COMMONWEALTH OF AUSTRALIA

JOINT STANDING COMMITTEE

ON

FOREIGN AFFAIRS, DEFENCE AND TRADE
Foreign Affairs Subcommittee

Reference: Relations with ASEAN

BRISBANE

Friday, 23 May 1997

OFFICIAL HANSARD REPORT

CANBERRA

JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE
(Foreign Affairs Subcommittee)

Members:

Mr Taylor (Chairman)

Senator Bolkus	Mr Bob Baldwin
Senator Bourne	Mr Bevis
Senator Chapman	Mr Brereton
Senator Childs	Mr Dondas
Senator Forshaw	Mr Georgiou
Senator Harradine	Mr Hollis
Senator MacGibbon	Mr Jones
Senator Schacht	Mr Lieberman
Senator Troeth	Mr Nugent
	Mr Price
	Mr Slipper
	Mr Sinclair
	Ms Worth

Matter referred for inquiry into and report on:

The development of ASEAN as a regional association in the post Cold War environment and Australia's relationship with it, including as a dialogue partner, with particular reference to:

. social, legal, cultural, sporting, economic, political and security issues;

. the implications of ASEAN's expanded membership;

. ASEAN's input into and attitude towards the development of multilateral regional security arrangements and processes, including the ASEAN Regional Forum (ARF);

. ASEAN's attitudes to ARF linkages with, or relationship to, other regional groupings;

. economic relations and prospects for further cooperation, including the development of the ASEAN Free Trade Area (AFTA) and possible linkages with CER;

. development cooperation; and

. future prospects - in particular the extent to which the decisions and policies of ASEAN affect other international relationships.

WITNESSES

JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

(Foreign Affairs Subcommittee)

Relations with ASEAN

BRISBANE

Friday, 23 May 1997

Present

Mr Taylor (Chairman)

Senator Bourne	Mr Dondas
	Mr Hollis
	Mr Barry Jones
	Mr Nugent
	Mr Sinclair

The subcommittee met at 9 a.m.

Mr Taylor took the chair.

[9 a.m.]

TOW, Dr William Terry, Associate Professor in International Relations, University of Queensland, Department of Government and Centre for the Study of Australia-Asia Relations

TROOD, Associate Professor Russell Brunell, Associate Professor of International Relations, Centre for the Study of Australia-Asian Relations, Griffith University

CHAIRMAN—Before we invite you to make an opening statement, I will make the point that this is the second day of the Brisbane public hearings of the Foreign Affairs Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade's public inquiry into ASEAN. Yesterday afternoon, we took evidence from the Lord Mayor of Brisbane, Jim Soorley. Later today we will hear from the Queensland Government and representatives from Bond University. Gentlemen, I invite you to make an opening statement.

Prof. Trood—We were not proposing to make one. We did not have any particular reason to advance our submission to the subcommittee. We are more than happy to answer questions about the nature of our submission and the issues we have raised there. We did not have any particular views that we wanted to express to the subcommittee.

CHAIRMAN—Do you have any amendments to make to that written submission before we start?

Dr Tow—Perhaps one.

CHAIRMAN—Could you refer us to the page?

Dr Tow—We are giving a possible projected entry date for the new members. I think it is either page 127 or 128.

CHAIRMAN—We have different numbers.

Dr Tow—It would probably be page 3. We are talking about the prospects for expanded membership. I am sorry, it is page 2. It should be July 1997.

CHAIRMAN—Yes, I thought that last night when I was looking at it. I shall open the questioning and refer to this expanded membership. We have the group of seven at the moment, which is purportedly to go to 10 maybe even as early as the end of this year. What do you think, both in terms of the bilateral with Australia and the internal relationships within ASEAN countries, of the possibility of Burma being admitted?

Prof. Trood—To begin with, I think there is no question that Burma will be

admitted. It is clear that ASEAN is quite determined upon that course and that anything that the West or Australia would try to do to deter them from that particular position is likely to be counterproductive, not just unable to influence the decision but actually counterproductive, and would steel their determination to try to bring Burma in. So I think that is a fait accompli. So Burma will be in ASEAN within the next short period. That will, of course, not only complete the expectations that ASEAN had, at least in some minds, from the start that it should be a South-East Asian organisation, but it will, I think, probably create a situation in ASEAN where they are going to have to deal in a much more complicated political environment than the one in which they have dealt before. What I mean by that is that there has been for the most part within ASEAN throughout most of its history—nearly 30 years now—a measure of consensus about ASEAN and how it should proceed. Although these countries have had very different forms of government within the organisation, they have nevertheless been able to reach a consensus about how they proceed. The admission of the Indochinese states and Burma adds another dimension to that core of consensus which I think is, in all likelihood, going to complicate the nature of the decision-making apparatus within the organisation. I think it is very difficult to say how that is going to work. At this workshop on which our submission was based, there were really quite differing views as to the impact this might have on the decision-making apparatus within the expanded organisation.

CHAIRMAN—If I could just interrupt you, you might just mention the breadth of that discussion group and who was involved as you go through.

Prof. Trood—There were some people who were of the view that the expanded ASEAN was likely to be an organisation in which there could be potentially a two-tiered decision-making apparatus. That is to say that those countries which were the core and the founding members of ASEAN would remain the core and that the most recently joined members would be, in a sense, associate members or perhaps second-class citizens, although the public perception of that will be something that ASEAN will want to resist. There were others who were of the view that the likelihood is that ASEAN's procedures, which are, some would ungenerously say, sporadic but nevertheless rather slow on a consensual basis, are really well adapted to trying to bring in new members whose positions, economic status and political systems are very different from the kind of political systems and the status of the states that are already there. I do not think it is clear. It is very difficult to get a consensus on how this process might actually change over time. It is going to be a matter of evolution. Of course, ASEAN has shown itself throughout its 30 years as being very effective in trying to resolve the problems that have come up during the course of its history in trying to reach positions of consensus on the issues with which it is confronted. So I suppose in general terms I am fairly optimistic that ASEAN will find a way around the problems, but I am not necessarily optimistic that this is going to make this organisation more dynamic and necessarily more able to reach decisions more quickly or necessarily change fundamentally the direction in which ASEAN might move. I think the consequence of that for Australia is likely to be that we are going to deal with an organisation, at least in the short term, which perhaps is not very

much different from the kind of organisation we have been dealing with over the last decade or so.

Dr Tow—Russell is the optimist of this dynamic duo. I am the pessimist. My pessimism essentially is that, from an Australian vantage point, this may complicate the perceived legitimacy of Australia's involvement in some of ASEAN's deliberations, I think, in a couple of ways. Firstly, ASEAN is going to have to step back now and reflect very carefully the mid to long-term geopolitical consequences of a group of 10 as opposed to a group of six or seven, particularly in the case of Burma. What we are really seeing here, I think, to some extent is a move by ASEAN to neutralise what is perceived as being a projection of Chinese power into South-East Asia. That is compatible, I suspect, with this government's perception and concern about Chinese power. But what I think is problematic for Australia is that perhaps it is not being perceived as a direct participant in the formulation of a South-East Asian counter-strategy towards neutralising this growing Chinese influence over the next 10 or 15 years. I guess the real question is to what extent the ASEAN Regional Forum, where Australia has been a bit of a spearhead over the past few years, is going to take a back seat or is going to play an integral role in the type of subregional strategic perceptions which are formulated over the mid to long term, over the next five to seven years. I think that is the first bit of pessimism I can offer.

The second is that if we see the Mahathir type of approach become more dominant within a group of 10, which is to say that Mahathir is arguing Asia for Asians and that the inclusion of the three Indochinese states solidifies this type of approach and this type of calculation, it is going to be a real policy challenge, it seems to me, for Australia to come up with a series of rationales to essentially counter this type of policy calculation and policy advocacy that has been advocated certainly by Malaysia and, to a lesser extent, by some people in Singapore. I do not think that Singapore's perception is universal in this regard, because I think Singapore takes the FPDA, for example, quite seriously.

So it is not necessarily a problem of concrete policy per se. It is not something where you have an A to B type of process between now and six months from now, but rather a problem of creeping mid to long-term perception in regard to how is Australia relevant over the next five to seven years. I am not sure that sufficient thought has been given to this in the Department of Foreign Affairs and Trade. There tends to be a continued—and I am sorry for the North American aphorism—Bucky Beaver type of approach, which is to say, 'We are good boy scouts. We are going to continue to sustain dialogue. We are going to continue to be busy. We are going to essentially ingratiate ourselves where we can with the region.' But the downside of that, of course, is that there may be a lack of perceived substance and, frankly, a lack of mid to long-term vision that is perceived by the ASEAN states in regard to the way Australia is managing this problem.

Mr BARRY JONES—I would like to follow up the pessimistic view. Given that within the 10 projected ASEAN states, including Myanmar as well, if you think of the

extraordinary range of political approaches ranging, I suppose it might be fair to say, from the Philippines at one end and Myanmar at the other, and some significant cultural diversity, it is clear that being part of ASEAN will not inhibit Ramos from taking a particular political line if it suits him, and I think it will not have any inhibitory effect on the SLORC people. It is curious that they should be jacking up the suppression of the opposition at precisely the time they are going into ASEAN. If that is the case, other than being a kind of barrier against Chinese expansion in the sense of influence, what do you really see as the core activity? Other than slogans like 'Asia for the Asians', what do you see as the three or four core activities that make ASEAN—whether it is absolutely common interests in ASEAN or, given that political range and various ranges of political, social and even economic development, is it going to be increasingly the case that the actual core is going to be a bit hollow?

Prof. Trood—I will give a couple of responses to that. I really think that it is difficult to answer the question. The reason I say that is that there is going to be a generational change in ASEAN at the leadership level in the next decade or so, perhaps. In particular, two of the people, or perhaps three, who have been absolutely critical to the evolution of ASEAN for most of its period of existence are going to disappear from the stage. Of course, I am talking about Suharto, Lee Kuan Yew and Mahathir.

Mr BARRY JONES—Ramos?

Prof. Trood—Yes, but less so, because the Philippines, as you know, has been less a part of ASEAN than the other three have been over a long period. That generational change will take place. Those three people have been the core of ASEAN. They have been the driving consensus. They have been the people who have been able to get ASEAN to do some of the things that it has been able to do throughout this 30-year history. I think it is really very unclear as to what impact the disappearance of those people will have on the organisation, except to say that there has been a very strong process of socialisation within the elite—the political elite particularly—of all these organisations. Whilst Suharto, Mahathir and Lee Kuan Yew might not be there in 10 years' time, there remains a strong commitment to ASEAN as an organisation.

If you ask yourself what the core of that organisation will be in the future, it seems to me that it will be a couple of things. Firstly, it will be a security community. That is a commitment to which all ASEAN states are committed. I do not mean that in a sense of an alliance. I do not mean it in the sense of an organisation in which there are mutual security commitments on either side, but at least in the perception that ASEAN actually addresses the comprehensive security needs of each of the countries who are committed to it. It is a very loose kind of security organisation, but it is a commitment that actually responds to their political demands, the economic demands that they have, and, of course, the social demands that they all see. It will be, I think, a security community.

I think that, at last, they have managed to put a lot more effort than was previously

the case into trying to build into the community some kind of economic cohesion. Of course, from 1992 AFTA has come into place. I expect that there will be greater emphasis on trying to build something of AFTA within the organisation. An attempt will be made to make more cohesive the economic dimensions of the organisation. At least at our meeting last year, there was a great deal of scepticism about how far that process could go. There were all sorts of reasons for that—largely, of course, because most of the trade is external rather than internal within the organisation. There are considerable barriers.

Those two things at least seem to me to be central to what ASEAN might see itself as bringing into the region. I suppose the third is that, in the context of those particular foci, it will see itself as an organisation as part of the dynamic elements of stability in East Asia. So there will be internal expectations about the organisation and an external orientation, which will set ASEAN at the centre of all of the debates about security in the region. That perception that ASEAN through ARF, perhaps, is an important player in the region, that it has interests that it has to represent on behalf of its members and against the great power interest in the region, I think will be absolutely critical to the 12 as well.

CHAIRMAN—Who was at that forum? You did not answer that question. I think it is important to know who was involved and their status.

Prof. Trood—There was a range of academics from Australia and the region.

Mr BARRY JONES—All academics?

Dr Tow—No. There were also representatives from ASEAN itself, particularly from the economic——

Prof. Trood—There was a person from the ASEAN secretariat. There were a couple of Americans who came in as well. Primarily, they were academics, but the ASEAN ones were of the kind that moved back and forth for policy making. In some respects, they were younger academics, which was our intent. We were trying to get people other than the usual group who were on the circuit and are seen at all the meetings and so on—Wanandi and so on. We try to get a younger generation of scholars who are thinking about these sorts of issues. There was a strong representation from around the region. I thing we had someone from each of the ASEAN countries bar Vietnam, several Australian scholars and two Americans.

Mr NUGENT—No practitioners?

Dr Tow—We had some observers from DFAT. I think there were one or two DFAT observers from Australia. We did not have practitioners from the ASEAN countries. They were invited but, frankly, they just did not choose to go.

Prof. Trood—There was a representative of DFAT. Someone from our Department

of Defence was there.

Dr Tow—Taking up Russell's last point, you will remember that the Kuala Lumpur Declaration of 1971 emphasised the concept of regional resilience. It seems to me, particularly with the expansion problem, that there may be a bit of a gap between the rather tight and cohesive concept of regional resilience as envisioned by the Kuala Lumpur Declaration in 1971 and the situation that we are seeing in 1997, which has a great deal more fluidity and therefore probably, in my view, a bit more of an identity crisis in terms of where ASEAN is going from here. That presents, of course, I think an interesting problem for Australia which, at the same time, is also experiencing a bit of an identity crisis in terms of where do we go from here in Asia—particularly in terms of the new government.

There seems to be a bit of a disconnect right now in terms of the South-East Asian subregional mindset or direction on the one hand and where Australia seems to be going on the other hand. That is understandable, because there is a very fluid situation in both cases. So in that sense, I think that ASEAN is going to try to go back to the basics to derive through negotiation some sense of, if you will, cohesion in regard to its regional mission. I am probably less optimistic than Russell that ASEAN is going to expand beyond that. I think that whilst the Asia-Europe summit is a very interesting process, I am not sure that it is really all that substantive beyond the symbolic act of transregional interaction, if you will, but there are just so many problems right now with the European Community in terms of straightening out their own act. I am not to a great extent convinced that there are going to be any breakthroughs in the globalisation process with the summit.

I am, I guess, a little bit less sanguine than Russell about the problem of linking national resilience with regional resilience. If you take a look at what is going on in Indonesia now, I am not sure that we can really identify a successive generation there as Suharto comes to an end. If you take a look at Mr Anwar in Malaysia, you will see that he tends to, I think, be somewhat more sensitive than does Mahathir to the fundamentalist aspects in Malaysian society, although putting a secular spin in his public statements. Obviously, the PAP still looks like it is in pretty good shape in Singapore by hook or by whatever. As to Thailand—I thought it was interesting that last week there was a commemoration after five years of the uprising against the military rule in 1992. There seems to be, I think, some question in Thailand—apart from the authority of the king—about exactly what is the legitimacy of the political processes. How that will spill over into ASEAN's ability to separate essentially the internal processes from the building up of regional resilience is something that I do not think the ASEAN diplomats themselves are quite sure how they are going to manage. If the ASEAN diplomats are not sure how they are going to manage it, I am not really convinced that the Australian diplomats are going to be able to tell them how to manage it any better than are they.

Coming back full circle, getting ASEAN to fit more cohesively into the

globalisation process will be a tricky proposition, because they are to a large extent preoccupied—as Russell properly indicated—with the generational problem: how the new generation is going to essentially fit, how the members of the new generation are going to talk to one another. Until they get those problems resolved, to what extent ASEAN is going to project beyond a fairly benign and tacit catharsis to something that is more meaningful and substantive is an open question.

Prof. Trood—Perhaps I could add that I did not intend to convey a degree of optimism about this process that I was talking about.

Mr BARRY JONES—You were smiling.

Dr Tow—He knows me.

Prof. Trood—The point that I was making was that these seem to be ASEAN's expectations, but they are not necessarily ones that are shared around the region. I think that its ability to achieve economic integration, for example, is widely regarded as going to be very difficult. The solving of the problem of generational change is likely to be very difficult within the organisation. The problem of a security community is profound, I think. I would certainly not be optimistic about the ability to maintain a cohesive security community within the organisation. It seems to me that there are profound difficulties. While I am saying that these seem to me to be ASEAN's expectations, I do not think any single one of them is an expectation that they could hope to fill easily in the short term. In fact, in a way it seems to me that there is an element of delusion about what ASEAN can actually achieve in those areas.

Mr SINCLAIR—I find your perspectives fascinating. I want to make a couple of observations by way of response. Firstly, what you have said highlights one of the problems in the lack of communication between politicians, academics and bureaucrats. As a politician who has been involved continually at a fairly significant level, I think that your expectations and the officials of ASEAN's expectations are seen quite differently by you who sit back at arm's length and passionately observe from those who are——

Prof. Trood—Passionately observe or dispassionately observing?

Mr SINCLAIR—I say 'passionately observe' because you are far more passionate about your observations than those who are the participants. I do not think that you dispassionately observe at all. That was part of my point. Secondly, I believe that, if you are going to look at the relationship, you really have to look at ASEAN as distinct from the European Community, and look not at what it is now but what it was. When I see the expansion of ASEAN, I certainly do not come out anywhere near as pessimistic as others, because I think the genesis of ASEAN was in a climate where there were so many really fundamental differences between the countries. It emerged at the time when Singapore and Malaysia had tremendous animosity, when Indonesia had animosity with Malaysia, when

the communists had virtually just withdrawn from the Malaysian jungle and there were still doubts about the security within Malaysia itself. If you take the way in which it has actually thrived, you will see that it has thrived for all the wrong reasons. Therefore, I do not see the expansion as much as a threat as you have presented.

Thirdly, it is important when you are looking at ASEAN-Australian relations—and this is more in response to your observations, Dr Tow—I think you have to look at ASEAN itself before you decide where Australia and the rest of the world come in. Part of the problem that ASEAN has always had is to try to be itself. It does not want the Japanese playing too big a part. It does not want the Americans to play too big a part. It certainly does not want Britain to play too big a part. One of the facets of ASEAN has been trying to establish some corporate entity among entirely disparate parts. That it has survived at all I think is absolutely remarkable. That it has actually thrived instead of just survived is even more so. I think you have to start off, therefore, looking within ASEAN rather than coming at it from our European prejudices and looking at it as another type of European Community. They have an entirely different set of problems. I think ours are different.

Fourthly, I think it is also particularly important that we look at ASEAN in the context, as you describe it, of security. Their predominant concern for years has not been external security; it is internal. Security is seen differently. The Indonesian Army is still not concerned with external threat; it is concerned with internal threats—trying to hold that fairly diverse group of people who represent the Indonesian archipelago together. I do not think you can ignore that.

I do not want to take too long to put my point of view, but I am concerned about some of the products of your representation. I could probably give another half a dozen points that I would like to pursue at another time. I have two questions. Firstly, do you not think that, at the moment, people are putting far too much emphasis on the China threat? There is a total commitment to where China is going. The China watchers are alive and well. Stephen Fitzgerald is now trying to elevate the picture again. China is there. We all know she has been there, but she has been there for thousands of years. Has her threat really changed? She is no greater threat, I would submit today, than she was in the Vietnam days or than she was in World War II. She is changing, but so is the rest of the world and its capacity to react against it. I would like to get your assessment of how we should really measure the China threat. I put to you that the China threat is still a quarter of a century away. If it is a quarter of a century away, people are not necessarily taking their day-to-day decisions in 1997 on the basis of China; they are really taking them on the basis of what they see is good for their own country.

The second question relates to the personalities. I am far more optimistic on the personalities than you. I think it has been quite remarkable how Mahathir has evolved. I met him just after he had been elected Prime Minister for the first time. Mahathir was really the first of the Malays who had, if you like, a wide vision of Malaysia. The rest of

them had been trying to secure a role for themselves against the Chinese, whom they regarded as dominant. Sure, you had the Tunku and others who were trying to preserve the British presence and saw themselves in the image of Brits. But Mahathir is the first, having been educated in the West and having a bit of both. He has come out as a Malaysian and given Malaysia an imprint.

I think that in the generational change, the next probably five to 10 years within ASEAN are going to be a bit more dominated by Malaysia simply because they are more assertive. Lee Kuan Yew is on the way down. Suharto is obviously on the way down. The interesting thing about Mahathir is that he has moved away a bit from fundamental Islam to a bit more conservative Islam. It seems to me that as the product of economic change has mellowed in one sense, and not necessarily in the human rights sense but in the government sense, Suharto's attitude—and perhaps that is a matter of perception as we come to an election—is more benign in one sense than many believed he would be, and I think that Mahathir is going to be more benign.

So do you not see that the succession of generations has really meant that you had individual strong people emerge within ASEAN—and who that is going to be after Mahathir I think is a bit early to say—but I would like to ask you: have you any thoughts on who might be that next emerging character? How long do you think this period of Mahathir will continue? Do you think that the influence of one country—I mean, there is no doubt that Lee Kuan Yew has been extraordinary. I suspect that Goh Chok Tong will not be. I think Suharto has been extraordinarily influential. Mahathir is now being influential. I cannot see Ramos doing it, because he is about to disappear anyway. We met Lei Chuan Pi yesterday, and he impressed me greatly—the former Prime Minister of Thailand. I am just interested to get your observation on who is going to take over from Mahathir, and do you think that those personalities might give you a different image of an expanded ASEAN as a result? I am sorry for talking so long. I just feel fairly strongly about this, and I was quite fascinated by your paper.

Prof. Trood—I was not able to bring my crystal ball along to the meeting this morning. It seems to be very necessary. I am not sure whether I am alarmed or reassured by the fact that, in relation to most of the comments you made, I find myself in agreement. I had not intended to put a pessimistic spin on it. In fact, my own position about the future security outlook in the region is, for the most part, a relatively optimistic one. In fact, I am greatly alarmed by the voices that are being heard in some parts of Canberra and, as I understand it, in the Defence Department at the moment, which seem to be talking persistently in terms of a deteriorating security environment. I take particularly the historical perspective which you have mentioned. You are absolutely right. If you compare the kinds of forces that exist within the region in 1997 to those which existed in 1967 or in 1977, then the region overall is a much more stable place for all the reasons that I am sure are very familiar to members of the subcommittee.

I refer to things like regime stability in most of South-East Asia and elsewhere

around the region; the existence of embryonic, to be sure, but nevertheless rather important multilateral organisations which were in place at that particular time; the ability of the countries of the region to actually solve long-outstanding disputes, et cetera; and economic development. There is a whole raft of issues which make 1997 a very different kind of climate from that which existed in 1987, 1977 and certainly 1967. So for the most part I am relatively optimistic. This is not to say that there are not danger points in the region. We are all very familiar with those. I recognise that they could actually spark into something in the future. It does alarm me that we seem to lose the historical perspective on most of these issues. We seem to talk about uncertainty in the region. We seem to talk about dangers in the region as though this were suddenly a much more dangerous environment, ignoring what it looked like. I can go back to the ministerial speeches of Casey, for example, or Hasluck, for example. They are full of doom and gloom about the region and about the circumstances in a situation where there was great instability. The British were leaving. There was chaos in Laos. The Vietnam war was on, or the Vietnamese were in Cambodia. It seems to me that, compared to that period, this region is a far more stable, economically prosperous region. Notwithstanding the particular dangers and conflict points that exist here, there are reasons to be optimistic about its ability to manage the dangers and move ahead. So I agree in many ways with that.

Equally, I am relatively relaxed about the China threat. The reality is that China is going to be a power in the region. There is no question about that. That means that it is going to influence the region's politics, as it has historically. Of course, we are not talking only about this century; we are talking about centuries back. So it is there. The question seems to be: what sort of an actor will it be within that region? Will it be threatening in the terms in which people talk about it, or will it actually recognise that its interests are better served by integrating more effectively in the region, mediating the kinds of differences it had with regional countries, and being a force of stability? For the most part I am relatively optimistic about that. Things could go wrong in Taiwan, for example. Indeed, things could go wrong in six weeks' time in Hong Kong. That seems to me to be the first testing point. If things go wrong there——

Mr BARRY JONES—We have covered that.

Prof. Trood—Have you?

Mr BARRY JONES—We have reached a definitive position.

Prof. Trood—I cannot change your mind on that then?

Mr BARRY JONES—No.

Prof. Trood—It seems to me to be a testing point—the closest one that we are facing. I must say that I am relatively less troubled by China's role in the region than some are. In fact, I am alarmed by some of the voices that are being heard in the United

States about this.

Mr BARRY JONES—So am I. That is part of the reason I asked that.

Prof. Trood—Bill will probably give you a different view on it. It is the sort of Yin and Yang approach.

Dr Tow—Actually, I concur with Russell on the China threat. There is a lot of rhetoric. I think ASEAN is handling this very well. What ASEAN is attempting to do by moving towards the ARF is hopefully that it progresses in a more substantive way, more than just two-hour meetings in the Hotel Shangri-la. What ASEAN is attempting to do, I think, is to begin to identify and gradually build a framework which will anticipate and pre-empt the types of crises intensification which otherwise could perhaps occur in South-East Asia—whether it be the Spratly Islands, which of course is the major preoccupation; also perhaps the resurgence of instability in Indochina down the line; problems of territorial control; the interpretation of territorial control throughout the South China Sea; and other territorial disputes. I think the basic concern is China's willingness over time to apply a bit less constructionist interpretation of its own sovereign rights. But I think the ASEANs understand that, like themselves, China considers itself to be a developing state.

This was the PRC that came into existence in 1949. So it has had essentially less than 50 years in the business of essentially managing its sovereignty within the region and within the international community. I think this is what really bothers me about statements that, 10 or 15 years down the line, we are going to be facing the China threat. The Australian Defence White Paper of 1994 comes to mind as anticipating the evolution or development of the China threat. It may be a self-fulfilling prophesy if those who are observing China continue to reiterate—and obviously for the consumption of Chinese perceptions as well as anyone else's—that China, yes, you are going to be a problem in 10 or 15 years. You then get to that self-fulfilling prophesy. But I think that if you move, as the United States has, towards a deliberate policy of engagement with the Chinese, which is to say that you certainly do not back down in those areas where you feel that you have critical or vital national interest at stake, but on the other hand you are willing to build a mid to long-term framework of negotiation with the Chinese, it seems to me that that is making a very good long-term investment in security policy.

I think that certainly the Australian government, until perhaps last year began, really did understand this. I am not saying that there was any type of systematic collaboration between Canberra and Washington in this regard, but it was on the same track. I am not saying that this Australian government has reversed policy courses. I think it just took about a year for this new government to try to find a balance that it was comfortable with between, on the one hand, reiterating some of the bilateral relationships that it felt perhaps had been neglected—most notably the American alliance on the one hand—and, at the same time, sustaining the agenda in Asia on the other. I do not criticise that quest to find the balance. The problem, of course, is ironing out the potential for

misinterpretations coming from Beijing or elsewhere. I think I concur with Russell's notion that if we stay calm and if we essentially map out over 10 or 15 years—and this is one of the areas where I think that ASEAN and Australia can work very well together, and that is essentially to collaborate as much as possible and as systematically as possible on a so-called even-handed approach towards the Chinese, taking into account Chinese sensitivities but at the same time staking out a separate and recognisable agenda to make sure that everyone's interests are going to be essentially treated with the respect that they deserve in a regional or subregional context—I think the Jakarta workshop, the ARF and other diplomacy-type measures are a very good way to go. This is where I think Australia and ASEAN can work very well together.

CHAIRMAN—What about Ian's questions about personalities? Do you see at this stage Sutrisno—if indeed he is the successor to Suharto—or an Anwar or a dominant personality within ASEAN?

Dr Tow—I am less concerned about personalities than I am about national leadership infrastructures per se. Personalities come and go. What I am more concerned about——

CHAIRMAN—One might follow the other, though, of course.

Dr Tow—I guess it depends to what extent you feel that personalities fit into the political system or whether political systems are derived which, in turn, produce personalities. That is the chicken and the egg question. My own feeling is that, in the case of Indonesia, there does not seem to have been the type of comprehensive infrastructure put into place to ensure a fairly stress-free political succession process there. In the case of Singapore, there seems to be that type of infrastructure, even though I may or may not necessarily think that it is the greatest thing that I have observed, but nevertheless there does seem to be this mechanism for stability. I am not in the business of predicting, nor would I presume to predict which personality is going to surface and to prevail. I am somewhat concerned that there is insufficient attention given to the possible scenario of political infrastructures in these countries breaking down. If that is the case, then I think that we get a bit more of an integration of the external security concerns with the internal security concerns that Mr Sinclair mentioned, because then one plays into the other.

Prof. Trood—I would be very surprised if, in the future, we are going to have within ASEAN the sort of charismatic dominant leaders that existed there. The reason for that is that the people like Suharto, Mahathir ,and Marcos when he was around, were all charismatic leaders in one sense of the word and they were nation builders. Lee Kuan Yew was. They were nation builders in the context of a period of post-colonial disturbance throughout the region, and they served their time in a very charismatic way for their particular countries and were dominant in that context. Once these countries develop a political stability and these leaders pass, you tend to get, as a political process, much more grey figures. For example, once Ho Chi Minh leaves Vietnam, what do you get—a

succession of fairly grey commissars from the Communist Party running the place. Once Lee Kuan Yew passes from the field, Goh comes into place. I am certainly not disparaging his abilities, but he is clearly less a charismatic leader than was Lee Kuan Yew. I would be very surprised if, in the ASEAN context or even throughout South-East Asia, we have in the future the kind of very dominant leaders that have been so important on the stage over the past 30 years.

Mr SINCLAIR—I guarantee that, in 10 years, the mayor of Ho Chi Minh City could well be the person that you are looking to. He is the next generation after the next succession. To my mind, the same pressures are still about in some of those countries of ASEAN. Those of you who are in academia probably have access to some of those people to a greater degree than we. It is interesting to observe those successions, but I will not go into my thesis; I will do that at some other time.

Mr BARRY JONES—I agree that it is difficult without a crystal ball. My recollection is that Mahathir and Suharto were both seen as transitional figures, the sort of grey figures who would be there in an interim after it changed and then the real leaders would emerge. That is a bit like the view about Adenauer—'He's an old man. He'll only be there for a few months.' It does not work out like that. I remember in Russia people looked to the rising stars, like Sobchek and Popov, who all disappeared without trace. I should know this but I cannot remember: when the Indochinese states began the process of accession to ASEAN, what was the Chinese reaction? Did they make diplomatic protest against it? Were they unhappy with it? Did they have any overt or covert reaction to it?

Prof. Tow—To the best of my recollection, no. The one concern they had was essentially the Khmer Rouge problem at that time. The accession process started about two or three years ago, I think. In order to get to that stage, there had to be the election in Kampuchea, or Cambodia. The Chinese, since they withdrew support from the Khmer Rouge, have pretty much aligned themselves in the ASEAN camp in a diplomatic context, with the exception of the territorial issues. I think I am correct that there has not been a great deal of consternation, as long as—and I think this is the key point—China is able to sustain separate and meaningful bilateral relationships with each of those countries, including Vietnam. As you know, there is still a lot of tension between Vietnam and China over a variety of issues. I will not go through them here because of time. The Chinese have made it very clear to all of the ASEAN states—even after the Spratly Islands and accepting the principle of sea law as a basis of negotiation—that they still want, to use the Chinese term, a code of conduct by which they can discuss bilateral problems with each of those states. That includes the Chinese states. In that sense, you have a dual Chinese diplomatic approach. On one hand, not making the mistake that they made during the first 10 years of ASEAN's existence when they very much opposed ASEAN, perceiving it to be essentially nothing more than a successor of SEATO, without a cold war context. Since they turned that around, which was about the same time that they moved towards the simultaneous pursuit of party to party versus state to state—which is now pretty much state to state, because most of the communist parties in South-East

Asia are moribund or just not significant—they have certainly proceeded with their interest to relate to ASEAN in a positive context at the regional level, with the caveat that they reserve the right to negotiate their own interests, whether it be questions of sovereignty, whether it be court access, for example, in the case of Myanmar, whether it be continued problems with Vietnam over the continental shelf, whether it be immigration problems or whether it be bilaterally. So the Chinese are quite clear in terms of making this demarcation. They have not really, I think, varied from that dual concept, basically.

Senator BOURNE—Bill mentioned a mixture of internal and external security questions. Do you think it will ever get to the point at which ASEAN or ARF or the Post Ministerial Conference or anybody starts talking about internal security questions within any of the member states?

Prof. Tow—That is a really good question. I think Russell may be able to address it more systematically than I, but I will give it a quick shot. One of the major, I guess, secrets of successes in ASEAN historical experience has been the pursuit of the ASEAN way, being, of course, essentially to agree to disagree, to finesse the differences in the quest of attempting to capitalise upon common interests and, if you will, building up—to use the academic term—a functionalist momentum over a five-year or 10-year period so that, over a period, the legacy of mutual accomplishment of tasks will spill over into questions of high politics and security. I think the other dimension of this is to be found in the ASEANisation debate, which goes all the way back to the five principles of peaceful co-existence of 1955—non-interference in each other's internal affairs. That is taken very, very seriously by the ASEAN areas. In that area they have something very much in common with the Chinese.

Prof. Trood—I do not have any particular wisdom on this subject, other than to say that there remains a great deal of sensitivity about those issues within the organisation and a great deal of reluctance for individual countries to intervene in the affairs of others. I do not see that sensitivity disappearing in the short term at all. It seems to me that there is a lot of dancing around these problems and general inability, or a reluctance—perhaps even an in-principle decision—to say that these are the matters that are concerning the Thais or the Filipinos and others. Unless particularly invited to address them, they do not have a role to play.

Senator BOURNE—I regret to say that I think you are exactly right. I wish you were not. As a follow up to that, do you think that the ARF in particular, where we do have a bit more of a say, is going to progress and grow further in the direction of discussing security issues such as the Spratly Islands between the countries not only of ASEAN but also of the whole regional forum?

Prof. Trood—This is not going to be a short-term development. ARF, of course, is only three years old. It has set itself an agenda. It is a progressive one, of course, which will lead it into that direction eventually. As far as I know, nobody is brave enough to put

a timetable on this—at least one that you can really be optimistic about. I think that is equally a long way down the track.

Senator BOURNE—But more likely?

Prof. Trood—Perhaps only because the make-up of the ARF, of course, is different from ASEAN. In particular, there are clearly members—I suppose the western European members of ARF—as I understand it who have a deal of anxiety about the speed at which ARF is moving and a desire to see it deliver some sorts of results if only to justify their involvement to their own publics. To the extent to which western members of ARF want to press the agenda then it might be that ARF will move much more quickly in that direction than ASEAN. ASEAN is the core of ARF, and there will remain a reluctance to push the agenda in that direction, I think. That, of course, is one of the tensions that has been created in ARF between the ASEANists and their ASEAN way and the western countries——

Senator BOURNE—And China.

Prof. Trood—And the Chinese, of course—for different reasons have a different view on their reluctance to move forward. Again, I cannot see this as something that is going to be on the agenda in the short term, at least on the formal public agenda. Some of those issues might get talked about in the corridors. That is why the heads of government process is so fundamentally important in the APEC context. They are not just talking about economic questions; they are talking about security questions in the broad.

Prof. Tow—Again, as to ARF's identity—in a question someone mentioned earlier about moving out into the entire region. Frankly, ARF is not going to have very much to do with whether the Korean peninsula crisis is resolved or not. That is essentially a domain of big-power politics. The other problem is that the north-east Asian members of ARF in particular do sense that ASEAN is attempting to impose the ASEAN way on a very different set of security problems that the north-east Asians face. In that sense, there are two keys: one is, as you mentioned, China's willingness to attempt to get serious about superseding the two different subregional sets of security dynamics and working with the Japanese, God forbid, and the United States—the three large powers that are most integral to the ARF process—to find a way to assuage north-east Asian concerns on the one hand—particularly those of the Koreans—and, at the same time, the ASEANs will want to continue to participate in the process. The notion of a pan-regional security approach is very tough. The South-East Asian countries have a very different agenda from the north-east Asian countries. Essentially, overcoming reality is probably going to be the ARF's major challenge.

The other challenge is that everybody wants to get into the act. What I mean by that is that you get people like Bill Perry, former Secretary of Defence, saying, 'Wait a minute; we can get a security dialogue in APEC.' Look at Clinton and Jiang Zemin having

major summits on security issues at the APEC annual summit meeting and Clinton himself advertising Seattle as being the definitive diplomatic happening largely for domestic consumption in the United States. The process will be in the short term muddled to some extent and that is going to inhibit the viability of ARF. Those are the two key challenges as far as I see it in terms of ARF.

Mr NUGENT—As a side point, let me lay to rest your concerns about the future of Hong Kong. Four weeks ago in Beijing, Zhu Rong Ji assured me personally that it is all going to be fine. For the benefit of *Hansard*, I had better report that that was said with some irony of tone. I would like to pursue the point about succession. One of the reasons I was interested to find out who had been at your forum was to try to gauge whether they are players or distant observers, because it seems to me that there is a component that I do not think you have covered but which I think is fundamental to the succession issue, that is, the next level of leaders that are not particularly publicly visible at the moment have two things of which we ought to take account. Firstly, there are a lot more well-educated, very able people in those countries than was there a generation ago when the Lee Kuan Yews and so on hit the headlines. The new mayor of Shanghai, for example, is very impressive. Some of the top economic people in Beijing are just stunning. In Singapore and Malaysia, some good people are coming through. Secondly, not only are there a lot of good people coming through who are well educated, experienced, travelled and all the rest of it, but their networks in ASEAN among themselves are incredible. Basically, everybody knows everybody. A lot of the success of what goes on, whether it is in business or in government, happens far less in the formal environment and often occurs because of the fact that you can pick up the phone and speak to somebody who is your cousin or who you went to uni with or whatever. Therefore, I would be far more optimistic about the ability of ASEAN to prosper and to develop its new leadership than you are. Have you taken that incredible networking that goes on into account and the fact that, when you get out there and actually meet people, there are a lot of good people coming through?

Prof. Trood—When I said that I did not see there to be charismatic, dominant leaders in the region, I did not mean to say that there were not people who may be very able coming through or that they would not have both their national and their regional interests very much to the fore. You are quite right. There is a developing degree of cohesiveness amongst educated elites within the region throughout South-East Asia for all sorts of reasons: business, academic and so on. That is true. But they are also products of their societies, I think. This generation of people who are coming through and about whom I think you are talking are people who have come up with a Malaysian or a Thai view of the world, so they remain very much committed to the sovereign interests of their states, I think largely because this has been a process of nation building for most of them. They have been involved in this whole process of giving identity to a post-colonial sovereignty. So I suppose there are tensions here between the particular interests that they have as nationals of countries which are for the first time—in most cases, in several hundreds years—gaining an identify and integrating those new countries into a regional kind of framework. I think that, for the most part, I would be inclined to say that, in a

way, ASEAN will be probably more cohesive as an organisation for the fact that these contacts take place and that these interdependencies and networks take place. That is critical for Australia as well, the fact that we are actually creating these networks within the organisation; that we at academic level, business level and political level are doing much the same sorts of things—although perhaps not to the same extent. It is critical for our own role within ASEAN in the future that we have that ability to pick up the phone; and equally, of course, that people from ASEAN countries are actually in Australia being educated in that way. That is an important process.

Mr NUGENT—If you had asked most people who were in Singapore and around the scenes 40 years ago in Singapore, they would have said that Lee Kuan Yew was not the front runner of the PAP. He was one of the gang that was a bit of a pain to the Brits and was being locked up and all that sort of thing, but he was not seen as the big visionary leader, the dominant personality. There was another bloke there. Once they got independence he got removed from the scene fairly quickly.

Mr BARRY JONES—Who was that?

Mr NUGENT—I have forgotten his name now. It was a Chinese name. But Lee Kuan Yew was not the dominant political leader at that time, and he was not seen as the big personality in that sense. I say that because I was there. But he emerged and obviously has been the dominant figure in that sense. That is what worries me a little about what you were saying in terms of that analysis. I do not think that you can just write off the fact that some of the older ones are going to drop off and that there is not going to be strong visionary leadership. I would have thought there was. The other point that I wanted to pick up is that I thought you said earlier—and I have been trying to find it in here and I could not, so I may have misheard you—that you thought that ASEAN saw part of its role as perhaps being somewhat of a bulwark against China.

Dr Tow—What I said, I think, was that, applying this in the specific context of the Burma situation, there is a concern by ASEAN that China's access to Burma, particularly to the ports, would be such that this would give China more direct access to the Indian Ocean, for example. That creates problems over the long term, if you are looking over a 15-year or 20-year period, because it would precipitate possibly an Indian response towards naval modernisation. You would then get the type of arms race that ASEAN, throughout its history, has tried to avoid. But I do not think—not nearly to the same extent as perhaps some of the Australian folks in Canberra who tend to talk about the China threat—that ASEAN has been voicing that type of over-concern.

Mr NUGENT—India is obviously very concerned about just that scenario. They are quite open about that. There is no question about that. But I would have thought that a fundamental principle amongst a number of the leading nations in ASEAN—and I mean those who are more strongly economically developed out of the 10, because the three will go in, and there is little doubt about that—is that the agreement is that when they take one

extra they are going to take the three extra, and they are obviously going to do that for all sorts of ego reasons of leaders, apart from anything else, in July. Most of those countries, it seems to me, are actively working—some more productively than others—to establish their relationships with China and to improve their links and their trade and all those others things. It seems to me that they have all said, 'We are not going to be the bulwark. We are going to be thoroughly integrated.' Is that a view with which you do not agree?

Dr Tow—Not totally, but mostly. Certainly, they have to come to terms with China. The question is really whether they can come to terms with it or whether they are acting as an independent political strategic economic entity, either as separate countries or as an ASEAN bloc or, alternatively, whether you move towards the so-called hegemony scenario, which is that they jump on the China bandwagon because they calculate that there really is no-one else around. I think that what ASEAN really would like to have is a fairly equilibrium oriented balance of power where the Americans stick around over the horizon—not too close, thank you very much—but stick around to the point where the components of Chinese power that they would be concerned about would be balanced off, that Japan continues to stay largely under the American strategic auspices but, at the same time, becomes a bit more active in a diplomatic context to represent diplomatic and economic interests that would coincide with those of ASEAN, and that the Chinese, over a period, become more inculcated into the process of regionalisation. I think that is where the ASEAN folks are coming from.

Prof. Trood—It seems to me that there are differential views on this question within the organisation. The Vietnamese are rather less enthusiastic about this—and the Indonesians.

Mr NUGENT—They fought wars against them.

Prof. Trood—They have had this difficult relationship for thousands of years. So the Vietnamese and the Indonesians, for example, are very uneasy about aspects of this, whereas others are more enthusiastic.

CHAIRMAN—Russell, I will bring you back to a comment that you made about the Department of Defence and the Department of Defence's attitude to threat. That surprises me, because the word 'threat' seems to have gone out of vogue in strategic thinking. Surely, what the Department of Defence is talking about is strategic capability and technology balance being eroded. Is that what you are saying, or are you talking about a China threat?

Prof. Trood—The observation was based on rather incomplete information. I am waiting for the strategic assessment to come out on the subject. I thought that the 1994 defence white paper's strategic analysis was very poor. In fact, I have written about that and I have actually said how bad I thought it was.

CHAIRMAN—We would not disagree, I do not think, with some of that.

Prof. Trood—I am pleased about that. I have actually written on the subject and said how bad I thought it was. If that is the tenor of the thinking that still exists within the organisation about the nature of the environment, then it continues to alarm me. I guess that I was responding to some of the newspaper reports of the minister's comments a few weeks ago on this subject. He has been misreported, I think, in some respects about his observations in relation to the evolving defence thinking.

CHAIRMAN—Quite a lot of the strategic review, as you know, will not be made public. But my understanding—and I think that Ian and others would have similar views—is that if there has been any change it has been in terms of, 'Let's take away reference to the threat per se and look at capability comparison.' Even within ASEAN, with the Malaysians, the MiG 29s and all sorts of capability and technology erosion between ASEAN countries and Australia alone, you could argue that that is something that we have to address.

Prof. Trood—It is changing. There is no question about that. The question is: what is the significance of it? It seems to me that there is an inherent logicality. If you argue that our defence is with ASEAN and with the South-East Asian region and that we are cooperative partners in security to the region, then that is a matter of less concern to us than it would have been 10 or 15 years ago when we remained very anxious about the ASEAN region. I know that people are worried about this. From the point of view of defending sovereignty, the loss of technological edge is worrying, but it has to be put in the context of changed circumstances.

CHAIRMAN—We would be interested if you do have some further written comments to make on that particular point. It may be difficult in advance of the strategic review. Bearing in mind that this review is going to go on for four or five months, we would welcome some comments from you on that particular point if, indeed, you think it is appropriate.

Prof. Trood—One thing that does need attention is that, in many ways, I am less worried about military capability than I am worried about diplomatic capability in the region. It seems to me that one of the things that is occurring which has received no attention is the declining proportion of national resources which are being given to the Foreign Affairs and Trade portfolio to actually pursue its objectives in the region. As you know, the department has been taking efficiency dividends for five years now and, of course, was chopped in last year's budget and has got another this year. It seems to me that there is a need to focus on the loss of diplomatic capability in the region as much as military capability.

CHAIRMAN—We would be interested if you have some further written comments.

Mr SINCLAIR—I have not read your transcript, but there are a number of other factors which we have not identified. They all embrace the effect of external organisations, forces or factors on ASEAN. The first is obviously communications—television, radio, the Internet—and the extent to which we are becoming a more globalised village. Did your seminar have your views on the effect that you believe they might have—in other words, the degree to which either the American culture per Hollywood or Rupert Murdoch or whoever might impact and the effect they have? The second is in the defence area. One of the fields of our interest is the five-power defence arrangement, where it goes: integrated air defence system—IADS—and the impact of that on your attitude or how you see ASEAN reacting in the defence sense. The third is in the trade field, where you have AFTA on the one hand and APEC on the other, and you have the WTO on another, and you have interactions between them. I know that you cannot answer this, but they are all areas that we have not even discussed. I do not know whether you discussed them in your seminar. The other area which I think is particularly important, and we have not done anywhere near enough work on, is the World Bank, the Asian Development Bank, emphasis on governance and the extent to which, through those monetary pressures, particularly in building infrastructure, funding infrastructure and financing the countries, there might again be another impact on where these countries go. I think it has particular relevance as far as Vietnam is concerned. She was so dependent for so long in getting America there, getting ADB and World Bank influence. They are only a few of them, but it seemed to me that if you are looking at the discussion of where ASEAN is and where it is going, particularly Australia's relation to it, you really have to take at least those and about half a dozen other bodies you can look at, all of which have an impact on ASEAN. Did you discuss them at your seminar? I do not know whether you can give any reaction to any of those external forces on ASEAN or where it is going.

Dr Tow—I will deal with FPDA. I think we did bring up FPDA. Of course, as you know, in the last few weeks that has gained increased attention because of the size of the exercises this year, largely due to the fact that the British wanted to make a point that they were still going to be active in this region. I think the FPDA in the future is more about Singapore and Malaysia than it is about any of the other partners. It certainly has been and continues to be a very valuable conduit through which Australia can exercise positive functional strategic influence within the Malay peninsula. How about that as a short answer?

Prof. Trood—The short answer to the question is that we did not go into those matters in great detail. They were not on the agenda. All I can do is reiterate your view that they are important in the evolution of ASEAN, and that the financial dimensions of AFTA are very significant.

CHAIRMAN—The other thing with that forum is: are there any papers produced that might be of help to this inquiry?

Dr Tow—We have about seven or eight papers.

CHAIRMAN—If it is appropriate, could you give those to us as well? We would welcome that. Thank you very much, gentlemen. That was great.

[10.22 a.m.]

ANDREW, Dr Richard Charles Thomas, Executive Director, Development Planning Division, Department of Economic Development and Trade, PO Box 168, Brisbane Albert Street, Queensland

HENRY, Mr Philip Simon, Acting Director, Strategic Planning Branch, Development Planning Division, Department of Economic Development and Trade, PO Box 168, Brisbane Albert Street, Queensland

JACKMAN, Mr Kevin Michael, Intergovernmental Relations Branch, Queensland Department of the Premier and Cabinet, Executive Building, 80 George Street, Brisbane, Queensland

SARIBAN, Mr Paul, Acting Project Officer, Department of Economic Development and Trade, PO Box 168, Brisbane Albert Street, Queensland

CHAIRMAN—We have received your written evidence. Would you like to make a short opening statement?

Dr Andrew—Yes, we would. We would like to cover a few of the points that have been raised in the submission. Firstly, thank you for the opportunity to address the subcommittee. Queensland is generally supportive of any measures that increase the stability of the region and which promote constructive, open relationships. Those measures cover a wide range of fronts. Cultural and educational linkages are particularly important in fostering improved awareness and understanding. A particular focus of the Queensland submission is on the trade and investment benefit from strategic regional relationships. Therefore, the Queensland government's submission focuses principally on the economic relationships that Queensland maintains with a number of individual members of ASEAN. As you know, Queensland as a subnational body cannot have direct relations with ASEAN as a structural entity. In the economic development context, a number of the ASEAN countries are priority markets for Queensland. For example, in merchandise exports in 1995-96, Indonesia ranked seventh, Malaysia eleventh, Singapore sixteenth and the Philippines nineteenth, so there are four in the top 20.

The importance of the ASEAN region to Queensland is demonstrated by the recent appointment of a trade and investment commissioner to Indonesia and the imminent opening of a representative office in Jakarta in June and the appointment of a trade representative in Semarang. The Department of Economic Development and Trade also maintains a dedicated Brisbane-based secretariat for Indonesia and another, shortly to be strengthened from four to five staff, for the rest of South-East Asia.

Queensland's submission also makes mention of cultural and educational linkages with ASEAN countries and some recent activities in that field. I indicated in the first

opening point that we see those as particularly important in building relationships. That is significant. While increased trade with those countries is our predominant objective, that can only be maximised within an environment of broader and deeper ties across-the-board. A deeper understanding of the countries and the culture of the region is a key factor in that.

The further expansion of ASEAN is a matter for its members; however, Queensland has identified some concerns with the application of the common effective preferential tariff, or CEPT, which might be exacerbated through ASEAN expansion. I will cover that point a little bit later. Security matters are a legitimate concern for the Commonwealth, but obviously Queensland benefits from an improved security climate that might result from mechanisms such as the ASEAN Regional Forum. To that extent, Queensland supports such mechanisms. With regard to trade, Queensland notes that Australian exports to ASEAN represented 15.5 per cent of total Australian exports in 1995-96, while ASEAN exports to Australia were only 1.15 per cent of their total in 1994 figures. That indicates the greater importance that ASEAN represents as an export destination for Australia over our importance to them in the trade context and, therefore, the commensurately greater effort that Australia should make in encouraging a closer economic relationship. The formation of the ASEAN free trade area, AFTA, represents another factor towards trade liberalisation in the region. Queensland notes that AFTA has been characterised as a building block in the global trend for trade liberalisation. In that regard, AFTA's role in that trend should be encouraged.

The CEPT, the common effective preferential tariff, mentioned earlier, is a potential stumbling block in that it creates an internal tariff lower than most ASEAN members' external tariffs. That encourages ASEAN members to prefer to source goods from other ASEAN members as against external suppliers. For example, Singapore could discriminate against Queensland sugar in favour of Thai sugar. That trade-diverting aspect of the CEPT is of some concern to Queensland. However, the emerging linkages between AFTA and CER may offer some hope for an improvement in that situation. Queensland supports the moves being made under the AFTA/CER linkage process, and is particularly pleased to see that the private sector is leading the way for strong Commonwealth support. The private sector offers multiple opportunities for improving the contacts in the trade sense.

We need to get tariff reductions, especially of unprocessed agricultural products and raw materials, onto the AFTA/CER agenda along with current issues such as trade facilitation measures. Queensland still sees substantial need for development assistance in the ASEAN region, particularly Indonesia in certain areas and sectors, the Philippines and Vietnam. To sum up, in general, Queensland is very supportive of ASEAN and its member countries and also of Australia's efforts to date to engage with ASEAN. Queensland sees close relationships with those countries as vital to our future economic wellbeing.

CHAIRMAN—Could I just ask two questions to open? First, yesterday, we heard some quite extensive comments from Lord Mayor Soorley in terms of the role of cities in this sort of international relationship. As far as the state of Queensland is concerned, what coordinating mechanisms are there in terms of cities within the state, in terms of international trade and other relationships? Secondly, in relation to the expansion from the group of seven to the so-called group of 10, perhaps as soon as the end of this year, in your submission you talk of some of the disadvantages—the downside. Perhaps you could expand on that, in relation to those three countries, Laos, Cambodia and Burma, as to what the downsides might be in terms of the state. We have just heard from Professor Trood and Professor Tow in terms of the academic approach. Yours is more a hands-on approach and we would be interested in your reaction.

Dr Andrew—On the first matter, the state government encourages linkages at all levels. The state has some specific formal relationships. As you mentioned, there are also linkages developing at a city level. The overall view is positive in that respect. I will ask Phil to comment on the specific arrangements that apply to that. In terms of the expansion, the positive side we see is that the opportunity for additional members spreads the constructive relationships. If that is seen as part of spreading the linkages to more countries that can then be opened up into wider economic linkages, then we are very supportive of that. Our concerns relate to the instability that expansion might bring and that that might then impact upon the trade relationships that Queensland could have with those countries. Secondly, if that means that preferential tariff arrangements might deprive Queensland of markets that Queensland currently enjoys or could enjoy, that might be seen as a concern to us.

Mr Henry—In terms of sister-city arrangements, we did put together some information on various bilateral linkages that we have. We do not have it at the sister-city level, so we could take that on notice and provide you with that information. I know that Townsville has a sister city linkage in Japan.

CHAIRMAN—Yes, the subcommittee is aware of the city-to-city relationships. That is fine. It is just the coordination, if indeed there is any coordination, and whether you have a state focus or whether you are relying on the BCE to be specific in some of those things.

Mr Henry—In terms of individual cities, we encourage them to go into bilateral arrangements when we can see an economic benefit for the state. They tend to liaise fairly closely with our department on that. We do have a set of guidelines which basically seek to ensure that there is some sort of benefit when you go into a relationship like that. Many cities are keen to do it, but you have to look at the costs that are involved in putting resources against it in terms of any benefits that might accrue. That is what we usually try to get them to look at before they sign up.

CHAIRMAN—If you would take that on notice, that would be fine.

Mr BARRY JONES—If you go back to your terms of reference—3.1 on page 4 of your submission states:

Queensland has substantial and cultural linkages with the members of ASEAN. Queensland is now home to a significant number of people who were born, or whose parents were born, in ASEAN member countries and Queensland continues to welcome people from ASEAN countries who migrate to Australia.

I notice that you have a very heavy emphasis on the linkages with Indonesia. Of course, in absolute figures, you have more merchandise exports going into Indonesia than to any other country. On a pro rata basis, if you looked at the kind of non-trade linkages that you had, you may well have far more people from Malaysia with connections here than Indonesians and far more from Singapore here than from Indonesia. Do you have a statistical breakdown of place of origin of Queenslanders? With your tourism and other linkages, is Indonesia at the top of the list or is it comparatively modest? Could you provide us with those figures?

Dr Andrew—The data is not necessarily quantifiable in the sense that there is a good base of data, but we have put together some information for that. Paul, have you got a copy of that?

Mr Sariban—Certainly; I will find that. We do not have figures for the centre of population as such. The only figure we do have at hand is the number of migrants who had Queensland as their state of residence having migrated during the period 1985-86 to 1994-95. I will just track those down. Roughly speaking, there were about 12,000 persons from ASEAN countries who migrated to Queensland in the period. From memory, it would have been in the vicinity of about 700 from Indonesia during that 10-year period.

Mr NUGENT—Barry, if you are looking for country of origin and proportion of the population in Queensland, you could get that off the last census.

Mr BARRY JONES—That is why I thought the figures——

Mr NUGENT—You can get that out of the parliamentary library. You can get it by electorate.

Mr BARRY JONES—The thing that comes through over and over again is that it is given that Indonesia is the top priority and that you keep pushing the top priority. What I was trying to suggest was that it may be that there are potentially other linkages which may be even more productive because of community of interest, because of education, bought of family linkages and all the rest of them. To the extent that you keep concentrating on the Indonesian end, you say, 'Because it is the most populous of all the areas, it has to be the biggest.' That may be a delusion.

Mr Henry—That may be the case. I think the point that you make is quite right in

terms of our trade emphasis. We see the size of the potential market as certainly one of the determining factors of putting Indonesia up there at the top. Whether that statistical breakdown is available, I am not sure.

Dr Andrew—We could run through some data here that may give you some indication of that. From a trade perspective from within the state government, we focus on areas of opportunity that are opening up in front of us. I guess Indonesia has a particular focus at this stage because of the potential size of the market that is available. If we just ran through, for example, in terms——

Mr BARRY JONES—But you would have to say that, on a pro rata basis, if you take Indonesia with a population of 200 and something million, you would say, 'It is self-evident that it has to be the biggest.' In fact, the differentiation between it and the second player, which has 18 million or 19 million, is not spectacularly bigger. It is just that, if you have a philosophy which puts Indonesia first in every category and does not really look at an alternative approach, it may be self-limiting and it may be that you have a kind of self-fulfilling prophesy that everything comes back to saying, 'You have to see Indonesia as first.' That might be right, but you should perhaps have an alternative strategy to look at.

Dr Andrew—I think that is taken into account when we look at in general terms the prospectivity of Indonesia. It is high for the state. However, if we look at the areas where we are currently involved, for example, education, which is a useful example, and if we look at Singapore, currently we have 1,744 students studying in Queensland educational institutions. In comparison, Indonesia has 1,340, Malaysia has 2,124 and the Philippines has 139. So we can see that there are a couple of other countries there that rate higher. We could look at that in terms of some of the higher value-added exports. Markets like Malaysia and Singapore feature more strongly in those as well. So it is a matter of going from the prospectivity and the general spread to specific niches that we deal with.

CHAIRMAN—If we could have some of that?

Dr Andrew—Yes, I will make a copy available. I think we have covered that reasonably well in the supporting material.

CHAIRMAN—Do you want to table that today?

Mr Henry—We will table that for you today.

Resolved (on motion by Mr Dondas):

That the document be accepted as a supplementary submission.

Mr SINCLAIR—In that same light, there are a couple of other areas that I do not know whether you have any information about. One is sport. I do not know whether you have any sporting associations with the ASEAN groups. The Arafura Games in the Northern Territory is an example. I do not know whether Queensland has done anything. Another is that in your appendix B you refer to Queensland government economic activities. I would have thought that there would be a whole range of others. For example, I do not know whether you have an Indonesia/Queensland chamber of commerce. I know Queensland is very active in PNG, but I presume you have one.

Mr DONDAS—There is an AIBC.

Mr SINCLAIR—You mentioned the business councils. In your appendix B you mention the Queensland Chamber of Commerce but I am not sure the extent to which there are actually commercial links; for example, whether they are in the mining industry, the coal industry—certainly, grains boards—or a range of other commercial areas. I wondered whether you have a list of those and, apart from the government ones that you have identified specifically, what other groups there are?

Mr DONDAS—They would be all members of AIBC. Would that be right? Most of those would be members of the AIBC?

Mr Henry—Yes, there is an Australian/Indonesia Business Chamber and a Queensland/Indonesia Business Chamber that operate under the QCCI as well. We would be able to provide you with that.

Mr SINCLAIR—Do they meet here as well as there? That was really part of the other concern. If you go to many of these overseas places, they have meetings of the Australians there, and people from Queensland develop a bit of a group. Do you have similar groups here in Queensland?

Mr Henry—Yes, we do. We would need to take that on notice to provide you with the detail.

Mr SINCLAIR—Yes, that would be interesting.

Mr Henry—Particularly if you wanted that spread out into other fields of endeavour, such as sporting. We have tried to put together what we could in the time available.

Mr SINCLAIR—Yes, that is understood.

CHAIRMAN—If you could, that would be very helpful.

Mr DONDAS—I was very interested in recommendation 9 from the Queensland

government, which basically says that the highest development assistance priority should be placed on Indonesia. Once again, we are coming back to Indonesia. What kind of assistance priority are you talking about?

Mr Henry—That was particularly in terms of development assistance, the Australian overseas development assistance program. In fact, the Queensland government did put a submission to the report released recently by Paul Simons, and that is a straight derivation from that submission we put in. We see that we have now got particular expertise in Queensland that is applicable to the countries in this region. One of the other points we made in our submission was that it was not entirely evident to us that Queensland companies do particularly well out of Ausaid contracts, which quite obviously was something that we were pretty keen to try to change. We saw that while Indonesia——

Mr NUGENT—Sorry, could you just say that again? Did you say that they did particularly well?

Mr Henry—We did not do particularly well.

Mr NUGENT—I wondered why you wanted to change that.

Mr Henry—Not at all. Our private sector would not thank us for that one bit. We saw that, despite the fact that Indonesia was developing rapidly, obviously there are still great areas of poverty and areas where perhaps Queensland agricultural expertise would be of considerable use. At that time—obviously this is subsequent to the report coming out—we were wishing to underscore the fact that the areas of our immediate region should still be of importance to the Australian aid program. That was one area that we saw that we could contribute.

Mr BARRY JONES—You would not want to be kicking into the car industry, for example.

Dr Andrew—We could make a copy of that submission available, if that is of any value.

Mr SINCLAIR—That would be helpful.

CHAIRMAN—I have not had a close look at the budget papers of the week before last in terms ODA and Indonesia. Have you had a look at those figures?

Mr Henry—We have had a quick look at that.

CHAIRMAN—With particular reference to Indonesia, I mean.

Mr Henry—Because the aid budget is a global budget, I do not think they have actually published the proposed breakdown of where the individual bilateral funds will go. The aid budget took a cut, I think, of another 10 per cent.

Mr SINCLAIR—But not necessarily with Indonesia.

Mr Henry—That is the global budget.

Mr NUGENT—There is a separate publication.

CHAIRMAN—There is a separate budget paper.

Mr Henry—I have not seen that.

CHAIRMAN—I have not had a close look at it yet.

Mr DONDAS—Can I ask another question?

CHAIRMAN—Just before you do, formally we will introduce this as a supplementary submission.

Mr DONDAS—In terms of expanding your office facilities into Jakarta and other areas, are they all Australians going up to work in that office or are you going to be recruiting people locally through your office?

Mr Henry—We have just appointed an Australian-based trade and investment commissioner in Jakarta. Obviously, there will be a number of locally recruited staff. I do not know how many—it is not my particular area—and the trade representative will be a locally recruited person.

Mr DONDAS—I think that is very important. The only reason why I say that is that NT did that several years ago. We were able to obtain the services of a couple of very high-powered Indonesian people who are working for them up there, and it has worked for them, especially in terms of live cattle exports.

Dr Andrew—Could I say that that is a consistent approach with the Queensland government across all its overseas offices. It recruits locally. The head of the office is generally recruited internationally in a sense and then support staff are recruited locally.

Senator BOURNE—I notice in appendix B that you have Queensland/Thailand and Queensland/Vietnam business councils and I think you also mentioned a little while ago Queensland/Indonesia business councils. You are also involved in the Australia/Malaysia, Australia/Brunei, and Australia/Indonesia councils. Do you find that the ones that relate particularly to Queensland, rather than to your involvement in an

Australiawide business council with an ASEAN country, are more useful to you, and how are they more useful to you?

Dr Andrew—I think we would find that difficult to answer today. Could I take that on notice as well?

Senator BOURNE—If you can, that would be very useful. The other question was in relation to those student numbers you had. It might actually be on that paper that you have just put in. I would be interested in knowing what courses they are most interested in doing. I understand that business administration is one of them. What are the other courses that really attract a lot of students from ASEAN countries? That would be useful, too. Could you take that on notice, too, if you do not have that?

CHAIRMAN—In terms of the CEPT, you talk about sugar; are there any other commodity items that are particularly disadvantaged under that preferential tariff arrangement? Could you make some comments about how that CEPT sits in terms of the WTO principles? Is it a view that perhaps might fly in the face of that or is it within the spirit of WTO?

Mr Henry—In terms of sugar, that was the main one that was identified to us by our Department of Primary Industries and the Queensland Sugar Corporation, which particularly wished to draw it to our attention. I think Australia is the only developed country that is an exporter of sugar. We saw this as a disadvantage to us in terms of the way that the CEPT internal tariff works, particularly vis-a-vis Thailand as a competitor in the region. There may be other commodities in which we are similarly disadvantaged. If you wanted more information, we would need to find that out for you. In terms of the operation of the CEPT, our main concern was really as a trade diverting mechanism. To our understanding, we think the ASEAN free trade area is WTO consistent. I am not totally sure of that. We are supportive of AFTA to the extent that any individual mechanism that works towards trade liberalisation has to be a good thing and to the extent that AFTA is a support to, say, APEC in this particular region or to the global application of WTO, that is obviously a good thing. We do have these reservations about CEPT in particular as a mechanism that does appear to discriminate against us in the region. That is the extent that our research to date has allowed.

Mr SINCLAIR—The other area that interests me in terms of where you are going is that in Queensland quite a lot of mining companies are associated with ASEAN. For example, CRA and some of Queensland's coal companies have interests in ASEAN. Is there any ongoing dialogue to look at coordinating marketing? Obviously, we are all trying to sell to the same markets. Probably in oil and gas it is more notable, but you are not big in the world of gas, other than inland where you have a few fields. Is the Queensland government involved at all in those mineral negotiations with ASEAN? Do you see them as major competitors, or have you a dialogue with them in that field?

Dr Andrew—Could I answer that in two ways? There was an earlier question about our interest in Indonesia. In looking at the future opportunities for Queensland in Indonesia, one of the things we have looked at are areas of complementarity between those ASEAN economies and our own. As you know, the current Queensland economic base is dominated by mining and mineral processing, tourism, and agricultural and other primary industries. They are three areas in which there is a fair degree of complementarity with Indonesia. So, with the mineral prospectivity in Indonesia, we are not involved with the mining companies per se but are more interested in the companies that support those—the mining supply companies. We are certainly doing a lot of work in the Queensland government to assist those organisations to band together to look at the opportunities to service external markets certainly in ASEAN but also elsewhere in places such as South America, where MIM has an interest, as have other large companies. The opportunity to use the home-grown expertise to band together to continue to support the supply chain in other locations is an area that the Queensland government is taking a particular interest in.

Mr SINCLAIR—What about education? We have just had Queensland and Griffith Universities talking to us about ASEAN. It seems to us that the James Cook University and other academics have quite extensive connections. Do you involve yourselves at a government level in that? Quite apart from students coming out here and exchange in that sense, do you have programs to try to participate in educational fora? I know you have mentioned Education Queensland in your consultation paper.

Dr Andrew—Yes, we do. Can I go back one step? We are particularly interested in promoting the export of government services. One area we are interested in particularly is education services. Last week there was a release of a strategy to do that, which was really trying to coordinate the various government interests in education to provide a more coordinated and focused approach to marketing and to the subsequent delivery of services. We could make that available to you

Mr SINCLAIR—Is that directed towards ASEAN or is it directed towards the export of services?

Dr Andrew—It is towards the export of services, but it included ASEAN as part of it.

Mr SINCLAIR—That might be quite interesting.

Mr Sariban—In fact, last week the Education Queensland initiative was launched and a promotional brochure was put out. It was not targeting ASEAN in particular.

Mr SINCLAIR—I think that would be quite interesting to read. What about health? Do you do the same thing in terms of promoting your health services to ASEAN?

Dr Andrew—We are doing the same thing in health as part of the export of government services. But rather than ASEAN, it is looking at individual market opportunities. So it is being undertaken in that context. Queensland's interest is really in finding appropriate markets wherever they be within the world. To an extent, ASEAN countries feature in that. As those statistics indicate, we have significant involvement with ASEAN countries. As I say, four of them are in the top 20 of our export markets. So naturally there is an association, but it is not specifically a focus to the exclusion of other markets.

Mr SINCLAIR—One of the reasons why I was interested to know is that I know the freeport connection, for example, where you actually provide just about all the services to Cairns.

Dr Andrew—Yes.

Mr SINCLAIR—While it is not ASEAN——

Mr DONDAS—They used to go out of Darwin before the cyclone.

Mr SINCLAIR—It just seemed to me that there are areas that, as a Queensland government, you might be able to do something individually that is somewhat different. I think that it would be of interest to us to know what you are doing, because each of the states is doing a different thing. So we can get a measure on what the states are doing, I think that it might help in the overall assessment of what Australia is a contributor to.

Dr Andrew—Could I just add to that? One example of that would be the approach that we are looking at in terms of clustering. For example, Mackay is evolving as a major service centre to the coal industry, particularly the Bowen basin. The Queensland government has an office in Mackay representing the Department of Economic Development and Trade. That office is looking at, firstly, trying to build up a more coordinated capacity to supply the coal industry locally. The aim is to be able to provide those services on an export basis. So it is through the drawing together of the capacity in the Mackay region that we see that as being a stepping stone to provide those same sorts of services to some of those same companies, wherever they be located. So that is part of the idea of trying to get leverage off the penetration initially through the mining and exploration companies to subsequent services.

CHAIRMAN—I think also there are cultural links. In your submission, you refer to the Asia-Pacific Triennial of Contemporary Art. Is that coordinated within the Premier's Department or within Mrs Sheldon's office? How is that coordinated within the Queensland government?

Mr Henry—Arts Queensland is located within the Treasury, within Mrs Sheldon's department. Obviously, in terms of coordination, I am not closely familiar with it. I think

that it has the usual links that you would expect with the arts community.

Mr NUGENT—I would like to look at recommendation 10, which states:

Australia should use its dialogue partner status to assist ASEAN in engaging China in a positive manner.

Nobody can dispute that that is a good intention. Could you give us a bit more flesh on that? Apart from what you are aware of that the federal government is doing already, and the implication that the federal government is going to do those things, and apart from trying to boost our relationships with China and our general relationships in ASEAN, what particular issues do you want the federal government to address that would be relevant to your situation?

Mr Henry—I think the intention behind that recommendation is that, at least at the present time, the countries of ASEAN are perhaps perceived in a different way in the region from Australia. If we can use ASEAN as a mechanism to engage China without perhaps some of the baggage, for want of a better term, that Australia might bring to the negotiating table and to the extent that we have good relations with ASEAN and with individual countries, that is another mechanism that we could use in that way.

Mr NUGENT—So you would be supportive of activities like SABAF, which is the joint Singapore/Australia mechanism for going into third countries in the region and mechanisms of that sort?

Mr Henry—As far as I am aware, that is principally an economic or commercial approach.

Mr NUGENT—It is not principally; it is all about economics. Yes, it is saying very much that Singapore has some good links through ASEAN both into China and into other ASEAN countries and that we have some complementarity in terms of services, skills, expertise, product and working together to go into third countries. The focus of the original SABAF set-up was Vietnam and, really, nothing very much came of that. At the recent SABAF meeting when the Prime Minister was in Singapore at Easter, I think the focus was changed to the Philippines. Obviously, I know from my own discussions in Singapore that they are very keen to do joint business in China, for example.

Mr Henry—Yes.

Mr NUGENT—Certainly those mechanisms are there partially and are being built. However, on what particular areas would you want to see that focus concentrated or is it just a general good intention? There is nothing wrong with a general good intention.

Mr Henry—I think to the extent that we framed recommendation 10, it was in the

area of foreign policy and a strategic ability within the region. To that extent, obviously it is a Commonwealth matter not a state matter. It was a statement of good intention, but simply perhaps to underscore the fact that whenever difficulties arise from time to time in Australia's bilateral relationships with China over whatever matters, there is another mechanism which we can potentially use.

Mr NUGENT—What about Austrade? Do you use Austrade very much?

Mr Henry—We work in complementarity with Austrade. At one stage we did have a contractual relationship with them. I am not sure whether that is still in existence. We could certainly provide that information to you if you want it. The way that our trade facilitation division is structured is to complement the work of Austrade. That is reflected in where our overseas offices are located and the certain sorts of support services that we provide.

CHAIRMAN—I think on that one if you would take it on notice that we would be interested in the extent to which you use the services of Austrade and also, importantly, your perceptions of the effectiveness of that organisation with particular reference to ASEAN.

Mr NUGENT—Also, I am aware that, in fact, Austrade has come to an arrangement with some states, and I do not know whether Queensland is one of them, whereby state trade representatives, for want of a better phrase, are in fact co-located with Austrade, or Austrade recruits somebody under their terms and conditions—an umbrella—but with a specific remit to act on behalf of a particular state. I know that they do that for Western Australia. I would be interested to know what sort of arrangements you may have in that connection.

Mr Henry—No, we do not have any arrangements.

CHAIRMAN—I think there was some mention of that in Japan and Korea recently. You are right; they are using that.

Mr NUGENT—It came up when we talked to the regional Austrade manager out of Singapore.

Mr Henry—Roger Bayliss.

Mr NUGENT—He was talking about that.

CHAIRMAN—That is right. That is true.

Mr HOLLIS—This question might be a little bit controversial. This morning, we heard a lot about economic links with these ASEAN countries and also this morning we

read in the paper that there is yet another cut in immigration. Yesterday we heard an argument that immigration led to economic benefits. Does the Queensland government have any view on that at all? I suppose what I am hinting at, too, is the wider issue of the so-called Hanson factor, but I would rather look at it on the whole immigration issue and the impact of it on investment from this state in the ASEAN countries and, in fact, their relationship with this State?

Dr Andrew—That is a matter we would suggest might be directed directly to the Premier.

CHAIRMAN—The Premier has made some comments, which were reported this morning, as indeed has Mr Court. They both support what the federal government has done, which is a little different to one or two other Premiers.

Dr Andrew—It was outside our consideration in preparing this submission. We were not present for it this morning so I think that is a matter—

CHAIRMAN—If you would like to take that on notice, that is fine.

Mr BARRY JONES—There are two things I wanted to ask. Firstly, on page 11 of your submission, the appendix, I wonder if you could give us a hint about what you say your biggest exports are 'combined confidential items of trade' amounting to $330m? Could you give us a hint, even, if necessary, resorting to sign language so it is not reported?

Mr Sariban—Essentially we do not know what makes up those things. They are collected by ABS.

Mr BARRY JONES—Really?

Mr Sariban—Yes, the reason behind it being that certain commodities because they are such a large trade volume only have a few suppliers and prices are confidential to ensure the market works. As far as I know, one of the ones that perhaps would be included in that for Queensland would be something like wheat, which I believe was confidentiallised about three or four years ago.

Mr BARRY JONES—We would sound quite spooky.

Dr Andrew—On a more general basis, you might consider some of the major exports from Queensland for which there is only one supplier, so we are talking in a sense about things like bauxite, alumina—

Mr BARRY JONES—You see them essentially as primary products, but which

have a second—

Dr Andrew—Yes, which have essentially a single large supplier and so across the range of exports from Queensland and looking in that commodity sense.

Mr BARRY JONES—The other related question is really following up to what Colin Hollis was saying earlier on. This may be a difficult question for you, but from the feedback that you have been getting where you are operating, which you have obviously been doing, to what extent is the Hanson phenomenon seen as a Queensland factor, or is it seen as a national factor? To some extent, do you cop the flak because she comes from Queensland and you are from Queensland and so on, or is it simply seen as a broader Australian problem?

Mr Jackman—Let me just comment here. We are under an obligation to speak in an attempt to contain it and, as such, we are not in a position to address issues relating to the particular phenomenon you are referring to. If the committee wishes to, you are free to approach the Queensland government—we are representing the Queensland government here—on this sort of issue, you are free to approach the government directly by means of a letter to the Premier.

Mr BARRY JONES—I do not want to push you, but what I was asking specifically was: are you getting feedback?

Mr Jackman—The department is not in a position to discuss that issue.

Mr BARRY JONES—Presumably, the answer is yes. The witness smiled.

Dr Andrew—Could I just add to that? I think it would be fair to say that we get responses coming through our overseas offices and they are quite variable in the sense that some are indicating that it is not having an impact, and yet there may be individual companies operating in markets which say that their business is affected, and they come to our office and say that something has to be done about it. The bona fides of those claims is impossible to verify.

Mr NUGENT—From other evidence, we certainly would be of the view that there is concern being articulated about the impact overseas from an Australian point of view. What I think Mr Jones was trying to get at was whether any of that concern may be expressed to you; it may, in fact, differentiate between a concern that it is coming from Australia or a concern that it is coming from Queensland. In other words, are you more adversely affected than, say, Victoria? Victorian businessmen say to me that they have a lot of reaction on this. When I have been overseas, I have heard comments about Ms Hanson and so on. What we are trying to get at is whether it is actually worse for you than it is for the rest of Australia. My own perception is that it is an Australian problem, not a Queensland problem.

Dr Andrew—I would agree with that. I would say that there is no evidence that we have which indicates that Queensland is being singled out for any further attention with regard to that issue than anywhere else.

Mr NUGENT—Exactly right.

Dr Andrew—There has not been any structured attempt through the offices to try to measure that in any particular way. That comment is made purely on the basis of those contacts that are made either through the overseas offices or through the business community when it is in those markets.

Mr DONDAS—My question is not part of the terms of reference; you do not have to answer it if you do not want to. The thing is we have opened an office in Jakarta now, we are staffing it with expats and employing people up there. With the current political situation that exists now—and this week we have an election—obviously, Suharto is going to be re-elected. Obviously, there is going to still be some discontentment because of the factor of the family control of Indonesia. In terms of the ASEAN countries, what impact would it have on the other countries if, for example, Indonesia was to pull out of the ASEAN bloc? It is more curiosity than anything. You have been investing a lot of money up there. Are things going as badly as we hear about—what goes on as a family—Tommy doing this and Tuk Tuk doing that?

Dr Andrew—I think it may be necessary to separate our interest in Indonesia from ASEAN per se. We have been trying to suggest today that we see ASEAN as a very useful mechanism in trying to create the broader conditions which enable both the stability of the region to develop and also a consequence of those trade opportunities. Our decision about Indonesia is based on how we see it as a significantly developing market of relevance to Queensland. So it is made in that sense. It is not made in the sense of membership of ASEAN. In terms of the consequences for ASEAN, I think that is something that I am not sure that we have got sufficient analysis of those consequences to provide a particularly meaningful consequence.

Mr Henry—I could expand on that. The decision to open the office in Jakarta was the result obviously of quite a degree of analysis, which actually took place last year. In fact, it goes back to the earlier question about why do we place Indonesia above some of the other countries. You go through a program of analysis and you look at what the opportunities are, how much business interest there is in the particular region and how that stacks up against other places. That is done obviously with a long-term horizon in terms of potential returns, whereas in a sense elections do come and go—and there is obviously a period of hypertension at the moment, with some uncertainty. But in terms of the longer term strategic outlook of the different areas encompassed in the region in which we could have opened an office, Indonesia was the one that suggested itself. We go into that there with presumably a long-term focus.

Mr DONDAS—I could have asked you had you done analysis as to why you lost trade with Malaysia in 1994-95. You have dropped 50,000. Why would that happen in the terms of the growth in all of the other regions?

Mr BARRY JONES—Fifty million.

Mr DONDAS—It was 50 million, yes, sorry. Was that because at the time Keating was having a problem with the Prime Minister of Malaysia? Was that an impact?

Mr Sariban—Not necessarily.

Dr Andrew—It is also our capacity to supply some of the commodities that they were seeking at the time in drought conditions.

Mr Henry—Particular statistics like that can be subject to lumpiness year on year.

Mr DONDAS—I was trying to follow up on your question in that sense.

CHAIRMAN—Thank you very much, gentlemen. We would appreciate it if you would take those few items on notice and give us some supplementary information. If there is anything else as a result of today that you feel you would like to say, please feel free to do so. We thank you for your evidence.

[11.15 a.m.]

DELLIOS, Professor Rosita, School of Humanities and Social Sciences, Bond University, Gold Coast, Queensland 4229

FERGUSON, Professor Ronald James, School of Humanities and Social Sciences, Bond University, Gold Coast, Queensland 4229

Prof. Ferguson—I am here as an independent academic at Bond University affiliated with the International Relations Department and the Centre for East West Cultural and Economic Studies.

Prof. Dellios—I am here in an independent capacity as an academic. I am from Bond University. I head the International Relations Department at Bond University and I am also with the same centre as James Ferguson, the Centre for East West Cultural and Economic Studies at Bond University.

CHAIRMAN—Thank you very much. We have received your written submission. Would you like to make a short opening statement before we go to questions?

Prof. Dellios—No, I am happy with the document.

Prof. Ferguson—No, I think I will let that stand.

CHAIRMAN—No amendments to the submission as written? No editorial changes?

Prof. Dellios—No.

Prof. Ferguson—No major requirement for change.

Mr HOLLIS—You were here when the representatives of the Queensland government were speaking. They understandably are under some constraint about commenting on, say, the cutting of immigration rates and the impact of the message that that may be sending to South-East Asia. You both stressed that you were here in an independent capacity. I wondered if, in that independent capacity, would you care to comment? I understand here again only from an article I read in the *Australian* or somewhere this morning that the cut in Australian immigration as it will impact on Asia has made the newsstands throughout Asia. The Lord Mayor made quite an interesting comment yesterday on this very issue. As I say, as the Queensland government could not or would not answer the question, I wondered if you would care to make some comment on it?

Prof. Ferguson—I think essentially cuts in immigration by themselves are not the

issue. It is the broader context of the debate about race and the place of Australia that polarises those cuts, whether they are small or large. In my monitoring, mainly through the Internet, I find within 24 hours coverage of those issues straight away in South-East Asia. So really it is how the debate is positioned, what sort of views are presented and, yes, there is some negative impact in position to terms like 'white Australia' which have re-emerged, unfortunately, in Asian awareness. So there is some impact, yes.

Prof. Dellios—I would like to add that I, too, agree with this. The particularity is that family reunion programs are being affected. Family is a very important social category in Asia's societies. Here is Australia emphasising the skilled migrant, that is, what can we use rather than the broader view of having families brought together in Australia. I feel that would send a negative signal to Asian societies, that we are not emphasising families, and that our values are so blatantly economic.

Mr NUGENT—They do the same thing.

Prof. Dellios—I think that the way that you conduct the public argument or the public policy is highly important.

Mr NUGENT—Do you think Malaysia conducts its policy on immigration and economic immigration into Asia with any finesse at all?

Prof. Dellios—Are you going then to excuse Australian behaviour on the basis of Malaysian—

Mr NUGENT—You were advancing to the committee that sensitivity in this area was an important factor and I am saying: are we applying a double standard?

Prof. Dellios—I think we should apply a standard which is sensitive to the social conduct of societies in Asia, the public conduct of their governments, that is, there is a great awareness of sensitivities to other societies, hence non-interference in each other's internal affairs and, hence, I think we ought to be aware of this and to conduct our policy with this awareness in mind. How then we discuss matters privately with one another, not in the public forum but privately, with the governments is another issue. I do not think that you make a public statement or a public policy which impinges negatively on what is considered to be a high value issue.

Mr HOLLIS—Our inquiry is into Australia's relations with Asia. How do you think—I know you have said negatively but can you qualify that a little—this debate will impact on our relations with Asia? Is it going to hit us very hard on the trade, economic or political theme or will it only confirm their worst suspicions about Australia?

Prof. Ferguson—I think there is not going to be a huge direct impact, but there could be some shift of strategic options. For example, if you are doing business with

certain countries or wish to emigrate or position capital overseas, you can look at Canada as another option. I know that some Chinese communities find a much more cosmopolitan emerging Canadian landscape that they can work in. Some choices are occasionally made on those sensitivities. That is only a small scale, but there is impact at that level.

The second level of impact, however, is things like the Asia-Europe meetings and will Australia have a place in those meetings? If you wish to give ammunition to politicians opposed to Australia's place, you simply then have to be very careful not to give ammunition to people wishing to exclude Australia in broader processes. The impact is not going to be huge, but I think there is some impact. So there are two issues: one is some impact on people making choices—businesses, individuals, students—and the second level is simply on ammunition for other policies where Australia is not going to be so well included in ASEAN-type processes.

CHAIRMAN—Can we just move on from immigration for a moment to the ARF and its relationship with FPTA and other things, and the expansion of ASEAN? What in your view will be the impact if the additional group of three are added in the next 6 or 12 months? What impact will that have, firstly, on ASEAN; secondly, on Australia's relationship as a result of that with ASEAN either collectively or bilaterally; and, thirdly, what impact would that have on the ARF relations?

Prof. Dellios—I think the effect on ASEAN will be, first of all, an adjustment. They are adjusting to much poorer economies and they are also adjusting to a less cosmopolitan international culture in the sense of the business culture. So these societies themselves need to beef up their expertise and to cope with the larger ASEAN grouping, but also ASEAN needs to adjust itself to the problems of bringing in the poorer economies. The positive side for the ASEAN relationship is that they are bringing in the new economies which are attracting business interest in respect of the human rights issue with Burma, and they are bringing in vast resources—human power as well as natural resources. There are vast potential tourist resources there, too, with tourism being a major expanding global industry. So there are benefits there.

There are also benefits in that the area that is coming in now—and I expect it will come in fairly soon—represents an area much closer to China politically, economically and, of course, geographically. I think that the relationship with China will improve tremendously in that we have the southern Chinese, the Yunnan province area which is growing economically at a very fast rate, and the coastal side of China which adjoins these areas is also being built up in terms of port infrastructure. So you are going to have a stronger Chinese-ASEAN relationship forming as a result of bringing in these new countries.

The second part of the question concerned Australia's relationship to ASEAN as an ASEAN 10. This can only be for the good. I think Australia has a great deal of benefit in terms of economic access to these areas. I also believe that you must work with what you

have in terms of the human rights issue with Burma particularly, and that it is much better to engage with someone if you wish to improve the overall human rights condition than to isolate them and yourself from that relationship. So I think that engagement is in the long term a better policy.

Economic advancement of the people's interests is highly important—projects that deal with human beings at a village or a township level rather than abstract projects. Again, tourism is a good way to bring this in. I think for Australia to promote tourism in Burma and to have industry which supports tourism growth would be a very big advantage. On the political side, it would help advance China-Australia relations even further in that we are not only talking about Australia with north-east Asian relationships but in the immediate neighbourhood we have Australia interacting with southern China—a whole new proposition. It is not just the political and economic capitals of north Asia that we are talking about, we are not talking about just Beijing and Shanghai, we are looking down at Yunnan now; we are looking at Hong Kong which is on the borderline into the southern economic zones of China. I think that we will start to reconceive of the relationship of China as being a South-East Asian one as well. I think there is those very broad pictures coming in at this moment. Do you want to add anything to that?

Prof. Ferguson—I would just like to add that it will certainly complicate ASEAN's decision-making process, particularly the ASEAN Regional Forum, because if Burma in particular uses ASEAN as a sort of a cloak of respectability you could find some more divisive dialogue occurring in those dialogue sessions. Strategically, I guess it does make a lot of sense. You have a bigger economic grouping; you can hedge against Chinese unilateral influence of Myanmar. India is interested also in that process and it is now a dialogue partner as well. There is certainly going to be a trial period virtually to observe the performance of Myanmar through ASEAN and the dialogue processes. Overall, I think that what we see, though, is a taking of opportunities while they are available before things become too complicated, taken with pressure against the current SLORC regime. I must admit I was slightly surprised by the speeded-up timetable. I thought we would still be looking at a slower timetable.

CHAIRMAN—Particularly bearing in mind that within ASEAN itself there is still a large degree of opposition to such expansion either in the short to medium term, is there not?

Prof. Dellios—Yes.

CHAIRMAN—In the short term?

Prof. Ferguson—The timetable.

CHAIRMAN—The timetable, yes.

Mr BARRY JONES—I wanted to ask if you would expatiate a bit more on what you call the 'missing organisation', the Indian Ocean? Also, it always surprised me in a way that there has not been any attempt to include, say, Bangladesh,at least as far as I am aware, and even perhaps slightly more remotely is Sri Lanka. Do you want to say something more about that? I know that Australia has had some interest in promoting the idea of Indian Ocean cooperation. Do you want to say more about what your submission attempted to argue?

Prof. Ferguson—Essentially, I think that there is a danger of having groups that are in large international organisations, and countries that are out of them until you get some sort of bigger role for the World Trade Organisation and other global institutions. They are very problematic to run for everyone's purposes. The Indian Ocean seems to be really crying out for some sort of coordination on policy, tourism and trade. It is a major security area and region. Give it a chance to bring in not just south Asia as a whole—and that includes those four states: Pakistan, Indian, Sri Lanka and Bangladesh, and possibly others in the north—but also, of course, the Middle Eastern states that are in many ways left out of many of these processes.I think that would be a major area where Australia and India certainly could also develop stronger positive links.

One interesting sign of change which I perhaps have not gone into in that document is that Chinese foreign policy now seems to speak of south Asia as a whole—a recent major visit by Jiang Zemin to the four states, speaking of south Asia in some positive sense. I think it is no surprise that shortly after dialogue was opened more directly between Pakistan and India at ministerial level. In other words, I think there is an opportunity for that whole south Asia group for a more positive interaction. India/ASEAN is part of that linkage. What I am suggesting here is that going slowly is better than going fast. It is very expensive. I keep searching for information on this. There seem to be regular meetings, but nothing much happens beyond those meetings. Perhaps you are better informed. I think here some selective enhancement, perhaps in coordination with the ASEAN Regional Forum, might begin to provide trade agendas, security agendas, indirectly in the Indian Ocean. Where you strategically start, I am not sure, but I think India/Australia relations might be crucial in that, and I think that should be brought out to the entire group of four in south Asia. There is a great risk of offending Pakistan or India, who you go first with. So therefore we must work on the basis of equality in sovereign terms.

Mr SINCLAIR—I am interested in a couple of aspects of your submission, and one in your conclusion, which is probably not a good place to begin, but nonetheless you have been commenting about the relationship with China. I would have thought that the Chinese relationship is not the reason for the expansion—and I might be misreading the last paragraph—but I would have thought that the domestic growth of the region, economically and politically, has seen an awareness that a relationship with their neighbours was quite critical for those countries of South-East Asia to be able to continue to grow and prosper internally. I therefore was quite interested in the emphasis you have

put in that last paragraph on what you suggest is the ancient political art of kinship formation. In other words, you were suggesting really the expansion is more containment of China, and that might be misreading it, but I would have thought it was more for entirely domestic reasons. The second thing I was interested in is that you do not seem to have taken into account external forces such as the United States and Japan—the two other great powers with great interests in the region—in any of your observations. I would be interested to know to what degree you believe they have some bearing on where they are going. The other area that I am interested in, and it has a bit of an impact on that, is the extent to which you see ASEAN as some sort of a security organisation in the making. Some of your colleague academics have suggested that they see that it is becoming more of a security organisation, whereas I think that economics rather than security have been more important in its development.

Prof. Dellios—There are three questions there, and I will begin to answer them because that final paragraph that you read, the kinship formation, is my wording there so I will take responsibility for it. The use of this metaphor is a method to draw attention to the modalities of international relations in the eastern Asian region, modalities which began long before the Europeans came with their own state system, which were there all along in an underlying capacity and which have re-emerged now under what is called the Asian values, or even ASEAN values now that has become finetuned to that point. It has always been there, but it is perhaps being emphasised a little bit more in the post Cold War world. The issue is not how to contain China; rather, the issue is an awareness of China as the historic super power, an awareness of China more recently as a communist great power and an awareness of China as returning to her rightful place under heaven, to use the Chinese slang. Sometimes it is necessary to use language within that social orbit. China is to return now to become a new super power. We do not know how this super power will be defined. It may not be defined along American super power lines, but we are seeing China emerging as the dominant economic force in eastern Asia. It is certainly the largest country. It has always been the largest country in eastern Asia. It is the country which will have probably enormous political influence in conjunction with its economic influence. Therefore, how does ASEAN relate to this long-term relationship which predates Europeans, predates Americans entering as the major power in the region? There are two ways. You do not say, 'We have a problem with China. How do we contain it?' We say, 'Yes, there are potentialities there.' There is the Spratly Islands dispute, which is an obvious example. There are potentialities for economic dominance. There are potentialities in the opposite direction: for great riches for ASEAN; for maintenance of their current growth. They are in the orbit of China. So there is both a Yin and a Yang—again I use the language. There is both a growth aspect but also a fearful, shaded, darker side. What do you do? Traditionally, you form marriages, alliances. The Chinese diplomatic system and also the kingdoms of South-East Asia, before they became nation states, used this system. I feel that they still do use it in ASEAN politics. You find a way to both say, 'Here, let us have a common project. How can we both benefit?' It is a win/win rather than a zero sum game. At the same time, by expanding ASEAN, we can say, 'Well, here is a larger group that you have to deal with, China. It is not one on one.

We are a much larger group. Take note of us. Notice that we are in a new world now where there is equality, and you yourself as a communist state emphasise equality among sovereign states.' The unequal treaties were constantly brought up by the Chinese foreign ministry. So they are also very keen on equality among states. Bring it to a practical situation—the Spratly Islands. Why is there a contest of sovereignty? How do you get the bargaining situation far more even? The stronger Vietnam, which was picked on by China over the Spratlys, is now part of ASEAN. It is more difficult to single out a single state when it is a defined regional organisation.

In terms of the Yang, China has Yang. You have to strengthen up yourself. In Yin, let us talk about the soft approach. Let us start to merge our regions. Indochina, that new area, is the place to start our merging, our marriage, but that marriage has to be built on. Let us also consider strengths and weaknesses and how we can rectify them. It is a two-way approach. So that is the kinship idea. It is a diplomatic strategy to deal with a holistic comprehensive situation of economics, of security, of how we feel toward one another, friend or foe. The Chinese are very aware. Are they our friend or our foe? And yes, we can change friend and foe, and my enemy's enemy is my friend—that is all known. But the language, the imagery of this form of diplomacy, which all of the east Asian people—that is, north-east Asia, South-East Asia—are aware of, and they are past masters of this kind of diplomacy—is kinship. So that is a form of diplomacy as to how to make the most of having a Chinese super power. With the USA and Japan, we do not make a great deal of this because the issue is covered by China. The USA has a containment or engagement policy. It says 'yes' to engagement, but it also does containment. It is also playing that dual role. 'We cannot be 100 per cent sure about China' is the thinking there, but at the same time it is better to engage China because that is obviously the more productive way to go. I think that the Chinese influence in the region will outstrip the American influence, but not in an adversarial contest; more in an ebb and flow. I do not think it would be a clash of civilisations at all. It will be more that the Chinese economic/political power will rise and the American one will ebb, and I think the Americans are going to work very well with the Chinese on this. So I have a feeling that the Americans are not a major concern in that respect, as long as China is not pushed into a corner and made to feel extremely defensive. The Japanese will fall in. I think the Japanese policy is brilliant: do not draw too much attention to yourself, invest everywhere, a low profile but at the same time careful with China. The Japanese were very eager to resume normal economic ties with China after the Tienanmen Square tragedy when the rest of the world turned cold on China. The Japanese were back there. They are very careful to maintain proper relationships with China; they are very careful to maintain proper relationships with the Americans. That is an excellent strategy. With the Taiwan Strait incident in March 1996—the American aircraft carriers sailed in. What would have happened if there was a war? Would Japan have backed the Americans in that war and risked nuclear attacks on their own islands? No. I suspect that the Japanese would have stayed right out of it and backed the Chinese, and I suspect the rest of the region would have done exactly the same. So for Japan it is a very difficult situation to be an American ally in such a region, and the same goes for South Korea, where there are American forces

in South Korea as well as Japan. So I did not mention and James also felt that it was not necessary to emphasise the Japanese and the Americans, because that is tied into the China question and it is, after all, a focus document. But you are right to point out that there are other impacts. If anything, Europe is the one that might need to have a little bit more emphasis because of the rising relationship there.

Prof. Ferguson—Let me just add on the US and Japan—obviously the whole ASEAN process could not have developed without substantial support from both. However, there are some tensions about their relative importance to the regional forum. Here I do see some possible splits between a diplomatic agenda, if you wish, and a defence agenda. So the idea of setting up very strong Japan/Australia/US security understandings is very good, but if that then leads on to a second very different track of alliance versus preventive diplomacy in the regional forum, you could have some dysfunction between the two agendas.

The second issue with Japan is that, to be quite frank, my assessment of Japanese policy here is that they have underestimated the importance of ASEAN, because they are naturally preoccupied with the problems in north-east Asia—very relevant right now. But in a sense that regional forum, I think, can never provide an alliance, but certainly a suitable forum for various forms of security understandings, and that is developing quite well. Whether it gets to dispute resolution is the big question mark. I do not know that it will get as far as formal dispute resolution procedures.

As for ASEAN's history—in the earlier part of the document I go through the history. It began as an economic organisation that did not do very well at all because of lack of complementarity in the economies. It really succeeded after 1975, surprisingly, in its formal diplomatic function, the idea being that by reducing warfare in external great power contests, you then create the environment for growth. Now with the free trade area, of course, it is coming back to its economic role, preceding, of course, APEC and tariff drops. So I think that we have covered that. What is being said, though, about China is that there is a surprising side about the Chinese involvement in the region that is part of the ASEAN process informally that is very, very rarely discussed. Why is it that China can talk at a multilateral level about the Spratly Islands in the ASEAN context not threatening sovereignty, but nowhere else? I think you will find that there is actually a lot more happening, I am sure you are aware, informally around the ASEAN and the regional forum process, the dialogue process.

Senator BOURNE—Can I just go back to what Mr Jones was saying about the Indian Ocean? I notice that you mention the Indian Ocean Rim Association in regional cooperation. Do you see that as having a future and, if you do, where do you think it is going?

Prof. Ferguson—I wish I could say I think it does have a future, but to be quite frank, what I have seen so far is a series of conferences and meetings but with very

limited institutionalisation, not strong agendas being developed. It is still really in birth, as far as I can see. I think there are too many problems, particularly in south Asia and the Middle East, that need further development before you can get that going. But I think there is a possibility if some few states become, I guess, the torchbearer for that process. I think Australia could be one of them.

Senator BOURNE—Because we are one of the founding members, are we not? Have we pushed that very far, do you think, or far enough?

Prof. Ferguson—I think people in government would know better than I on that question. I guess I have would to say that I would like to see more done, but you need cooperation from other states; you cannot do it by yourself. My understanding of the India/Australia relationship is that a lot of more could be done in that area. There is still a certain gap of understanding the relationship in trade there, in spite of a lot of pushing for the opposite.

CHAIRMAN—Seemingly it has taken a long time for Australia to realise the strategic importance, if nothing else, of south Asia. If you go back to the white paper in 1987, in fact, it was the thing that was completely missing and it was not until the 1994 paper that in fact it was shown as an area of strategic importance.

Prof. Dellios—China has recognised it as an area of strategic importance. I think if you watch what others are doing, too, you start to get hints as to what is going on. I think India will be extremely important economically, strategically and in the traditional security sense. Might I add: what about the inclusion of a charismatic country like South Africa? If you are going to look at that whole Indian Ocean area, South Africa is emerging as a strong identity on the international scene and, I think, particularly just recently. I think that if Australia worked with South Africa—we are talking about Australia/India—the indirect path of South Africa might actually be a very good way to bring in all the directions of the region and also to ride with that charismatic Nelson Mandela government, which at the moment is showing its credentials very nicely. It is unfolding in a rather interesting and effective way. It is not pushing itself on the scene too strongly, but it is emerging as a credible country. I think that Australia would do well to work with India and with South Africa in tandem to help to give some leadership.

CHAIRMAN—Although, if you look at the OAS or something like that, South Africa has enough on its hands to get that back from being a moribund organisation, which I think, within limited resources, it is trying to do already.

Mr DONDAS—I am wondering whether Professor Dellios or Professor Ferguson are aware that the Foreign Affairs, Defence and Trade Committee is holding an inquiry at the moment into Australia's trade relationship with India.

Prof. Dellios—Yes, they sent one in the mail.

Mr DONDAS—Are you going to provide a submission to that committee?

Prof. Dellios—Is it a defence one or an economic one? I have seen an economic one.

Mr DONDAS—It is trade.

Prof. Dellios—Yes, I have seen the trade one.

Prof. Ferguson—We thought about that but, in fact, our expertise is not in economics and trade per se, so we thought that we would not on this occasion.

Mr DONDAS—In terms of the ASEAN countries, their predominant strength is the Chinese wealth within those communities. If you look at Indonesia, it has a population of 200 million people, that we are aware of. Predominantly, the wealth is held by the Chinese. It is much the same in Malaysia.

Prof. Dellios—All of South-East Asia except Brunei.

Mr DONDAS—So is that one of the main reasons why China is now taking a softer approach in terms of time to influence its nationality over that region?

Prof. Dellios—The highest foreign investors for China, the mainland People's Republic of China, are the overseas Chinese and, of course, a significant proportion are coming from South-East Asia. These are very wealthy people. They invest back into their ancestral homes. They do not just indiscriminately invest into mainland China, the People's Republic of China, but into their own areas. Of course, the Chinese government has therefore set up economic zones, free cities and places where their ancestral villages are. So they have encouraged this investment. The investment is highly important. The investment is coming from these groups.

Prof. Ferguson—One of the crucial differences between India and China is the level of that overseas investment back into their country. In fact, it is important to know that there is no attempt to use any kind of national fifth column. That is not the agenda at all. China is very happy for those people to stay out there making money elsewhere.

Mr DONDAS—And put it back into China.

Prof. Ferguson—And be part of that economic system.

Prof. Dellios—They like to see Chinese migrate. Deng Xiaoping has a grandchild with an American citizenship. When he was alive he expressed happiness about this. I also heard some Chinese say, 'We like to see Chinese go and settle in foreign lands.'

Mr DONDAS—Is that something in Australia that we miss? We miss the point that they are the wealthiest in the region and that they are reinvesting back into these economic zones?

Prof. Dellios—Yes.

Mr DONDAS—The Australian community would not be aware of that?

Prof. Dellios—Not normally. I think the business community is. I think Australian business people are quite alert to these things, but not the average person, probably.

Mr NUGENT—In terms of reinvesting back into China, I think there is some degree of going back into ancestral areas, but I would not overstate it. I mean, if you look at somewhere like Senzhen, that is totally artificial.

Prof. Dellios—And Shanghai is also attracting enormous amounts of investment. You are quite right.

Mr NUGENT—Senzhen is a place where you have so much non-ancestral investment. They speak a different language to Guanzhou and Hong Kong. So in that sense I think that it could be overstated. Let us go back to ASEAN per se. A lot of people have advanced views to us that one of the reasons that ASEAN has been so successful has been the strength of its leadership, particularly in two or three countries. Obviously, some of that leadership is now past its prime and the question of succession looms. That succession impacts then on how ASEAN may function. Would you care to comment on that?

Prof. Dellios—I think that Anwar Ibrahim is likely to be the next Prime Minister of Malaysia. Mahathir has done well for his country but Anwar Ibrahim will do better. He believes in intercivilisational dialogue and he hosted dialogue with Islam and Confucian scholars and policy makers. He has done a lot to advance a cosmopolitan image for his country; a tolerant image. As a person, he is less confrontational than Mahathir. So I would say that under Anwar Ibrahim, the Malaysian side is a positive force for the cohesion of ASEAN and for relationships with other regions—ASEAN, Europe—with all the regions of the world. I think that he is a tolerant and cosmopolitan—basically, a 21st century person. I have a high opinion of his leadership skills. As for the other countries, I think everyone is watching Indonesia. In the previous discussion before us I heard a bit about the Indonesian side. It is likely to be able to survive even this. It is a very hard one. High levels of corruption are the sorts of things that are being said. Often history is a guide to the future and if you look at the history, on the whole Indonesia has emerged with more pluses than minuses, more stability than instability, an ability to cope and basically a systemic ability to cope rather than to fall apart. That is what you need to look at with Indonesia. I do not wish to make any predictions in a post-Suharto regime. I expect that it would probably be more open. Middle-class power is an important factor.

CHAIRMAN—What about personality?

Prof. Dellios—I would not like to talk about personality in an Indonesian scene, no. I think it is too complex. There might be others who can penetrate this better, but I really feel that Indonesian personality politics is too complex to give confident judgments.

Prof. Ferguson—On the other side there, though, is that the money-making elites of Indonesia in so far as I perceived their views are strongly in support of the whole ASEAN process. That applies to virtually the entire region. There is a lot of investment and a lot of prestige that comes out of it. I know of no major parties in Indonesia that are opposed to ASEAN.

CHAIRMAN—But are you saying that, in your view, Anwar will dominate the ASEAN scene into the next century?

Prof. Dellios—Yes, I feel that he is the leading light, if you like, among others. He will not make a point of standing out. He is not a Lee Kuan Yew. That generation of Lee Kuan Yew, Mahathir and Suharto were strong men in politics. They were images of strong men in politics. That idea is subsiding. It may be a handicap to be seen too much to be a strong man in politics and to sort of soften the image, to work with others and to be known to be able to work with others. That is now an asset. To be known to be able to work with other cultures—with the Muslims, with the Chinese, with the Indians; that is going to be seen to be an asset, not to be too strong on your own as a Lee Kuan Yew. They were good post-colonial managers and nation builders but now it is the post-nation building age. It is no longer such a wonderful thing to draw attention to your nation building but to your region building.

Mr SINCLAIR—That is not so with the poorer countries of ASEAN.

Prof. Dellios—Of course. It is like eastern Europe and western Europe. The poorer countries need to bring themselves up, for sure. But how are they doing it? They are not doing it through the old formula of 'Let us strengthen ourselves as a individual country and nation build with our individual identity.' They are coming in as an ASEAN economy and as an ASEAN culture. So they are actually going through a different childhood, if you like, in the so-called nation-building process. It is one that is more inclusive.

CHAIRMAN—What about the development? You talk about Anwar in particular. In terms of fundamental Islam, do you see Anwar and even the post-Suharto Indonesia being able to control any sort of move towards fundamentalism?

Prof. Dellios—Anwar himself in his youth when he was in politics, as you may well know, was associated with the Islamic side of politics. He has a cosmopolitan Islamic outlook. The type of Islam that he promotes is not the type that we would fear. I think it

is the right one for ASEAN, given that it has so much cultural pluralism. Look at Indonesia; it is Hindu. Before Islam came to Indonesia, of course, Hinduism was the predominant cultural religious modality there, and it is still there in the way people are conducting themselves. So I think that you are going to get Islamic leaders in Indonesia and in Malaysia who are sensitive to cultural diversity.

Mr BARRY JONES—While you were speaking, I was just thinking that it may be that after the generation of the big powerful leaders that you are going to get something like what happened in Europe at the end of the 1980s, which was called the 'era of heroic dullness'. You had John Major, George Bush and Kohl. They were not exactly charismatic.

Mr DONDAS—You forgot about Paul Keating.

Mr BARRY JONES—I said in the European context. We always had that tradition of heroic leadership here from the time of Billy McMahon. So it may be a fallacy to say, 'Where is there going to be Lee Kuan Yew, Mark II? Where is there going to be Mahathir, Mark II?'

Prof. Dellios—Yes. It is not simply replicating the story.

Mr BARRY JONES—It is more of a consolidation. They have made certain advances and established benchmarks.

Prof. Dellios—Essentially, the question is: what do you need to survive in a particular era? In that era, they needed the strong men of politics. It just came out of colonialism. What do you need to survive in a regionalism era? You need these skills which the new generation are displaying.

Mr BARRY JONES—The other thing I wanted to ask was that at the very end of No. 3, The Expansion of ASEAN, you were talking about Burma. I know there is product differentiation within the Queensland University but there was a somewhat different emphasis in the people from Griffith this morning who were inclined to say that all the external pressure in the world will not make any difference about Burma and that, in fact, it is more likely to be counter-productive than anything else. However, on the other hand you seem to take a somewhat more optimistic view that if you apply a kind of steady external pressure it will improve the situation.

Prof. Dellios—From within. External from within. You are from outside and then you do business from within. Yes. You see how you bring the inside outside? I am a great believer myself in human dignity. I think that is something that is extremely important.

Mr BARRY JONES—I think we would all drink to that.

Prof. Dellios—There, it is not just economics, it is not the economic imperative that should drive policy. In the end, if you do it well, everything comes through very nicely—the culture, the society, the economics as well.

The idea is that if you want true reform you cannot do it by challenging people and criticising them and telling them how terrible they are because it will only harden their resolve and they will cause even more damage to those for whom they are responsible—in this case, the leadership will cause more damage to the people who have to live under this leadership. I think you do have to work with what you have, and I think you have to go in there and say, 'How can we operate in such a way that we can be of benefit and we can help raise a middle class and we can help bring economic benefit to the people who need it?' If you engage in economic projects—and the reason I mentioned tourism is that it does not involve logging or mining; I think you have to keep away from the extraction of natural resources, which is a dangerous thing to do. But if you enter into human industries and you help people in that respect, it is perfectly good because it is going to raise the material level of the society. I was at a conference in Chiang Mai in 1994 where I heard a Burmese academic tell me that he felt that the children—and this is only anecdotal, but it does demonstrate something about how society works—of the military leaders, the young people—in China they are called the princelings; I do not know what they call them in Burma—have high material expectations and they desire to be able to access the freedoms of the west, the consumption patterns of the west, to be able to travel freely and not to be branded Burmese hillbillies, if you like. So there is pressure from within the elite to change.

Mr BARRY JONES—It has not been demonstrated this last week or two.

Prof. Dellios—No, but one needs to keep moving along with this idea that you work from the outside within—you move in and you work together with people. It comes down to the approach taken to criminals. Are you going to change their behaviour if you punish them all the time, or are you going to educate, are you going to provide incentives? I am a believer in providing incentives in education—indeed, an East Asian ethos. The great respect for education in East Asia is not the formal education that we might think it is; it is also the idea of educating attitude. One of the primary methods of cooperation is: how do we gain a similar outlook or attitude to a particular issue? With Burma, a lot of the ASEAN leaders say that Burma will soon follow us because we will all share this attitude. It is an educational process. It is a peer group pressure process, too. It might be a bit risky, but I think it is worth trying rather than to have the confrontational 'we shall punish you with sanctions' or 'we shall never speak to you until you behave in the manner that we suggest' type of approach.

Mr HOLLIS—I do not want to devote the whole thing to Burma. One would hope that you are right, although there is a counter argument, of which I will not go into all the detail, that by doing this engagement you legitimise a regime. The question of tourism, with great respect, I think is one of the worst examples because I found from a certain

association with South Africa that people would go there and come back and be advocates for a system and argue that, because they had been there and had not experienced apartheid, it did not exist. This year or last year was the Year of Tourism in Burma. Qantas and everyone had glossy programs on it. I am sure that a lot of people would go to Burma, go to the hotels and do the tour down the river and come back and argue—and we had a former Prime Minister come before this committee and do so in an inquiry into Burma—that it was one of the best run countries with the most exciting and most economically responsible group of people. It was then suggested that it really was not the real government because the real government was in gaol. That is my worry. I hear what you say.

Prof. Dellios—A legitimisation of the regime; I thoroughly agree.

Mr HOLLIS—They would come back here and say, 'It does not happen. We did not see SLORC doing anything.'

Prof. Ferguson—Perhaps the key issue here is: can you really put heavy sanctions on Burma effectively? With Thailand and the Chinese border completely open, the answer is: no. Therefore some other approach is required. You either put your hands in the air and say 'we couldn't do it' or else you need some group that will have power and influence that can help provide that task. ASEAN is the only group that can do it.

Prof. Dellios—That can change——

Prof. Ferguson—This is a generational effect. You are looking at 30 years. But if Burma continues its current track record, you are going to have a very embarrassed ASEAN. Over 10 to 20 years its prestige will drop. There will be sustained pressure from the US, among others.

Mr SINCLAIR—I was interested in another field altogether. We have not mentioned the Asian Development Bank development assistance programs. Do you think either aid or the monetary support and controls that are being imposed from there have any impact at all on a group like ASEAN, particularly in its expanded version? Are they factors that need to be taken into account?

Prof. Ferguson—Yes, I think aid is still an important issue, particularly with the new members, of course, because often they will need support to meet the requirements of future free trade agreements, institutional secretariats and so on. Of course, the whole region still needs massive development, except for possibly Singapore. Even Malaysia is still developing sectors of its poorer population. Here, of course, the old standard statement of grassroots, lower-level projects are very beneficial. However, they are very difficult to run. I think the stage of infrastructure development still applies to countries like Vietnam and it is still worth while.

Mr SINCLAIR—What about the Asian Development Bank?

Prof. Dellios—I might point out that my experience of it was again when I was in Thailand. The Asian Development Bank representative was there asking, 'What can we do with regard to promoting a Mekong growth circle with all the countries on the Mekong River acting as a region?' ASEAN has its subregions, and that is one of them. 'What can the bank do to help with infrastructure? What can business people do? What can the Asian Development Bank do and what can government do to build railways and get roads out there into the rural areas so they can bring their produce in rather than grow opium?' From what I could see, there was an interest from the bank to promote these economic growth circles which go beyond nation states but which take in communities as natural economic communities. I think they do have a very good role to play. I think Australia should be giving aid, not only because it is a good thing to do but also because it is actually a prestigious thing to do. I noticed that Malcolm Fraser said something to that effect in the *Australian* recently. It is self-respect. It is a prestigious thing. It is recognised by others in the region. The countries of ASEAN will say, 'Australia has what one would call a virtuous foreign policy, not simply a self-interested foreign policy.'

CHAIRMAN—But do you agree with Simon's idea, I guess in the ASEAN setting in particular, of untying that?

Prof. Dellios—Yes, I think you have to untie it. You allow it to flow. I do not think——

CHAIRMAN—But isn't that an ideological philosophical argument?

Prof. Dellios—No, you must not have ideological philosophical arguments in matters which move and are so fluid. Once you tie yourself down to a position, you are then cutting yourself off from the options thereafter. This is not the idea of double or triple standards; it is the idea of pragmatism in the Taoist sense, that you flow with the best opportunities. What does your context, your environment, dictate for that policy: tie it or untie it? It is good to tie aid occasionally; it is good to untie it occasionally. I think this flexibility has to be mastered. It is not a sloppy business; it is actually a very finely tuned business to be able to do this.

CHAIRMAN—We look forward to Bond University perhaps having an input to our seminar in a few weeks' time on the aid situation.

Mr NUGENT—Mr Chairman, I think it is also worth noting your earlier comment about the differences of view between Bond and Griffith. It seems to me that some of those differences of view are attributable to two things. There was a significant and noticeable generation difference between the proponents. I do not say that passing comment one way or the other, but there was a difference, and perhaps one view was tied or rooted in previous experiences. With Griffith, there was an admitted putting forward of their evidence based on effectively second-hand input to them rather than direct experience. I think what has come through perfectly clearly here is there was a bit more

first-hand experience of dealing with the real world, and I think that helps.

CHAIRMAN—We have about three minutes left. I am just going to go outside the ASEAN inquiry, because I would be interested in a broader comment on a wider issue. Recently Ian Sinclair and I were in Seoul just as the ROK Minister was moving off to New York for the quadripartite discussions with the United States, China and the Democratic People's Republic of Korea in terms of the Korean peninsula. We have not heard too much in recent days about this. Do you have a view as to whether that is the optimum way to go, with those quadripartite talks, or do you think, for example, there should be wider involvement, maybe even with ASEAN? Can we have a couple of minutes on that?

Prof. Dellios—That is their official talks; that is the framework; let it happen. There should also be an informal input—and there probably is—coming from ASEAN, coming from other sources. I also feel that China is operating at two levels, the formal and the informal. The informal will probably be a very effective one, but through the nature of informal talks they should not really ever become formal or be revealed to be the deciding influence.

CHAIRMAN—Are they going to have as much influence on Pyongyang as traditionally they have had?

Prof. Dellios—I think informally it will be the influence, and I personally feel it will be China which will have a stronger influence on Pyongyang.

CHAIRMAN—Thank you very much. That has been very interesting.

[12.17 p.m.]

HARRISON, Mr Alan Frederick, Brisbane, Queensland

CHAIRMAN—We have received your submission. Do you want to make any amendments or editorial changes to it? If not, would you like to make a short opening statement or shall we go straight to the questions?

Mr Harrison—I would simply like to apologise for not spellchecking my submission. I was not aware that it was going to be published as it has been, so I adopted a more informal approach than I probably should have. Apart from that, there is nothing.

CHAIRMAN—Do you want to make an opening statement?

Mr Harrison—I would like to say a little about who I am, so that what I have written can be understood in that context. Over the last six years I have been involved, primarily in Indonesia, with a couple of the major resource industry projects there. One is a CRA/BP coal operation in East Kalimantan and another is a gold operation with the Newmont Gold Corporation, based in Denver, in Sulawesi. My views were really written as a series of personal observations, having spent a lot of time living amongst Indonesian people. I guess my submission was written to offset some of the theoretical emphasis or focus that I see and have seen while I was living in Indonesia, through reading newspapers such as the *Weekend Australian* which I used to get every week although it was always about 10 days late. I have written from first-hand experience. It is a qualitative account and it was not really intended to be an academic treatise in any sense of the term.

Mr NUGENT—Would it be fair to say that what comes through from your statement is that you think we should be careful about being too trusting of Indonesia and, on regional security, you think we should adopt the USA's approach to pursuing national interests as a model for Australia which is very much one of self-interest? Could you provide some examples of what leads you to that conclusion?

Mr Harrison—Essentially, that is a fair conclusion in terms of what is between the lines of what I have written. Firstly, I do not have a great deal of faith in aid per se. I really do not like it much. I do not have a great deal of first-hand experience with it, but I have seen where it has been applied. When I say I do not have a great deal of first-hand experience, I mean in administering aid. I have never worked in that sort of capacity. I have never really been very impressed with the longer term outcomes of aid. I see Indonesia as a threat in a particular sense.

I do not think that the Indonesian people themselves are a threat; there are threats from particular political groups gaining power in Indonesia. In general, the ordinary people in the streets of Indonesia are very pro-Australia, despite the kind of curious exposure that they get to who we are and what we do. For example, if you read the main English-

language newspaper in Jakarta over a long term, there is a pattern of publishing unusual stories about Australia. One that comes to mind was an account of what an Adelaide woman did when a man in the office she was working with presented her with a wooden phallus. She took him to court and major legal proceedings followed the incident. The Indonesian people whom I knew thought that that was very strange behaviour. When it happened, we were in the process of installing a 40-foot-high phallus outside our office because it was a very traditional carving. However, to make it a legal issue and then for someone to regard it as a sexual issue, their feeling was: is the way that bules, western people, showed their attentions to women, by presenting them with something like that? That reaction is characteristic. When you look through the paper for articles about Australia, that is the sort of stuff that you get.

Mr NUGENT—When did you come back to Australia?

Mr Harrison—July last year.

Mr NUGENT—What is your assessment of the succession in Indonesia?

Mr Harrison—I really do not know.

Mr NUGENT—But you are presenting yourself to us as an expert on Indonesia!

Mr Harrison—My expert view is that the more I know about Indonesia, the less I really know. There are so many possibilities. There is a growing middle class in Indonesia; indeed, there are a couple of different growing middle classes. A segment of the population works for companies operating on the basis of foreign investment. They are a financial elite and are in a position to hold the rest of the country at an arm's length. Often they do not live with a lot of other Indonesians. They interact with a lot of western people, they have much higher salaries and they have their own agenda, I guess. There is also the Indonesian educated elite who do not necessarily work for foreign companies. They are beginning to feel tired of the constraints that they see around them. Because of the way people there are, I do not know how long they will tolerate that. Probably they will reach some breaking point in the future, but their capacity to tolerate abuse is astonishing. Their capacity to tolerate or accept what I call 'major cognitive dissonance' is astonishing as well. To say one thing is good and then proceed to do something entirely the opposite is an everyday occurrence at just about all levels of society.

Mr NUGENT—Quite apart from the individual personalities in the succession, given that there will be a generational change——

Mr Harrison—I think there will have to be.

Mr NUGENT—And because of the growing middle class and so on, what do you see happening with the change of leadership? I am not asking for names or personalities,

but what do you think will happen with the change given that there was a dominant person in power for 30 years who will be replaced by a younger person who will perhaps be taking over a different type of country?

Mr Harrison—There could be. One of the problems is the education system. The not very well educated but educated—that is, people who have not gone to university but who have gone through the school systems of primary, secondary and upper secondary—still believe in the merdeka atau mati which means freedom or death. That is very much alive. They recite the Pancasila every day at school. The politics of the revolution is still alive in their minds and it is a major fantasy in many ways. It is very much a part of the emotional life of two-thirds to three-quarters of Indonesia. Whether they really understand the kind of abuse that they are being subjected to is something that I would question. The people who have been educated at a tertiary level and who interact a lot with Europeans certainly do understand that, but they have enough money to insulate themselves from most of the problems, such as the price of rice and so on. They are not all that interested. They are doing very nicely.

It is quite conceivable for the present regime to be replaced with something precisely the same. In fact, as someone who has a lot of affection for the place, my greatest fear is that they will simply put another person in who will do much the same as Pak Suharto does.

Mr SINCLAIR—Firstly, among the Indonesians themselves, is there a difference in attitude between the Javanese and those in the outer provinces, Bali aside? Secondly, do the average Indonesians see themselves as members of ASEAN or do they only think in terms of their own town, community and province.

Mr Harrison—Yes, there are Batak, there are Javanese, there are Sundanese. In fact, there are West Javas and other Javas. The country is still very ethnically divided in the minds of everybody. For example, my wife has only just realised that she is Asian, and that is characteristic. My wife is Indonesian. People never refer to themselves as Asian. She comes from Sunda. Most people there do not like the Chinese. They are very open about their dislike of the Chinese, although they live side by side and they tolerate each other. The notion of unity through diversity is a very tenuous one. It is part of cognitive dissonance. Everybody will tell you that unity through diversity is one of the philosophies or the ideologies of the state, but it is in their own heads and it does not have any real meaning. It is not a hostile thing, necessarily. When they meet, people will instantly categorise someone as Batak by their name or their behaviour—they eat dog; we don't do that. That is generally part of the zeitgeist of individuals.

Mr SINCLAIR—They do not see themselves as citizens of ASEAN at all, and even less of Asia?

Mr Harrison—That is right.

Mr SINCLAIR—If there are changes in attitude, would they be based on economic and educational levels? You are saying that the more educated Indonesians see the wider picture; they are conscious of abuse and they are conscious that there are such things as human rights.

Mr Harrison—They are intellectually conscious, but I do not know whether they would do much about it. As I said, their capacity for abuse is just astonishing.

Mr SINCLAIR—Will they talk about it to you?

Mr Harrison—Sometimes, but it is embarrassing. People do not like talking about the Suharto family because they know what is being done to them. It is not something that they like, but it is something that they tolerate.

Mr NUGENT—Tolerate or cannot do anything about?

Mr Harrison—Both, I guess.

Mr NUGENT—There is a difference. Toleration implies that you know but you are not prepared to do anything; if you cannot do anything about it or you feel powerless, that is hardly toleration.

Mr Harrison—They have to tolerate it, I guess. The control in the country is really quite amazing. From President Suharto down to the father who is the head of a family, through to the dusun who is the head of a couple of streets through to the kepala desa who is head of a little village area, through to the camat who is head of a district. I cannot visit my parents-in-law, for example, without most of the town knowing it within an hour. In fact, that is a normal part of life.

Mr SINCLAIR—Is the attitude of members of ABRI different from that of members of the community or did not you really talk to members of ABRI?

Mr Harrison—I have relativities and very good friends at senior levels at ABRI. Again, it is not something you talk about. It is impolite to talk politics with anybody. As someone who has lived there as a guest and who worked for a private company, I was not there to discuss politics or to question the politics of the country. As a human resource manager, I made it very clear to the expatriates whom I employed in Indonesia that we did not bring them there to do that. They had a commercial objective and, as well as that, they were to be responsible corporate representatives. One of the ways of being responsible is not raising issues that people find embarrassing.

You talk about the attitude of ABRI; I have a brother-in-law who is Timorese/Javanese and who was a solder in East Timor. It causes anguish to the family to

know that he may well have killed their people, but you just do not talk about it. No-one will talk about it.

Mr SINCLAIR—What about the attitude towards the Chinese community? You mentioned that there is a bit of antagonism towards the Chinese, but in fact the Chinese are very big investors and obviously they fund much of the growth and development of Indonesia.

Mr Harrison—Yes. It is an ethnic antagonism. In some ways, the bumi putras know that they need the Chinese, but they wish they did not.

Mr SINCLAIR—Are you aware of it because you read about it or are you aware of it because you have sensed or perceived it?

Mr Harrison—I have sensed it, perceived it and lived it. I have Indonesian/Chinese people working for me. They are much more reticent in expressing a view about anything. The Chinese are very pragmatic and I think Indonesian/Chinese have to be even more pragmatic. You do not talk about anything that could offend anybody. It is common for people to go to quite extreme lengths in a public way to divest themselves of their ethic heritage by changing names, changing religion and so on, just for the sake of harmony and to get on with trade or whatever else they do.

Mr SINCLAIR—Would you, as a human resource manager, and the people with whom you work be aware of matters that were affecting Indonesia's relations with, for example, the Spratly Islands or the wider political scene. Is there a dialogue about that, or are they also in the no-no category?

Mr Harrison—There is really very little dialogue about anything. My experience is that it is important to be very cautious about talking politics with anybody, because it is just so easy to be misunderstood and therefore create some disharmony or bad feeling in a relationship. However, it is changing very slowly. You can say a few things about Pak Suharto and the family and have a bit of a joke—for example, 'Mrs Tien Per Cent' and so on. Indonesians will very cautiously joke about that to people they trust if they think they think similarly. However, it is still very tentative.

Mr SINCLAIR—What about exposure to the media? Has the fact that they can receive outside media affected the average worker or villager?

Mr Harrison—Yes. This is an area where I think Radio Australia deserves a mention. I have been to some extremely remote parts of Kalimantan, Sulawesi and Java. It is not all that uncommon to speak to someone who will say, 'Saya suka Radio Australi', which means, 'I like Radio Australia.' They listen to it. They will have a radio somewhere in their kampong and they will all gather around and listen to the news and so on. At a grassroots level, people like Radio Australia. However, the establishment does not like it

as much, because it is an alternative source of information about the world, and that really is not encouraged to any great extent.

Mr DONDAS—ATV broadcasts out of Darwin. Have you ever been able to evaluate the worth of ATV in that region of Kalimantan or other areas?

Mr Harrison—Yes. I think it is less than Radio Australia. If I were to say which one makes the greatest contribution, Radio Australia wins hands down in terms of letting them know about Australia. My only concern about that is that I do not think we make enough use of it. We do not really give them a balanced and broad enough picture of who we are, what we think and what we do through Radio Australia. ATV is less valuable because it is more expensive to access. A vast bulk of the population will either never see it or see it very infrequently. A short-wave radio is something you will find in every kampong, and it is accessible. That is probably different in the cities.

Mr BARRY JONES—I have two questions. Firstly, I noticed in the submission from the Queensland government that recommendation No. 9 stated that of the ASEAN economies the highest development assistance priority should be placed on Indonesia. Do you think that is legitimate? Secondly, what is your view about the Simons report on overseas aid?

Mr Harrison—As I said earlier, I do not have a great deal of faith in aid per se. When we think about aid, we do not need to look at the problem in immediate terms, that is, right now, or today. I think we ought to look at aid and then ask, 'What are the consequences of doing this in 10, 20 and 30 years time?' We are looking at a region—and a country in Indonesia's case—which is experiencing very rapid development and change. I think the whole notion of aid is paternalistic. It is in a sense embarrassing to people who are desperate to see themselves as a part of the progressive modern world, the new era with new-age policies. Generally, people do not like to think that they need the charity of anyone else.

I would like development assistance to be much more dovetailed with commercial development. At the moment, I think Indonesia presents a certain element of competition to us. I have been directly involved, for example, in selling coal. I have probably been helping to eliminate some jobs in Australia through the work I have done in Indonesia. That happens to a certain extent now. I believe that in 10 years time it will be happening to a greater extent. I think in 30 years time it will be happening to a very substantial extent.

In my area of HR, transfer of technology gets a huge emphasis in any kind of government contract in terms of mining leases and so on. I have been involved in teaching Indonesians to run process plants in a very sophisticated, state-of-the-art goldmine. I have been involved in teaching the operation of shiploaders and stacker reclaimers for a coal operation and so on. In the very long term, to some extent, aid will come back and bite us

on the backside. In the very long term, it seems like a nice thing and it makes you warm and fuzzy to think that you are helping people. On the other hand, I have yet to see a lot of long-term benefit as a result of aid going to and staying with the people who most need it.

Mr BARRY JONES—Do you agree or disagree?

Mr Harrison—I think Indonesia is a very high priority in terms of our tailoring a relationship in terms of their and our long-term priorities. I think it is a priority, because it is a very large country. It is astonishing to me how little serious attention Indonesia gets in Australia in terms of its commercial potential. There are close to 200 million people sitting right on our doorstep. It is also a massive challenge to Australia, too, in that it is the biggest Islamic country outside of the north African region.

Mr BARRY JONES—It is the biggest country full stop.

Mr Harrison—I am sorry. Yes, it is the biggest Islamic country. As I have mentioned in my submission, those values are not just broadcast but hammered home. I do not know whether you have been to a masjid and participated in their services. It is not like a church service; it is very different from ours. The notion of a fair go does not exist. There is the lion's steal: God gives power to people and the powerful therefore exercise their might under God's tutelage and, if the weak suffer, so be it; God has not blessed them. The values that are being presented day in day out and which fall upon the ears of a very, very receptive population of 170 million or 180 million out of 200-odd million people are very different from the sorts of values we have. I think Australia needs to be much more aware of the potential values conflicting in the longer term there. The influence of Islam is not weakening as education proceeds; if anything, it is getting stronger.

Senator BOURNE—It seemed to me from what you wrote, and I think from what you are saying, that you see that there is not enough of a concept of face involved in aid; in other words, we give aid but we do not seem to be getting anything back for it. Therefore, the person we are giving it to is losing face, and that is part of the problem. Do you think that is true of Indonesia? This is an Asian and, I suppose, more of a Chinese sort of concept. Is that as true of Indonesia as it is of everywhere else?

Mr Harrison—I think that people living in a kampong are grateful for anything they get, but I think the elites do not like to think that they are dependent upon the generosity of bules to acquire the good life. On the other hand, they are not going to knock anything back. I will slightly modify the way you framed your question about our getting anything back from aid. We may not be achieving the objectives. I think we need to be much more hard nosed about why we are giving aid. As I suggested, part of our culture is to help people who we think need help.

Mr BARRY JONES—Do you think aid should be tied?

Mr Harrison—Yes, I think aid should be structured in whatever way gives the best chances of realising its objectives.

Mr BARRY JONES—So you disagree with the Simons report on that point?

Mr Harrison—I am not really familiar with it.

CHAIRMAN—It talks about untying it?

Mr Harrison—We are going to be held responsible sooner or later for the outcomes of the aid we give. Again, I think that will change over 20, 30 or 50 years. People will look back at the causes and ask, 'Why is my country like it is?' If the succession is not good in Indonesia—and it will be a bigger mess over the next 20 years than it has been in the past—they are going to be looking for reasons. If Australia has been doing various things and, in my opinion, meddling in someone else's life, they are going to say, 'Look, we are going to hold you accountable.' With the way the UN operates, it is changing. The influences that less developed countries have are growing all of the time. I think that in 50 years time people will say, 'Look, we are going to hold you accountable for what you have done over the last 50 years.'

Mr NUGENT—One of our recent aid projects in Indonesia streamlined the management of a railway transportation system, introduced safety measures, signalling systems and so on. Do you think that that will be resented and that we should not have done that?

Mr Harrison—I am not saying that specifically would be resented. However, consider the possibility—and I am just thinking off the top of my head—if in 20 or 30 years time there are problems because the rail system itself does not meet the demands then they will look back and say, 'Why do we have the rail system we have? It was set up by the Australians.' They are going to be looking for someone to blame. That type of rationale is going to happen increasingly throughout the aid-recipient world.

Mr NUGENT—But if we help them with that system and train them to do capacity planning for the future, would that not be better for us than walking away from it?

Mr Harrison—Sorry?

Mr NUGENT—If we conducted an aid project such as that and trained their people for future capacity planning, expansion, development and so on of the rail system, would that not be better from our point of view, because we would get kudos and have a better relationship with them, than just walking away from it, saying, 'We should not be

doing it, because we might get blamed in 30 years time if the system does not work'?

Mr Harrison—I think it is debatable as to whether we are going to get kudos from them. The biggest recipients of the kudos—the warm feelings—are us. We like to think that we help people. I am not sure that Indonesians and many people who are in receipt of aid sit around for much of their time thinking such good thoughts about the donors.

Mr NUGENT—Why do the governments of recipient countries always squawk when we cut back on aid?

Mr Harrison—Wouldn't you? These are countries that are hungry for resources. If you can get resources given to you, you go for it. It does not mean that you like the people who are giving you the resources any more, but it may mean that you will accept them, because it is free. In my opinion, most of South-East Asia and the ASEAN countries are obsessed with development, and anything that they can get for free from the west they will take. But I do not know that we should be expecting any kind of acknowledgment for it.

Mr DONDAS—Gratitude.

Mr Harrison—Yes, or change of attitude. I think we will be waiting for a long time in some cases.

Mr HOLLIS—I do not wish to pursue this matter for very long. On the issue of aid, I think you are drawing a very longbow. I could understand it if Australia was a major contributor of aid to Indonesia, but in the context of the overall budget that goes into Indonesia we are extremely small fry. We may think we are big fry, but in the overall scheme of things we are extremely small fry. You are right that they would not know or care in 30 years time who put in the rail system. However, where I think you are wrong is that properly directed aid can have great benefits. For instance, I cite the Colombo Plan, an aid program in this country under which a lot of middle management or decision makers now in Asia were trained. They still have fond memories and are now in positions of power. I think you are drawing a longbow by just saying that all aid is no good.

Mr Harrison—I think aid should be called something like 'reciprocal development agreements'. I think it should be a more two-sided, interactive thing.

Mr BARRY JONES—Something catchy.

Mr Harrison—I think it should be meaningful. The Colombo Plan provided education in Australia for many people from Indonesia, Malaysia and Papua New Guinea. I know of many people who went back to their own country and, within five years, were doing the same things that people everywhere else in their country were doing, and they

do have fond memories of their stay in Sydney, Brisbane or wherever.

CHAIRMAN—Thank you very much. We appreciate your evidence. I thank my colleagues. In particular, I thank Queensland *Hansard*.

Resolved (on motion by Mr Barry Jones):

That this subcommittee authorises the publication of the evidence given before it in the public hearings yesterday and today.

Committee adjourned at 12.45 p.m.