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Asia-Europe Meeting poses challenge to Canberra policymakers

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IN a booming Asia, Australian engagement in the region is easy enough to sell to the public. The reversal in economic fortunes today poses a challenge that tests the policymakers in Canberra.

The assumptions on which policies have been based for at least the past decade, no longer seem adequate. The shift in circumstances is sparking a reassessment from a varied range of interests, on matters extending from regional relations to domestic policy.

Not least among issues of concern is what veteran Asia watchers such as Richard Woolcott call Asia fatigue, raising public disappointment in what had hitherto been accepted as fashionable about Asia.

At the official level, the focus is unwavering. That Indonesia for a third time has come to terms with the International Monetary Fund on an aid package is testament to Canberra's persistence in efforts to help rebuild the economies in Asia.

This week, an Asia specialist, Dr Ashton Calvert, takes over the running of the foreign policy bureaucracy, as secretary of the Department of Foreign Affairs and Trade. Calvert's return from Tokyo, where he had been ambassador to Japan, affirms the Canberra focus, at a time when efforts at engaging Asia need redoubling.

Externally, the setback in aspirations to join the Asia-Europe Meeting has provoked fresh bouts of pique over Australia's acceptance in Asia. Domestically, doubts about hitherto accepted Asian models for economic success are sparking critical reassessment of Asian practices.

Not least of these is industry policy, which not so long ago had had Canberra policymakers scurrying to study, to fashion strategies in response. Five months ago the Government announced an industry strategy that drew comparisons with approaches in Malaysia, Singapore and Ireland to attract jobs-generating direct foreign investment.

Today the adviser on major investments appointed by the Government at the time, the former corporate chief Bob Mansfield, has to step quietly in singing the virtues of Government assistance for industry.

The limitations this put on Government response to the demands of transnational corporations were evident when Intel's president and chief executive-elect, Dr Craig Barrett, visited as part of his week-long tour of the Asia-Pacific region. "You won't get anything if you don't give something away," Barrett put it plainly to the Prime Minister, John Howard, and his senior ministers when he met them to work out a financial package that might get Intel to consider bringing a A\$6 billion (RM14.4 billion) computer chip factory to Australia.

Barrett made clear what Australia was up against. "If you want to put a fab (semiconductor wafer fabrication plant) in Malaysia, you would probably get a 10-year tax holiday," he told The Australian Financial Review.

But a response in kind is no longer openly canvassed. The gloss taken out of Asia's economies has cast ways Asian in negative light.

A parliamentary committee last week released a report critical of economic practices in Asia that it said failed to take into account respect for civil and political rights. At the same time, the decision by Asem, meeting in London, to put on hold for another two years expansion of membership to the inter-regional dialogue, was met with disappointment.

Securing membership of Asem has been one of the highest priorities of

Australian diplomacy over the past few years. Official reaction to this setback in London was muted, but commentators voiced doubts about Australia's acceptance in Asia.

The focus has been on the objection to Australia's membership raised by Prime Minister, Datuk Seri Dr Mahathir Mohamad. One commentator linked this to Howard's upcoming visit to Thailand. Howard next week will be in Thailand for four days, where on Anzac Day at the Thai-Myanmar border he will unveil a new memorial commemorating Australian prisoners of war who died building the Myanmar railway during World War II.

Far from reaffirming Australia's engagement in Asia, commentator Mark Baker sees the visit as underlining what he terms "Australia's historical alienation" from the region, which he says has grown sharper in the time Howard has come into government. That Howard will be flying home directly from Bangkok, overflying Kuala Lumpur, affirms this view, Baker asserts.

Howard and Dr Mahathir met briefly when the Malaysian Prime Minister stopped over in Brisbane on his way back from New Zealand three weeks after Howard came into government two years ago. Since then, a Howard visit to Malaysia has been thwarted by what Australian officials say are problems of scheduling.

A visit in February was cancelled at the last minute due to uncertainties in Iraq at the time. Australian officials dismissed attempts at reading anything into Howard not working Kuala Lumpur into his Bangkok itinerary. They have to do with mundane matters like public holidays, they tell the New Straits Times.

Awal Muharram falls the day after Howard is scheduled to end his visit to Bangkok. Baker writes in the Melbourne daily The Age: "While his minders might seek to claim otherwise, the reason is simple: Howard is not welcome."

The same thing drives the objection to Australia's membership of Asem, says Baker, who contrasts this with the readiness to accept Australian aid. "While countries such as Thailand and Indonesia are happy to enlist our billions to prop up their faltering economies, the neighbours are largely indifferent to our views and suspicious of our motives in seeking a more proactive role in regional affairs," he says.

Baker voices a sentiment that Woolcott, a former secretary of the Department of Foreign Affairs, would view with concern. He told businessmen at a business lunch: "There is a danger that Australians might develop Asia fatigue and turn away in disappointment from East Asia."

This was not the time to abandon Asia, Woolcott said. "We need to look to the future, to keep our eyes on long-term outcomes."

Insiders see the promotion of Calvert to the top job at DFAT as a sign of the Government's seriousness about the region. Calvert is a career diplomat said to be a deep Japan expert.

He has had four career appointments to Japan, with one in Washington. His wife is Japanese, and he is regarded as perhaps the most fluent Japanese speaker in the department. He was the foreign policy adviser to former Labour Prime Minister Paul Keating.

Greg Sheridan, foreign editor of The Australian, notes Calvert will be the first Asian country expert to head DFAT. "DFAT's structures in the past have favoured the generalist, traditionally fluent in French and Spanish and posted in Washington and London," he says.

With Calvert in Tokyo, DFAT had had three ambassadors at deputy secretary rank. The others are Ric Smith in Beijing, and John McCarthy in Jakarta.

"The fact that DFAT's three deputy secretaries are in the three senior regional posts, and all in Asia, says a lot about the genuineness of the Government's regional priorities," says Sheridan of that period.

Now a former High Commissioner to Malaysia, John Dauth, has been promoted a deputy secretary. The challenge to them is to put the focus on Asia back in positive light.

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