australia Dialogue Sydney, 3-4 March 2013

Co-Chairs:

Dr Rizal Sukma, Centre for Strategic and International Studies, Indonesia
John McCarthy AO FAIIA, Australian Institute of International Affairs

Key Recommendations

1. Ease the visa process for trade and business visitors and introduce fast-tracked and more affordable visas for researchers, students, and artists.
2. Promote greater movement of students in all directions including not only university but also vocational education. The Dialogue emphasised the importance of programs designed to bring Australians to Indonesians and vice versa, including programs whereby participants work in a business, non-government or professional environment.
3. Develop a bilateral science and innovation agreement as a starting point for comprehensive science collaboration at all levels. The process should include mapping of like research.
4. Provide increased support for Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) initiatives.
5. Increase science and innovation scholarship at all levels including primary and secondary school teachers, undergraduate and postgraduate students and the community at large.
6. Establish a media database of experts in order to allow Australian journalists to access Indonesian experts to address issues through Indonesian eyes and vice versa.
7. Increase support for Indonesian teaching in Australia including Indonesian language, politics, contemporary arts and literature.



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Summary of Proceedings

Melissa Conley Tyler, National Executive Director, Australian Institute of International Affairs

The second Indonesia-Australia Dialogue was held at the InterContinental Hotel in Sydney on 3-4 March 2013. The Dialogue initiative was jointly announced by leaders during the March 2010 visit to Australia by Indonesian President Yudhoyono. The Dialogue is a bilateral second track process designed to facilitate regular dialogue on a broad range of issues such as business, science, education, culture, and media.

Minister's Statement

Minister for Foreign Affairs Bob Carr delivered a keynote speech acknowledging the deep and broad relationship between Indonesia and Australia. He rated the bilateral relations at a near historic high.

He characterised Indonesia as a regional power and emerging global power and a vital partner for Australia across the full range of economic, political and strategic interests. Australia and Indonesia are in the right place at the right time given Indonesia's economic trajectory in the past fifteen years and Australia's twenty-plus years of economic growth. Indonesia is a strong partner for Australia in tackling regional challenges. There is a tremendous opportunity to take the economic relationship forward. Indonesia is a strong partner for Australia in tackling regional challenges.

He noted that it is not just about government action. There are many more people with a stake in the relationship, for example students, business people, academics, scientists, athletes and artists. The Minister also noted the decline of Indonesian literacy in Australia. The minister committed to reverse this trend. He noted that the Indonesia Australia Dialogue is a key forum for helping improve knowledge between the two societies and bringing a greater sense of cohesion between the two countries.



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Co-Chairs' Welcome

The Co-Chairs of the Dialogue, John McCarthy and Rizal Sukma, gave introductory statements. John McCarthy identified national habits and limits in Australia's political culture that create issues in the bilateral relationship. Australia needs to give sustained attention to Indonesia rather than in spurts. He noted the importance of people-to-people links including visits and study. He predicted that in the next 15 years, Australia will be dealing with a different Indonesia: hugely wealthier and a larger economy than Australia.

Rizal Sukma recognised the existing links between Indonesia and Australia. Indonesia and Australia have major shared interests in managing the strategic transformations in Asia, which could go well or badly. As middle powers Australia and Indonesia should coordinate their responses closely. He identified ways of looking at Australia in Indonesia that limit the relationship including suspicions of Australia's actions as being targeted toward Indonesia and a propensity to forget Australia in debates. He suggested that discussions go beyond the traditional way of looking at and managing the relationship between the countries.

State of the Nations

The next session outlined the current state of politics and economics in both nations with the assistance of chairs Meidyatama Suryodiningrat and Mark Scott AO and trigger speakers Dr. Bahtiar Effendy and Dr John Edwards.

Australian participants outlined the positive state of Australia's economy with 3% growth and unemployment under 6%. The last 21 years of uninterrupted growth is the longest in Australia's history and has led to the doubling of GDP and quadrupling of household wealth. There is no political dispute about broad economic policy. Foreign ownership of land is an issue for minor parties. The continuing high dollar is shifting manufacturing into areas of less price sensitivity. Current initiatives such as the National Broadband Network and investment in education are focusing on building the service economy, especially professional and technical services.

Indonesian participants noted the high level of optimism about the Indonesian economy but cautioned that Indonesia is still a low-income country trying to cater for the aspirations of its people. The challenge is finding ways to overcome



the middle-income trap, for example by overcoming infrastructure problems, reforming bureaucracy, poverty alleviation and higher mastery of science. In the modern economy, the private sector is the agent of growth. The continuing political project is the construction of an orderly, just and secure society. The 2014 election will be important in consolidating democracy. Concerns were raised about worsening religious intolerance; this should not be ignored because Australia needs Indonesia as a bastion of Islamic democracy.

Topics with the potential to become political issues include people-smuggling and management of asylum seekers. West Papua is less likely to be a widespread concern. People-to-people links have an important role in increasing knowledge and lessening misperceptions.

Working Lunch

Shadow Minister for Foreign Affairs and Trade and Deputy Leader of the Opposition The Hon Julie Bishop MP spoke of Indonesia's and Australia's mutual interests, shared experience and common vision for both countries and the region; a peaceful and prosperous region enjoying democracy and the rule of law. She affirmed that no relationship matters more to Australia than that which has been established with Indonesia. Ms Bishop gave a flavour of the Coalition's foreign policy direction, particularly with regard to Indonesia, including a strong focus on the region, a focus on the Indian Ocean as well as the Pacific and active pursuit of bilateral and regional free trade agreements and economic partnerships. She noted many matters of mutual interest and common concern including people-smuggling, fishing rights, terrorism and money-laundering. She noted Indonesia's and Australia's joint membership in a number of forums. Two priorities will be increasing trade between Indonesia and Australia and increasing the number of students who live and study at universities in Indonesia. She committed to a consultative relationship with Indonesia under a "no-surprises" policy.

Indonesian Ambassador to Australia, Nadjib Riphath Kosoema, subsequently delivered a vote of thanks, noting that the Indonesia-Australia Dialogue represents the contribution of citizens to improve bilateral relations that allows interaction, not just communication. He noted the need to work hard to boost Australia-Indonesia economic cooperation including in beef exports. The Ambassador welcomed a focus on student exchange and suggested that the student experience might also include community-based programs such as Australian students introducing Indonesians to cricket or Australian Football.



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Regional and Strategic Issues

The next session focused on regional and strategic issues, led by former Foreign Minister Dr Hassan Wirajuda and Greg Sheridan and chaired by Professor Andrew MacIntyre and Eva Sundari. It was noted that Australia and Indonesia are important parts of Asia as Asia becomes the centre of gravity for the rest of the world. Indonesia and Australia have similar strategic interests in peace and stability in the region.

Options for community-building were discussed, including the ASEAN Regional Forum and the expanded 18-member East Asia Summit (EAS). Australia's involvement was encouraged. Participants discussed China's status in the region and the integration of China into a norms-based system. Containment is not an option. Regional issues include territorial claims in the North and South China Sea, rising nationalism, military budgets, promotion of democracy, counter-terrorism, and trade.

Australia's relationship with the United States was discussed. Indonesia has a preference for cooperative security. Indonesians sometimes perceive Australia as having the same foreign policy as the US. Australian participants spoke of both the bedrock support for the US alliance and the desirability of having an independent perspective in Australia's foreign policy.

Indonesia and Australia support the burgeoning economic cooperation in Asia. Indonesia supports the Regional Comprehensive Economic Partnership negotiations to promote Asia-Pacific-wide trade. Australia is also part of negotiations for the Trans-Pacific Partnership. The challenge for the region will be to achieve balanced development including both economic and political development.

Overcoming Barriers to Closer Engagement

Professor Tim Lindsey chaired a discussion of ways to overcome barriers to looking at Australia-Indonesia bilateral relations, it was noted that while government-to-government and quasi-government institutional links have become stronger, there remains a gap in people-to-people links. Indonesian language-learning in tertiary education in Australia is in terminal decline and Australian literacy in Indonesia is stagnant at best.



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Summary of Recommendations

The following recommendations were made in the areas of business, science, media, education and culture.

Business :

Co-Chairs:

- Mr Chris Barnes
- Mr Kemal Stamboel

Recommendations:

- **Provide increased support for Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) initiatives.**
- **Ease the visa process for trade and business.**
- Promote business cooperation as a living partnership that includes not only trade and investment but also two-way capacity-building and skills transfer.
- Remove remaining tariffs and other regulations that create barriers to trade.
- Recognise the need for commercial diplomacy in addition to public diplomacy.
- Encourage business people to visit each others' countries as well as other countries in the region, to create greater understanding of business opportunities.
- Business to promote higher education in both countries. Australian universities to consider operating in Indonesia.
- Expand trade negotiations to go beyond bilateral ties to include regional and global supply chains and markets.

Science

Co-Chairs:

- Dr Fiona Wood AM
- Professor Djisman Simanjuntak

Recommendations:

- **Develop a bilateral science and innovation agreement as a starting point for comprehensive science collaboration at all**



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levels. The process should include mapping of like research.

- **Increase science and innovation scholarship at all levels including primary and secondary school teachers, undergraduate and postgraduate students and the community at large.**
- Link science policies between Indonesia and Australia.
- Learn from Indonesia-US science cooperation as a reference.
- Promote community engagement to build people-to-people science collaboration.
- Involve AusAID in people-to-people science collaboration.
- Encourage the sharing of research and development in all sectors including education and business.
- Include science research and development in existing free trade agreements and the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA).
- Promote the fostering of personal relationships as the basis of research and development cooperation.
- Provide a series of PhD scholarships to residents of Indonesia's forest areas to study carbon science and carbon credit.
- Promote science research and development as well as linking science research and development to regional problems and regional development goals.

Media

Co-Chairs:

- Ms Lenore Taylor
- Mr Meidyatama Suryodinigrat

Recommendations:

- **Establish a media database of experts in order to allow Australian journalists to access Indonesian experts to address issues through Indonesian eyes and vice versa.**
- Institutionalise the exchange of opinion articles between media organisations in both countries.
- Provide capacity-building for regional media organisations in Indonesia through media training and media exchange programs.
- Promote media training and increase resources for people-to-people programs in order to promote mutual understanding.



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Education and Culture

Co-Chairs:

- Ass. Professor David Reeve
- Ms Rahimah Abdulrahim

Recommendations:

- **Introduce fast-tracked and more affordable visa for researchers, students and artists.**
- **Promote greater movement of students in all directions including not only university but also vocational education. The Dialogue emphasised the importance of programs designed to bring Australians to Indonesians and vice versa, including programs whereby participants work in a business, non-government or professional environment.**
- **Increase support for Indonesian teaching in Australia including Indonesian language, politics, contemporary arts and literature.**
- Encourage AusAID to be more courageous in improving links with Islamic educational bodies in Indonesia.
- Consider extending exchange programs to include teachers teaching in remote areas.
- Provide greater support for virtual language exchange program.
- Promote cultural exchange programs including diverse cultural identities and pop culture icons from both countries.
- Shift contemporary arts from the fringe to the mainstream of cultural exchange.
- Encourage major corporations in both countries to commit a proportion of their corporate social responsibility budgets to enhancing education and cultural exchange programs in both countries.
- Establish digital sites to share stories of Australians living in Indonesia and vice versa.
- Strengthen alumni networks and appoint alumni ambassador.



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