



## Please explain

Such massive disruption requires clearer justification, consultation and planning than the Andrews government has delivered so far.

The AFR View p38

# Australia's big soft power test

**Global perspective**  
Our country cannot recover well if the neighbouring region is destabilised and deteriorating. This is a significant diplomatic challenge for Canberra.



**Gordon Cairns**

We're in the midst of the greatest economic crisis since the Great Depression. But in this period of disruption and repositioning of power, Australia has an opportunity to advance the nation's interests by securing future trade with Asia, protecting regional stability and establishing itself as a partner of choice in the region. This is Australian soft power diplomacy at its best.

It would not be wise to focus exclusively on our nation's response and recovery while instability and economic deterioration envelops our regional neighbourhood.

Australia's \$105 billion two-way trade with the Association of South-East Asian Nations exceeds trade with our second and third-largest trading partners, Japan and the US. It's clear that Australia's economic future is tied up in Asia and our region.

Australia should work with its neighbours to enable a safe, staged resumption of international tourism, education and labour mobility. A prolonged pandemic will undermine hard-won development gains, disrupt supply chains and deteriorate our economies. Supporting our neighbours in their COVID-19 response and recovery is a wise investment in our shared prosperity.

The pandemic has demonstrated how closely we are all connected – our future is

dependent on the prosperity and safety of our neighbours. Reductions in overseas students adversely affect our economy. Aussie farmers are affected when fewer Pacific seasonal workers are here. And without migrants coming here, Australia's tourism, airlines, construction and education sectors suffer.

Micro, small and medium-sized enterprises are the backbone of our regional economy, but recent reports reveal many of these enterprises do not have enough working capital to last 30 days in this crisis. In our Pacific neighbourhood, two-thirds of small businesses have reported a significant decline in revenue, and one quarter are not confident that their business will survive.

Good Return is one Australian organisation that is supporting small businesses around the region, in particular those led by women, to access finance and manage through this period. Its microfinance and impact investing activities enable vulnerable families and communities to not only survive but thrive. I am proud to be involved in its work as a board member.

Remittances represent another vital source of income for developing countries. But as wages and jobs of migrant workers fall, the World Bank estimates a historic decline in global remittances of \$US110 billion (\$152 billion) this year. This is a big problem for countries such as Nepal and Tonga, where money sent home represents approximately one-third of GDP. It's also a problem for our region, because 41 per cent of all remittances sent in 2019 went to economies in the Asia-Pacific region.

The least developed countries are the least equipped to deal with COVID-19 but are now detecting the most infections. If we support our neighbours during this crisis, they will remember us. This is key to building our influence in the region.

Take Indonesia as an example, where there are only four doctors for every 10,000 people. The pandemic could lead to large-scale unemployment and unequal access to life-saving health services. These pressures will amplify existing grievances and test safety nets and brittle state-society relations.

The repercussions could be felt for decades. The Asia Society and the Business Council of Australia say: "As one of the few developed economies in our region, we are well placed to help other countries prosper in the coming decades. A prosperous Asia will be good for the region's people, but it is also good for our economic and security interests."

In June, Foreign Affairs Minister Marise Payne announced that Australia would make a \$23 million commitment to support efforts by ASEAN nations to bolster health security, maintain stability and facilitate economic recovery. This is a good start. Early action to support vulnerable countries will be more effective and less expensive than a delayed response. Now is not the time to reduce our aid budget to the region – that is short-term economics. Now is the time to invest in regional recovery and prosperity.

Through development co-operation, we can increase our global influence, accelerate economic recovery and position ourselves as a reliable partner. This global crisis can only be solved through global co-operation. We are truly in this together – in terms of our health, our prosperity and our safety.

*Gordon Cairns is independent chairman of Woolworths Group and Origin Energy. He has been a board member and supporter of Good Return since 2007.*

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