

INQUIRY INTO AUSTRALIA'S RELATIONSHIP WITH ASEAN

Submission by Prof. Howard Dick (University of Melbourne)

Summary

Given that ASEAN is a region of some 600 million people to Australia's immediate north, it is remarkable that Australian governments have invested so little resources in educating Australians in the languages, economies and societies of these fascinating and important countries. We convey a general sense of superiority, combined with profound ignorance that pervades both business and government and even academia. Woeful lack of language proficiency is one indicator. Rates of investment are another: for some years it has been the case that Singapore, Malaysia, Thailand and Indonesia invest more in Australia than Australia invests in them. The same is true of education and health. We could do much better but doing better requires a long-term strategy for our immediate neighbourhood. We have as much if not more interest in good relations with ASEAN as in the South Pacific. ASEAN is becoming much more integrated, with the goal of a single market by 2015, but we are not much more than observers. Except perhaps with Indonesia, there is no special relationship and that with Indonesia has only recently been normalised after the independence of East Timor and the turmoil flowing from 9/11. Northeast Asia absorbs more of our attention, but there we are Little League.

The Education Debacle

1. Australia still struggles in schools and universities to educate young people in knowledge of the ASEAN region. This is especially true of proficiency in ASEAN languages but applies also to general knowledge of those countries.
2. As citizens of a mono-lingual society, Australians are inclined to believe, without much reflection, that any foreigners who want to deal with us ought to be able to speak good English. Increasingly this is so. Educated upper and middle class Southeast Asians who travel to Australia for diplomatic, business, tourism or education typically display a modest to high proficiency in standard international English. However, except to some extent in Singapore, in none of the ASEAN countries is English the language of daily life. Understanding the cultural nuances of these complex societies and close engagement with them requires command of the local language.
3. Of the various ASEAN languages, Indonesian is the only one ever to receive priority in national education policy and with only modest success. Indonesian is the third most widely studied Asian language at Year-12 level after Japanese and Chinese and the fifth most widely studied of all languages after French and German. Vietnamese comes well down the list at around 10th through interest on the part of second-generation Australians of Vietnamese descent. Notwithstanding Thailand's pivotal importance in mainland Southeast Asia, Thai is rarely taught, even at university level.

4. Abandonment of NALSAS (National Asian Languages & Studies in Australian Schools) funding in 2002 has been a disaster for the study of (Southeast) Asia. Asian content and Asian languages have lost standing in the curriculum, courses have been closed, trained teachers have been redeployed and the uptake of newly trained teachers has all but ceased. With loss of student numbers in these subjects and amidst all the pressures on the curriculum, marginalization has been rapid. The momentum is now backwards. It is not likely to be reversed in the short-term by the restoration in the last budget of some funding but well below the NALSAS level.
5. The teaching of Southeast Asia in universities is also going backwards. Recently the teaching of Indonesian language and society at Sydney University had a near-death experience. The other university to pioneer Indonesian & Malay Studies in the mid-1950s, my own University of Melbourne, is seeing over the past four years (to end 2008) the loss of five 5 professors, 3 associate professors and 2 lecturers with expertise on Indonesia. The Indonesian Department no longer has a professor and no appointment is pending. This implosion is not an outcome of policy but of sheer indifference. Other universities are seeing a withering of (Southeast) Asian expertise as those trained in the enthusiastic days of the 1960s and 1970s reach retirement age and are not replaced. Australia's standing as an international centre of Indonesian Studies may not survive the next decade. Australia's expertise in Philippine Studies was lost some time ago. The prospects for minor fields like Thai Studies are grim indeed. Government policy offers no incentives to redress the meltdown.

The Missing Investment

6. DFAT is to be congratulated on its succinct and informative country briefs and fact sheets. A noticeable omission, however, is information on two-way investment flows. These data are available from the Australian Bureau of Statistics and might well be included.
7. Trade Ministers from various ASEAN countries have been complaining for some years that their countries invest more in Australia than Australia invests in return. ABS statistics confirm this picture. As of 2007, Australia had invested \$31 billion in ASEAN countries compared with \$53 billion by ASEAN countries in Australia. In terms of direct investment only, the figures come out about the same: Australia has invested \$16 billion in ASEAN compared with ASEAN's \$15 billion in Australia. However, there is a massive difference between what ABS cites as Australian investment in Singapore (A\$8 bn) compared with the Singaporean (Singstat) estimate of just S\$2.5 billion. It is possible that some of the Australian valuation is investment that is actually invested elsewhere in ASEAN, a matter that might well be investigated. At the Singapore estimate, Australian investment in ASEAN would be less than \$10 billion, that is just 1% of Australia's total direct investment abroad. It is a curious anomaly that with all the advantages of proximity Australia should be investing so little in such a large and rapidly growing market. The investment statistics are well out of line with those for trade and tourism. The reasons for the anomaly deserve to be investigated.

8. In trying to explain the anomaly, one observes that Australian businessmen, for the most part not being culturally engaged with Southeast Asia, are inclined to assess country risk there as much higher than in China. In this they are not out of line with businessmen from the United States and Europe, but one might expect that proximity would give us some extra insight and local knowledge. Many of the risk factors assessed as 'high' in Southeast Asia are also to be found in China, corruption being one of the most obvious. In the case of China, however, the herd instinct applies. Where there is no herd, as in Indonesia or Thailand, ignorance and suspicion easily hold sway. In reality, many forms of risk can be and are routinely managed. Australian firms that are long-term investors in Southeast Asia are much less pessimistic than those who peer in from the outside. There are many success stories for both large and small firms.
9. Redressing the situation will be no easy task. Business people need to visit ASEAN more frequently, without the discouragement of official Travel Warnings (see above). They need to engage more with visiting counterparts and government leaders and officials from ASEAN and work towards improving the local business environment. They need to be more engaged with country business councils, whose situation is for the most part parlous – Australian firms tend to see these as a waste of time, which is not the prevailing view in the host countries. They need to be more engaged with universities and giving opportunities to young students and graduates (Australian or international) seeking career paths in Asia. There are enormous long-term investment opportunities in ASEAN. Business should begin by assessing the opportunities, then assessing and managing the risks. Government could do more to facilitate.
10. ASEAN business people for their part feel no restraint about investing in Australia and we benefit from this, whether as FDI or as portfolio investments. We also benefit from their increasing engagement with us as tourists, medical visitors and as parents of children studying at Australian schools and universities. Unlike in previous decades, the problem is not so much the lack of engagement as the fact it is becoming more imbalanced. We are still not on the same wavelength.

The Travel Warning Stalemate

11. The Federal Government has contributed to the Indonesian Studies meltdown and the high risk perception of Indonesia. The long-standing Level 4 Travel Advisory Warning on Indonesia (“Reconsider Your Need to Travel”) has been a dead hand on the study of Indonesian language and society in schools and at universities. Nominally the warning is “advisory” but in practice, both through the alarm it sounds and the insurance implications, it is effectively an injunction. Intensive-language study in Indonesia has become all but impossible at secondary school level and at university level even postgraduate students – even native Indonesians - have to go through tortuous bureaucratic procedures to gain approval to do fieldwork. In short, the Indonesian government would facilitate, but the Australian government impedes. Moreover, it does so despite continued polite requests from the Indonesian

Government and despite the precedent of the lifting of the equivalent warning by the United States. Business and tourism carries on by ignoring the warning – hardly enhancing its credibility! - it is unclear how much the natural growth of investment and tourism is being held back. The anomaly is doing harm to both countries and could be fixed without cost by a few strokes of the keyboard.

RECOMMENDATIONS

1. The **Travel Advisory warning on Indonesia** be relaxed immediately to Level 3, the same as other ASEAN countries such as Thailand and the Philippines that are suffering intermittent civil strife and are also home to Muslim extremist groups.
2. **DFAT Fact Sheets** be revised to include the most recent data on the stock of Australian direct foreign investment into each ASEAN country and the reverse stock into Australia.
3. The **Australian Bureau of Statistics** be asked to investigate anomalies in the recording of investment by Singapore and perhaps other ASEAN countries. This may also suggest scope for data exchange and technical cooperation between agencies.
4. **Schools.** *Priority funding* be given in a *ten-year program* to accelerating the (re)training of teachers with Asia expertise, the reinstatement of Asian subjects to school curricula, and the engagement of students with Asia in its manifold diversity. This funding should be at least as high *in real terms* as former NALSAS funding.
5. **Universities.** To ensure that Australia remain a leading international centre for the study of Southeast Asia beyond the imminent retirement of the ageing body of Asia specialists, funding be allocated to Australian universities by competitive application to establish chairs in (Southeast) Asian Studies with junior staff and facilities to support them. These should represent both priority countries such as Indonesia and, in lesser number, non-priority countries including Thailand, Vietnam and the Philippines.

Howard Dick is Professor in the Department of Management & Marketing at the University of Melbourne. As an economist and economic historian, he has been engaged with Southeast Asia since 1972 with specific research interests in transport and logistics, cities, and governance. He teaches and undergraduate course *Business & Economy in Southeast Asia*, is a member of the Editorial Board of the *Bulletin of Indonesian Economic Studies* and Editor of the Asian Studies Association of Australia's (ASAA) 'Southeast Asia Publications Series' published in conjunction with National University of Singapore Press.

Contact details

Department of Management & Marketing
University of Melbourne, VIC 3010, Australia

h.dick@unimelb.edu.au
Ph 03 8344 4481