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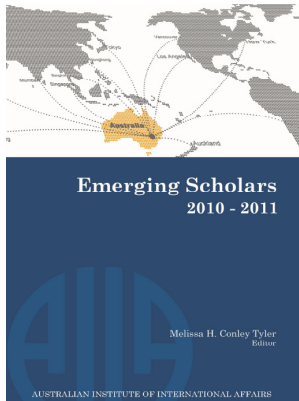
QUARTERLY ACCESS

YOUR KEY TO INTERNATIONAL AFFAIRS



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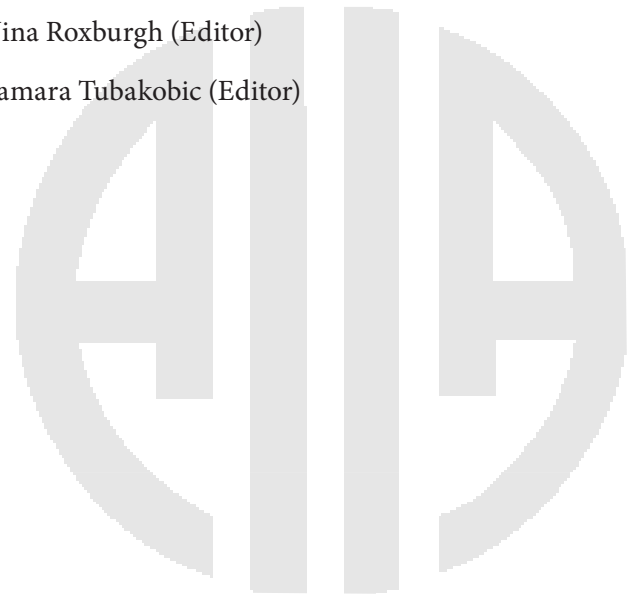
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Australian Institute of International Affairs
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With the 2015 United Nations Climate Change Conference (COP 21) commencing in November, this issue of *Quarterly Access* focuses mainly on climate change policies and its impacts, as well as migration and refugee issues, and economic geopolitics in Asia.

Samuel Afeworki first offers a reflection on his journey from Eritrea to Australia to pursue his studies, noting some of the differences and similarities between the two countries' social and political environments.

Sebastian McLellan then provides a comparison of Indonesia's climate policies under the former President Yudhoyono and current President Widodo, arguing that Indonesia still has much to do in the way of enforcement of these policies.

Thane Bourne provides an in-depth discussion of the new China-led Asian Infrastructure Investment Bank (AIIB) and its implications for the global economic order, including an increased Chinese involvement and assertiveness in multilateral forums.

Dr Matthew Bray discusses the mounting risks to public health in Pacific Island nations as a result of climate change, offering policy recommendations for Australian development programs in the Pacific.

Luke J Dawes then explores a relatively unexamined topic, that of Kazakhstan and its unique place between Russia and China, as well the untapped economic and social opportunities that exist for Australia in Central Asia's largest state.

Finally, Jacki Molla provides an important analysis of the global refugee crisis, advocating for G20 countries to take greater responsibility for refugee intakes in order to ease the pressures that have been placed on least developed countries.

Many thanks to all the authors and editors who have contributed to this issue.

Jennifer Fang

Deputy Editor

Journey from Eritrea to Australia

Samual Afeworki



Asmara: Capital of Eritrea

An American acquaintance of mine in Addis Ababa, Ethiopia, once asked me where I was heading to pursue my Masters in International Affairs. I replied I was going to Australia. My answer fetched a sudden bewilderment, as my new friend felt Australia was too far from everywhere to study international affairs. Nonetheless, this did not diminish my eagerness of travelling to Australia; the longest distance I have ever travelled in pursuit of my studies.

To reach Australia from Eritrea, I canvassed through Sudan, Kenya, Ethiopia, Turkey and Norway. I had unrelentingly pursued entry into major universities around the world and succeeded in convincing a few universities that it would somehow pay off if they provided me with admission, as well as financial assistance, to study in one of their Masters programs. I accepted an offer of a joint scholarship and admission from the Australian National University (ANU) and the International Peace Research Institute of Oslo (PRIO).

I was born in Eritrea, one of the world's poorest and most war-ravaged countries in Africa. My birth country topped the world ranking in 2014, for sources of refugees per capita.¹ With a political history moulded by incessant wars, it is believed that the convergence of the interests of regional and global powers for almost a century (particularly during the Cold War years), is to blame. Thirty years of bitter war with neighbouring Ethiopia is one of the consequences of this. It has devastated the economic, social and political infrastructures in both countries.

My childhood memories are filled with a heavily militarised and war-infested environment. In the small town where I grew up, there were more armed

people than unarmed, more killing than rearing, more destruction than construction, more displacement than resettlement, and an overwhelming fear for our freedom. I vividly remember being trapped between fiercely battling armies with my family and neighbours, mostly women and children. Having a naïve awareness of the fatality of war, I would try to slip from the desperate grasp of my mother and run out to the battlefield. I was excited and curious about the gruesome noises of the conflict.

Eritrea's independence from Ethiopia in 1993, along with other regional political developments, marked an opening of a new chapter. However, the country's social and economic infrastructures were virtually non-existent. This caused ambiguity about the political future of the Horn of Africa. Despite general expectations of peace in the region, the emergence of a "diasporic state" has made the political dynamics of the Horn no less violent than its previous history.² Inter-state political and military conflict almost immediately surfaced with neighbouring Sudan, Djibouti, Ethiopia and Yemen in the aftermath of Eritrea's independence. The border war of 1998–2000 with Ethiopia, a "hegemonic power" of the region,³ brought my newly-independent country to its knees once again.

Eritrea engaged in the total mobilisation of its meagre material and human resources. This included those from the diaspora and retired independence fighters, as well as new national service recruits.⁴ Immediately, the war became an issue of national survival, which tested the Eritrean polity from top to bottom.⁵ This time, I was conscripted to join the army to fight resurgent Ethiopia. Needless to say, my childhood ignorance had subsided and I became brutally conscious of, and reluctant to see, the brutality of war.

The impact of the latest war with Ethiopia was cataclysmic to the nation. Eritrean official figures put the number of its soldiers killed in the war to a conservative 20,000 lives, without counting the disabled, or those who fled or surrendered during the war.⁶ Prior to this, 60,000 celebrated fighters had died in the thirty-year war of independence.⁷ Eritrea also relinquished a significant part

2 Iyob, Ruth (2000) "The Ethiopian-Eritrean conflict: Diasporic vs. hegemonic states in the Horn of Africa, 1991-2000" in *The Journal of Modern African Studies*, Vol. 38, No. 4, p. 659.

3 Iyob, above n 2.

4 Bernal, Victoria (2014) *Nation as Network: Diaspora, Cyberspace, and Citizenship*. University of Chicago Press: Chicago, p.15.

5 International Crisis Group (2010) *Eritrea: The Siege State*. ICG Africa Report: Nairobi. No.163.

6 Lortan, Fiona (2000) "The Ethiopia-Eritrea conflict: A fragile peace" in *African Security Review*, Vol. 9, No. 4.

7 Hoyle, Peggy Ann (1999) "Eritrean national identity: A case study" in *North Carolina Journal of International Law and Commercial Regulation*, Vol. 24, No. 2.

1 Welde Giorgis, Andebrhan (2014) *Eritrea at a Crossroads: A Narrative of Triumph, Betrayal and Hope*. Strategic Book Publishing and Rights Co: Houston TX.

of its landmass to the advancing Ethiopian army, which resulted in the massive civilian loss of life and displacement.⁸

Lucky to be alive, I was still exposed to the sheer brutality of the renewed war, which claimed the lives of 100,000 young people from both countries, leaving many more internally displaced.⁹ Others suffered the loss of their belongings. Livelihoods and families were tragically uprooted from both countries before a ceasefire in 2001. Unfortunately, the social and economic consequences for both countries will continue for many more years to come.

I arrived in Oslo, Norway in winter 2008 to commence my first semester of study. I then arrived in Canberra in early 2009 for my second semester. Whilst in Norway and upon my arrival in Australia, I was warned by friends that Australia might be unfriendly to me. During the first few days of my arrival, I curiously inspected the streets of Canberra for any warning signs, but there was barely anything that made my arrival in Australia unpleasant.

It was not long before I realised that there was hidden turbulence behind the quiet streets of Canberra. This turbulence is located in the confines of the Parliament of Australia. The foray of political contention in the parliament is no less antagonistic than that of the Horn of Africa. However, it was far less bloody and the battle of ideas fell short of the fire arms accompanying politics back home. I had become very envious of the level of agency Australian politicians have in advancing their views without the need for sabre rattling.

2010–2013 were unique years in modern Australian politics. Prime Minister Kevin Rudd, who came to power with a landslide victory, was removed from his position by internal party dissidents. Australia's first female Prime Minister, Julia Gillard, replaced Mr Rudd. However shortly afterwards, her predecessor, Mr Rudd, made a successful coup on her leadership. Rather than saving the misfortunes of the government, the Rudd-Gillard-Rudd change in leadership played into the hands of the opposition. Tenaciously led by Mr Tony Abbott, the opposition eventually defeated the incumbent government. Tirades of endless election slogans were all the opposition needed to win the public's vote.

I thought that Australia's involvement in international politics would be much less wavering. I imagined Australia to be more than a middle power in the global order. My perception shifted when I found that my university professors could not imagine Australia, even hypothetically, being capable of invading smaller countries across the Tasman Sea. In the business of diplomacy, Australia is known to punch above its weight. This signifies the effectiveness of Australian

diplomats in the international sphere. However, it might also underline perceptions that Australians are afforded diplomatically when throwing their punches.

With the exception of the late former Prime Minister Malcolm Fraser, Australian politicians seem to lack the foresight or motivation to pursue an independent Australian foreign policy beyond isolated issues such as asylum seeker policies. Australia has the national interest, as well as commendable political and social values, to pursue independent foreign policy initiatives.

Australia's unique advantage of geographic distance from centres of global politics has shielded it from much of the troubles of the world. However, with an increasingly interdependent and interconnected world, Australian foreign policy could benefit from additional levels of nuance and sensibility that reflect its diverse social, economic and demographic realities and values. In fact, Australia's relative geographic and economic proximity to Asia makes it necessary to adjust aspects of Australia's foreign policy, currently influenced by a de facto alliance with other western democratic countries.

Samuel Afeworki is a Research and Evaluation professional based in Melbourne. Before coming to Australia, he worked in research projects relating to agricultural transformation and peace building in Eritrea, his home country.

He completed a Master of International Affairs at the Australian National University. Samuel was selected to be a recipient of the Oslo Peace Scholarship jointly from ANU and the Peace Research Institute of Oslo (PRIO) in Oslo. He also completed an MA in Social Research and Development Policy (2011) at ANU.

⁸ Lortan, above n 6.

⁹ International Crisis Group (2003) *Ethiopia and Eritrea: War or Peace?* ICG Africa Report: Nairobi, No. 68.

Climate Policy under Yudhoyono and Jokowi: Making Progress or Going Backward?

Sebastian McLellan



Yudhoyono speaks at the Center for International Forestry Research in 2011

Indonesia will be severely impacted by climate change should carbon emissions continue at present-day levels. In recent years, policies within Indonesia have been developed to address the climate problem. However, these efforts have lacked strong implementation and enforcement. Susilo Bambang Yudhoyono (Yudhoyono) introduced policies designed to reduce Indonesia's emissions however current President Joko Widodo (Widodo) has reversed a number of Yudhoyono's decisions since he came to power. This essay argues that Indonesia's most recent presidents have failed to adequately address climate change domestically, despite some positive developments.

Climate Change in the Indonesian Context

The physical scientific basis around the impact of greenhouse gas (GHG) emissions is clear and well established. Stern predicts crop failure, water scarcity, destruction of coral reef systems and increases in the intensity of extreme weather events such as drought, floods and forest fires.¹ These changes will have serious implications for Indonesia, given its myriad low-lying islands, coastal populations and large agricultural

industry.²

In 2014, Indonesia ranked 6th globally in terms of total GHG emissions.³ It received a "poor" rating and ranked 34th in the world in the 2014 Climate Change Performance Index, which rates countries on their climate policy and emissions reductions.⁴ Over half of Indonesia's emissions come from land use change and forestry (LUCF) sources, such as deforestation and peatland burning.⁵

Climate Policy in the Yudhoyono era

Yudhoyono came to power in October 2004 as the first directly elected president in post-*reformasi* Indonesia.

¹ Stern, Nicholas (2007) *The Economics of Climate Change: The Stern Review*, Cambridge University Press: Cambridge.

² Oktaviani, Rina, Amaliah, Syarifah, Ringler, Claudia, Rosegrant, Mark & Timothy Sulser (2011) *The Impact of Global Climate Change on the Indonesian Economy*, IFPRI Discussion Paper 01148, International Food Policy Research Institute, <http://cdm15738.contentdm.oclc.org/utis/getfile/collection/p15738coll2/id/126762/126973.pdf>, accessed 4 June 2015.

³ Ge, Mengpin, Freidrich, Johannes & Thomas Damassa, "6 graphs explain the world's top 10 emitters" in *World Resources Institute* (online), 6 November 2014, <http://www.wri.org/blog/2014/11/6-graphs-explain-world%E2%80%99s-top-10-emitters>.

⁴ Burck, Jan, Marten, Franziska & Christoph Bals (2014) *The climate change performance index: Results 2014*, German Watch/Climate Action Network Europe, <https://germanwatch.org/en/download/8599.pdf>, accessed 6 June 2015, p. 9.

⁵ Ge, above n 3.

He led Indonesia for two terms before leaving office in October 2014. In the climate space, some have lauded his achievements and others deride him,⁶ but many see both positives and negatives in Yudhoyono's large-scale goals but lack of concrete outcomes.⁷

Yudhoyono's lasting legacy in combatting climate change in Indonesia is his declaration of Indonesia's significant emissions reduction targets at the G20 summit in 2009.⁸ He fixed the emissions reduction target at 26 per cent of business-as-usual (BAU) levels by 2020, or 41 per cent subject to international support.⁹ These targets remain in place today. Yudhoyono was also, on occasion, vocal and proactive in international climate change negotiations. This is perhaps unsurprising given his reputation as an internationalist and his desire to involve himself in foreign policy. He oversaw the 2007 Bali Climate Change Conference, where Indonesia took the lead and helped to ensure a positive outcome.¹⁰ Beyond these achievements, however, Indonesia has not continued its push to become a leader. Climate change was an intensely contentious issue while Indonesian foreign policy under Yudhoyono was typically non-confrontational. McRae aptly summarises Indonesia's position: "Indonesia...is vocal about the way it would like the world around it to be, but limited in its ability to bend world affairs to its will"¹¹ Indonesia must build the domestic credentials necessary to be considered a respected and capable player before it can lead on climate change internationally. Jotzo suggests that this domestic regulatory and omissions-reduction framework is lacking.¹²

Yudhoyono introduced legislation in an effort to combat climate change. He oversaw the beginnings of Indonesia's *2005–2025 National Long-Term Development Plan* that includes various references to sustainable development, environmental protection and energy policy reform.¹³

6 Jakarta Post, "SBY faces class-action lawsuit over 'climate change effects'" in *The Jakarta Post* (online), 11 September 2013, <http://www.thejakartapost.com/news/2013/09/11/sby-faces-class-action-lawsuit-over-climate-change-effects.html>.

7 Mahaningtyas, Avi, Firdaus, Asep & Patrick Anderson (2014) *Big Commitments, Slow Results: An Assessment on President Susilo Bambang Yudhoyono's Climate Change Policies 2004-2014*, Indonesia Update, Australian National University, <http://asiapacific.anu.edu.au/sites/default/files/indonesia/Indo-Update-14-Day-2-9b-Anderson-et-al.pdf>, accessed 4 June 2015.

8 Yudhoyono, Susilo Bambang (2009) *Intervention by H.E. DR. Susilo Bambang Yudhoyono President of the Republic of Indonesia on Climate Change at the G-20 Leaders Summit 25 September 2009*, <http://forestclimatecenter.org/files/2009-09-25%20Intervention%20by%20President%20SBY%20on%20Climate%20Change%20at%20the%20G-20%20Leaders%20Summit.pdf>, accessed 5 June 2015.

9 Yudhoyono, above n 8.

10 Jotzo, Frank (2012) "Can Indonesia lead on climate change?" in Reid, AS (ed), *Indonesia Rising: The Repositioning of Asia's Third Giant*, ISEAS: Singapore, p. 97.

11 McRae, David (2014) *More Talk than Walk: Indonesia as a Foreign Policy Actor*, Lowy Institute, http://www.loyyinstitute.org/files/mcrae_more_talk_web_0.pdf, accessed 12 March 2015, p. 3.

12 Jotzo, above n 10.

13 BAPPENAS (2015) *Lampiran Peraturan Republik Indonesia Nomor 2 Tahun 2015 Tentang Rencana Pembangunan Jangka Menengah Nasional*

The second phase of its implementation (*2009–2014 National Medium-Term Development Plan*) includes the development of renewable energy as a priority.¹⁴ The plan further prioritises the better management of peatlands and reforestation projects as key tools for addressing climate change.¹⁵ It is, however, unclear how such actions should be undertaken in practice.

One of Yudhoyono's great contributions was the establishment of the National Climate Change Council (NCCC) in 2008 (*Perpres 46/2008*).¹⁶ The body was responsible for overseeing Indonesia's climate change policy, and ensuring that the issue was addressed across government and in the community more broadly. In 2009, Yudhoyono also oversaw the introduction of new environmental protection legislation (*UU32/2009*).¹⁷ This legislation is significant in that it requires national, provincial, regency and city governments to consider environmental impacts and develop environmental management plans (Ch.3, Art.10).¹⁸ The document further recognises the serious impacts of climate change in Indonesia, underlining the need for a national, integrated system for environmental management (*Penjelasan*, Ch.1, Art.2).¹⁹ Again, the problem lies in implementation. Critics have highlighted the urgency of a stronger legal framework to guarantee the realisation of policy, but there has been little progress.²⁰

Energy policy was an area of contention for Yudhoyono. He set positive renewable energy generation targets of at least 23 per cent by 2025, and 31 per cent by 2050 (Ch.2, Art. 9).²¹ He committed to maximising the use of renewables and minimising the use of oil. The positive targets outlined here, however, were counteracted by Yudhoyono's desire to secure coal as the 'mainstay' energy source for Indonesia's future (Ch.3, Art. 2). The coal use target for 2025 is at minimum, 30 per cent (Ch.2, Art. 9). This decision was made in the name of energy security, but it could have serious implications for emissions.²²

Finally, Yudhoyono made a significant impact on Reducing Emissions from Deforestation and Forest Degradation (REDD+) implementation. The UN REDD+

2015-2019, https://www.academia.edu/10348772/Buku_RPJM_N_Rencana_Pembangunan_Jangka_Menengah_Nasional_2015-2019, accessed 4 June 2015.

14 BAPPENAS, above n 13, p. 55.

15 BAPPENAS, above n 13, p. 56.

16 Yudhoyono, Susilo Bambang (2008) *Peraturan Presiden Republik Indonesia Nomor 46 Tahun 2008 Tentang Dewan Nasional Perubahan Iklim*, Presiden Republik, <http://www.minerba.esdm.go.id/library/sjih/Perpres-46-2008.pdf>, accessed 4 June 2015.

17 Yudhoyono, Susilo Bambang (2009) *Undang-Undang Republik Indonesia Nomor 32 tahun 2009 tentang Perlindungan dan Pengelolaan Lingkungan Hidup*, [http://prokum.esdm.go.id/uu/2009/uu%2032%20Tahun%202009%20\(PPLH\).pdf](http://prokum.esdm.go.id/uu/2009/uu%2032%20Tahun%202009%20(PPLH).pdf), accessed 4 June 2015.

18 Yudhoyono, above n 17.

19 Yudhoyono, above n 17.

20 Mahaningtyas, above n 7.

21 Yudhoyono, above n 17.

22 Yudhoyono, above n 17.

program started for Indonesia in October 2009, at the beginning of Yudhoyono's second term. It is of great importance for Indonesia given that over 50 per cent of its GHG emissions originate from LUCF activities.²³ REDD+ properly commenced after the government of Norway secured an agreement with Indonesia in 2010, offering US\$1 billion should Indonesia greatly reduce its primary forest logging activities.²⁴ Yudhoyono subsequently declared a moratorium on all new logging licenses for primary growth forests.²⁵ While appearing positive on the surface, the instruction contained various loopholes that damage its efficacy. It lists a number of exceptions for existing concessions, even those only approved 'in principle', as well as loopholes for mining, electricity and agricultural developments. Yudhoyono extended the moratorium for another two years in 2013, but the system remains leaky.²⁶ Yudhoyono also took the further step of establishing a national REDD+ agency in 2013 to oversee the implementation of REDD+ initiatives in Indonesia.²⁷ This was another positive step and an indication of Yudhoyono's seriousness in combatting climate change.

Despite Yudhoyono's actions, rhetoric and overall positive efforts, there are few tangible results. Research has found that the deforestation rate doubled to approximately two million hectares per year during the Yudhoyono presidency.²⁸ The rate of primary forest loss steadily increased between 2000 and 2012.²⁹ Primary forest loss in 2012 reached 0.84Mha – greater than that of Brazil.³⁰

Forest cover was steadily stripped away during the Yudhoyono years. The total forested area fell from 54 per cent in 2005 to 51.4 per cent in 2012, representing a loss of 47,950km² in just seven years.³¹ It is predicted that,

on current trends, LUCF will contribute 60 per cent of Indonesia's GHG emissions by 2020.³²

Looking at general trends, Climate Change Tracker reports that Indonesia's GHG emissions rose steadily during Yudhoyono's tenure.³³ In 2005, Indonesia's annual CO₂ emissions registered at 340,000kt; this figure had increased to over 450,000kt by 2009.³⁴ Emissions rose further to 500,000kt in 2013.³⁵ Indonesia's efforts under Yudhoyono were rated "medium", but projections indicate that it will slump to an "inadequate" rating by 2020 should the status quo be maintained.³⁶

Yudhoyono had good intentions, made sporadic attempts at international climate leadership, and oversaw the development and implementation of a range of environmental policies and bodies aimed at mitigating climate change. However, there have been few quantifiable results. Yudhoyono was unable to effectively regulate carbon emissions, deforestation and land use across the archipelago, resulting in a lot of rhetoric and institution-building, but few tangible results. This is the legacy that Widodo inherited.

Widodo as Environmental Protector or Villain?

Halimanjaya expresses the need for Widodo to keep up the "momentum" of the Yudhoyono years in being active on the issue of climate change.³⁷ One of Widodo's first major actions in office was promising; he cut fuel subsidies substantially. Jotzo cites this policy as an effective way to reduce emissions without incurring financial damage.³⁸

Further initial optimism was generated surrounding forest management reform and a crackdown on illegal logging and burning.³⁹ However, Coca tempers this positivity with an important reminder: "as Yudhoyono's example shows, it will take a lot more than rhetoric to change Indonesia's climate path"⁴⁰ Examination of concrete policy and action is required to gauge potential results.

In January 2015, Widodo announced his *2015–2019 National Medium-Term Development Plan*, which

23 Ge, above n 3.

24 Lang, Chris, "Norway and Indonesia sign US\$1 billion forest deal" in *REDD-Monitor* (online), 27 May 2010, <http://www.redd-monitor.org/2010/05/27/norway-and-indonesia-sign-us1-billion-forest-deal/>.

25 Yudhoyono, Susilo Bambang (2011) *Instruksi Presiden Republik Indonesia Nomor 10 Tahun 2011 tentang Penundaan Pemberian Izin Baru dan Penyempurnaan Tata Kelola Hutan Alam Primer dan Lahan Gambut*, Presiden, <http://prokum.esdm.go.id/inpres/2011/inpres%20No%2010%20th%202011.pdf>, accessed 5 June 2015.

26 Lang, Chris, "Indonesia's President extends forest moratorium for two more years" in *REDD-Monitor* (online), 15 May 2013, <http://www.redd-monitor.org/2013/05/15/indonesias-president-extends-forest-moratorium-for-two-more-years/>.

27 Yudhoyono, Susilo Bambang (2013) *Decree Number 62 Year 2013 Regarding Managing Agency for the Reduction of Emission from Deforestation and Degradation of Forest and Peatlands*, http://blog.cifor.org/19055/full-text-of-president-susilo-bambang-yudhoyonos-decree-on-indonesia-redd-agency#_VXPWsmSeDGc, accessed 5 June 2015.

28 Lang, Chris, "Indonesia's rate of deforestation has doubled under the moratorium" in *REDD-Monitor* (online), 11 December 2013, <http://www.redd-monitor.org/2013/12/11/indonesias-rate-of-deforestation-has-doubled-under-the-moratorium/>.

29 Margono, BA, Potapov, PV, Turubanova, S, Stolle, F & MC Hansen (2014) "Primary forest cover loss in Indonesia over 2000–2012" in *Nature Climate Change*, Vol. 4, p. 730.

30 Margono, above n 29, p. 731.

31 World Bank (2015) *Data – Indonesia: Climate Change*, <http://data.worldbank.org/indicator/AG.LND.FRST.ZS/countries/ID?display=graph>,

accessed 4 June 2015.

32 Climate Action Tracker (2015), *Indonesia*, <http://climateactiontracker.org/countries/indonesia/2015.html>, accessed 29 October 2015.

33 Climate Action Tracker, above n 32.

34 World Bank, above n 31.

35 World Bank, above n 31.

36 Climate Action Tracker, above n 32.

37 Halimanjaya, A, "Indonesian climate change efforts at stake" in *ODI* (online), 6 August 2014, <http://www.odi.org/comment/8710-indonesian-climate-change-efforts-at-stake>.

38 Jotzo, above n 10.

39 Carrington, Damian, "Indonesia cracks down on deforestation in symbolic u-turn" in *The Guardian* (online), 27 November 2014, <http://www.theguardian.com/environment/2014/nov/27/indonesia-cracks-down-on-deforestation-symbolic-u-turn>.

40 Coca, Nithin, "Will Indonesia get serious on carbon?" in *The Diplomat* (online), 8 January 2015, <http://thediplomat.com/2015/01/will-jokowi-get-serious-on-carbon/>.

includes sections on energy sector reform, climate policy and environmental management.⁴¹ It outlines reductions in transportation GHG emissions as well as communicating plans for broader emissions reductions and climate change mitigation and adaptation policies. This is much in the same vein as Yudhoyono's policy rhetoric. However, the energy policy outlined here – much like Yudhoyono's – is concerning from a climate change perspective. Widodo places a strong focus on oil and coal as the two most important energy sources during his presidency. He encourages increased exploration and exploitation of fossil fuel resources within Indonesia, and projects that the use of domestically-harvested coal will increase from 24 per cent in 2014 to 60 per cent in 2019.⁴² While the expansion of renewables is discussed, fossil fuels are to remain central to Indonesia's future energy needs. This decision does not bode well for the achievement of emissions reduction targets by 2020.

LUCF remains the largest contributor to Indonesian GHG emissions. Widodo has taken action to reform the governance of this sector, but again the impacts of these reforms remain unclear. Widodo has merged the Department of Environment and the Department of Forestry into one administrative body. The National Climate Change Council (NCCC) has been dismantled.⁴³ The REDD+ agency has also been closed.⁴⁴ The activities of both are now subsumed under the Climate Change Oversight Directorate-General within the new department.⁴⁵ This loss of independence for the REDD+ agency and the NCCC is troubling; without direct reporting to the president – and with the influence of department heads, ministers and the interests of those in forestry – action on climate change could lose out to other interests. This action represents the erasure of two of Yudhoyono's better achievements.

Widodo has extended the primary forest moratorium, but the policy contains the same loopholes and weaknesses as in the Yudhoyono years.⁴⁶ In fact, Widodo has exploited those very loopholes to establish a mega-rice farm project in Papua through the proposed clearing of 4.6 million hectares of forest.⁴⁷

41 BAPPENAS, above n 13.

42 BAPPENAS, above n 13, pp. 164-165.

43 Satri, Sapariah, "Director-generals inaugurated as merger of Indonesian Environment, Forestry Ministries continues" in *Mongabay* (online), 2 June 2015, <http://news.mongabay.com/2015/0602-jacobson-environment-forestry-ministry-director-generals-inaugurated.html>.

44 Harfenist, Ethan, "Is Indonesian forestry reform in peril under Jokowi?" in *The Diplomat* (online), 13 February 2015, <http://thediplomat.com/2015/02/is-indonesian-forestry-reform-in-peril-under-jokowi/>.

45 Satri, above n 43.

46 Jong, Hans Nicholas, "Concerns loom over Jokowi's climate change resolve" in *The Jakarta Post* (online), 2 February 2015, <http://www.thejakartapost.com/news/2015/02/02/concerns-loom-over-jokowi-s-climate-change-resolve.html>.

47 Lang, Chris, "Indonesia: President Jokowi extends the moratorium and announces a 4.6 million hectare land grab" in *REDD-Monitor* (online), 20 May 2015, <http://www.redd-monitor.org/2015/05/20/indonesia-president->

It is too early to tell whether Widodo will make progress on climate change in Indonesia. Initial policy documents and media reports show the same rhetoric as in the Yudhoyono presidency. However, a desire to focus on coal for energy production contradicts this environmental protection narrative. The merger of Environment and Forestry departments, and the loss of the NCCC and REDD+ agency could lead to poorer outcomes in climate and environmental policy if business voices are allowed too much weight. Initial action on forest protection has been tokenistic at best. Internationally, Widodo has made no indication that he will take a leading role for Indonesia at the 2015 Paris Climate Summit. Indonesia's Intended Nationally Determined Contribution (INDC), released in September 2015, maintains the 26 per cent reduction target on BAU emissions by 2020, but sets the 2030 target at only a 29 per cent reduction against BAU, with a conditional target of 41 per cent subject to international support.⁴⁸ Climate Action Tracker demoted Indonesia to an 'inadequate' rating following the release of its INDC, citing a lack of detail and no clarification of the policy instruments to be used to achieve the proposed targets, especially regarding deforestation.⁴⁹ Early signs are not promising, and there is still a long way to go.

Addressing climate change requires state-wide reform and effective enforcement mechanisms. Indonesia currently lacks the capacity to enforce its environmental laws, and the country will continue to struggle to address this issue as things stand. Widodo's recent policy decisions do not inspire confidence in his ability to instigate reform and lead Indonesia forward to a lower-carbon economy. Widodo is a populist. Many reforms for environmental protection will upset the status quo and the economic interests of Indonesian citizens. There is the risk of popular – rather than difficult but necessary – decisions winning out. Yudhoyono provided a much needed legal and institutional basis for Indonesia's climate change policy. Widodo needs to deliver on enforcement and achieve results, but his initial actions do not augur well for Indonesia.

Sebastian McLellan is a recent graduate of the Master of International Relations program at the University of Melbourne. He volunteers as the Events Officer at the Victorian Chapter of the Australia-Indonesia Youth Association and is a former intern of the Australian Institute of International Affairs National Office. Sebastian speaks Indonesian and is an alumni of the Australia-Indonesia Youth Exchange Program. His research interests include Indonesian politics and foreign policy, and Australian foreign policy.

[jokowi-extends-the-moratorium-and-announces-a-4-6-million-hectare-land-grab/](http://www.redd-monitor.org/2015/05/20/indonesia-president-jokowi-extends-the-moratorium-and-announces-a-4-6-million-hectare-land-grab/).

48 UNFCCC (2015) *Intended Nationally Determined Contribution – Republic of Indonesia*, http://www4.unfccc.int/submissions/INDC/Published%20Documents/Indonesia/1/INDC_REPUBLIC%20OF%20INDONESIA.pdf, accessed 29 October 2015.

49 Climate Action Tracker, above n 32.

Regional Rivalry or Regional Development? China's intentions for the Asian Infrastructure Investment Bank

Thane Bourne

China is on the rise and on the move internationally. In recent times, Chinese diplomacy has made the conceptual leap from the combative retrenchment policies of the Mao era to a stance of confident engagement with the outside world. Since the mid-1990s, China has joined or co-founded a range of multilateral institutions, including the World Trade Organisation and the Shanghai Co-operation Organisation, respectively. The 2014 founding of the BRICS New Development Bank (NDB) and the expected establishment this year of the Asian Infrastructure Investment Bank (AIIB), both institutions in which China will play a leading role, suggest that China is seeking increased recognition for its capacity for global economic leadership. Most importantly, the application of a significant portion of the international community for membership in the AIIB indicates greater acceptance of, and support for, China's leadership initiative.

China and the AIIB

Unlike the BRICS Bank, the AIIB has global legitimacy due to its expansive membership, which includes large European national economies and around two-thirds of the membership of the G20.¹ Although the US and Japan have not applied for membership, the list of the AIIB's founding members is a coup for China. Furthermore, China is set to provide the greatest share of funding to the AIIB and will receive a concomitant level of influence in the bank's governance. The AIIB's Articles of Agreement make it clear that China will hold an effective veto over issues central to the bank's operation, including the level of capitalisation, admitting new members and suspending existing ones.² This raises the obvious question of China's intentions for the AIIB. As China's international position continues to evolve, what is the likelihood that the Chinese government will change its stance toward the AIIB? Will the AIIB be allowed to act as a relatively independent provider of public goods in Asia, or will China seek to use the bank as a foreign policy tool, much as US policymakers view the World Bank and IMF?³

Uncertainty over this question can be linked to continuing tension between internal and external narratives regarding China's development curve, position within the international system and future definition of its national interests. Internationally, China narratives often express concern about China's outsized economic influence, growing military spending, unrepresentative government, and provocative territorial claims.⁴ Domestically, however, narratives centre on President Xi's concept of a "China Dream". China's 'dream' is an ambiguous concept expressed in vague terms so as not to detract from the sense of progress and raised ambitions. It is an all-encompassing affirmation of China's rise that can essentially mean anything to anyone. When speaking to domestic audiences, President Xi refers to the "people's dream",⁵ suggesting higher living standards, a cleaner environment and greater material wealth. At the international level, however, the ambitions contained in the dream are much grander in scale – to "gather the courage, wisdom and strength of millions upon millions of people to... realise the dream of the Chinese nation's mighty revival".⁶

The AIIB can be seen as a vehicle for projecting China's revival internationally. With the AIIB likely to be regarded as 'China's development bank' by many, China has an opportunity to be seen using its wealth and economic influence for global benefit, consequently allowing the country's leaders to build reserves of global political capital and soft power. Firstly, the AIIB will serve as a form of risk management for China's sovereign investments. China's foreign currency reserves have been used to invest primarily in US dollar-denominated assets and US government bonds,⁷ bringing those two economies closer but also increasing political friction.

1 Asian Infrastructure Investment Bank (2015) *Prospective Founding Members*, <http://www.aiib.org/html/pagemembers/>, accessed 18 August 2015.

2 Asian Infrastructure Investment Bank (2015) *Articles of Agreement*, <http://www.aiib.org/uploadfile/2015/0814/20150814022158430.pdf>, accessed 18 August 2015.

3 US Department of Treasury (2015) *Testimony of Secretary Lew before the House Financial Services Committee on the National Advisory Council on International Monetary and Financial Policies*, <http://www.treasury.gov/press-center/press-releases/Pages/j19999.aspx>, accessed 19 August 2015.

4 Kim, Jihyun (2015) "Territorial disputes in the South China Sea: Implications for security in Asia and beyond" in *Strategic Studies Quarterly*, Vol. 9, No. 2, p. 107.

5 Xi, Jinping, "Zai Di Shi'er Jie Quanguo Renmin Daibiao Dahui Diyici Huiyishang Jianghua" in *Xinhua* (online), 17 March 2013, http://news.xinhuanet.com/2013lh/2013-03/17/c_115055434.htm.

6 Li, Keqiang (2014) *Li Keqiang Zai Bo'ao Yazhou Luntan 2014 Nian Nianhui Kaimushishang de Zhuzhi Yanjiang*, http://www.gov.cn/guowuyuan/2014-04/11/content_2656979.htm, accessed 20 August 2015.

7 Yu, Qiao, "Relocating China's foreign reserves" in *Brookings* (online), 21 November 2013, <http://www.brookings.edu/research/papers/2013/11/21-relocating-foreign-reserves>.

Infrastructure investment in Asia's developing economies provides another avenue of investment for China's capital reserves, although this is unlikely to reduce conflict with the US over global economic and governance issues in the short term.

Secondly, by building a new multilateral forum in partnership with many of the OECD countries, China has at one stroke side-stepped continued wrangling over the lack of reform in the IMF and World Bank and, with the decision of the US not to join, has provided itself with an international platform to make its voice heard clearly. However, the lack of US involvement in the AIIB is a double-edged sword for China. Although assuming a leadership role within the AIIB will bring a considerable boost to China's international prestige, the AIIB's effectiveness in delivering its goals of economic development, improved infrastructure connectivity and deeper intra-regional cooperation for Asia,⁸ will impact either positively or negatively on China's credibility as a leader of the global economy. An AIIB perceived as a responsible, proactive and generous sponsor of regional economic development would improve China's standing and serve to refute the suspicious and derogatory narratives of China's rise circulating in the West. Should an AIIB without the US come to be seen as unbalanced and subject to the whims of Beijing, China will face a much more difficult task in persuading the international community that it is a willing and responsible leader in multilateral situations.

Thirdly, the AIIB is a significant step in the process of China defining its own role within the international community. As such, it is an indication of a growing revisionist challenge to the current US-led system of institutions. The success of that challenge will depend largely on China's demonstrated leadership of multilateral fora such as the AIIB. Lacking political credibility among other states, any future attempts by China to re-imagine the global institutional order are likely to fail.

The AIIB and Potential Changes to the Global Political Economy

Even before issuing a single development loan, the act of establishing the AIIB has altered the global political economy in several key ways. The decision of large EU member states such as the UK, France, Germany and Italy to join the AIIB indicates a degree of willingness among certain global donor states, to test China's ability to act according to international norms in a multilateral leadership position.⁹ The rise of neoclassical market liberalisation in global development discourses has

contributed to the 'austerity' policies witnessed around the world as a response to the economic crises since the 1970s.¹⁰ Since then, market-guided development has led to the potential exit of Greece from the EU,¹¹ as well as contributing to fiscal restructuring, sovereign debt defaults and financial crises in countries as diverse as Argentina,¹² Indonesia,¹³ and Iceland.¹⁴ The politicisation of the debate surrounding the effectiveness of neo-classical economics and austerity policies,¹⁵ suggests a successful Chinese-led AIIB could well see the rise to prominence of alternative development theories.

Further, the AIIB provides developing Asian countries with a feasible alternative source of development funding. Development and financial assistance from the Bretton Woods institutions and the Asian Development Bank will now be subject to competition from the AIIB. The AIIB's Articles of Agreement state the AIIB will:

*...Foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia... and promote regional cooperation and partnership... by working in close collaboration with other multilateral and bilateral development institutions.*¹⁶

There is no suggestion the AIIB will be required to consult with civil society or domestic interest groups in the way other multilateral development banks have increasingly been obligated.¹⁷ This situation could act as a political boon for developing nations in which the domestic legitimacy of state institutions rests primarily on increasing economic growth.

Although a European state, Greece serves as a recent example of the political effects of conditionality imposed by the western world. With both sides engaging in extreme brinkmanship during negotiations over future bailout deals, both the EU and Greece's national government have been destabilised and their political

⁸ Asian Infrastructure Investment Bank, above n 2.

⁹ UK Foreign & Commonwealth Office (2015) *UK-China: a Global Partnership for the 21st Century*, <https://www.gov.uk/government/news/uk-china-a-global-partnership-for-the-21st-century>, accessed 29 September 2015.

¹⁰ Schui, Florian (2014) *Austerity: The Great Failure*. Yale University Press: New Haven, p. 115; Yanofsky, David, "American masochism: The fiscal cliff is one of the most severe austerity policies in the world" in *Quartz* (online), 24 October 2014, <http://qz.com/18170/american-masochism-the-fiscal-cliff-is-one-of-the-most-severe-austerity-policies-in-the-world/>.

¹¹ Elliott, Larry, "Greek crisis allows Osborne to peddle myths: The Tories have been able to win votes even as they slash Britons' living standards" in *The Guardian*: London. 9 May 2011, p. 24.

¹² Anonymous, "Austerity, or bust" in *The Economist*: London. 21 July 2001, p. 49.

¹³ Anonymous, "East Asia's new faultlines" in *The Economist*: London. 14 March 1998, p. 18.

¹⁴ Hilmarsson, Hilmar (2015) "The Collapse of the Icelandic banking system and the (dis)honest and/or (in)competent response of the international community" in *Regional Formation and Development Studies*, Vol. 16, No. 2, p. 24.

¹⁵ Schui, above n 10, p.1.

¹⁶ Asian Infrastructure Investment Bank, above n 2.

¹⁷ Tran, Mark, "World Bank suspends lending to Cambodia over eviction of landowners" in *The Guardian* (online), 11 August 2011, <http://www.theguardian.com/global-development/2011/aug/10/world-bank-suspends-cambodia-lending>.

legitimacy weakened.¹⁸ The AIIB, with its obvious focus on Asia, is clearly not a viable option for assisting Greece. However, it could potentially play a role in assisting Asian states caught in similar circumstances to Greece in the future. Existing development banks may, therefore, find their influence in Asia declining if they are not prepared to react more responsively to the negotiating positions of individual states. The establishment of the AIIB therefore looks likely to reset the politics of development finance in Asia.

Moreover, the AIIB will lead to changes to competition for geopolitical leadership in Asia. Previously, China's rivalry with Japan and the US had been based on political, historical and geostrategic issues. Now, however, a new economic front is opening up across the region. China is no longer seeking merely to 'catch up' to its regional competitors. It is actively asserting itself beyond traditional issues of contention. Contemporary territorial disputes over the Diaoyu Islands and the South China Sea, although primarily political, are underpinned by the economic realities of energy reserves in those areas.¹⁹ This stands in contrast to issues such as the status of Taiwan, the causes of which are rooted firmly in history and political symbolism. The establishment of the AIIB will serve to deepen regional great power economic competition.

The 'Beijing Consensus'

Given that Beijing has adopted de facto leadership of the AIIB, the question that arises is what agenda does China intend to pursue? Will it be possible in the future to be able to speak of a 'Beijing Consensus' founded in particular economic theories and development models? In the short-term, this looks exceedingly unlikely. China remains some distance from completing its own economic developmental curve.²⁰ China is still in the process of acquiring interests around the world. Only in the past decade has this process begun in earnest as Chinese firms, often with links to the government, sought to secure supplies of energy and vital minerals.²¹ However, this does not mean the status quo will necessarily remain in place. The tendency towards realist thinking among

Chinese foreign policy elites,²² suggests relative gains are likely to be China's focus over the next several decades. As China's economy continues to grow and its economic interests continue to spread around the globe, it seems likely China will use its status within the AIIB to impose conditions that serve its interests.

Joint infrastructure projects in Pakistan, Central Asia and Myanmar serve economic as well as political purposes for China.²³ Similar to developed western states, whose export credit agencies often serve to hedge or even underwrite the investments and business activities of corporations in developing countries,²⁴ the intimate links between Chinese business and government mean Chinese corporations operating globally are likely to be used as policy tools advancing the interests of the Chinese state. In addition, China's possession of an effective veto over much of the bank's operations,²⁵ is likely to result in the AIIB's future lending and development programs carrying a strong Chinese policy influence.

It seems certain the AIIB's operations will be determined in large part by Chinese foreign policy. Will this influence be enough to create a 'Beijing Consensus'? It must be noted that the Washington Consensus arose against the background of the battle of ideas that underpinned the Cold War. The collapse of the Soviet Union signaled the end of global competition between economic development models, leaving the US to focus on economic deregulation, faith in the markets and emphasis on free trade as the policy prescription of choice all over the world.

Similar to the Cold War period, there is now a growing political and ideological gap between the two leading great powers.²⁶ The gap in both countries' approach to economic development is considerable: the state-led, investment-focused China historically emphasising the development of domestic productive capacities, and the market and corporate-dominated, consumption-dependent model of the US. The gap may not be as wide as during the Cold War in that there are many global issues drawing the two together, but contention certainly exists about the role of the state in national economies. The US position in the current debate is heavily entrenched, as it needed to be to withstand the earlier Soviet challenge.

18 Henley, Jon, "Greek bailout: Alexis Tsipras steps down to trigger new elections" in *The Guardian* (online), 21 August 2015, <http://www.theguardian.com/world/2015/aug/20/greek-bailout-alexis-tsipras-call-snap-elections>; The Economist, "Europe's future in Greece's hands" in *The Economist* (online), 4 July 2015, <http://www.economist.com/news/leaders/21656662-whatever-its-outcome-greek-crisis-will-change-eu-ever-europes-future-greeces>.

19 US Energy Information Administration (2014) *East China Sea*, http://www.eia.gov/beta/international/analysis_includes/regions_of_interest/East_China_Sea/east_china_sea.pdf, accessed 21 August 2015.

20 World Bank (2015) *China: Overview*, <http://www.worldbank.org/en/country/china/overview#1>, accessed 21 August 2015.

21 Yan, Jiangning, "Chinalco to invest US\$19.5bn in Rio Tinto" in *Caijing* (online), 2 December 2009, <http://english.caijing.com.cn/2009-02-12/110055559.html>.

22 Lynch, Daniel (2013) "Securitizing culture in Chinese foreign policy debates: Implications for interpreting China's rise" in *Asian Survey*, Vol. 53, No. 4, p. 629.

23 Yuan, ZL (2014) *Shangwubu Jiedu 'Yi Dai Yi Lu' Zhengce: Qiye Ke Cong Ba Da Lingyu Xunqiu Shangji*, http://intl.ce.cn/specials/zxxx/201412/13/t20141213_4114813.shtml, accessed 21 August 2015.

24 Rich, B (2007) "Exporting destruction" in Hiatt, Steven (ed), *A Game As Old As Empire: The Secret World of Economic Hit Men and the Web of Global Corruption*. Berrett-Koehler Publishers: San Francisco, p. 197.

25 Asian Infrastructure Investment Bank, above n 2.

26 The Economist, "Bridge over troubled water" in *The Economist* (online), 15 November 2014, <http://www.economist.com/news/leaders/21632452-weeks-summit-beijing-helped-great-power-rivalry-still-threatens-pacific-bridge>.

However this means that now, as the US economy is seen by some to be in long-term decline,²⁷ the US lacks maneuverability and responsiveness in global economic debates. The most likely candidate for altering future global development discourses is, therefore, China. Until recently, China has maintained a low profile. However, Chinese leadership has now begun to articulate its own theories of development on a global stage. The NDB and the AIIB are the first steps in this process. If they are seen to be successful, China's position will gain credibility and possibly pave the way for a new consensus development model. However, gaining international credibility and increasing the legitimacy of the NDB and the AIIB will be a long-term, incremental process, and the perceived heavy-handed state response to China's recent stock market decline has only increased the doubts of China's eventual success.²⁸

Australia and the AIIB

The AIIB's role in promoting economic development in Asia is currently very much a case of speculation. Without past histories of success (or failure) and a lack of available analysis of negotiations between bank partners, the best that can be done is to extrapolate current political trends and make tentative predictions. The deadlock over the World Bank and IMF voting reform has crystallised the need for greater representation for China in global economic institutions. While existing institutions remain deadlocked, China is seeking to build its international leadership credentials by creating multilateral economic fora, suggesting a neoliberal institutionalist policy approach from China towards the AIIB, at least in the short-term.

Arrayed against this, however, is the reality of China's growing foreign economic interests, the growing contention between Chinese and western conceptions of the state's role in national economies, and the broadening of competition for regional leadership in Asia. Although impossible to predict with certainty, development loan conditionality to protect Chinese interests in Asia remains a plausible and likely long-term outcome for the AIIB.

Where does this leave Australia? Unfortunately, Australia's haphazard approach to applying for membership earlier this year may have communicated uncertainty to outsiders as to Australia's view of the AIIB.²⁹ In truth, the AIIB is a vehicle for potentially broadening regional cooperation and ameliorating tension as well as providing the core benefit of greater infrastructure funding for

the Asian region. As a significant contributor to and a regional member of the AIIB, Australia has considerable leverage with which to potentially influence the bank's operations. Firstly, since nine of the bank's twelve directors are to be drawn from regional members,³⁰ the Australian government should be promoting the stability and strength of Australia's financial and banking sector by identifying strong local candidates and ensuring one of the directorships is held by an Australian. Although the President of the bank is likely to always be Chinese, the bank's Articles of Agreement explicitly allow for the President to come from any regional member.³¹ As one of the wealthier, developed regional members, Australia should also test the reception within the organisation towards pursuing this avenue of representation.

Secondly, Australia should be leveraging its close relationships with Japan and the USA to urge them to apply for membership in the new institution. Regional stability does not benefit from unchecked great power rivalry in any form, whether it is geostrategic, economic or via the leadership of rival institutions. In the short term, China needs the AIIB to establish its credentials as a leader, and an AIIB with Japan and the US as members would provide greater legitimacy to the institution as a whole, as well as providing the US with some potential leverage over China's domination of the AIIB. Were Australia to play a major role in encouraging Japan and the US to apply for membership, and be seen to do so by China, it would do a great deal to demonstrate Australia's commitment to the success of the AIIB.

Thane Bourne is currently teaching English in China while on leave from the Master of International Relations program at the University of Melbourne.

²⁷ Colby, E & P Lettow (2014) *Have We Hit Peak America? The Sources of US Power and the Path to National Renaissance*, <https://foreignpolicy.com/2014/07/03/have-we-hit-peak-america/>, accessed 21 August 2015.

²⁸ British Broadcasting Corporation, "What does China's stock market crash tell us?" in *BBC* (online), 22 July 2015, <http://www.bbc.com/news/business-33540763>.

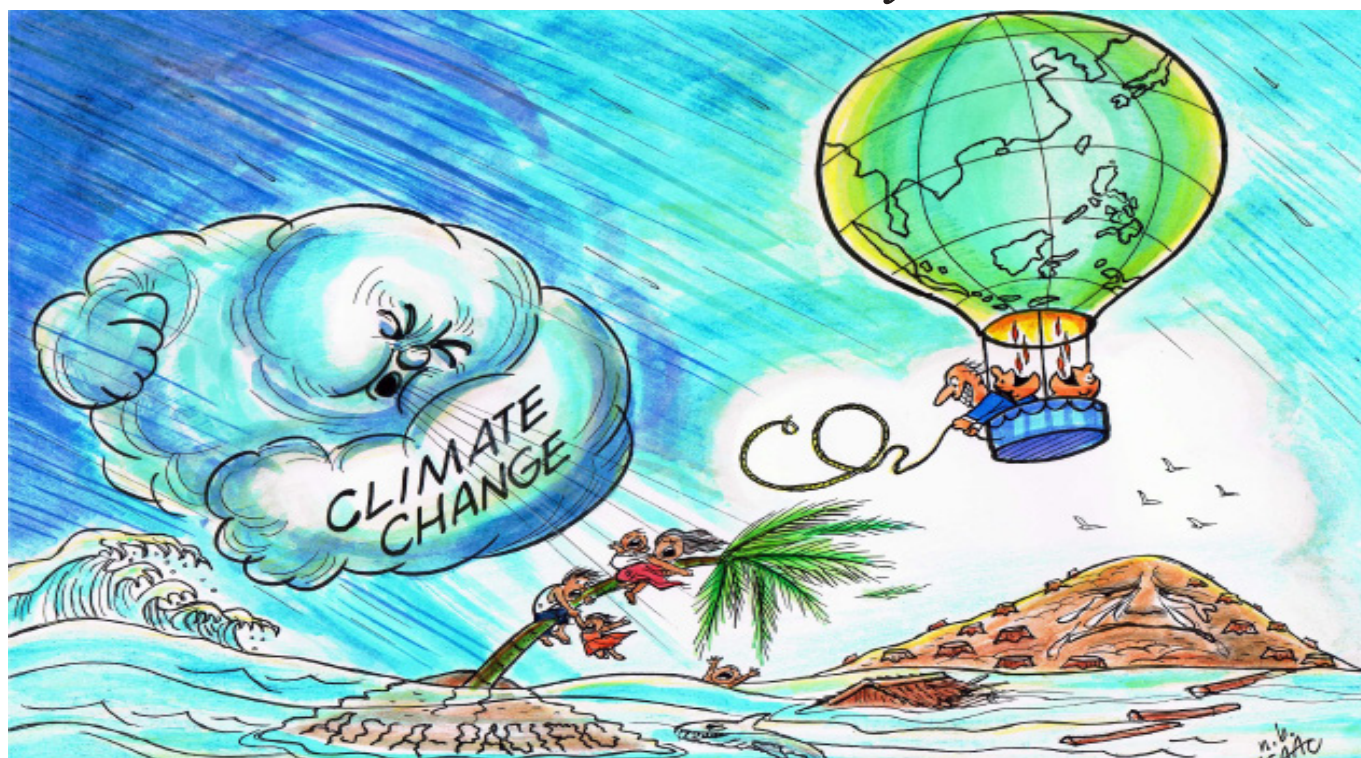
²⁹ Anonymous, "Editorial" in *The Age*: Melbourne, 30 March 2015, p. 16.

³⁰ Asian Infrastructure Investment Bank, above n 2.

³¹ Asian Infrastructure Investment Bank, above n 2.

Rising Temperatures, Escalating Risks: Climate Change and Public Health in the Pacific

Dr Matthew Bray



Climate change is the greatest threat to human health and development today. The risk amplification of climate change as a threat to global physical, social, economic and environmental development has been recognised in the recently created Sustainable Development Goals (SDGs), which implores party states to “Take urgent action to combat climate change and its impacts.”¹ Pacific Island nations are particularly vulnerable to the effects of climate change on human health by nature of their relatively small landmasses, largely underdeveloped and agrarian communities, and their cultural and economic dependence on coastal environments. Their health systems are already largely overrun due to the burdens of infections and chronic non-communicable diseases (NCDs), and all projections point to climate change compounding these problems and magnifying the demands on resource-poor national budgets. For these reasons, the nexus of climate change and its negative impacts on health needs to be addressed in the context of implementing universal development agreements such as the SDGs (adopted in September 2015), and in the development aid agenda of donor countries operating in the Pacific region, such as Australia.

Fighting for Lives amidst Rising Tides: Public Health Implications of Climate Change for Pacific Island Nations

Non-communicable diseases, nutrition and obesity

In light of genetic predispositions and post-colonial Pacific lifestyles, the burden of NCDs poses a “human, social and economic crisis requiring an urgent and comprehensive response.”² NCDs include chronic cardiovascular disease, chronic lung diseases, cancer, diabetes and mental illness, and share four common risk factors of physical inactivity, poor nutrition, tobacco smoking and the harmful consumption of alcohol. NCDs are a massive spectre of morbidity and mortality in the Pacific Islands, accounting for almost 70-75 per cent of all deaths.³ Of these, many are premature (before 60 years of age) and preventable. Much of this burden can be attributed to a high prevalence of diabetes and obesity among Pacific Island peoples. Of all nations in the world, eight of the top ten countries for diabetes prevalence are Pacific Island nations with comparative prevalence rates of 20-40 per cent of the population.⁴

1 United Nations General Assembly (2015) *General Assembly Resolution 70/1, Transforming Our World: the 2030 Agenda for Sustainable Development*, http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E, accessed 22 October 2015.

2 Secretariat of the Pacific Community (2011) *Pacific NCD Crisis*, <http://www.spc.int/en/home/774-pacific-ncd-crisis.html>, accessed 25 May 2015.

3 WHO (2010) *Global Status Report on Noncommunicable Diseases, 2010*. World Health Organization: Geneva.

4 International Diabetes Federation (2013) *IDF Diabetes Atlas*. 6th ed, International Diabetes Federation: Brussels.

Climate change threatens to accelerate some of the risk factors leading to and health complications derived from NCDs. Inadequate exercise, coupled with inappropriate diets resulting in caloric surplus, are deemed to be major mechanisms for developing diabetes and heart diseases through the storage of excess ingested energy as body fat. It is presumed that these behaviours will become more prominent in light of climate change. Extremes of heat and hotter daily average atmospheric temperatures will lead to a deepening of sedentary behaviours due to discomfort in the heat. The nutrition of Pacific people will also suffer as a result of climate change. Healthy crops will be damaged or lost due to natural disasters, salinisation and soil erosion. This will lead to an increased reliance on processed, packaged and imported foods, with poor nutritional content and large carbon footprints. In turning to these calorie rich foods, Pacific people will be adopting diabetogenic and obesogenic diets and ultimately suffer from more NCDs due to over-nutrition, while simultaneously increasing their own carbon footprints through the importation and refrigeration of these foods.

Natural disasters

Pacific Island nations are particularly prone to severe storms and cyclones: of the natural disasters suffered in the Pacific, 76 per cent of reported disasters between 1950 and 2004 were cyclones.⁵ Projections with respect to natural disasters currently suggest that while the frequency of such extreme weather events will decrease, the scale and damage, particularly the amount of precipitation involved, will increase into the future. So too would the impacts on health and development.

The greatest health impacts of cyclones flow on from destruction of buildings and infrastructure. Loss of safe dwellings leads to overcrowding in remaining spaces. The combination of scarce safe drinking and washing water and the accumulation of stagnant or contaminated water sources due to inundation, leads to the propagation of infectious diseases, such as food and water-borne diarrhoeal illnesses, to which children and the elderly are particularly vulnerable. In addition, disaster related trauma often leads to mental health reactions from grief to depression. Pacific healthcare systems operating at full capacity are overstretched due to poverty and the double epidemiological burden of communicable (infectious) diseases and chronic NCDs. Critical infrastructure for healthcare such as medical centres and hospitals are damaged in the wake of severe cyclones, and the demands of patients subsequently presenting for care related to injuries and illnesses, can see disrupted delivery of other essential health services.

5 Mercer, J (2010) "Disaster Risk Reduction or Climate Change Adaptation: Are we Reinventing the Wheel?" in *Journal of International Development*, Vol. 22, No. 2, p. 18.

Sea level rising, flooding and the impacts of groundwater salinisation on health and sanitation

It is virtually certain that sea levels will change in the Australasian region in the coming century with sea levels estimated to rise by up to half a metric metre by this century's end.⁶ Between sea level rise, warm seas associated with La Niña events, and a rise in severity of floods and storms, coastal areas are likely to undergo expedited shoreline erosion, salinisation of the groundwater lens, and inundation of human habitation and agricultural resources,⁷ interrupting water and food supplies and rendering homelands and farmlands unlivable. This inundation will force the displacement of coastal settlements, occasioning forced migration.

Lack of access to safe drinking water and sanitation facilities is still a major health hazard in the Pacific. Despite some evident national improvements, the region is set to fall short of the seven Millennium Development Goals (MDG) targets related to increased access to improved drinking and washing water.⁸ Deaths related to unsafe water sources are significant, with figures for children (under 5 years old) in the Pacific Island countries indicating that about 10 per cent of all deaths can be attributed to diarrhoeal diseases, and 90 per cent of these result from a lack of sanitation, drinking-water and hygiene.⁹ These preventable deaths related to hygiene and water access will only grow in the absence of adequate public health responses to the impact of climate change to safe water access, such as building robust water delivery systems designed to withstand the effects of natural disasters, inundations, and erosion.

Infectious diseases in the context of climate change in the Pacific

Warming of the atmosphere and increased levels of precipitation and humidity provide the substrate for rapid reproduction of infective microbes and their hosts and vectors, thus escalating the burden of infectious diseases in the tropics. Malaria and Dengue are two prominent vector-borne diseases in the tropics, transmitted by mosquitoes. These vectors are climate sensitive, and while environmental conditions have historically dictated their distribution, climate change is quickly permitting infections to proliferate beyond the borders of the traditional tropical territories that defined them.

6 Smith, KR, et al. (2014) "Human Health: Impacts, Adaptation, and Co-Benefits" in Field, CB, et al. (eds.), *Climate Change 2014: Impacts, Adaptation, and Vulnerability*. Cambridge University Press: Cambridge, United Kingdom, pp. 709-754.

7 Nunn PD (2009) "Responding to the Challenges of Climate Change in the Pacific Islands: Management and Technological Imperatives" in *Climate Research*, Vol. 40, No. 2, p. 21.

8 WHO & UNICEF (2015) *Progress on Sanitation and Drinking-Water: 2015 Update and MDG Assessment*. WHO: Geneva; UNICEF: New York.

9 WHO & SOPAC (2008) *Sanitation, Hygiene and Drinking-Water in the Pacific Island Countries – Converting Commitment into Action*. WHO: Geneva; Pacific Islands Applied Geoscience Commission: Suva.

An example of this may be seen in Papua New Guinea (PNG) with the inland encroachment of arthropod-borne virus infections due to the spread of their natural vector, *Aedes species* mosquitoes. One of Oceania's most populous island nations, PNG has large inland communities, usually protected by isolation from vectors for which the climatic profile is unfavourable. As the atmospheric conditions change these populations may increasingly find themselves subject to arboviruses such as Dengue and Chikungunya viruses, with their associated risks of death and disease. Grassroots communities and clinicians unused to seeing such cases may delay identification and appropriate treatment of emerging epidemics and rapid responses. Transmission rates of other major infectious diseases such as HIV/AIDS, Malaria and Tuberculosis are set to escalate by domestic overcrowding, a symptom of the poverty and urban slumming caused by housing damage, sustained through sea level rise and natural disasters.¹⁰

Climate Change and Health in Existing and Proposed Global Development Agreements

Of many existing regional and global development agreements, the two that are best positioned to address the issue of climate change and health with respect to the Pacific are the 'Healthy Islands' model of integrated health policy and promotion, issued by Pacific Health Ministers in 1995, and the Small Islands Developing States Accelerated Modalities of Action (SAMOA) Pathway, which was an outcome of the Third International Conference on Small Island Developing States from 2014.

Healthy Islands

Healthy Islands was a declaration issued by fourteen Pacific Health ministers to promote and protect both human and environmental health in their respective nations. The final product unites human and environmental health as an ecological "whole."¹¹ Healthy Islands stated that "health care processes need to change, becoming more holistic and better integrated and linked through networks to meet the complex challenges of the future."¹² However, of the commitments made, there is no explicit reference to climate change or global warming nor the impacts these will have on health. This is most likely owing to the embryonic level of climate science and advocacy in the late twentieth century.

The Healthy Islands declaration has significantly influenced health policy in the Pacific over the twenty years

since its promulgation. It was recently reviewed by Pacific Health ministers who reaffirmed their commitment to the document,¹³ with addenda related to the epidemics of obesity and NCDs. It calls for greater aid investment, but there is no clear message on what climate change is doing to human health and what its impact will require of communities, governments and aid agencies. Failing to place climate change front and centre of the regional Pacific health agenda is a missed opportunity for "mainstreaming"¹⁴ climate change into public health policy making, and consequently provides UN agencies and aid donors with an opportunity to neglect featuring climate change in social development aid.

Small Islands Developing States Accelerated Modalities of Action (SAMOA) Pathway

The Third International Conference on Small Island Developing States (SIDS Conference) was held in Apia, Samoa in September 2014 with the theme of sustainable development of Small Island Developing States through partnership. The outcome statement iterated that while "health is a precondition for and an outcome and indicator of all three dimensions of sustainable development... SIDS remain constrained in meeting their goals in all three dimensions of sustainable development" due to particular vulnerabilities.¹⁵ Furthermore, it is acknowledged that the impacts of climate change compound pre-existing threats and challenges which SIDS face. The framework of the SDGs has implanted further burdens on SIDS. The document bemoaned the lack of adequate financial resources to implement climate change adaptation and mitigation projects, and went on to praise efforts to increase the allocation of climate finance to adaptation projects in developing countries, but failed to further elaborate on the nexus of climate change and its direct and indirect impacts on human health and healthcare systems.

Australian Development Policy with Respect to Health in the Pacific

Australia is the largest donor of overseas development aid for Pacific Island countries and territories, funding some 60 per cent of total aid programming in Oceania. As such, Australian government responses to multinational agreements have great impacts on the ability of the region to collaborate in achieving their objectives. Health development in particular is a policy area, which currently stands in a considerable state of flux as the global community

10 Bandara A (2005) "Emerging Health Issues in Asia and the Pacific: Implications for Public Health Policy" in *Asia-Pacific Development Journal*, Vol. 12, No. 2 p. 26.

11 Nutbeam, Don (1996) "Healthy Islands—a truly Ecological Model of Health Promotion" in *Health Promotion International*, Vol. 11, No. 4, pp. 263-264.

12 WHO (1995) *Yanuca Island Declaration*. WHO Regional Office for the Western Pacific: Manila.

13 WHO (2013) *Apia Outcome: Tenth Pacific Health Ministers Meeting, 2-4 July 2013*, WHO Regional Office for the Western Pacific: Manila.

14 Agrawala, Shardul (2005) *Bridge Over Troubled Waters: Linking Climate Change and Development*. Organisation for Economic Cooperation and Development.

15 United Nations General Assembly (2014) *General Assembly Resolution 69/15, SIDS Accelerated Modalities of Action (SAMOA) Pathway*, http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/69/15&Lang=E, accessed 22 July 2015.

transitions from MDGs to SDGs, starting in 2015. The current 'Health for Development Strategy' from Australia's Department of Foreign Affairs and Trade (released in June 2015),¹⁶ is designated for the period 2015-2020, encompassing five years beyond the end-date of the MDG timeline. The five designated priorities for Australian development aid with regards to health are:

1. Core public health systems and capacities in key partner countries.
2. Combatting health threats that cross national borders;
3. A more effective global health response;
4. Access to clean water, sanitation, hygiene, and good nutrition as pre-conditions for good health; and
5. Health innovation, and new approaches and solutions that benefit our region.

However, the agenda contained therein makes no mention of the SDGs, or the implications of climate change as a threat to health, despite the critical regional impact that climate change will have on each of those priority areas as a risk multiplier and obstacle to implementation. Australia's failure to identify the relationship between climate change and health in its existing development agenda also misreads the priorities of the aid recipients themselves, who said at the Pacific Island Leaders Forum in 2009, "For Pacific Island states, climate change is the great challenge of our time. It threatens not only our livelihoods and living standards, but the very viability of some of our communities." For their part, Pacific Island nations are ramping up efforts to convey to the international community their eagerness for ambitious emission reduction targets and global partnerships to assist in climate change adaptation. On the 30th April 2015, fifteen Oceanic state leaders issued the strongly worded Lifou Declaration, calling for a "global revolution" to "save Oceania" in the lead up to the final Conference of Parties (COP-21) negotiations in Paris in December 2015.¹⁷ Fiji's Prime Minister Frank Bainimarama has been an outspoken critic of Australia's inaction on climate change, labelling the government as party to a "coalition of the selfish" and pleading with Prime Minister Turnbull at a recent Climate Change resilience meeting to place Pacific Island welfare in equal priority with the energy sector.¹⁸ Pacific nations will remain vocal, using this period to address the nexus of climate change and health, and the immediacy of the threat posed to the Pacific without

the material support of their closest neighbours, such as Australia. The post-2015 development agenda, with the SDGs at its centre, is the opportune forum in which to address the nexus of climate change and health in Australia's Pacific aid policy. With its ambitious spectrum of development goals, and the emphasis on multi-sectoral partnerships in the achievement of these, the early days of SDGs are the perfect opportunity to capitalise on political will, by building climate change mitigation and adaptation into the Australian development agenda.

Policy Recommendations Integrating Climate Change and Health in Australia's Pacific Aid Agenda.

Listed below are three recommended crosscutting interventions for multi-sectoral development, which will significantly address climate change and health in the Pacific. In doing so, these will fulfill various sustainable development targets. Each of these additionally satisfies the Australian Aid 'Health for Development' priorities. **Recommendation 1:** ensure access to disaster-proof, climate-change resilient water storage and delivery systems and sanitation facilities, thus reducing child and maternal mortality and other human diseases implicated in water security and hygiene. **Recommendation 2:** Leverage science and technology in order to optimise and expand agriculture, aquaculture and localised food production in Pacific nations. In doing so, this can create farms immune to the effects of climate change and reducing NCD prevalence through decreased dependence on imported, packaged and preservative-laden foods. **Recommendation 3:** Invest in the construction of modern, low-carbon and climate resilient healthcare facilities with integrated green spaces for leisure and promotion of exercise, increasing access to universal healthcare and protecting facility users and workers against NCDs.

Conclusion

With its broad spectrum of development goals, and the centrality of international partnerships in the achievement of these, the early days of the SDGs are the perfect opportunity to reinvigorate our own sustainable development efforts and build climate change adaptation into the Australian aid agenda, especially in light of our own burden of greenhouse gas emissions, and our prosperity acquired on the back of mining exports. It is hoped that the SDGs, and the post-2015 era shaped by them, will see the ascendancy of Australian leadership on intelligent, integrated development aid for our Oceanic siblings. The intersecting measures recommended herein thus provide holistic adaptive responses to the challenge of climate change and its impacts on human health. The cost to Pacific health will be too high to do otherwise. .

Dr Matt Bray is a resident medical officer practising in Canberra whilst studying a Masters in Public Health and Tropical Medicine at James Cook University.

16 Commonwealth of Australia (2015) *Health for Development Strategy 2015-2020*, Department of Foreign Affairs and Trade: Canberra.

17 Secretariat of the Pacific Regional Environment Programme (2015) *Oceania 21: Lifou Declaration Calls for Strong Ambitious Climate Change Agreement in December*, <https://www.sprep.org/climate-change/oceania-21-lifou-declaration-calls-for-strong-ambitious-climate-change-agreement-in-december>, accessed 5 May 2015.

18 Fiji Government (2015) *Hon PM Bainimarama Speech at the Closing of Pacific Ministers Meeting on Strengthening Climate Change Resilience*, <http://www.fiji.gov.fj/Media-Center/Speeches/HON-PM-BAINIMARAMA-SPEECH-AT-THE-CLOSING-OF-PACIFI.aspx>, accessed 30 October 2015.

Kazakhstan: A Steppe Forward for Central Asia

Luke J Dawes



Astana: Capital of Kazakhstan

International policymakers can rarely afford to place a high priority on Central Asia. The region does not fit comfortably in Europe or the Middle East, much less the Asia Pacific region forming the centerpiece of the US 'pivot to Asia.' Nevertheless, Kazakhstan presents an interesting avenue for the world to engage more closely with Central Asia. This article will introduce Kazakhstan and its regional interests against the backdrop of traditional Russian influence and emerging Chinese interests in Central Asia. It will then discuss parallel opportunities that exist in the Australia-Kazakhstan relationship, before suggesting methods of building ties that could lead to an expanding cooperative relationship between both countries in the near future.

Kazakhstan: Between Two Powers

Central Asia is often portrayed as a victim of its own geography. Caught between China to the east and Russia to the north, regional governments are seen engaging cautiously with both Beijing and Moscow on matters of security and economic cooperation,

anxious not to discourage Chinese investors or provoke Russian policymakers. There are regular assertions that this landlocked region is the unwilling host of a 'great game' of geopolitics.¹ However, as the largest state in the region and a founding member of two major multilateral regional bodies, the Eurasian Economic Union (EEU) and the Shanghai Cooperation Organisation (SCO), Kazakhstan poses a multifaceted challenge to this single-track view of the region.

Kazakhstan, the world's largest landlocked country and home to over seventeen million people from dozens of ethnic backgrounds, became formally independent from the USSR in 1991. After nearly twenty-five years in office, and now in his fifth term, President Nursultan Nazarbayev continues to enjoy widespread popularity in Kazakhstan, despite international scrutiny over his

¹ Cooley, Alexander, 'The New Great Game in Central Asia' in *Foreign Affairs* (online), 7 August 2012, <https://www.foreignaffairs.com/articles/central-asia/2012-08-07/new-great-game-central-asia>.

electoral victories and the absence of any meaningful opposition.²

Since independence, Kazakhstan has become the wealthiest state in Central Asia, experiencing a dramatic increase in GDP per capita between 1991 and 2013.³ The main driver of this increase has been strong international demand for Kazakhstan's plentiful energy and mineral reserves. Kazakhstan depends heavily on European appetites for its oil, which account for 76 per cent of its oil export market. Kazakhstan is also the conduit for Central Asia's gas pipelines, connecting both Turkmenistan and Uzbekistan to China, and sending gas from the Caspian Sea to Russia.⁴ While this strong demand for energy has granted relative prosperity to Kazakhstan, it has also brought Kazakhstan to the forefront of policymaking for two major powers that will arguably shape the future of Central Asia for the next several decades: Russia and China.

A Soviet Reunion: Kazakh Oil and Russian Money

Russia's involvement in Kazakhstan has a long history. Kazakh territory first came under Russian control during the Tsarist rule of the Russian Empire in the mid-nineteenth century. After the Russian Civil War ended in 1922, Kazakhstan spent most of the twentieth century as part of the USSR. Russian was promoted as the official language of the Soviet state and Kazakh traditions were consequently suppressed. Additionally, traditional nomadic pastures were forcibly cleared to make way for collective farms and nuclear test sites such as Semipalatinsk. As the centrally-planned Soviet economy quickly deteriorated in the early 1990s, the republics of the USSR began declaring their independence; Kazakhstan, with Nazarbayev at the helm, followed suit in December 1991.⁵

However, after seven decades as constituent republics of the same state, Kazakh independence unsurprisingly did not put an end to Russia's influence in Kazakhstan. Firstly, economic ties between Kazakhstan and Russia remain strong at the local level. Most Russian *oblasts* (administrative divisions at the provincial level) maintain economic relationships with their counterparts in Kazakhstan, with four of these *oblasts* reporting trade worth over \$1 billion annually with their southern neighbour. Russian state-owned energy firms, including Gazprom, also have significant investments in Kazakh oil and gas fields and their heavy involvement is an incentive for Astana to take Moscow's policy preferences seriously,

thus securing Russian influence in these lucrative industries.⁶

Secondly, economic ties between Kazakhstan and Russia are a priority at the national level, though Astana does not necessarily tow every line that Moscow draws. The Eurasian Economic Union (EEU), an economic counterweight to the European Union, came into force on 1 January 2015. Its members include Russia, Kazakhstan, Armenia, Belarus, and Kyrgyzstan, and it demonstrates the importance that Kazakhstan, Russia and other Central Asian states place on intra-regional trade. According to Kazakhstan's Ministry of Foreign Affairs, it was Nazarbayev who initially proposed a 'Eurasian Union' during a speech at Moscow University in the early years of Kazakh independence.⁷ In its modern form, the EEU is intended to function as a unified trade bloc with fewer restrictions on goods, labour and capital than previously existed among member states.⁸ In practice, however, Kazakhstan has acted independently from Russia, the de facto decision-maker in the EEU. Astana has neglected to impose Russian-style trade sanctions against the EU, the US, Norway, Canada and Australia in the wake of the Ukraine crisis,⁹ setting a challenging precedent for an organisation seeking a standardised trade regime.

Finally, Kazakhstan and Russia are necessarily connected by their shared cultural and political history. Ethnic Russians continue to make up a sizeable minority in Kazakhstan, particularly in the north, and the Russian language, despite indications of a gradual setback,¹⁰ continues to dominate in business and regional dialogues. The machinery of the Kazakh government has largely been inherited from the USSR, its senior bureaucrats were educated at Soviet institutions, and many of its politicians (Nazarbayev included) began their public careers under Soviet rule. Observers could be forgiven for thinking that a preference for proximity to Russia is a forgone conclusion for Kazakhstan.

Enter the Dragon: China and Central Asia

China's interest in Kazakhstan is nothing new. China National Petroleum Corporation (CNPC), a state-owned oil and gas firm and the largest energy company in China,

2 Sholk, Dena, 'Understanding Kazakhstan's Politics' in *The Diplomat* (online), May 2015, <http://thediplomat.com/2015/05/understanding-kazakhstans-internal-politics/>.

3 Sholk, above n 2.

4 United States. Energy Information Administration (2015), *Kazakhstan: International Energy Data and Analysis*, <http://www.eia.gov/beta/international/analysis.cfm?iso=KAZ>, accessed 28 August 2015.

5 Hiro, Dilip (2009), *Inside Central Asia*, Overlook Press: New York City.

6 Guschin, Arthur, 'China, Russia and the Tussle for Influence in Kazakhstan' in *The Diplomat* (online), March 2015, <http://thediplomat.com/2015/03/china-russia-and-the-tussle-for-influence-in-kazakhstan/>.

7 Kilner, James, 'Kazakhstan Welcomes Putin's Eurasian Union Concept' in *The Guardian* (online), October 2011, <http://www.telegraph.co.uk/news/worldnews/asia/kazakhstan/8808500/Kazakhstan-welcomes-Putins-Eurasian-Union-concept.html>.

8 Eurasian Economic Union (2015), *About the Union*, <http://www.eaeunion.org/?lang=en#about>, accessed 28 August 2015.

9 Satpaev, Dosym, 'Kazakhstan and the Eurasian Economic Union: The View from Astana' in *European Council on Foreign Relations* (online), January 2015, http://www.ecfr.eu/article/commentary_kazakhstan_and_the_eurasian_economic_union_view_from_astana395.

10 Blank, Stephen, 'Russia's Waning Soft Power in Central Asia' in *The Diplomat* (online), January 2015, <http://thediplomat.com/2015/01/russias-waning-soft-power-in-central-asia/>.

signed a \$9 billion deal with Kazakhstan as early as 1997 to develop oil and gas fields in the northwest of the country.¹¹ More recently, Chinese President Xi Jinping announced the 'Silk Road Economic Belt' during a visit to Kazakhstan in 2013, adding to a series of Chinese initiatives geared to develop road links, rail connectivity and energy pipelines in the region.¹² Kazakhstan, at a crossroads between resource-rich Central Asian states and both China and Russia, potentially has the most to gain from such initiatives. While observers are often quick to assign the profit motive to Chinese activities in Kazakhstan, both countries have significant strategic reasons to develop stronger ties.

Of particular interest is security. China views its economic strategy in Central Asia through the lens of the Shanghai Cooperation Organisation (SCO), a multilateral body focused on preventing separatism, terrorism, and extremism, which it founded with both Kazakhstan and Russia.¹³ An open trade corridor with Kazakhstan and Central Asia more broadly could stimulate the kind of economic development in Xinjiang that would defuse any sentiments for political change in the province; an ongoing concern in Beijing. The SCO also provides Kazakhstan with an assurance that China will discourage any interventionist Russian activities in countries that are increasingly important to its own growth, for China does not want a Ukraine-style crisis on the border of its most restive province.

Another shared interest, as with Russia, is energy. China is actively pursuing a policy of energy diversification, partly for the prosperity benefits to provinces like Xinjiang. This is also to reduce dependency on sources arriving via China's eastern seaboard; any interruption of the energy supply due to escalated tensions in the South China Sea, for example, would be unacceptable to Beijing. Coal imports are already decreasing, and the impetus to resolve pollution problems in China's major cities has been strong enough to prompt a serious commitment to cleaner energy.¹⁴ Kazakhstan offers overland access to Turkmen and Uzbek gas fields, which allows China to pursue both of these objectives simultaneously while making inroads, quite literally, for its exports to Central Asian markets. In short, Kazakhstan and China have strong economic and security incentives to increase their cooperation, regardless of traditional Russian influence in Central Asia.

11 Hiro, above n 5.

12 Mankoff, Jeffrey et. al., 'Central Asia's future: Three powers, three visions' in *The Diplomat* (online), May 2015, <http://thediplomat.com/2015/05/central-asias-future-three-powers-three-visions/>.

13 Blank, Stephen (2013) 'Making Sense of the Shanghai Cooperation Organisation' in *Georgetown Journal of International Affairs*, Vol. 14, No. 2, 39-49.

14 Huang, Cecily et. al., 'China: The Green Leap Forward' in *The Diplomat* (online), August 2015, <http://thediplomat.com/2015/08/china-the-green-leap-forward/>.

Australia and Kazakhstan: A Few Steppes Closer?

Australia's international interests in Kazakhstan may seem unclear at first glance, particularly against the weight of Russian and Chinese influence in Central Asia. Kazakhstan is far from Australia's traditional sphere of concern; bilateral trade and investment was worth a mere \$168 million in 2014,¹⁵ and Central Asia is unlikely to match the strategic importance of the Asia Pacific in the near future. But recent developments in both countries shed some light on how Canberra can engage more effectively with Central Asia in general and Kazakhstan in particular.

Primarily, Australia and Kazakhstan share in common resource-driven economies with major agricultural components. This may indicate the potential for professional links at a people-to-people level, particularly where cultural and economic ties are limited. In addition, Kazakhstan is continuing to support initiatives that diversify its economy away from overreliance on oil and gas exports, including the import of Australian cattle.¹⁶ This is an area on which Australia could keep a close eye, in order to develop its trade with Kazakhstan and possibly other Central Asian states in light of the federal government's 'Economic Diplomacy' initiative.

In addition, Kazakhstan's diplomatic presence in Australia is growing. The two countries have maintained diplomatic relations since the latter became independent in 1991, and Astana has appointed two Honorary Consuls in Perth and Melbourne within the last five years – a management consultant and mining executive, and an agribusiness entrepreneur, respectively. Kazakhstan is also re-establishing a Consulate-General in Sydney, suggesting a gradual move to closer ties.

Lastly, opportunities for cooperation between Australia and Kazakhstan extend beyond the economic sphere. Kazakhstan regularly sends students abroad on the state-sponsored Bolashak scholarship. Therefore, the New Colombo Plan may be an opportunity for the Australian government to achieve a measure of 'brand equality' by partnering with institutions in Kazakhstan to provide students with academic experiences in Central Asia. Furthermore, in a positive step toward a more open tourism market, Australia has been added to a list of countries now eligible for visa-free travel in Kazakhstan. As such, Canberra is now in a position to enter into a wide-ranging dialogue with Astana on mutual economic, diplomatic, tourist, and educational interests.

15 Australian Department of Foreign Affairs and Trade (2015), *Kazakhstan Country Factsheet*, <http://dfat.gov.au/trade/resources/Documents/kaza.pdf>, accessed 10 August 2015.

16 Anonymous, 'Steaks from the Steppe' in *The Economist* (online), August 2014, <http://www.economist.com/news/asia/21613306-russias-food-embargo-west-good-state-backed-beef-industry-steaks-steppe>.

intern with the Consulate of Kazakhstan in Melbourne and works full-time in the finance sector.

Conclusion

Kazakhstan is unlikely to disrupt the Australian focus on markets like the US, China or Japan. Indeed, Canberra is similarly unlikely to draw Astana's attention away from local concerns; there is no known succession plan to manage a transition when President Nazarbayev leaves office, for instance. But despite a limited appetite for a greater Australian presence in the region, any pivot to Asia should take its geographical centre into account. To paraphrase, if Russia and China are indeed moving toward another "great game" in Central Asia, they are playing by decidedly different rules; China is playing Monopoly while Russia is playing Risk.¹⁷ Australia could be well positioned in the next several years to play a more strategic hand in Central Asia, and Kazakhstan could be

the ideal place to begin.

Luke completed a Bachelor of Languages (2012) and a Bachelor of Arts, Hons. (2013), specialising in Asian languages and political violence in Indonesia. Luke is an

¹⁷ McGlinchley, Eric, 'Central Asia: Geopolitically Stuck, Politically Free' in *PONARS Eurasia* (online), August 2015, <http://www.ponarseurasia.org/memo/central-asias-autocrats-geopolitically-stuck-politically-free>.

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Addressing the Global Refugee Crisis: An Opportunity for Inclusive Growth

Jacki Molla



Shaan R. Ali (Photography at www.shaanr.ali.com)

The eruption of new conflicts, the worsening of old crises, rampant human rights abuses and catastrophic natural disasters have led to an unprecedented rise in the number of globally displaced persons during 2014 and the first half of 2015.¹ Whilst the global refugee situation is not a new international issue, the scale of the situation certainly is. The UN High Commissioner for Refugees (UNHCR) revealed in 2014 that the number of forced displaced persons globally had reached 51.2 million, the highest the figure had been since the post-World War II refugee crisis era.² In the year since, the figure has risen by an enormous margin to 59.5 million worldwide – the highest increase in a single year ever documented.³

The issue of escalating forced displacement is commonly categorised as having only social and humanitarian dimensions, and the economic impact is often ignored or

considered only to be a burden. However, there are huge positive and negative economic effects associated with large-scale refugee influxes. If G20 nations increase their refugee intakes and financial aid to large host countries they can disperse the costs and realise the economic benefits of refugee resettlement whilst fostering inclusive growth. As the G20 directly engages the leaders of some of the richest and most powerful countries in the world, it can play a crucial role in creating an equitable and inclusive response to a terrible humanitarian crisis. In turn, the G20 can also reassert itself as an important and inclusive forum that effectively tackles pertinent international issues.

Redefining refugees as an Economic Opportunity

Refugees have long been conceptualised as a huge economic burden in political rhetoric.⁴ There are some elements of truth in this idea, but the negative economic effects tend to only be short-term. In Australia, refugees have the highest dependency on social welfare of all migrant groups for the first ten years after arrival, and are also disproportionately represented amongst unskilled

1 United Nations High Commissioner for Refugees (2015) *Preserving Life, Amidst Turmoil*, <http://www.unhcr.org/5461e5ed0.html>, accessed 10 April 2015.

2 United Nations High Commissioner for Refugees (2014) *Global Forced Displacement Tops 50 Million for the First Time Since World War II - UNHCR Report*, http://unhcr.org.au/unhcr/index.php?option=com_content&view=article&id=426:global-forced-displacement-tops-50-million-for-first-time-since-world-war-ii-unhcr-report&catid=35:news-a-media&Itemid=63, accessed 15 May 2015.

3 United Nations High Commissioner for Refugees (2015), *World at War*, <http://www.unhcr.org/556725e69.html>, accessed 27 June 2015.

4 Zetter, R (2012) "Are refugees an economic burden or benefit?" in *Forced Migration Review*, Vol. 41, No. 1, p. 50.

workers and the unemployed.⁵ However, once refugees overcome the initial obstacles of settlement, these costs tend to fade to the level of non-refugee citizens.⁶ Over time, participation and unemployment rates of refugees converge towards those of non-refugees.⁷ Moreover, after arrival refugees are overrepresented in unskilled or low skilled employment, but do achieve high occupational mobility in the long term.⁸ Furthermore, refugees extend and diversify the skills and networks in host country business and industrial sectors, and increase trade and investment by establishing links to other regional and global markets.⁹ Refugees have an entrepreneurial spirit, as evidenced by a recent Australian Bureau of Statistics (ABS) study that found humanitarian migrants in Australia have the highest rate of business ownership of all recent migrants.¹⁰ As almost 50 per cent of refugees are young people, there is also an argument that a rise in refugees can help offset an ageing population.¹¹

Broadly, the macro-economic effects of refugees on host country economies can be both positive and negative.¹² Refugees can increase consumer markets for domestic commodities, create new markets, bring in new skills, provide employment and fill vacant employment positions in host countries.¹³ However, their presence also creates pressure on education, welfare services, healthcare services, and infrastructure such as transportation, sanitation, and water supply.¹⁴ These negative economic effects, however, are most likely to occur when there is such a large-scale protracted influx of refugees in developing countries. The impact has been observed to be different in the developed world.¹⁵ Often 'better off' host countries tend to gain from the presence of refugees in the region, whereas poorer host countries are negatively affected by competition for employment, food, services,

and so on.¹⁶ Increasing refugee quotas amongst G20 countries, therefore, can be a means of not only meeting humanitarian obligations, but enabling these positive economic effects.

A recent report released by over 200 partners of the Regional Refugee and Resilience Plan (3RP) in Response to the Syrian crisis claims there is still a severe lack of funding in relation to the Syrian crisis.¹⁷ This is despite the growing impact some wealthy European frontline states are experiencing.¹⁸ The report estimates there is a need for US\$4.53 billion for assistance programs implemented by the UN and non-government organisations (NGOs), yet only 23 per cent of this figure has been met.¹⁹ Therefore, G20 governments must prioritise funding these programs to ease the burden on the governments hosting the most refugees.

Why should the G20 Act on a Humanitarian Crisis?

The promotion of the G20 to a leader-level summit in 2008 was a response to the unprecedented challenge of the Global Financial Crisis (GFC).²⁰ As one of the gravest international challenges of the twenty first century,²¹ the global refugee crisis demands another unprecedented response: G20 involvement in the humanitarian sphere. The G20, particularly during the Turkish presidency, has the potential to be a vital interface between the economic and humanitarian spheres whilst maintaining its core functions.

Despite being some of the wealthiest nations in the world, G20 members have been taking in small amounts of refugees relative to the rest of the world.²² Developing regions host 86 per cent of the world's refugees,²³ and Least Developed Countries provide refugee protection to 25 per cent of the global total.²⁴ There has been severe damage to the economies of nations hosting the largest amount of refugees as a consequence to this G20 inaction, because they simply cannot afford it. The negative economic impacts of the crisis on the nations of Lebanon, Jordan, and Turkey that necessitate this G20 action are illustrated below.

5 Parsons, R (2013) *Assessing the Economic Contribution of Refugees in Australia*, <http://www.mdainc.org.au/sites/default/files/Assessing-the-economic-contribution-of-refugees-in-Australia-Final.pdf>, accessed 2 April 2015.

6 Parsons, above n 5.

7 Parsons, above n 5.

8 Parsons, above n 5.

9 Stevenson, R (2005) *Refugees and Economic Contributions*, http://www.crr.unsw.edu.au/media/File/Refugees_and_Economic_Contributions.pdf, accessed 29 June 2015.

10 Australian Bureau of Statistics (2015) *Personal Income of Migrants, Australia, Experimental, 2009-10*, <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/3418.0Main%20Features12009-10?opendocument&tabname=Summary&prodno=3418.0&issue=2009-10&num=&view>, accessed 18 September 2015.

11 Stevenson, above n 9.

12 Gomez, MP & A Christensen (2010) *The Impacts of Refugees on Neighbouring Countries: A Development Challenge*, http://siteresources.worldbank.org/EXTWDR2011/Resources/6406082-1283882418764/WDR_Background_Paper_Refugees.pdf, accessed 3 June 2015.

13 Brima, E (2013) *How Refugees Stimulate the Economy*, <http://www.latrobe.edu.au/news/articles/2013/opinion/how-refugees-stimulate-the-economy>, accessed 10 April 2015.

14 Gomez & Christensen, above n 12.

15 Maystadt, JF & Verwimp, P (2014) "Winners and losers among a refugee-hosting population", in *Economic Development and Cultural Change*, Vol. 62, No. 4, p. 770.

16 Maystadt & Verwimp, above n 16.

17 Regional Refugee and Resilience Plan (2015) *3RP Regional Progress Report*, <http://www.unhcr.org/558aa6566.html>, accessed 29 June 2015.

18 Andreychuk, R (2014) *The Syrian Refugee Crisis and its Impact on the Region*, <http://www.nato-pa.int/Default.asp?SHORTCUT=3577>, accessed 3 June 2015.

19 United Nations High Commissioner for Refugees (2015) *Funding Shortage Leaves Syrian Refugees in Danger of Missing Vital Support*, <http://www.unhcr.org/558acbbc6.html>, accessed 29 June 2015.

20 Cho, S & CR Kelly, (2012) "Promises and perils of new global governance: A case of the G20", in *Chicago Journal of International Law*, Vol. 12, No. 2, p. 493.

21 United Nations High Commissioner for Refugees, above n 2.

22 United Nations High Commissioner for Refugees, above n 3.

23 United Nations High Commissioner for Refugees, above n 3.

24 United Nations High Commissioner for Refugees, above n 3.

Lebanon

By the end of 2014, Lebanon was the third largest host country, supporting 1.15 million refugees.²⁵ Refugees therefore comprise over a quarter of Lebanon's population and have had a considerable negative impact on unemployment and poverty in the region, and created further strain on already weak government finances.²⁶ During the period of 2012–2014, Syrian refugees alone have had an estimated fiscal cost of US\$308–\$340 billion on social security, health care, and education in the country.²⁷ Lebanon's infrastructure was already constrained and thus ill-prepared to deal with the influx of refugees, which has resulted in an estimated fiscal cost of US\$589 million.²⁸ Total public expenditure was expected to grow by US\$1.1 billion during the same period, largely due to a dramatic increase in consumption of and demand for public services by refugees.²⁹ As Lebanon's public finances were already structurally weak, the nation's deficit was estimated to grow by US\$2.6 billion during 2012–2014.³⁰ The World Bank estimated that the impact of refugees in the country would cut GDP growth by 2.9 points yearly, resulting in large losses of profits, taxes, wages, or private consumption and investment.³¹ In 2012 alone, prior to a further rise in refugees, Lebanon's budget deficit was 8.6 per cent of GDP, and its debt-to-GDP ratio was 134 per cent.³² Whilst the UN has launched an appeal for funding, only 17 per cent of the required figure has been met.³³ The already financially weak nation will struggle to shoulder these exorbitant costs alone.³⁴

Jordan

By the end of 2014, Jordan was hosting 654,100 refugees, making it the sixth largest host country.³⁵ This has resulted in a significant population increase of 8 per cent to the relatively small country.³⁶ There have been severe macroeconomic effects resulting from the large-scale influx. The sudden influx of refugees has stimulated demand for consumer goods that far outweighs supply, resulting in an inflationary impact on the nation.³⁷ The enormous number of refugees looking to rent properties has led to a 7.7 per cent rise in rent,

an increase which would have otherwise only been 2.7 per cent.³⁸ Imports have increased to meet the needs of the significant rise in population caused by the refugees, with non-energy imports seeing a rise of 11 per cent.³⁹ As Jordan has lost a vital trading pathway in Syria, its exports have simultaneously been decreasing, affecting the trade balance.⁴⁰ Furthermore, without the rise in refugees, GDP would have risen 4 per cent instead of the documented 3 per cent in 2013.⁴¹ This 1 per cent amounts to the cumulative figure of government grants Jordan received in the same year.⁴² Throughout 2013–2014, the Jordanian government's public expenditure is estimated to have increased by 1 per cent of GDP to allow for the humanitarian needs of refugees, including the provision of health services, education, and electricity.⁴³ This added pressure on public services has also led to the deterioration in their quality.⁴⁴ The nation's International Monetary Fund (IMF) supported economic program has helped with much of the fiscal costs of hosting the large number of refugees, but this alone is not sufficient or sustainable, nor should this cost be disproportionately borne by Jordan.⁴⁵

Turkey

After the number of refugees in the nation rose to 1.59 million in 2014, Turkey became the largest host country for the first time.⁴⁶ Turkey has much more budgetary space to accommodate refugees than Lebanon and Jordan, however, this burden will soon become too much to withstand as the situation continues to escalate.⁴⁷ Similar to Jordan, Turkey has seen inflation rise due to a sharp increase in consumer demand for rental properties attributed to the influx of refugees.⁴⁸ Some of the local population believe jobs are being taken by refugees who will work for lower wages, which is supported by the rise in the nation's unemployment rate to 10.1 per cent in November 2014.⁴⁹ However, there is some evidence to suggest this increase in unemployment is due to normal economic developments.⁵⁰ In fact, employers and businesses in the country believe refugees have filled low-skilled job vacancies that locals were unwilling to fill, such as positions in agriculture and manufacturing sectors.⁵¹ Furthermore, government expenditure on the

25 United Nations High Commissioner for Refugees, above n 3.

26 International Monetary Fund (2015) *Lebanon: Concluding Statement of the 2015 Article IV Mission*, <https://www.imf.org/external/np/ms/2015/051415.htm>, accessed 3 June 2015.

27 World Bank (2013) *Lebanon: Economic and Social Impact Assessment of the Syrian Conflict*, <http://www.worldbank.org/content/dam/Worldbank/document/MNA/LBN-ESIA%20of%20Syrian%20Conflict-%20EX%20SUMMARY%20ENGLISH.pdf>, accessed 3 June 2015.

28 World Bank, above n 27.

29 World Bank, above n 27.

30 World Bank, above n 27.

31 World Bank, above n 27.

32 World Bank, above n 27.

33 Andreychuk, above n 18.

34 Andreychuk, above n 18.

35 United Nations High Commissioner for Refugees, above n 3.

36 Abdih, Y & C Geginat (2014) *The Economic Impact of the Syrian Conflict on Jordan*, <http://www.imf.org/external/np/blog/nafida/093014.pdf>, accessed June 3 2015.

37 Andreychuk, above n 18.

38 Abdih & Geginat, above n 36.

39 Abdih & Geginat, above n 36.

40 Abdih, Y, et. al. (2014) *Jordan: Selected Issues*, <http://www.imf.org/external/pubs/ft/scr/2014/cr14153.pdf>, accessed June 3 2015.

41 Abdih, et. al., above n 40.

42 Abdih & Geginat, above n 36.

43 Abdih & Geginat, above n 36.

44 Abdih & Geginat, above n 36.

45 Abdih & Geginat, above n 36.

46 United Nations High Commissioner for Refugees, above n 3.

47 Andreychuk, above n 18.

48 Turkish Economic and Social Studies Foundation (2015) *Effects of the Syrian Refugees on Turkey*, <http://www.tesev.org.tr/assets/publications/file/09012015103629.pdf>, accessed 10 June 2015.

49 Turkish Economic and Social Studies Foundation, above n 48.

50 Turkish Economic and Social Studies Foundation, above n 48.

51 Turkish Economic and Social Studies Foundation, above n 48.

rising refugee population has totalled US\$4.5 billion to date.⁵² This is a substantial cost for a nation that is not receiving adequate financial assistance despite urgently appealing for greater assistance in managing the mounting problem.⁵³

Leaders of G20 nations should take advantage of their budgetary space and increase their refugee quotas and funding to ease the pressure on these struggling states and facilitate the economic benefits refugees create. The need for G20 involvement in a previously untouched area, however, is not just about what the G20 is; it is also about what the G20 can be.

What was once labelled the premier economic forum is now coming under increasing criticism for losing relevance and effectiveness.⁵⁴ From the outset the very nature of the G20 has attracted criticism of hegemony and a lack of inclusiveness.⁵⁵ The global refugee crisis requires collective action from wealthy nations to assist non-members and middle-power members alike, and is best served by cooperative direct leader involvement. Therefore, what is a humanitarian tragedy can be addressed in a manner that presents the opportunity for the G20 to reframe itself as an inclusive economic forum. Addressing the crisis in this manner provides a more equitable solution to the issue that considers the interests of non-member states, rather than ignoring the issue and thereby facilitating members to overlook the problem. This allows an opportunity to achieve more inclusive growth, particularly supporting Low Income Developing Countries (LIDCs), themes that are central to the Turkish G20 presidency.⁵⁶

Conclusion

The global refugee crisis is one of the largest humanitarian crises of the twenty first century, and effective global management will be the difference between an economic disaster and an opportunity for inclusive economic growth. The G20's strength is that it provides a platform for leaders of some of the wealthiest nations to coordinate

effective international responses. This strength can be employed to not only turn a crisis into an opportunity, but reframe the G20 as an inclusive and relevant forum. Whilst the number of globally displaced persons mounts, so does the cost that is disproportionately endured by some of the world's poorest nations. The economic impact of a large-scale refugee influx negatively affects poorer nations more so than it does richer nations, therefore the more economically capable G20 states should do their part in managing the crisis to mitigate the costs and maximise the benefits. This should be done by simultaneously increasing refugee quotas and funding to programs and struggling host countries.

Jacki Molla is currently studying a combined Bachelor of Laws and Bachelor of Government and International Relations at Griffith University. She was a Global Voices delegate in 2015.

⁵² Andreychuk, above n 18.

⁵³ Andreychuk, above n 18.

⁵⁴ Hajnal, PI (2014) *The G20: Evolution, Interrelationships, Documentation*, Ashgate Publishing: Farnham, p. 137.

⁵⁵ Beeson, M & S Bell (2009) "The G-20 and international economic governance: Hegemony, collectivism, or both?" in *Global Governance*, Vol. 15, No. 1, p. 67.

⁵⁶ G20 (2014) *Turkish G20 Presidency Priorities for 2015*, <https://g20.org/wp-content/uploads/2014/12/2015-TURKEY-G-20-PRESIDENCY-FINAL.pdf>, accessed 2 April 2015.



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