

# POLICY BRIEF

**LOWY INSTITUTE**  
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## INDONESIA AND AUSTRALIA: TIME FOR A STEP CHANGE

### WHAT IS THE PROBLEM?

*The relationship with Indonesia is one of Australia's most important but it is still not on a firm footing. Government-to-government ties have been strengthening but relations are focused around a mostly negative set of security-related issues. Business-to-business links are underdone and mutual public perceptions are poor. Without significant incentives to drive closer ties, one of Australia's most important relationships will continue to stagnate.*

### WHAT SHOULD BE DONE?

*Mutual public distrust and stereotypes are so entrenched that dramatic leadership gestures are needed to produce a step-increase in relations. President Yudhoyono's forthcoming visit to Australia presents an important opportunity to discuss a new approach.*

*Four options are: seeking a multi-decade vision for the economic relationship that looks beyond, and is much more ambitious than, the proposed FTA; a new Colombo Plan for Indonesia – with both vocational education and university components aimed at educating thousands of Indonesians per annum; forging a more outward-looking cooperation agenda that looks beyond internal threats; and overhauling traditional approaches to public diplomacy.*



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- produce distinctive research and fresh policy options for Australia’s international policy and to contribute to the wider international debate.
- promote discussion of Australia’s role in the world by providing an accessible and high-quality forum for discussion of Australian international relations through debates, seminars, lectures, dialogues and conferences.

Lowy Institute Policy Briefs are designed to address a particular, current policy issue and to suggest solutions. They are deliberately prescriptive, specifically addressing two questions: What is the problem? What should be done?

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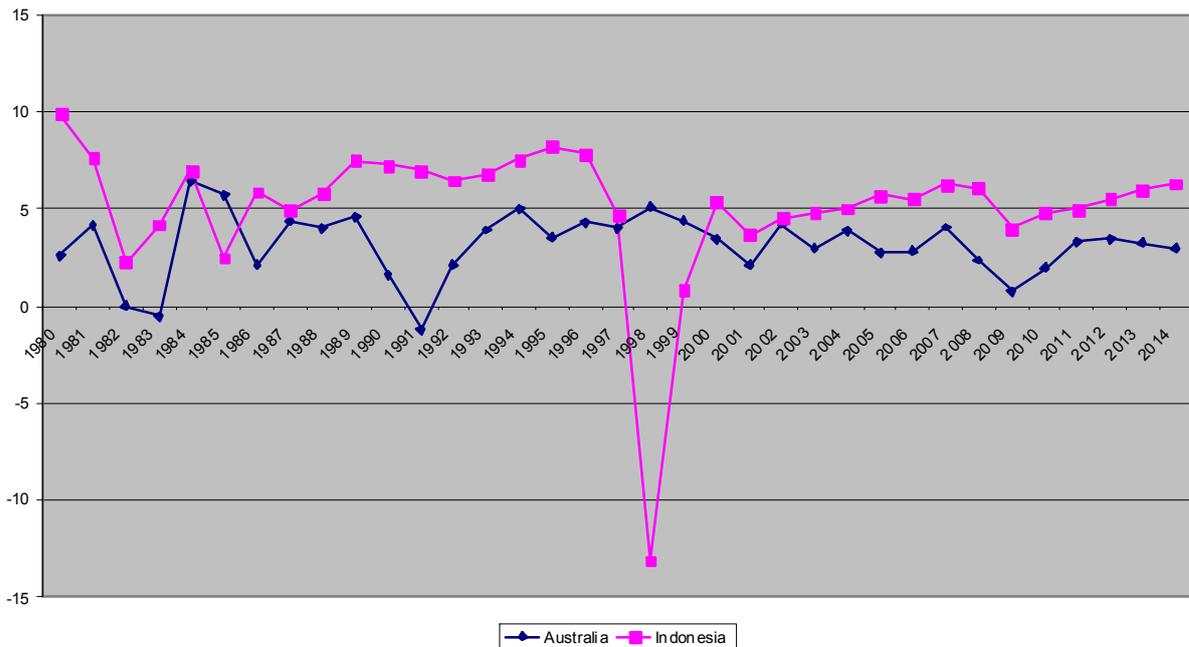
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**Why Indonesia matters**

Indonesia is of vital strategic importance to Australia. The world’s fourth most populous country, third-largest democracy and largest Islamic population is also our second-nearest neighbour. It straddles critical international shipping lanes, forms a natural barrier and obstacle to any invading force coming to Australia and the flights from many destinations in Australia must travel through its air space.<sup>1</sup>

While Indonesia suffered badly during the 1997-98 Asian Economic Crisis it has managed to maintain strong growth since then (see chart below), including during the more recent Global Economic Crisis. National income is rising – GDP per capita in PPP terms was forecast to be \$US 4,149 in 2009 (up almost 40% since 2004).<sup>2</sup> According to the US National Intelligence Council, ‘Indonesia’s economy could also approach the economies of individual European countries by 2020.’<sup>3</sup> It went on to find that ‘Most of the increase in world population and consumer demand through 2020 will take place in today’s developing nations—especially China, India, and Indonesia—and multinational companies from today’s advanced nations will adapt their “profiles” and business practices to the demands of these cultures.’<sup>4</sup>

**Australia and Indonesia GDP Growth (% GDP) 1980-2014, IMF**



Source: IMF, World Economic Outlook Database (1980-2014, forecasts from 2009 onwards).

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At a diplomatic level, Indonesia is already exhibiting signs of a more assertive and independent foreign policy commensurate with its size. Examples include Indonesia's establishment of the Bali Democracy Forum in December 2008 'aiming at the promotion of regional international cooperation in the field of democracy and political development amongst countries in Asia'<sup>5</sup> and its temporary membership of the UN Security Council (most recently in 1995-96 and 2007-08).<sup>6</sup>

Indonesia is also a full member of the G-20 with the President attending Leaders' Meetings, a member of the WTO's G-20 group of developing countries and the leading member of ASEAN. In 2006, Indonesia offered to take on a mediating role with Iran<sup>7</sup> and on climate change Indonesia has promised serious emissions reductions.<sup>8</sup>

Others are recognising the increasingly important role Indonesia will play. The US and Indonesia, for example, are looking to forge a comprehensive partnership – with plans to agree 'six bilateral agreements covering energy, forestry, natural resources, agriculture, oil and gas and education' during President Obama's March 2010 visit.<sup>9</sup>

To Australia's extraordinary good fortune (and defying many expert predictions), since May 1998 Indonesia has transformed itself into a stable, emerging democracy – the world's third-largest – with free and fair elections and an active media and civil society. Australia has also benefited from generally pro-Western, pro-Australian leaders since the fall of Sukarno.

Indonesia matters to Australia and Australia has an overriding interest in supporting Indonesia's solidification as a rapidly developing, open, market-based economy and a multi-party democracy.

**Government-to-government ties**

The governments of Indonesia and Australia have long realised how important each country is to the other, and have forged strong ties despite some serious recent disagreements.

There is wide-ranging security cooperation, in particular through the Lombok Treaty<sup>10</sup> and support for the Jakarta Centre for Law Enforcement Cooperation (JCLEC) – to which Australia has contributed \$36.8 million over the five years 2004 to 2009.<sup>11</sup> Police-to-police cooperation driven by the Australian Federal Police has been one of the very strong and positive bonds to have been forged in recent years.

Aid is another major focus of the relationship. DFAT reports that 'Australia is the largest bilateral donor to Indonesia'<sup>12</sup> with AusAID estimating total ODA in 2009-10 to Indonesia to be \$452.5 million.<sup>13</sup> High-profile projects include the Howard government's initiatives to build or expand 2,000 schools across Indonesia and provide a \$1 billion five-year aid and loan package to help Indonesia rebuild after the 2004 tsunamis.<sup>14</sup> Australia also offers around 300 scholarships per annum to Indonesian students.<sup>15</sup>

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There are numerous high-level visits and mechanisms for ministerial-level dialogue. The Australia-Indonesia Ministerial Forum was established in 1992 and is ‘the peak bilateral consultative forum between the two governments’. The 9<sup>th</sup> Forum was held in Canberra in November 2008 and was attended by seven Australian and six Indonesian ministers.<sup>16</sup> Another institutionalised mechanism for direct high-level dialogue is the Trade Ministers’ Meeting – the 8<sup>th</sup> of which was held in Sydney in February 2009.

There is also cooperation on climate change and prevention of deforestation. In 2008, Prime Minister Rudd and President Yudhoyono signed a framework agreement on reducing carbon emissions, building on the Kalimantan Forests and Climate Partnership.<sup>17</sup>

But there is still room for improvement. Despite close government-to-government links the focus – at least from the Australian side – is largely on ‘negative’ positives.

Our Foreign Affairs department, for instance, lists among the things we cooperate with Indonesia on: ‘counter-terrorism, illegal fishing, people smuggling, avian influenza, climate change and interfaith dialogue...’<sup>18</sup>

All of these areas – as important as they are – are in some sense negative. Counter-terrorism, illegal fishing, people smuggling, avian influenza and climate change each focus on direct threats to Australia (as well as Indonesia). Interfaith dialogue is also aimed, at least to some extent, towards reducing a threat (terrorism).

This focus on negative ‘positives’ extends to the political level. Foreign Minister Stephen Smith, in an August 2008 speech, described the bilateral relationship in terms of ‘security cooperation’, ‘regional disaster response’ and ‘Indonesia’s development challenges’.<sup>19</sup>

**People-to-people ties**

In contrast to generally strong government-level relations, public attitudes on both sides are doing badly.

The Australia-Indonesia relationship is also prone to arousing public passions that reinforce stereotypes. Recent examples include: East Timorese independence, the Tampa asylum seeker issue, the two Bali bombings, Schapelle Corby and the Bali Nine, West Papuan asylum seekers and independence and most recently the asylum seekers on the Oceanic Viking. To an extent, these passions are inevitable given our proximity, Indonesia’s location as an approach to Australia and transit point and our different cultures. (These passions are not always negative, however, the response to the 2004 tsunamis in Indonesia being the most obvious example).

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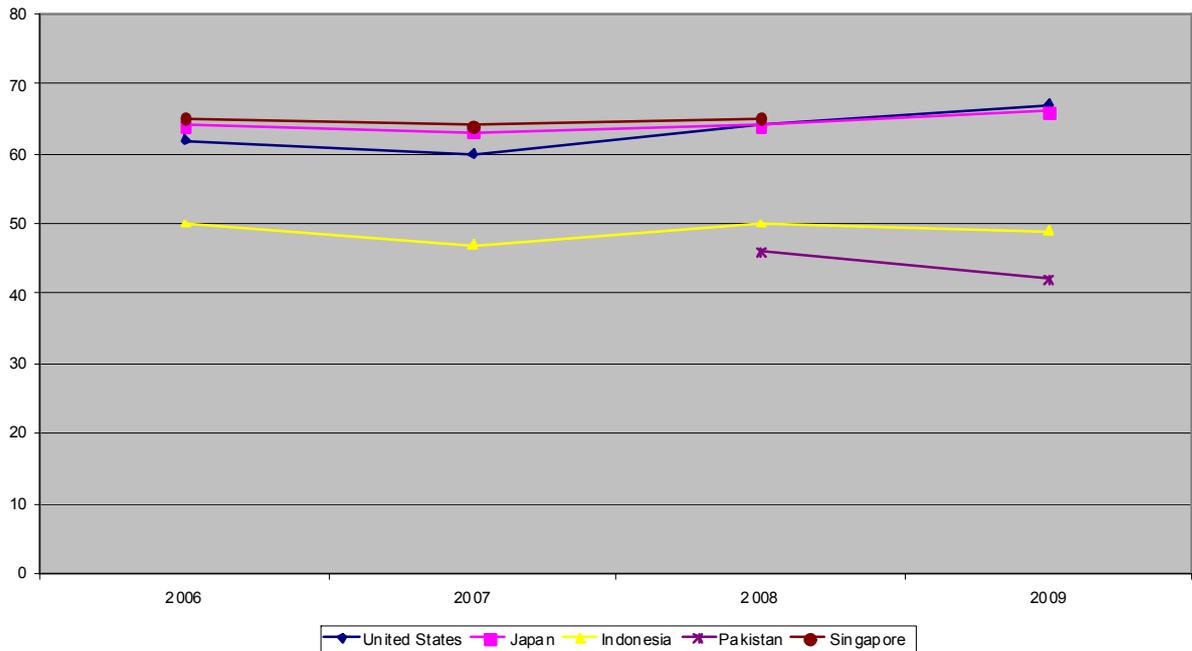
These issues are also more likely to become overblown and damage the relationship because public understanding on both sides is so tenuous and because there is insufficient depth to the relationship. One notable feature of the Indonesia relationship is its divisiveness in Australia. Despite a tradition of policy bipartisanship, strong language often gets brought into the debate about Indonesia. One telling example of this bifurcation is the use of the term ‘Indonesia Lobby’ to refer to those on one side of the debate.

And so far, nothing either government has done to build the government-to-government relationship has managed to remove the damage of further flare-ups, putting a constraint on the development of deeper ties.

*Public opinion*

Each year since 2006, the Lowy Institute Poll has asked Australians to rate their feelings towards Indonesia on a 0 to 100 scale: with zero meaning very cold and unfavourable and 100 meaning very warm and favourable. Indonesia has never scored above 50. And when in 2006 we asked Indonesians the same question about Australia they ranked their feelings towards Australia at 51.

Australian Feelings Towards Other Countries



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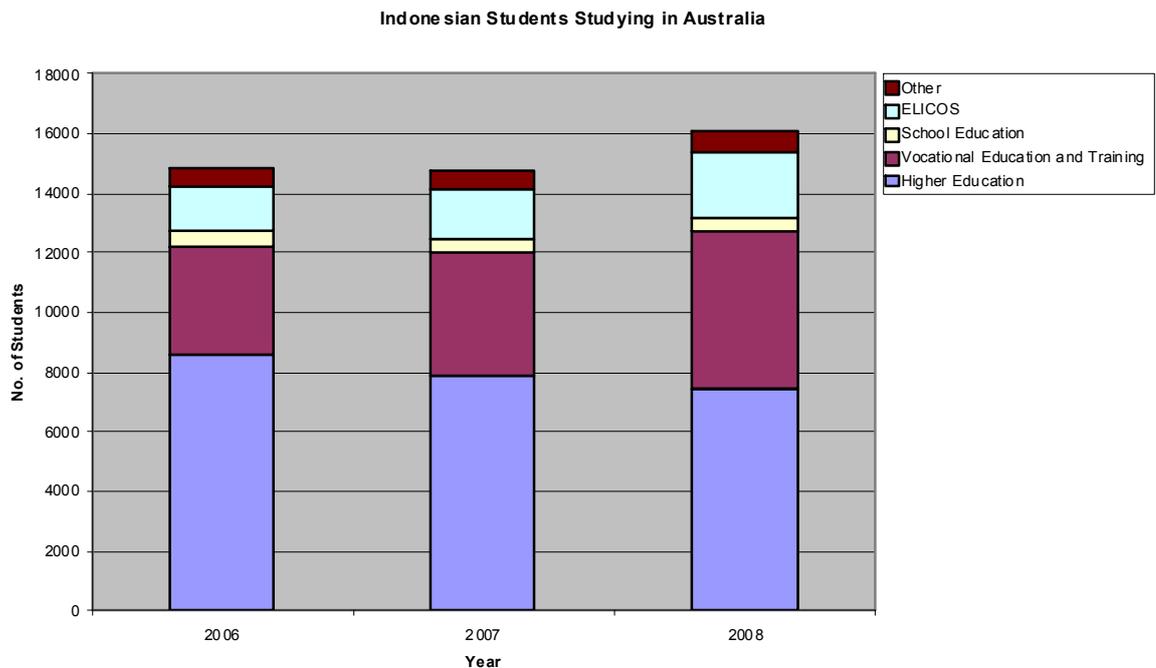
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The Australian public’s trust in Indonesia is also low. The 2009 Lowy Institute Poll found 54% of Australians trusted Indonesia ‘not at all’ or ‘not very much’ to act responsibly in the world, with almost one-quarter (23%) of Australians trusting it ‘not at all’.<sup>20</sup> Public opinion seems to be reinforced by media reporting on both sides. Few news agencies in Australia maintain reporters in Indonesia and what coverage there is tends to focus on issues such as drug traffickers, people smuggling, human interest stories and corruption with very little attention paid to politics or broader developments in Indonesia. Indonesian media coverage of Australia also often dwells on the negatives.

Polling conducted by the Lowy Institute in Indonesia in 2006 suggested that the Indonesian public’s assessment of Australia is very similar.<sup>21</sup>

*Student exchanges*

Student exchanges are one indicator of potential future engagement. The number of Indonesian students coming to Australia to pursue higher education fell between 2006 and 2008. However, the overall number of Indonesians coming to Australia for all forms of education increased to just over 16,000 people – driven largely by an increase in demand for vocational education and training.

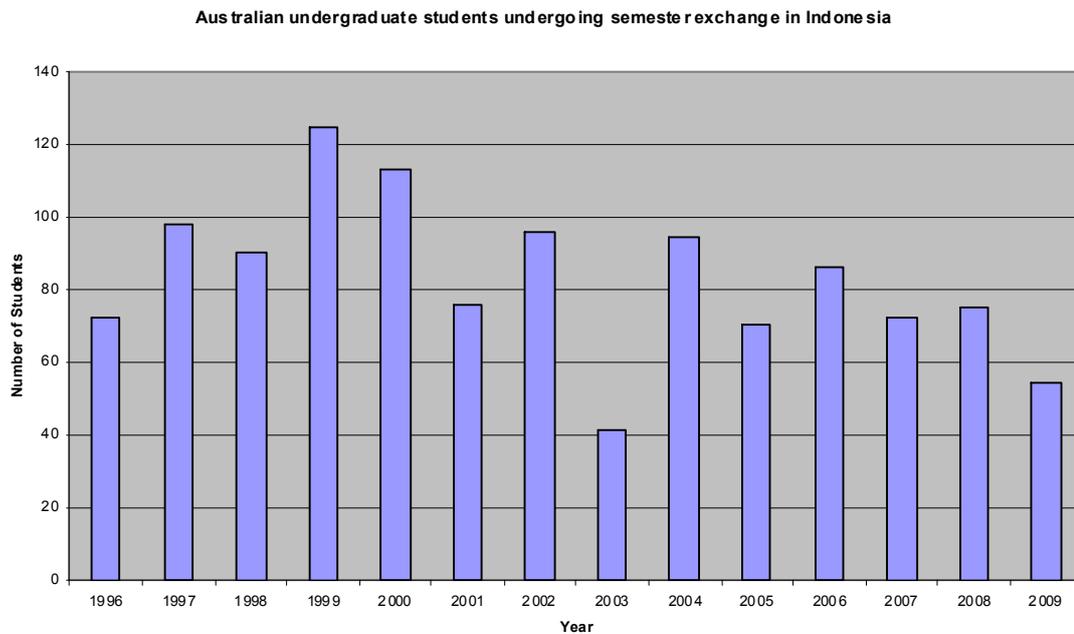


Source: DFAT, *Trade in Services*, 2008.

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In the other direction the number of Australian undergraduate students undertaking a semester exchange in Indonesia remains very low – only exceeding 100 students in two years since 1996. Dips in student numbers appear to coincide with terror attacks and major political events with a decline from the 1999 high corresponding to the independence process in East Timor, a sharp drop in 2003 following the October 2002 Bali bombings and a smaller dip in 2005 following the September 2004 bombing of the Australian embassy in Jakarta and October 2005 Bali bombings.



*Source: ACICIS, personal communication.*

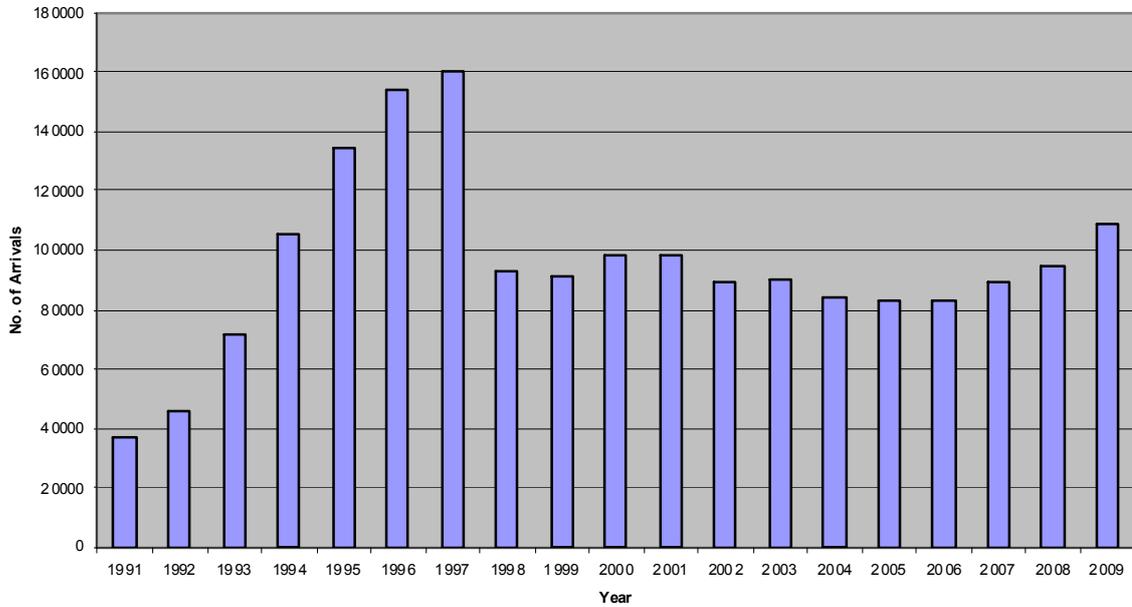
**Travel**

Travel is another indicator of linkages. Indonesian visitors to Australia grew dramatically in the 1990s before suffering a sharp dip after 1997 following the Asian Financial Crisis. Visitor numbers have remained virtually steady since 1998 – although in 2009 numbers passed 100,000 for the first time since 1997.

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**Indonesia Visitor Arrivals to Australia**

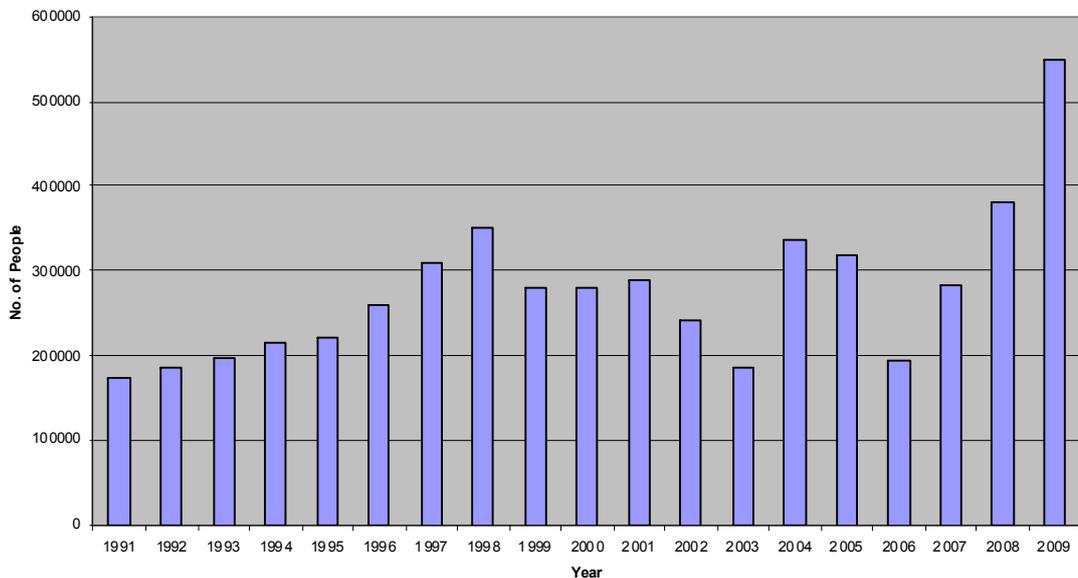


Source: ABS: Short-term movement, visitor arrivals

In the other direction, Australian visitor numbers to Indonesia have fluctuated over time, with dips corresponding to Indonesia’s transition to democracy in 1998, East Timorese independence, the Bali bombings of 2002 and 2005 as well as the 2004 Australian embassy bombing in Jakarta.

The vast majority of Australian visitors to Indonesia go to Bali – 81% of the 380,700 visitors to Indonesia in 2008.<sup>22</sup>

**Australian Visitors to Indonesia**



Source: ABS: Overseas arrivals and departures.

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Even though cumulatively there have been almost four million visits between Australia and Indonesia over the last decade these exchanges have failed to produce positive attitudes towards the other country.

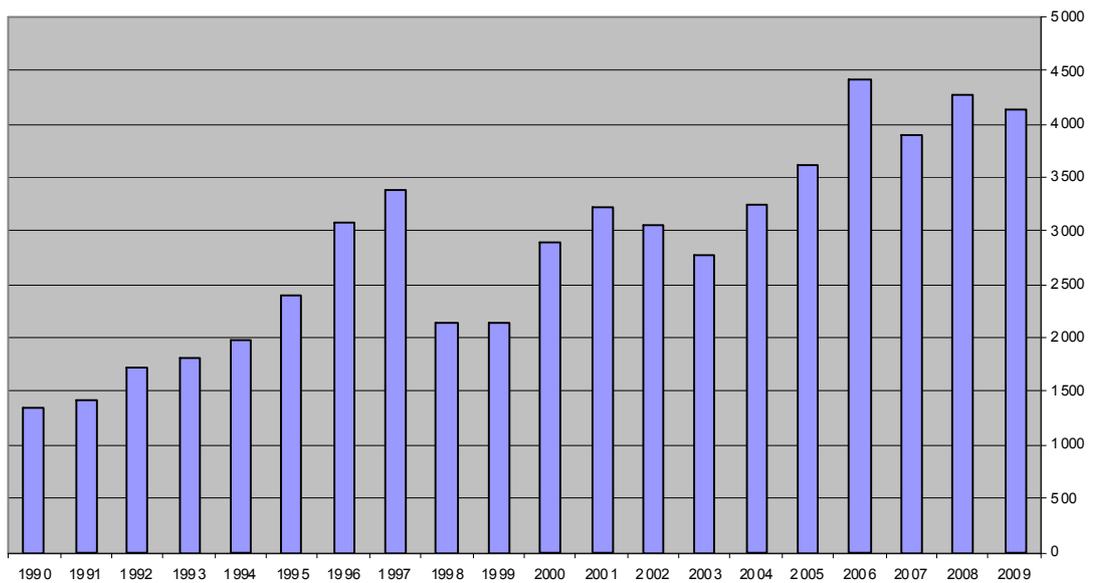
Business and investment links

Indonesia-Australia business and investment links remain underdeveloped. Even with a population of some 231 million people, decades of generally strong GDP growth and the fact it is right on Australia's doorstep, Indonesia was only Australia's 13<sup>th</sup> largest merchandise trading partner in 2008-09 (two-way trade in goods and services totaled \$11.7 billion).<sup>23</sup>

By contrast, New Zealand, with less than 2% of Indonesia's population and around one fifth of Indonesia's GDP (current prices), was Australia's 9<sup>th</sup> largest merchandise trading partner in 2008-09 (two-way trade in goods and services totaled \$21.9 billion).<sup>24</sup>

Australian merchandise exports to Indonesia grew steadily until the Asian Financial Crisis hit in 1997 at which point they fell and did not recover to those levels until 2005.

Merchandise Exports to Indonesia (\$A millions)



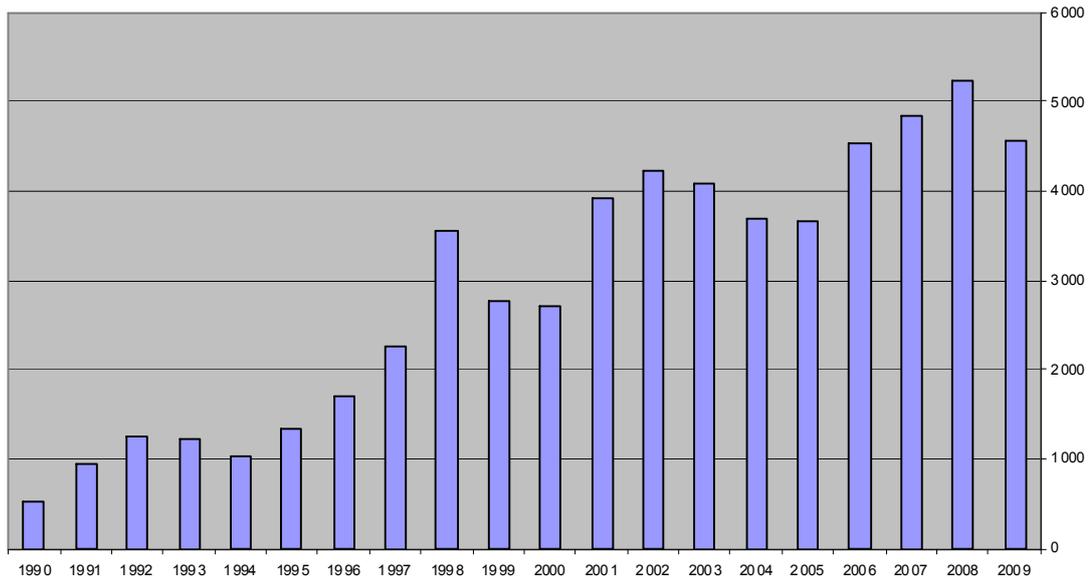
Source: ABS

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In the other direction, merchandise imports from Indonesia to Australia grew from a low base in the 1990s until 1998. More recently they grew again from 2006 to 2008 but by 2009 had fallen back to around 2006 levels.

Merchandise Imports from Indonesia (\$A millions)



Source: ABS

DFAT estimates there are 400 Australian companies operating in Indonesia with Australia's total stock of investment in Indonesia \$3.9 billion in 2008 – making Indonesia Australia's 18<sup>th</sup> largest investment destination but accounting for just 0.38% of Australia's total stock of investment abroad. Indonesian investment in Australia totaled \$624 million in 2008.<sup>25</sup>

**Why there is a problem with the status quo**

Indonesia is one of a handful of priority bilateral relationships for the Australian government. While government-to-government relations are strong and growing, they are constrained by public opinion and underdeveloped business and investment ties.

For example, there is a tendency for politicians and the media to sometimes use the relationship as a political football such as over the asylum seeker issue.

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In other instances the Australian government almost seems embarrassed or afraid to draw attention to its relations with Indonesia. When agreement was reached on a Working Holiday Maker scheme with Indonesia it received very little publicity and the quota for the number of Indonesians able to access it each year was set at just 100 people.<sup>26</sup> For US nationals there is no quota<sup>27</sup> and for Thais the quota is 500 per annum.<sup>28</sup>

Public perceptions of Indonesia present the Australian government with one of its most pressing foreign policy problems. And efforts to improve them are stymied on multiple fronts.

In addition to the above, one of the most prominent factors is Australian travel advice. The opening sentence of the current advisory states: 'We advise you to reconsider your need to travel to Indonesia, including Bali, at this time due to the very high threat of terrorist attack.'<sup>29</sup> This is a major irritant with the Indonesian government and anecdotal evidence suggests it blocks many different forms of exchange. Indeed one of the few things it does not appear to impede is travel to Bali.

When the poor state of Australian attitudes towards the US were revealed in the 2005 Lowy Poll,<sup>30</sup> there was a recognition that this had the potential to undermine our alliance. In response, the Australian government hastily established the US Studies Centre with a \$25 million endowment.<sup>31</sup>

Australian attitudes towards Indonesia are far worse than they ever were towards the US and undermine and constrain efforts to build strong, meaningful ties with our most important neighbour.

Although Indonesia and Australia are very different in terms of wealth, political institutions, religion and culture, similar differences have not stopped Australians developing strong and broad ties with China, Japan or Singapore.

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**Recommendations**

As critical as the relationship with Indonesia is, ties have plateaued. Even incremental improvements will be hard to make without dramatic leadership gestures to provide a much needed jolt to the relationship.

Australian leaders have done this successfully in the past. Examples include the signing of the 1957 Commerce Agreement with postwar Japan championed by Trade Minister John McEwen,<sup>32</sup> Prime Minister John Howard's gesture allowing Chinese President Hu Jintao to address the Australian parliament immediately after US President George W. Bush, and Prime Minister Gough Whitlam's relatively early diplomatic recognition of China.

These leadership gestures – to varying extents – pushed against prevailing public opinion but helped lift relations up a notch across the board. Something of that magnitude is what is currently needed with Indonesia.

The following four recommendations are aimed at producing a positive jolt to kick-start a new, deeper phase of the Australia-Indonesia relationship.

**1) *Negotiate a multi-decade vision for the economic relationship***

In August 2007, Australia and Indonesia commenced a joint feasibility study on a Free Trade Agreement, which has since been completed.<sup>33</sup> While this is a positive development, there is a risk it could end up being perceived as just another FTA.

The independent estimate<sup>34</sup> of an FTA suggests any agreement would have a relatively modest impact. Assuming 'the bilateral trade and investment liberalisation will be comprehensive in scope with all barriers being removed immediately on commencement of the agreement' then:

'Over the period 2010–30, Australia is estimated to gain A\$3.2 billion in real GDP in (2008) net present value terms, versus Indonesia's real GDP gain of A\$33.1 billion. The gains arising from the bilateral Australia–Indonesia trade and investment agreement are estimated to be quite small due to the fact that Australia and Indonesia have already agreed to trade liberalisation under the ASEAN–Australia–New Zealand Free Trade Agreement (AANZFTA).'<sup>35</sup>

Negotiations on a comprehensive FTA should push ahead, but the modest impact of an FTA increases the importance of pursuing other avenues to add further economic ballast to the relationship. Indonesia is struggling to implement the ASEAN-China FTA<sup>36</sup> so, at this stage, a more ambitious trade agreement appears unlikely to succeed.

An alternative solution would be to negotiate a multi-decade vision for the economic relationship. The Closer Economic Relations agreement with New Zealand is now 27 years old and the process of

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economic integration is still ongoing. Australia and Indonesia could use a similar time horizon to set out a common approach for integrating the two economies. While the agreement could be non-binding, it would set out for both countries a clear vision of where the economic relationship is headed and guide ongoing efforts to reduce internal barriers to expanded trade. The option to negotiate detailed commitments could be done gradually over a long period of time.

This vision document would be far easier to sell domestically in Indonesia than a more ambitious trade agreement, but would still provide a framework for ongoing work to remove trade barriers – including the behind-the-border impediments. It would also serve to raise the profile of the relationship in the business community, particularly if accompanied by major efforts to encourage trade missions and business exchanges.

*2) Use the projected increase in Australia's aid program to fund a new Colombo Plan for Indonesia*

The Rudd Labor government has committed to increase Australia's Official Development Assistance (ODA) to 0.5 percent of GNI by 2015–16, up from 0.32 per cent of GNI in 2008–09. This represents a considerable amount of money, with ODA projected to reach \$5 billion by 2011–12 (up from \$4.2 billion in 2009–10).<sup>37</sup>

AusAID will struggle to spend this rapid increase in money. One area it could seek to deploy these funds is in the Indonesian education sector with a view to providing affordable, quality tertiary and vocational education to thousands of Indonesians.

Australian universities could be offered the opportunity to tender for a pool of these funds and in return would have to set up joint ventures in Indonesia with existing universities. The funding would need to be for long-term periods and include capital funding. There are considerable barriers to entry into this market but they are surmountable (Monash University already operates a preparatory college in Jakarta<sup>38</sup>). These efforts would need to be accompanied by parallel efforts in Australia to incentivise the study of Bahasa Indonesia and Indonesian studies.

Another potentially large area for educational cooperation is vocational training. In 2007–08 around 350,000 Indonesians were undertaking vocational training in Indonesia.<sup>39</sup> In Australia, with less than 10% of the population, 1.7 million people were enrolled in public vocational education and training in 2008<sup>40</sup> suggesting an enormous demand in Indonesia for this type of education.<sup>41</sup> Australia's experience with the successful TAFE system could perhaps be applied in Indonesia using a similar twinning arrangement.

Making a major investment in Indonesian education would serve several interests. It would position Australia as a major contributor to the education of the next generation of Indonesian leadership. It would ensure aid funds benefit not only Indonesians but also Australian educational institutions. It would provide a feeder group to Australia's skilled migration program and skilled tradespeople for Australian businesses operating in Indonesia – a priority with the nation facing labour market

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bottlenecks and an aging population. And it could help encourage Australian students to study in Indonesia by raising the profile of education in Indonesia and expanding the range of courses available in English.

**3) Rethink public diplomacy**

With mutual public perceptions in such a poor state, there is a clear need to re-examine the way both Australia and Indonesia conduct their public diplomacy.

Efforts to promote the relationship among both publics are quite modest. The annual expenditure of the Australia-Indonesia Institute which was 'established by the Australian Government in 1989 to contribute to a more broadly based and enduring relationship between Australia and Indonesia and to project positive images of Australia and Indonesia in each other's country'<sup>42</sup> was just \$1.36 million in 2007-08.<sup>43</sup>

With mutual public perceptions in such a poor state there is a chicken and egg problem. Politicians have the opportunity to use the relationship for domestic political advantage, further entrenching stereotypes. If governments avoid inflammatory language they risk ceding this advantage to the opposition. To break this cycle strong political leadership is needed.

To address the serious public perception problem both countries suffer, Australia and Indonesia should seek to agree a new approach to public diplomacy.

Australia could take the somewhat unorthodox step of committing itself actively to promoting an accurate, broader-based and positive image of Indonesia in Australia with Indonesia agreeing to do the same in the other direction.

Australia has informally committed itself to similar arrangements in the past, the most obvious being the bipartisan support the US relationship enjoys in Australia even in the face of widespread public ambivalence towards some US foreign policies. Serious financial support has also been provided.<sup>44</sup>

With Australian public attitudes towards Indonesia far more depressed than they were towards the US at the end of the Bush era, and given the importance of our relationship with Indonesia, an even more ambitious commitment to Indonesia should be made. One way to institutionalise this new approach would be to establish a council along the lines of that proposed by Jamie Mackie.

The 'consultative council, notionally called *Dewan Jembatan* (Bridging Council)...would act as a bilateral guardian of the long-term health of the relationship between our two countries, with roughly similar purposes to the Australian American Leadership Dialogue but with a different structure.'<sup>45</sup>

Travel advisories are another problem the government needs to neutralise. They act as a major practical and psychological barrier to exchanges. The Australian government should study ways to modify its

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warning system to accommodate legitimate risk assessments while also promoting the safe travel of Australians to Indonesia. One possibility is making security warnings specific to regions of Indonesia.

*4) Develop an outward-looking, positive cooperation agenda with Indonesia*

Many Australians still see Indonesia implicitly in threatening terms. While fear of a direct military confrontation might have dissipated,<sup>46</sup> the government-to-government relationship has a tendency to focus on ‘negative’ positives like terrorism, people smuggling, illegal fishing and illegal logging, creating the impression it is more a source of threats than a close, fellow democracy.

There is a need to shift the focus of the relationship away from these ‘negative’ positives towards a more outward-looking agenda. Cooperation at other levels is already occurring, so much of the shift will be in rhetoric and tone. But there is also scope to expand the range of cooperation. Joint membership of the G-20 offers one such avenue to explore a broader range of common interests beyond security threats. Both governments could also agree a set of regional and global issues on which they will cooperate to advance common interests. There may also be room to explore a more outward-looking defence agenda. The US is currently exploring the possibility of restarting joint training with Kopassus, the Special Forces Command in Indonesia – several years after the Australian government resumed special forces cooperation. If this eventuates, there would be room to explore three nation training exercises.

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NOTES

<sup>1</sup> John Hirst, In defence of appeasement: Indonesia and Australian foreign policy, *Quadrant*, April 1996, p 11 sets out some similar points as well as others.

<sup>2</sup> Department of Foreign Affairs and Trade, *Indonesia Fact Sheet*, <http://www.dfat.gov.au/geo/fs/indo.pdf>.

<sup>3</sup> National Intelligence Council, *Mapping the global future*, December 2004, p 9, <http://www.foia.cia.gov/2020/2020.pdf>.

<sup>4</sup> National Intelligence Council, *Mapping the global future*, p 29.

<sup>5</sup> Bali Democracy Forum website, <http://balidemocracyforum.org/>.

<sup>6</sup> UN, UN Security Council members, [http://www.un.org/sc/searchres\\_sc\\_members\\_english.asp?sc\\_members=57](http://www.un.org/sc/searchres_sc_members_english.asp?sc_members=57).

<sup>7</sup> Indonesia offers to mediate in Iran nuclear dispute. ABC, AM program, 11 May 2006, <http://www.abc.net.au/cgi-bin/common/printfriendly.pl?http://www.abc.net.au/am/content/2006/s1635917.htm>.

<sup>8</sup> These were -26% in 2020 based on a deviation from a business as usual scenario in 2020 and, on the condition of international finance, extending this to reductions of -41% in 2020 based on a deviation from business as usual scenario in 2020. See UN Environment Programme, Indonesia, <http://www.unep.org/climatepledges/CountryPledge.aspx?pid=18>.

<sup>9</sup> Doug Palmer, 'Good reason for optimism' ahead of Obama's Indonesia visit, *Jakarta Globe*, 28 February 2010, <http://www.thejakartaglobe.com/analysis/good-reason-for-optimism-ahead-of-obamas-indonesia-visit/361135> and Hillary Rodham Clinton, *Developing a comprehensive partnership with Indonesia*, 18 February 2009, <http://www.state.gov/secretary/rm/2009a/02/119424.htm>.

<sup>10</sup> *Agreement between the Republic of Indonesia and Australia on the framework for security cooperation*, <http://www.dfat.gov.au/geo/indonesia/ind-aus-sec06.html>.

<sup>11</sup> Jakarta Centre for Law Enforcement Cooperation, *About JCLEC*, [http://www.jclec.com/index.php?option=com\\_content&task=view&id=14&Itemid=28](http://www.jclec.com/index.php?option=com_content&task=view&id=14&Itemid=28).

<sup>12</sup> DFAT, *Indonesia country brief*, [http://www.dfat.gov.au/geo/indonesia/indonesia\\_brief.html](http://www.dfat.gov.au/geo/indonesia/indonesia_brief.html).

<sup>13</sup> AusAID, *Indonesia*, <http://www.ausaid.gov.au/country/country.cfm?CountryId=30>.

<sup>14</sup> AusAID, *Australia Indonesia partnership for reconstruction and development*, <http://www.ausaid.gov.au/country/aiprd.cfm>.

<sup>15</sup> DFAT, *Indonesia country brief*.

<sup>16</sup> Ibid.

<sup>17</sup> *Indonesia-Australia forest carbon partnership*, <http://www.climatechange.gov.au/government/initiatives/international-forest-carbon-initiative/~media/publications/international/indonesia-australia.ashx>.

<sup>18</sup> DFAT, *Indonesia country brief*.

<sup>19</sup> Stephen Smith, *Australia-Indonesia relations – a new partnership for a new era*, 11 August 2008, Centre for Strategic and International Studies, Jakarta, [http://www.foreignminister.gov.au/speeches/2008/080811\\_csis.html](http://www.foreignminister.gov.au/speeches/2008/080811_csis.html).

<sup>20</sup> Fergus Hanson, *The Lowy Institute Poll 2009: Australia and the world - public opinion and foreign policy*, p 22.

<sup>21</sup> Ivan Cook, *The Lowy Institute Poll 2006: Australia, Indonesia and the world – public opinion and foreign policy*, p 31. Using a 0 to 10 scale where 0 meant strongly disagree and 10 meant strongly agree, Indonesians gave the statement 'Australia has shown itself to be a reliable long-term friend of Indonesia' a mean score of 5.3, the

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same score given to 'Indonesia benefits from having Australia as a stable and prosperous neighbour'. 'Australia has a tendency to try to interfere in Indonesia's affairs too much' received 6.7.

<sup>22</sup> Bali Tourism Board, *Direct foreign tourist arrivals to Bali by nationality by month*, [http://www.balitourismboard.org/files/Statistic\\_Nationality\\_2008\\_complete.xls](http://www.balitourismboard.org/files/Statistic_Nationality_2008_complete.xls).

<sup>23</sup> DFAT, *Indonesia fact sheet*.

<sup>24</sup> DFAT, *New Zealand fact sheet*, <http://www.dfat.gov.au/geo/fs/nz.pdf> and DFAT, *Indonesia fact sheet*.

<sup>25</sup> DFAT, *Indonesia country brief*, and ABS, *Australian investment abroad: level of investment by country and country groups by type of investment and year*, [http://www.ausstats.abs.gov.au/Ausstats/subscriber.nsf/0/67B55EE74A44743CCA2575B600185CC9/\\$File/5352005\\_2008.xls#Table5!A2](http://www.ausstats.abs.gov.au/Ausstats/subscriber.nsf/0/67B55EE74A44743CCA2575B600185CC9/$File/5352005_2008.xls#Table5!A2).

<sup>26</sup> Department of Immigration and Citizenship, annual visa limit, <http://www.immi.gov.au/visitors/working-holiday/462/indonesia/how-the-visa-works.htm>.

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<sup>29</sup> Smartraveller, Indonesia travel advice (as at 3 March 2010), <http://www.smartraveller.gov.au/zw-cgi/view/Advice/Indonesia>.

<sup>30</sup> Ivan Cook, *Australians speak 2005: public opinion and foreign policy*, <http://www.lowyinstitute.org/Publication.asp?pid=236>.

<sup>31</sup> The United States Studies Centre, History, <http://ussc.edu.au/about/history>.

<sup>32</sup> *Agreement on commerce between Japan and the Commonwealth of Australia*, July 1957.

<sup>33</sup> *Australia – Indonesia free trade agreement joint feasibility study*, [http://www.dfat.gov.au/geo/indonesia/fta/aus-indon\\_fta\\_jfs.pdf](http://www.dfat.gov.au/geo/indonesia/fta/aus-indon_fta_jfs.pdf).

<sup>34</sup> Centre for International Economics, *Estimating the impact of an Australia–Indonesia trade and investment agreement*, [http://www.dfat.gov.au/geo/indonesia/fta/aus-indon\\_fta\\_cie.pdf](http://www.dfat.gov.au/geo/indonesia/fta/aus-indon_fta_cie.pdf).

<sup>35</sup> CIE, p vi.

<sup>36</sup> See for example, Aristo Pangaribuan, In the rush to free trade, don't put consumers at risk, *Jakarta Globe*, 9 February 2010, <http://www.thejakartaglobe.com/opinion/in-the-rush-to-free-trade-dont-put-consumers-at-risk/357694>.

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<sup>38</sup> Monash College Indonesia, <http://www.monash.edu/monashcollege/about/indonesia.html>.

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