



Australian Government
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Inquiry into Australia's Relations with ASEAN



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Executive Summary

Over the years, Australia's relationship with ASEAN has expanded and matured well beyond its initial development assistance focus. Today, Australia is an active partner of ASEAN through a broad institutional framework. Relations encompass trade and investment, security, transnational issues including counter-terrorism, social policy, and people-to-people links through education, tourism and cultural exchange. The importance of Australia's engagement with ASEAN was acknowledged in 2007 with the signing of the ASEAN-Australia Comprehensive Partnership. The Plan of Action to implement this Partnership provides a framework for engagement with ASEAN over the next five years, including in the areas of political and security, economic, socio-cultural and development cooperation. Significant progress has already been made in implementing the collaborative actions detailed in the Plan.

Development cooperation with ASEAN remains a priority. Phase II of the ASEAN Australia Development Cooperation Program (2008-2015) will promote economic growth in the region through supporting ASEAN's efforts to establish an ASEAN Economic Community by 2015. Implementation of the ASEAN Charter will provide further opportunities to enhance linkages between ASEAN and Australia, including through the establishment of a legal and institutional framework for ASEAN and the appointment of Australia's first Ambassador to ASEAN.

The ASEAN-Australia New Zealand Free Trade Agreement (AANZFTA), concluded on 28 August 2008, will create new trade opportunities and contribute to boosting Australia's investment relationship with ASEAN. The use of regional rules of origin available under AANZFTA will help Australian and ASEAN industry develop greater linkages into regional production chains.

Australia's participation in ASEAN-related forums, including the East Asia Summit and the ASEAN Regional Forum, will continue to present important opportunities for us to work side-by-side with ASEAN to help shape regional economic and financial integration and promote regional security integration, including in the areas of energy security, disaster relief, avian influenza, counter-terrorism and transnational crime, non-proliferation and disarmament, maritime security and peacekeeping. Australia will also continue to work with ASEAN to build capacity in policing, legislation development and law enforcement.

The countries of ASEAN, particularly those with low-lying coastal and island communities, are vulnerable to the impacts of climate change, which have the potential to affect key industries, notably tourism and agriculture. Australia is taking a leadership role in addressing these issues with ASEAN. Key areas of focus include initiatives to reduce emissions from deforestation and forest degradation and to protect and manage the region's marine and coastal areas and resources in order to deliver greater sustainable management of fisheries, improved livelihoods and enhanced food security.

Australia's people-to-people links with ASEAN are particularly strong and are being continually enhanced, including through ongoing education exchanges, scholarships and interfaith dialogue activity and the increasing use of electronic media to tailor programs to appeal to youth and enhance dissemination of cultural content.

Enhancing Australia's involvement in ASEAN

Australia's relations with the Association of Southeast Asian Nations (ASEAN)

The Association of Southeast Asian Nations (ASEAN) was established in 1967 with the aim of accelerating economic growth, social progress and cultural development through joint endeavours in order to promote a prosperous and peaceful community of South East Asian nations. Its founding members were Indonesia, Malaysia, the Philippines, Singapore and Thailand. Today, ASEAN comprises 10 countries: Brunei Darussalam, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam.

Australia was ASEAN's first dialogue partner – the first country ASEAN agreed to meet on a regular basis to discuss political, economic and functional cooperation. The first formal talks which brought together the then five members of ASEAN and Australia were held in Canberra in 1974. ASEAN now has ten dialogue partners: Australia, Canada, China, the European Union, India, Japan, New Zealand, Republic of Korea, Russia and the United States. The United Nations Development Program also has dialogue status.

Since then Australia has become an increasingly active partner of ASEAN, including through a broad institutional framework which includes: the East Asia Summit, a leaders-led forum for strategic dialogue comprising ASEAN plus Australia, China, Japan, India, New Zealand and Korea; and ministerial processes including the annual meeting of ASEAN Foreign Ministers with Australia's Foreign Minister (the ASEAN Australia Post Ministerial Conference), the ASEAN Economic Ministers-Closer Economic Relations meeting, and the ASEAN Regional Forum (see regional security section); and officials' processes including the biannual ASEAN-Australia Forum and the ASEAN-Australia Development Cooperation Program Joint Planning Committee.

Over the years, Australia's relationship with ASEAN has expanded and matured well beyond its initial development assistance focus. It now encompasses trade and investment, security, transnational issues including counter-terrorism, social policy, and people-to-people links through education, tourism and cultural exchange. The Plan of Action implementing the Joint Declaration on the ASEAN Australia Comprehensive Partnership, which covers activities in all these areas, is at [Attachment A](#).

ASEAN, with a growing market of over 550 million people and combined GDP estimated at over US\$1 trillion, already has healthy commercial ties with Australia. As a group, it is a larger trading partner for Australia (16 per cent) than any single country, including China (13 per cent), Japan (12 per cent) or the United States (11 per cent). However, ASEAN attracted a modest 3.2 per cent of Australia's foreign direct investment as at December 2007.

In 2007¹, Australia's two-way merchandise trade with ASEAN totalled \$55.2 billion, with exports to ASEAN valued at \$18 billion and imports at \$37 billion. Major exports to ASEAN were crude petroleum, non-monetary gold, aluminium and copper.

¹ Trade stats from ASEAN -10 fact sheet on DFAT site: <http://www.dfat.gov.au/geo/fs/asean.pdf>

Principal imports were crude and refined petroleum, computers, motor vehicles for transporting goods, and non-monetary gold. Over the same period, Australia's exports of services to ASEAN were \$7 billion while services imports were \$8.5 billion. Australia's total investment in ASEAN (portfolio and direct) as at the end of 2007 was \$31.4 billion, and ASEAN's investment in Australia was \$52.8 billion.

Australia is a leading provider of on-shore and off-shore education services to the region, with over 65,000² students from ASEAN countries studying at Australian educational institutions in 2007. Other people-to-people links are also strong, for example, well over 600,000 tourists from ASEAN countries visited Australia in 2006. Cultural relations have also become a dynamic element in the people-to-people relations: tours by performing arts groups and cultural exhibitions are a regular feature of Australia's cultural exchanges with ASEAN countries.

Cooperation between law enforcement authorities in Australia and ASEAN countries is expanding and has contributed to enhanced regional efforts to fight transnational crime, including drug trafficking and people smuggling. Regional cooperation to combat people smuggling was strengthened by the second Bali Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime held in April 2003. The Asia Regional Trafficking in Persons project is a five-year \$21 million activity which commenced in August 2006 and focuses on strengthening criminal justice system responses to human trafficking. Australia is also providing funding to combat the negative development impacts of illicit drugs in South-East Asia. Regional initiatives focus on HIV harm reduction, improved treatment and rehabilitation for addicts, and improved information and analysis for policy setting.

Australia's relationship with ASEAN in the areas of defence and security is strong and diverse. Counter-terrorism cooperation, in particular, has expanded significantly since September 11 and the Bali bombings of October 2002. The ASEAN-Australia Joint Declaration for Cooperation to Combat International Terrorism was signed in July 2004. A Work Programme to Implement the Joint Declaration was finalised in June 2007. Australian agencies continue to work on capacity-building activities highlighted in the Work Programme with relevant ASEAN member states, in areas such as law enforcement, border control, transport security, terrorist financing and legislative frameworks. Australia has concluded Memoranda of Understanding (MOU) on counter-terrorism with six ASEAN countries: Brunei, Cambodia, Indonesia, Malaysia, the Philippines, and Thailand.

Australia has contributed to regional security and stability through our extensive defence relationships. The Lombok Treaty, a historic Agreement on the Framework for Security Cooperation between Australia and Indonesia, came into force on 7 February 2008. Australia and the Philippines signed a Status of Visiting Forces Agreement in May 2007 during the state visit to Australia of Philippines President, Gloria Arroyo.

² Education figures based on numbers of students on student visas, courtesy of International Research and Analysis Unit, DEEWR

Australia has bilateral security dialogues with Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Attachment D outlines Australia's relations with individual ASEAN countries.

Development cooperation

Australia has supported ASEAN as a regional grouping for over thirty years. ASEAN-Australia development cooperation has made a valuable contribution to economic development in the region and has supported ASEAN-Australia relations at a number of levels. With a highly practical focus and flexible structure, Australia has been able to respond to social and political developments in the region, natural disasters (such as the 2004 Boxing Day Tsunami) and financial crises (the 1997 Asian Financial Crisis), and support the significant economic progress the region has witnessed over recent decades.

ASEAN-Australia Development Cooperation Program

In 2002 a strengthening in the relationship between Australia and ASEAN was reflected under the ASEAN-Australia Development Cooperation Program (AADCP). The AADCP was a \$45 six year program (2002-2008) aimed at promoting sustainable development by assisting ASEAN tackle priority regional development challenges through regional cooperation. The program engaged a significant number of Australian organisations, government departments, agencies and individuals through the development of project partnerships between appropriately skilled institutions in Australia and ASEAN to:

- strengthen regional economic and social cooperation (including macro-economic and financial cooperation, economic integration, social policy formulation and systems, and ASEAN, Australia and New Zealand economic linkages);
- strengthen regional institutional capacities;
- strengthen science, technology and environmental cooperation; and
- expedite the new ASEAN Member Countries' integration into ASEAN by supporting their participation in ASEAN cooperation programs.

The AADCP also supported a range of priority regional policy research activities undertaken by ASEAN and Australian research entities, culminating in the publication: 'Brick by Brick: The Building of an ASEAN Economic Community'. Key achievements of the AADCP are at Attachment B.

A second phase of the AADCP research stream, focusing on research relating directly to the East Asia Summit (EAS), commenced in late 2007. It aimed to provide ASEAN, other EAS members, and the ASEAN Secretariat with high-quality, high-priority and timely economic policy analysis.

ASEAN-Australia Development Cooperation Program Phase II

The successor program for the ASEAN-Australia Development Cooperation Program, AADCP II, (\$57 million from 2008-2015), is designed to promote economic growth,

particularly in the region's poorer countries, through supporting ASEAN's efforts to establish an ASEAN Economic Community by 2015. The new program reflects a much stronger emphasis on partnership between Australia and ASEAN, both in design and implementation. As a first among ASEAN's dialogue partners, Australia will place an Australian Government representative in the ASEAN Secretariat to jointly manage the program. The new program will strengthen the ASEAN Secretariat's institutional capacity to help it fulfil its broad mandate and to provide economic research and policy advice on priority regional economic integration issues. Further details of AADCP II are at [Attachment C](#).

While the primary focus of AADCP has been to support ASEAN's economic development and integration, Australia has provided support regionally against each of ASEAN's development pillars (security, economic and socio-cultural). Australia is currently supporting ASEAN through various programs based at the ASEAN Secretariat in Jakarta with a focus on emerging infectious disease, pandemic preparedness and response, and regional animal health initiatives. An increased focus on animal health issues and management of disease at source has been recognised globally as a public health priority.

ASEAN has identified the need for establishment of a regional coordination and implementation mechanism for transboundary animal health initiatives with a 'One Health' approach. Australia has agreed to fund a regional consultation process to explore options for establishing an ASEAN One Health centre.

Opportunities to expand Australia's relations with ASEAN

Greater ASEAN integration enhances opportunities for Australian engagement in the region. Since 2003 ASEAN has focused on developing an ASEAN Community based on three pillars: economic, security and socio-cultural. The adoption of the ASEAN Charter by ASEAN leaders in November 2007 marks a significant step along the path to achieving this goal. Once ratified and implemented the Charter will serve as a legal and institutional framework to support closer integration. The Charter focuses on improving ASEAN's structure and strengthening the Secretariat, and confers a legal standing on the Association. It also provides for the establishment of an ASEAN human rights body.

The ASEAN Charter provides further opportunities to enhance linkages between ASEAN and its dialogue partners, including through the appointment of permanent representatives to ASEAN. Department of Foreign Affairs and Trade (DFAT) Deputy Secretary Ms Gillian Bird was recently appointed Australia's first Ambassador to ASEAN. This appointment underscores the importance Australia attaches to relations with ASEAN and our desire to further extend our cooperation in key areas. It enhances significantly our contact and coordination with ASEAN on matters of mutual interest.

The importance of the multi-faceted engagement between Australia and ASEAN was acknowledged in 2007 with the signing of the Joint Declaration on the ASEAN-Australia Comprehensive Partnership. The Plan of Action to implement this Comprehensive Partnership was adopted in November 2007 and provides a framework for engagement with ASEAN over the next five years, including in the

areas of political and security, economic, socio-cultural and development cooperation. Australia has already made progress in implementing the collaborative actions detailed in the Plan and will continue to do so. Progress on the Plan of Action is reviewed annually by Ministers at the ASEAN Australia Post Ministerial Conference.

ASEAN will also remain a key partner for Australia in its East Asia Regional Strategy (2009-2015) which is currently being developed and will focus on support for inclusive and sustainable regional economic growth and regional health and human security in the region.

ASEAN plays a leading role in the East Asia Summit (EAS) and provides a small Secretariat. Australia's membership of the EAS offers an important opportunity to engage with ASEAN and the broader East Asia region in a number of key areas, including energy security, environment, finance, education, disaster mitigation and avian influenza. The EAS has also established an Economic Research Institute for ASEAN and East Asia (ERIA) and supported an experts' study into the possibility of a Comprehensive Economic Partnership in East Asia (CEPEA) - essentially an EAS-wide FTA. Australia will continue to work constructively with EAS counterparts on both initiatives. Energy and energy security are the sectors in which EAS cooperative activity is most advanced and work in the areas of education and finance is developing. We focus in particular on encouraging closer financial cooperation in the EAS, including through an imminent study "*A Needs Assessment of Capacity Building Requirements for EAS members, focused on the financial sector.*"

Australia has strong education linkages with ASEAN countries and with the Southeast Asian Ministers for Education Organization (SEAMEO) which has responsibility for regional education cooperation. SEAMEO has recently shown greater interest in regional engagement on the internationalisation of education. This provides an opportunity for Australia to engage with them on systemic reform aimed at eliminating behind-the-border barriers to cross-border exchanges of education services.

Australia supports increased regional higher education policy harmonisation in qualifications recognition and quality assurance. Australia has been pursuing these issues as they underline the possible future establishment of a common space in higher education in South-East Asia. Creation of such a common space would benefit consumers, providers and national economies in both recipient and provider countries as cross-border education promotes the transfer of ideas and innovation; increases the diversity of educational offerings; represents an effective increase in the supply of education; provides an impetus to improving quality; and facilitates the long-term strengthening of people-to-people contacts and cultural understanding.

Other areas of desirable cooperative work between Australia and ASEAN include the improvement of data collection on cross-border activity and policy harmonisation in regard to the regulation of cross-border supply of education.

Additional opportunities for expanded cooperation, including in the area of trade and investment as a result of ASEAN-Australia New Zealand Free Trade Agreement (AANZFTA), are included in subsequent sections.

Enhancing regional security through Australian involvement

ASEAN Regional Forum (ARF)

Australia was closely associated with the creation of the ARF in 1994. Now in its 15th year, the ARF remains the region's principal forum for security dialogue and cooperation. Present engagement with the ARF is aimed at strengthening its capacity to respond with practical measures to regional security challenges, taking into account the ARF's unique security mandate and membership.

The meeting of ARF Foreign Ministers is a key annual event. Ministers use the meeting to review and respond to developments in the regional security environment. The meetings also look carefully at activities conducted under the authority of the previous ministerial meeting and approve future activity.

At this year's meeting Ministers considered and adopted a review of the ARF which had been conducted by Singapore as ARF Chair. The Review looked at the ARF's achievements and suggested measures to maximise the grouping's effectiveness. Australia worked to ensure a focus was given to practical cooperation, greater responsibility for non-ASEAN members, and improved secretariat support. Australia strongly supported the Review's recommendation that the ARF's practical program of outreach, capacity building and preventive diplomacy focus on counter-terrorism and transnational crime, disaster relief, non-proliferation and disarmament, maritime security and peacekeeping.

Counter-terrorism and transnational crime

In November this year, Australia plans to co-host with Indonesia a Conference on 'Terrorist Use of the Internet'. The conference will bring together officials, professionals and academics to examine the role the internet plays in supporting terrorist organisations in the Asia-Pacific and will seek to identify any trends.

The ARF Ministerial Meeting also adopted a 'Statement Promoting Collaboration on the Prevention of Diversion of Precursors into Illicit Drug Manufacture', which had been prepared by Australia. The use of amphetamine-type stimulants has emerged as one of the most dangerous illicit drug threats in the region. The statement urges countries to work cooperatively to strengthen precursor controls and respond to precursor diversion. The ARF's Workplan on Counter Terrorism and Transnational Crime also adopted by Ministers in July accords this issue priority.

Disaster relief

The ARF, bringing together both civilian and military elements, is well placed to contribute to capacity building on disaster relief.

The Review of the ARF noted Australia's recent contribution in co-hosting with Indonesia a Desktop Exercise on Disaster Relief (May 2008). The desktop exercise tested Strategic Guidance on Humanitarian Assistance and Disaster Relief jointly developed by Australia and Indonesia. The desktop exercise and the Strategic Guidance on Humanitarian Assistance and Disaster Relief set the groundwork for a

joint United States and Philippines proposal to hold a 'voluntary demonstration of response', live disaster relief exercise involving military and civilian assets in 2009.

Non-proliferation and disarmament and maritime security

Australia supported the establishment of two new Inter-Sessional meetings: the Inter-Sessional meeting on Non-Proliferation and Disarmament and the Inter-Sessional meeting on Maritime Security. We will explore opportunities to cooperate with ARF participants on these issues during the inaugural meetings scheduled for 2008-09.

Peacekeeping

Within the ARF, Australia has initiated cooperation in this field, co-hosting with Malaysia the inaugural ARF Peacekeeping Experts' Meeting in March 2007 and participating in the second meeting in 2008. A key product of these activities has been the distribution of an almanac listing contact details of peacekeeping experts and centres.

ASEAN Defence Ministers' Meeting (ADMM)

Australia remains committed to engaging with ASEAN on defence matters and has welcomed the evolution of the ASEAN Defence Ministers' Meeting (ADMM) and its adoption of an ADMM-Plus concept for engagement with regional security partners.

Law enforcement and policing

Australian Federal Police (AFP) liaison officers are located in eight of the ten ASEAN nations. The Singapore post has dual responsibility for Singapore and Brunei Darussalam and the Chiang Mai post has responsibility for northern Thailand and Laos.

The AFP engages with ASEAN as a dialogue partner in the ASEAN Chiefs of Police (ASEANAPOL) forum. ASEANAPOL provides a regional platform for ASEAN nations and dialogue partners to collectively discuss issues relating to law enforcement and transnational crime. Through ASEANAPOL, Australia works with ASEAN to implement long term sustainable strategies to strengthen regional cooperation to combat transnational crime

Australia gained agreement at the 28th ASEANAPOL Conference in May 2008 to conduct a Human Trafficking Investigations Training Program (HTIP). The HTIP will have participants drawn from all ASEAN countries. The program includes the delivery of specialist-investigations training, focusing on legislation, investigative methodologies, trafficking trends, intelligence targeting and victim liaison.

The Jakarta Centre for Law Enforcement Cooperation (JCLEC) is a law enforcement training institute jointly established by Indonesia and Australia. JCLEC is located in Semarang, Indonesia, and is managed and operated by the Indonesian National Police (INP) and the AFP. The Centre's key objective is to enhance the ability of regional law enforcement to deal with transnational crime, with a primary focus on counter-terrorism skills.

Since its inception, JCLEC has run 156 courses and programs and trained over 3600 participants in counter-terrorism-related police capacities including: investigations; post bomb blast analysis; financial investigations; criminal intelligence training; communications; general forensics; and leadership. At Australia's instigation, the first People Smuggling Investigations Workshop will be held at JCLEC in September 2008, with participants drawn from a number of ASEAN countries.

The AFP also targets law enforcement officers from ASEAN nations through other multinational training programs and workshops such as the Asia Region Law Enforcement Management Program (ARLEMP) in Vietnam and Intellectual Property Crime Workshops. Other current AFP Initiatives for engagement with ASEAN on issues of counter-terrorism and regional security include the Regional Cooperation Teams and Bomb Data Centres in Indonesia, Philippines and Thailand. Early in 2008, the AFP appointed an Asia-Pacific Intellectual Property Project Officer to enhance law enforcement relationships in the region focusing on combating intellectual property crime. In June 2008, the AFP hosted an Intellectual Property Crime Workshop in Bangkok. This work will continue to be built upon by the AFP in the region.

Expansion of Multi-National Operations Support Team (MNOST)

The AFP has been instrumental in establishing and supporting the Multi-National Operations Support Team (MNOST), a hub of regional law enforcement officers working collaboratively in response to terrorist threats in the region. Located in Indonesia, the MNOST comprises representatives from Thailand, the Philippines, Singapore, Indonesia and Australia.

There is potential to expand the membership of MNOST to include law enforcement agencies from other ASEAN nations. Increased involvement of ASEAN countries in MNOST would enhance regional security by establishing collaborative working arrangements on counter-terrorism and transnational crime issues.

Free trade agreements with ASEAN and individual ASEAN countries

ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA)

Negotiations on the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) were concluded at the ASEAN Economic Ministers-Closer Economic Relations Trade Ministers' meeting on 28 August 2008. Legal verification of the Agreement will commence shortly with the aim of having the Agreement signed in December 2008.

By including provisions covering trade in goods and services, together with investment, intellectual property, competition policy and economic cooperation, AANZFTA becomes the most comprehensive FTA that ASEAN has negotiated, and the only FTA it has negotiated as a single undertaking.

AANZFTA provides for the progressive reduction or elimination of tariffs over specified periods and the scheduling of market access commitments for services by each of the parties. AANZFTA will allow for greater certainty and transparency for those trading and investing in the region. For the first time for Australia in an FTA, a chapter on economic cooperation has been included to help AANZFTA Parties implement their obligations. A work program will be carried out over five years with an estimated cost of up to \$20-25 million. Australia is prepared to make an appropriate funding contribution to this cost.

The level of development of ASEAN members is reflected in differential time frames for implementing certain FTA commitments. Australia and New Zealand will typically have the shortest implementation time frames and the less developed ASEAN members the longest.

The FTA strengthens Australia's economic and strategic engagement with the ASEAN region. The FTA will deliver real commercial benefit for Australian exporters and investors. There is considerable potential for AANZFTA to create new trade opportunities and contribute to boosting Australia's modest investment relationship with ASEAN. The use of regional rules of origin available under AANZFTA will help Australian and ASEAN industry develop greater linkages into regional production chains.

Overall, AANZFTA should provide a platform for Australia's ongoing engagement with ASEAN. In particular, AANZFTA establishes a detailed forward work program, an institutional framework providing for regular meetings of economic officials, as well as providing a platform for securing further liberalisation of trade and investment in the future.

Singapore-Australia Free Trade Agreement (SAFTA)

The Singapore-Australia Free Trade Agreement (SAFTA) entered into force on 28 July 2003 and has significantly enhanced the trade relationship. SAFTA was the second free trade agreement, after the Closer Economic Relations Trade Agreement with New Zealand, concluded by Australia. It is a comprehensive agreement with

most benefits to Australia concentrated in the services sector. Prior to SAFTA, beer and stout were the only Australia merchandise exports which attracted an import duty.

Key benefits to Australia include national treatment and market access commitments for Australian education providers, improved conditions for joint law ventures involving Australian legal firms, recognition of a greater number of Australian law degrees, access for Australian companies to Singapore's government procurement market covering 47 Singapore agencies, improved access for environmental service providers, removal or easing of residency requirements for Australian professionals, and improved short-term and long-term business entry conditions for Australians.

Since SAFTA came into force, the total value of Australian exports to Singapore has grown by an average of 8 per cent per year (to \$7.2 billion in 2007) with the services component growing by an average of 11 per cent. Prospects for deepening trade links with Singapore remain positive, and are now underpinned by SAFTA's on-going review process.

Thailand-Australia Free Trade Agreement (TAFTA)

Since the entry into force of the Thailand-Australia Free Trade Agreement (TAFTA) in January 2005 two-way trade has expanded significantly. Thailand is now Australia's eighth largest two-way (goods and services) trading partner. TAFTA has helped boost bilateral (merchandise) trade from \$6.8 billion in 2004 to \$12.3 billion in 2007. Thai exports to Australia have increased from \$3.8 billion in 2004 to \$7.9 billion in 2007, while Australia's merchandise exports to Thailand have risen from \$3.1 billion in 2004 to \$4.4 billion in 2007. Growth in services exports from TAFTA's implementation to December 2007 has been approximately 9 per cent – roughly in line with Australia's total growth in services exports.

On services, investment, business mobility, government procurement and competition are less comprehensive than other bilateral FTAs, TAFTA provides for the commencement of additional negotiations (the 'inbuilt agenda') by 1 January 2008 (within three years of TAFTA's entry into force). Subsequent to the entry into force of TAFTA, Thailand also agreed (during the inaugural and so far only TAFTA Joint Commission) to form an additional working group for negotiations on enhanced market access. The uncertain political situation in Thailand since 2006 has made it difficult to secure agreement to commence negotiations. Good outcomes in these negotiations will provide further impetus for the continued expansion of our bilateral trading relationship.

Malaysia-Australia Free Trade Agreement (MAFTA)

Australia and Malaysia agreed to launch negotiations on a bilateral Free Trade Agreement (FTA) in April 2005. Four full rounds of negotiations and several intersessional meetings were held before negotiations slowed down in 2007. The status of the MAFTA negotiations will be reviewed now that AANZFTA negotiations have been concluded.

The comprehensive scoping studies into the likely impact of a bilateral economic agreement suggest that it would deliver substantial benefits to both countries.

Malaysia is an important economic partner and regional neighbour for Australia. It ranks as Australia's third largest trading partner in ASEAN. Two-way trade between Australia and Malaysia has grown steadily in recent years to reach around \$12.8 billion in 2007.

Australia-Indonesia FTA Feasibility Study

Australia and Indonesia are undertaking a joint feasibility study on the merits of a bilateral free trade agreement (FTA). The study was announced on 27 July 2007, following a recommendation by the Australia-Indonesia Trade and Investment (TIF) Experts Group to Trade Ministers in Jakarta on 25 June 2007 that the two countries consider the costs and benefits of an FTA. The study is examining the implications for economic growth, trade, investment, commercial linkages and competitiveness with the objective of producing a report jointly with Indonesia that examines the merits of a bilateral FTA.

Public consultations were undertaken in all Australian State and Territory capitals from October to December 2007. In addition, 27 written submissions from business and other stakeholders have been received to date through a public call for submissions. Two Joint Study Group meetings of officials have taken place, the first in Jakarta on 17-19 December 2007 and the second in Canberra on 16-17 April 2008. The next Joint Study Group meeting is scheduled to take place in Jakarta.

The feasibility study provides an opportunity to identify barriers to trade and investment and inform consideration of the benefits and costs of a possible future FTA. Any decisions taken to negotiate an FTA with Indonesia would be a separate matter for both governments to determine.

Opportunities to enhance the regional economy

Economic Ministers from Australia and New Zealand meet ASEAN Economic Ministers (AEM) at least annually at the AEM-Closer Economic Relations (CER) Consultations. While negotiations on an ASEAN-Australia-New Zealand Free Trade Agreement have dominated discussion in the last few years, the consultations provide a forum for discussion of broader trade and economic issues affecting the region, including developments in APEC and the WTO. East Asia Summit (EAS) Economic (Trade) Ministers also meet informally each year.

With EAS countries accounting for 59 per cent of Australia's goods and services exports, moves towards greater economic integration in East Asia are extremely important to Australia. In 2008 EAS leaders established the Economic Research Institute for ASEAN and East Asia (ERIA). Australia is a member of ERIA and has a representative on the Governing Board. ERIA aims to foster economic integration through strengthening analytical capacity in East Asia. The Institute was established to facilitate ASEAN Economic Community building and support ASEAN's role as the driver of the wider economic integration and sustainable growth in the region. It aims to foster research activities which can add value to public policy making and in this way work towards narrowing development gaps and nurturing a greater sense of community in East Asia.

Within the EAS Australia is also a strong supporter of the proposal for a Comprehensive Economic Partnership in East Asia (CEPEA). This is essentially an EAS-wide free trade agreement (FTA). The track-two study group established to examine the CEPEA proposal released its report in June 2008. The report showed greater potential trade and GDP growth if enhanced integration among EAS members is achieved. Australia supports proposals for continuing work towards a CEPEA.

Australia also supports regional financial cooperation and integration within the EAS, including through working to develop financial markets, remove barriers to cross-border financial flows and to prevent and manage financial crises. Financial market development is critical to promoting sustainable economic growth, through more efficiently allocating resources and better managing risk. While considerable advances have been made in the region since the Asian financial crisis of 1997, financial markets remain relatively underdeveloped.

Australia's development assistance to enhance the regional economy

Under the ASEAN-Australia Comprehensive Partnership and its Plan of Action Australia and ASEAN have agreed to cooperate in support of an ASEAN's goal of achieving an Economic Community by 2015. Areas for cooperation include: improving the environments for trade, investment and other economic linkages; enhancing cooperation in areas of mutual economic and financial interest; strengthening cooperation in multilateral frameworks including the WTO, APEC and EAS; and promoting greater interaction between private and public sectors.

An economic cooperation chapter and work program is included in the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA). The AANZFTA is the first Australian FTA to include such a provision. The economic cooperation package

is estimated to cost up to \$20-25 million over five years and will assist ASEAN members to realise the opportunities presented by the AANZFTA, including by assisting its implementation.

Phase II of the ASEAN-Australia Development Cooperation Program (AADCP II) is designed to support ASEAN's goal of establishing an ASEAN Economic Community by 2015. It focuses strongly on helping poorer ASEAN members to meet the UN Millennium Development Goals through stronger economic growth and integration. It includes a stronger emphasis on partnership, and will be managed jointly with the ASEAN Secretariat. It will also provide high quality economic research and policy advice and implementation support on priority regional economic integration issues.

Australia also assists ASEAN address the significant socio-economic impacts of transboundary animal diseases and highly pathogenic emerging infectious diseases. Targeted support for healthy livestock production and sanitary and phytosanitary enhancement will provide significant benefits for improved livelihoods and economic development. This will reduce the risk of disease impacts on trade and market access for development in ASEAN member states.

Australia is currently providing support for the World Organisation for Animal Health's South East Asia Foot and Mouth Disease Campaign through the Regional Coordination Unit, based in Bangkok. Australia is also supporting ASEAN to address healthy tourism through the ASEAN +3 Emerging Infectious Diseases Program.

Enhancing cultural links

Australia advances cultural relations with ASEAN through the programs and activities of the Department of Foreign Affairs and Trade's Images of Australia Branch, bilateral foundations, councils and institutes, and network of diplomatic missions and through educational cooperation and scholarships programs.

In recent years, four major presentations of Australian culture have been conducted in ASEAN countries, principally under the Focus Country Programs of the Australia International Cultural Council (AICC), Australia's peak body on cultural diplomacy. In 2005, the Australian arts and culture promotion, *oZmosis*, (at a cost of \$159,000) was staged to coincide with the Singapore International Arts Festival. In 2007, the *My.Oz* program (\$197,000) commemorated 50 years of bilateral relations with Malaysia. In 2008 the AICC is delivering a major arts and culture program in Indonesia, titled *IN2OZ : Creative Australia* (\$362,000) and the Australian Embassy in Vietnam has organised a range of cultural activities to mark the 35th anniversary of establishment of diplomatic relations.

In addition, a range of long-standing programs continue to ensure that Australia is engaging in a vigorous and ongoing basis with ASEAN on a cultural level. For example, the International Cultural Visits program has, for many years, brought to Australia key decision-makers in the cultural sectors of ASEAN and, in 2007-08, DFAT hosted visits from the Philippines, Vietnam, Singapore and Indonesia. Contemporary Australian visual arts and music are exhibited and performed in ASEAN through touring programs managed on behalf of DFAT by Asialink and Musica Viva Australia respectively. The Embassy Film Roadshow program, managed in conjunction with Screen Australia, has enabled the staging of mini-film festivals across South-East Asia.

Australia is a leading provider of on-shore and off-shore education services to the region, with over 65,000³ students from ASEAN countries studying at Australian educational institutions in 2007. Of this, around 18,000 students were from Malaysia, 15,000 from Thailand and 12,000 from Indonesia. There was also strong growth in student numbers from the Philippines (by 24 per cent to over 1,700) and Vietnam (by 30 per cent to over 7,700). Many Australian universities and education and training providers have set up campuses in or have cooperative education agreements with providers in ASEAN countries.

A key feature of Australia's support of the development of links with ASEAN is through the Australian Scholarships Program. The Australian Scholarships Program provides educational, research and professional development opportunities to support growth in the region and to build enduring links at the individual, institutional and country levels. In 2008 residents of ASEAN member countries will take up 1,066 new scholarships and fellowships to study in Australia under the Australian Scholarships scheme.⁴ These are for PhD and Masters scholarships, research fellowships and executive awards. Australian Scholarships will also provide 20 scholarships and fellowships for Australians to study in ASEAN member countries, and support 113

³ Education figures based on numbers of students on student visas, courtesy of International Research and Analysis Unit, DEEWR

⁴ Includes both DEEWR Endeavour Awards and AusAID scholarships.

student exchanges between ASEAN countries and Australia. Support under the umbrella of Australian Scholarships is provided through two programs: Australian Development Scholarships and the Australian Leadership Awards. 11,758 scholarships were provided to ASEAN countries for the period 2001-2008.

Australia plays an important role in facilitating interfaith dialogue with a view to promoting tolerance and mutual understanding between religions and cultures in South-East Asia. In 2004 Australia and Indonesia co-founded the Regional Interfaith Dialogue. Participants include faith and community leaders from ASEAN nations, Australia, New Zealand, Fiji, East Timor and Papua New Guinea. The Regional Interfaith Dialogue provides a useful forum for discussion of practical initiatives that can be implemented to address issues which are relevant to all cultural and religious groups, such as, media, youth, education and conflict resolution. Australia has offered to host the next Regional Interfaith Dialogue.

Building on the success of the Regional Interfaith Dialogue, Australia and the European Union co-hosted the first Regional Youth Interfaith Forum for religious and community leaders under 35 in Perth in 2007. The theme of the Forum was “Embracing Diversity: Delivering Messages of Understanding”. The Forum provided an environment in which youth leaders from South-East Asia, Australia and Europe could freely and openly discuss some of the challenges facing young people today and set about developing practical strategies aimed at promoting messages of tolerance and understanding among young people in their communities back home.

Australia’s DFAT-administered institutes with Indonesia, Malaysia and Thailand, support bilateral relations with these countries by encouraging stronger people-to-people links. For further detail on the priorities and opportunities afforded by the work of specific institutes, see [Attachment D](#).

In countries with less developed cultural infrastructures, Australia could consider providing more support, training and capacity building, especially in areas that support cultural endeavour, such as arts and sports administration, museum curatorship, and heritage management. Programs tailored to appeal to the youth, education, interfaith and civil society sectors of ASEAN countries could be considered, including the dissemination of more cultural content by electronic means, via regional television services such as Australia Network and the Internet.

The impact of global warming on the region

Impact of climate change

Australia considers climate change to be a serious long-term global challenge that will incrementally intensify climate-related stresses, including extreme weather events, sea-level rise and resource availability. Other impacts may include alterations to the geographical range of some infectious diseases. Over time, these climate change impacts are also expected to contribute additional stresses to local and regional stability, and resource and food security.

The countries of ASEAN, particularly those with low-lying coastal and island communities, are vulnerable to the impacts of climate change. Climate change in these areas has the potential to affect key industries, notably tourism and agriculture.

There is growing awareness in ASEAN of the need to take action on climate change. ASEAN Heads of State/Government adopted energy, environment, climate change and sustainable development as the theme for the 13th ASEAN Summit held in Singapore in November 2007. One outcome from the summit was the ASEAN declaration on Environmental Sustainability, in which leaders encouraged work on an ASEAN Climate Change Initiative.

At the United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties in Bali in December 2007, ASEAN ministers responsible for the environment elaborated the initiative further, stating that it was envisaged to be “a consultative platform to further strengthen regional coordination and cooperation in addressing climate change and to undertake concrete actions to respond to its adverse impacts”.

Australia’s engagement with ASEAN on climate change

Australia is taking a leadership role in addressing climate change issues within the Asia-Pacific region and is engaged with the countries of ASEAN and with ASEAN as an entity on climate change issues.

Australia and ASEAN participated in the negotiation of the Singapore Declaration on Climate Change, Energy and the Environment, which was released on 21 November 2007 at the conclusion of the 3rd East Asia Summit (EAS). The declaration commits countries to the common goal of stabilising greenhouse gas concentrations at a level that would prevent dangerous anthropogenic interference with the climate system, recognising that all countries should play a role based on the principles of common but differentiated responsibilities. Countries agreed to address the challenge by cooperating on development and deployment of clean technology, improving energy efficiency, reducing emissions from deforestation, developing nuclear power for civilian use, and developing an effective post-2012 agreement.

Australia and all ASEAN countries, with the exception of Burma and Brunei Darussalam, are members of the Asia-Pacific Network on Climate Change. This forum is led by Japan for the countries of the Asia-Pacific region, as well as international organisations working in the region, to share information and build

relationships. The network provides a platform for policy dialogue and consultation through annual seminars and provision of information through the “AP-Net” website. The Australian Government provided \$30,000 to the network in 2007.

Australia has committed \$1.5 million to the Mekong River Commission (MRC - Vietnam, Thailand, Cambodia and Laos are the four partner countries of the MRC) for a major climate change initiative. This project will examine the impact of climate change on the water resources of the Mekong Basin, particularly in relation to food production and fish resources.

AusAID, in partnership with the World Bank, is providing \$15 million over the next four years for rural electrification in Laos and \$12.3 million for rural energy services in Cambodia, both including the use of renewable energy, and \$3.5 million for increasing the efficiency of rural power distribution in Vietnam. AusAID is also participating in designing a World Bank renewable energy project in Vietnam, with funding to be provided in 2009-10.

Reducing emissions from deforestation and forest degradation (REDD)

Reducing emissions from deforestation and forest degradation (REDD) is an important area where South-East Asian nations may be able to make a positive contribution to combating climate change, particularly if effective incentives for REDD are incorporated into a post-2012 global climate change agreement. Australia is supporting the development of approaches to REDD through the \$200 million International Forest Carbon Initiative (IFCI). IFCI’s focus for bilateral cooperation within South-East Asia is Indonesia, but global and regional partnerships under IFCI will have benefits for other South-East Asian nations.

Cooperation with Indonesia under IFCI is coordinated through the Indonesia – Australia Forest Carbon Partnership. The Partnership was signed by Prime Minister Rudd and President Yudhoyono in June 2008.

The partnership builds on existing collaboration which includes two major activities. The first is the Kalimantan Forests and Climate Partnership (KFCP), to which Australia has committed \$30 million. The KFCP will be developed as one of the first large-scale demonstration activities of its kind in the world. It aims to trial an innovative, market-oriented approach to financing and implementing measures to reduce emissions from deforestation and forest degradation in Central Kalimantan, Indonesia. A design framework for the KFCP was presented to Indonesia in July 2008 and a three- to six-month detailed design process has commenced.

The second is a \$10 million package to support Indonesia’s forest carbon policy, regulatory and institutional development. The project will: help develop a national Forest Resource Information System and a National Carbon Accounting System; support the development of a national policy and regulatory framework and strategies for reducing emissions from deforestation and forest degradation; and help prevent, monitor and suppress peat land fires.

Other IFCI assistance that will benefit other South-East Asian nations includes:

- . acquisition of historical satellite data on forest cover changes in South-East Asia and the Pacific, and provision of this data to countries in the region; and
- . the Asia-Pacific Forestry Skills and Capacity Building Program, which will assist countries in the region to develop their forest management expertise, combat illegal logging and improve the carbon sequestration performance of their forests (with initial projects including Indonesia, Vietnam, Cambodia and Laos).

Attachment A

Plan of Action to Implement the Joint Declaration on ASEAN-Australia Comprehensive Partnership

This Plan of Action will implement over the next five years (2008-2013) the Joint Declaration on the ASEAN-Australia Comprehensive Partnership signed in Manila, the Philippines on 1 August 2007.

In implementing this Plan of Action, ASEAN Member Countries and Australia commit to support ASEAN integration, including narrowing the development gap, to attain the end goal of the establishment of an ASEAN Community by 2015, consisting of three pillars, namely security, economic and socio-cultural, and to support enhanced Australian engagement with the region, in ways which are mutually agreed by all parties.

ASEAN Member countries and Australia commit to implement the Plan in accordance with our international legal obligations and the laws, regulations and national policies of ASEAN Member Countries and Australia.

I. Political and Security Cooperation

1. Promote deeper understanding of the political systems and historical, social and cultural traditions of each side through increasing people-to-people contacts, including track-two activities, such as academic conferences, workshops, seminars and exchange of visits;
2. Strengthen democracy, the rule of law, judiciary system and legal infrastructure, efficient civil services, and good governance, through information sharing, conferences, seminars, visits and training;
3. Promote continued cooperation through regional security fora and note the emergence of the ASEAN Defence Ministers' Meeting (ADMM) as a new forum for addressing security in the region;
4. Support ASEAN's efforts in implementing the ASEAN Convention on Counter Terrorism, signed on 13 January 2007, and other initiatives/measures on counter terrorism, including the Work Programme to Implement the ASEAN-Australia Joint Declaration for Cooperation to Combat International Terrorism;
5. Deepen and broaden cooperation in response to common security interests in terrorism, other transnational crime, non-proliferation and non-traditional security threats within the framework of national legislation and applicable international laws, agreements and protocols by:
 - a. continuing cooperation in the fight against terrorism including technical cooperation and exchange of information on the organisation, activities, methods, financing, and movement of terrorists;

- b. continuing cooperation on the development of appropriate legislative and regulatory frameworks;
 - c. strengthening links between relevant agencies in ASEAN Member Countries and Australia;
 - d. providing technical assistance and capacity-building activities to ASEAN Member Countries through regional training centres such as the Jakarta Centre for Law Enforcement Cooperation (JCLEC), the Southeast Asia Regional Centre for Counter-Terrorism (SEARCCT) in Kuala Lumpur and the International Law Enforcement Academy (ILEA) in Bangkok and other regional facilities;
 - e. strengthening law enforcement cooperation between ASEAN Member Countries and Australia including in the areas of extradition and mutual legal assistance, where applicable;
 - f. strengthening cooperation in the prevention of trafficking in, and reducing demand for, illicit drugs and supporting ASEAN's efforts in pursuit of a Drug Free ASEAN 2015 through, among other things, rendering assistance to the countries in need and strengthening cooperation in supply reduction efforts, such as by improving collaboration among law enforcement agencies in the prevention and suppression of illicit drug trafficking; promoting the exchange of experience among relevant authorities; fostering concrete enforcement actions and cooperation among relevant authorities in the implementation of measures to prevent the diversion of precursor chemicals, as called for under UN counter-narcotics conventions; as well as cooperating in sustainable alternative development with a view to eliminating narcotic plants; and enhancing demand reduction efforts through training and sharing of information and best practices;
 - g. increasing cooperation in the ASEAN Regional Forum (ARF), in particular to move the ARF process from Confidence Building Measures to Preventive Diplomacy through information sharing, capacity building and cooperative activities; and
 - h. increasing cooperation in APEC, the East Asia Summit (EAS), the United Nations (UN) and other regional and international fora;
6. Promote cooperation in human rights through consultation, information sharing and capacity building;
7. Strengthen collaboration and assist ASEAN's efforts in implementing the ASEAN Declaration against Trafficking in Persons particularly Women and Children, including cooperation among law enforcement agencies as called for under the relevant and applicable conventions;
8. In the framework of applicable national and international law, intensify cooperation to combat corruption, including denying a safe haven to those guilty of public corruption and those who corrupt them, and cooperate in the recovery and

return of the proceeds of corruption, as well as cooperate in the extradition and prosecution of those engaged in bribery, including in international business transactions, according to the means of each concerned country;

9. Deepen understanding of the Treaty of Amity and Cooperation in Southeast Asia (TAC), noting that Australia's accession reflects our firm commitment to the promotion of peace and stability in the region;

II. Economic Cooperation

10. Foster favourable environments for trade, investment and other economic linkages between ASEAN and Australia;

11. Maintain and enhance cooperation under the ASEAN-Australia Development Cooperation Program (AADCP) and, where applicable, other regional and sub-regional development programmes to assist ASEAN members with their trade and investment liberalization efforts consistent with their commitments under the WTO, bilateral and regional FTAs as well as within APEC, taking into account ASEAN's efforts for regional integration and narrowing the development gap within ASEAN;

12. Encourage greater communication among stakeholders in government, industry and academia to support the successful establishment and implementation of the ASEAN Australia and New Zealand Free Trade Area (AANZFTA); including support to allow the less developed and the developing ASEAN Member Countries to meaningfully participate in and benefit from the AANZFTA;

13. Continue to provide technical support, especially to the CLMV, for ASEAN's regional economic integration objectives, particularly the establishment of ASEAN Economic Community (AEC) by 2015;

14. Improve flows of goods, services and investment between ASEAN Member Countries and Australia by:

- a. improving domestic business environments through improved transparency of laws and regulations as well as promoting understanding of each other's legislation and regulations on trade and investment, including anti-dumping, tariff and non-tariff measures;
- b. cooperating in the World Trade Organization (WTO) to ensure a successful conclusion of the Doha Round which results in new commercial opportunities across all areas of the negotiations agriculture, Non-Agricultural Market Access and services, taking into account the importance of ensuring that development aspects are integrated in the outcome; to address the special concerns of developing and less-developed countries;
- c. strengthening cooperation in areas of mutual interest at the regional and multilateral levels to create more trade and investment opportunities;
- d. enhancing cooperation on:

- treatment of rules of origin;
- simplification and harmonisation of customs procedures;
- addressing non-tariff barriers to trade;
- treatment of services;
- dispute settlement/resolution mechanisms;
- standards, conformity assessment procedures and technical regulations on industrial and agricultural products; toward establishing Mutual Recognition Agreement on any mutually agreed sectors;
- IPRs; and
- statistics;

e. enhancing capacity building on competition policy and sanitary and phytosanitary;

f. exchanging information on mutual recognition arrangements to further enhance the existing trade exchanges and exports of products and services between ASEAN and Australia;

g. encouraging cooperation and interaction between the business communities of ASEAN Member Countries and Australia through regional initiatives, such as Business Summits and trade fairs held in ASEAN Member Countries and Australia, investment missions, seminars, business linkages and other initiatives which bring together potential business partners; and

h. developing cooperative measures and activities for promoting mutual investment, including exchanges of experts and information on investment opportunities;

15. Promote further cooperation and linkages, through seminars, workshops, technical assistance, scholarship schemes, training, joint research and development projects, and institutional linkages so as to exchange information, experience, know-how, technology, and best practices, where appropriate, in the following areas:

- a. trade and investment promotion and facilitation;
- b. regional financial development and integration;
- c. food safety;
- d. emergency food supplies;
- e. agriculture, fisheries, livestock, animal health and forestry;
- f. mineral resources;
- g. transport;
- h. customs procedures;
- i. tourism;

- j. Small and Medium Enterprises (SMEs) development;
- k. Information Communication Technology (ICT); and
- l. standards and conformance;

16. Promote energy diversification through information exchanges and research on alternative, low emission, new and renewable energy development such as solar, wind, tidal and waves, hydro, geothermal, clean coal technology, natural gas, sustainable biofuels, biomass, marsh gas, and others, taking into consideration each country's specific national circumstances; and as appropriate for those Member Countries which choose to do so, the use of civilian nuclear energy, while giving careful and due regards to the security, environment, health, and internationally-recognized safety standards of the energy source;

17. Continue to support the early accession of the Lao PDR to the WTO;

III. Socio-cultural Cooperation

18. Strengthen cooperation in the achievement of the United Nations Millennium Development Goals (MDGs);

19. Assist ASEAN's efforts in implementing the ASEAN Agreement on Disaster Management and Emergency Response and continue cooperation activities, including capacity building in disaster response and preparedness, disaster prevention, mitigation and rehabilitation, records recovery plan, and consider support for the operationalization of the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre);

20. Continue strengthening networks of tsunami early warning systems (including the Indian and Pacific Ocean Tsunami Warning and Mitigation Systems) and other hazards at scales appropriate to each hazard. In addition, support regional networks for disaster risk management and records recovery plan, including information sharing, exchange of best practices, capacity building and transfer of sustainable, advanced technology;

21. Strengthen collaboration on research and development and human resources development in the areas related to public health, including joint research and development, seminars, workshops and training courses both in scientific and management aspects of public health, exchange of visits and scholarships for officials and experts;

22. Continue to cooperate to address the threat of communicable and emerging infectious diseases, including HIV/AIDS, SARS and avian influenza, at sub-regional, regional and global levels, including through:

- a. technical assistance and capacity-building activities;
- b. sharing information, best practices and experiences;

- c. conducting specialised training, workshops and seminars;
- d. promoting research and development of antiviral drugs, vaccines and diagnostics especially for avian influenza; and
- e. supporting ASEAN's efforts in providing better accessibility to safe, non-counterfeit, affordable and effective medication;

23. Continue cooperation in education, including through scholarship programmes, and by encouraging and facilitating regional student and academic mobility and exchange, and addressing any barriers to these. In particular, promote cooperation in the following areas:

- a. raising quality assurance frameworks and standards, including courses delivered online;
- b. recognition of education and professional qualifications;
- c. credit transfer, as appropriate, between universities in ASEAN Member Countries and Australia;
- d. common competency-based standards for teachers, particularly in science and mathematics;
- e. development of common recognition of technical skills across the region in order to meet the overall skills needs of the economic base of the region;
- f. cooperative programmes and activities through linkages between ASEAN University Network (AUN) universities and Australian universities through Universities Australia;
- g. enhance cooperation in human resources development, especially, academic scientists, technologists and administrative personnel of ASEAN Member Countries, through fellowship programmes, training courses, field trip studies, seminars and exchange of visits, professional exchanges and grassroots interactions;
- h. continue to provide undergraduate and graduate scholarships for each ASEAN Member Country;

24. Continue cooperation in science and technology, including through the exchange of information, knowledge, and researchers, the adoption of best practices, the development and application of technology, joint research and development, specialized training and workshop and institutional linkages, especially in the fields of:

- a. biotechnology;
- b. food technology;

- c. geoinformatics;
- d. information technology;
- e. renewable energy;
- f. meteorology;
- g. water resource management;
- h. marine sciences;
- i. space technology;
- j. material science;
- k. mineral resources development; and
- l. forensic and analytical science;

25. Forge closer cooperation in environmental protection and the promotion of sustainable use of natural resources including through public awareness and environmental education, the exchange of information and best practices, specialized training and workshops and enhanced institutional linkages, especially in the following areas:

- a. sustainable forest management;
- b. biological diversity and natural heritage conservation;
- c. application of advanced and environmental-friendly technologies and best practices;
- d. responsible mining and mineral development;
- e. public awareness and environmental education; and
- f. multilateral environmental agreements; in particular climate change and chemical and chemical waste related conventions and partnerships;

26. Consider closer cooperation in environmental protection and the promotion of sustainable use of natural resources, especially in the following areas:

- a. transboundary environmental pollution reduction, particularly transboundary haze pollution;
- b. sustainable water resource management, including ground water;
- c. coastal and marine environment;

- d. urban environmental management and governance; and
- e. air quality management;

27. Strengthen cooperation to combat illegal logging, promote afforestation and reforestation and avoiding deforestation and forest degradation; and in this regard, express appreciation for regional forest initiatives such as the Heart of Borneo Initiative and Indonesia's Forestry Eleven Forum Initiative;

28. Cooperate to support the implementation of the Convention on International Trade in Endangered Species (CITES), and cooperation in migratory species and wetlands management;

29. Support ASEAN's efforts to strengthen the capabilities of the ASEAN Specialised Meteorological Centre (ASMC) and ASEAN Earthquake Information Centre (AEIC) and other regional facilities in providing services to communities through rapid dissemination of weather-related and seismic-related information, training of specialists and joint research in the areas of meteorology and seismology;

30. Cooperate in the acquisition, protection, preservation, management and promotion of cultural heritage, including through programmes of visits and exchanges between ASEAN and Australian archivists, librarians, and curators;

31. Conduct activities to promote tolerance of racial, religious and cultural diversity in the region, including through regional interfaith dialogue, performing arts exchanges, exchanges of arts experts and other visit and exchange programmes between ASEAN Member Countries and Australia;

32. Support the activities and projects of the ASEAN Foundation in promoting ASEAN integration and ASEAN awareness, including through the publishing of information on ASEAN in native languages of the ASEAN Member Countries, as well as people-to-people contacts among ASEAN Member Countries and with Australia; and

IV. Development Cooperation

33. Continue to support efforts to reduce poverty, narrow the development gap and promote sustainable development in ASEAN, through the ASEAN-Australia Development Cooperation Program (AADCP), other current and future programmes, and ongoing policy dialogue;

V. Follow-Up

34. The ASEAN Secretariat and Australia mutually determine to develop a schedule and projects for the implementation of the Plan of Action. This Plan of Action will be reviewed through existing mechanisms, including at the annual Joint Planning Committee (JPC) Meeting and the biennial ASEAN-Australia Forum (AAF). Ministers will be updated regularly on the progress of the implementation of the Plan of Action.

Joint Declaration on the ASEAN-Australia Comprehensive Partnership

We, the Foreign Ministers of Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People's Democratic Republic, Malaysia, the Union of Myanmar, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand and the Socialist Republic of Viet Nam and the Minister for Foreign Affairs of Australia gathered in Manila, Philippines, on 1 August 2007;

NOTING with satisfaction that since 1974 when Australia became the first Dialogue Partner of ASEAN, relations between ASEAN and Australia have grown from strength to strength, and have been nurtured through the annual ASEAN Post Ministerial Conferences, the ASEAN-Australia Forum as well as other relevant fora and further strengthened by the ASEAN-Australia and New Zealand Commemorative Summit;

RECALLING the Joint Declaration of the Leaders at the ASEAN-Australia and New Zealand Commemorative Summit, signed in Vientiane on 30 November 2004, the ASEAN-Australia Joint Declaration for Cooperation to Combat International Terrorism in 2004 and the accession of Australia to the Treaty of Amity and Cooperation in Southeast Asia in 2005 which reflected Australia's firm commitment to the promotion of peace and stability in the region;

CONVINCED that establishing a comprehensive ASEAN-Australia and New Zealand Free Trade Agreement (AANZFTA) would further deepen economic integration between ASEAN and Australia, promote growth and development, improve living standards of the people throughout the region, and provide a platform for economic engagement in the long term;

WELCOMING the breadth, maturity and continuing progress of ASEAN-Australia cooperation, on political and security, economic, socio-cultural and development issues;

ACKNOWLEDGING Australia's significant and on-going efforts to support ASEAN's development and integration as envisaged in ASEAN Vision 2020 and the Declaration of ASEAN Concord II (Bali Concord II) through development cooperation both bilaterally and regionally, including the ASEAN-Australia Development Cooperation Program (AADCP) and Australia's contribution to the ASEAN Development Fund (ADF);

REAFFIRMING the important role of ASEAN and Australia in maintaining sustainable peace and security in the region and reiterating Australia's and ASEAN's commitment to working together in this regard;

REALISING that the multifaceted challenges and opportunities arising from globalisation, regional integration and integration within ASEAN provide grounds for reinforcing on-going ASEAN-Australia cooperation and expanding into new areas of mutual interest and enhancing people-to-people contacts;

SHARING common values of justice, democracy, social equality, good governance, human rights and caring societies that are the foundation for lasting peace, stability, progress, and prosperity according to the Charter of the United Nations;

ADHERING to the principles and purposes of the Charter of the United Nations and other universally recognised principles of international law;

REAFFIRMING our faith in, and respect for, each other's independence, sovereignty, territorial integrity, the principles of non-interference in the internal affairs of other states, renunciation of threat or use of force, peaceful settlement of disputes, mutual respect and mutual benefit as enshrined in the Treaty of Amity and Cooperation in Southeast Asia;

EXPRESSING desire to continue working closely together on the basis of the friendship, goodwill and understanding for the realisation of an ASEAN Community, comprising ASEAN Security Community, ASEAN Economic Community and ASEAN Socio-Cultural Community; and reducing the development gap within ASEAN through the implementation of the Vientiane Action Programme (VAP) and its appropriate successor programmes as well as the Initiative for ASEAN Integration (IAI);

ASEAN AND AUSTRALIA HEREBY:

Mutually decide to launch an ASEAN-Australia Comprehensive Partnership that is action-oriented, forward-looking and encompassing political and security cooperation, economic cooperation, socio-cultural cooperation and development cooperation at regional and international levels including, but not limited to, the following elements:

Political and Security Cooperation

1. Engage in dialogue and support efforts to realise the ASEAN Security Community in order to help promote peace, stability, security, development and prosperity in the region;
2. Promote closer cooperation in order to address, prevent and combat transnational crimes, including terrorism, drug trafficking, trafficking in persons, money laundering, sea piracy, arms smuggling, cyber crime and international economic crime by undertaking joint activities based on existing agreements and mechanisms;
3. Also collaborate to address other crimes, such as corruption, people smuggling and illegal activities relating to fishing and encroachment and destruction of forest resources;
4. Cooperate in areas of disarmament, arms control and non-proliferation of Weapons of Mass Destruction (WMD);
5. Strengthen the various regional frameworks and fora, including the ASEAN Regional Forum (ARF), the East Asia Summit (EAS) and the Asia-Pacific Economic Cooperation (APEC), and ensuring their complementarity in advancing the common interests of ASEAN and Australia in promoting stability and security in the Asia-Pacific region, with ASEAN as the primary driving force in the ARF and the EAS;
6. Cooperate in multilateral frameworks, including the United Nations;

Economic Cooperation

7. Enhance cooperation in support of deeper economic integration between ASEAN and Australia and the realisation of an ASEAN Economic Community within 2015;
8. Promote favourable environments for trade, investment and other economic linkages between ASEAN and Australia, which will help sustain and boost economic growth in ASEAN and Australia;
9. Fully commit to work towards concluding the negotiations of the AANZFTA by 2007 as well as to ensure full implementation of the Agreement thereafter;
10. Enhance cooperation in areas of mutual economic interest;
11. Strengthen cooperation in multilateral frameworks concerning regional and international trade and economy, including the World Trade Organization (WTO), APEC and EAS to ensure equitable benefits from globalisation and economic liberalisation and, towards this end, urge WTO Members to restart and complete the Doha Round negotiations as soon as possible;
12. Promote and strengthen financial cooperation in areas of mutual interest;
13. Support the early accession of the Lao PDR to the WTO;
14. Promote greater interaction between the private as well as public sectors in ASEAN and Australia and recognise the pivotal role of the business community;

Socio-cultural Cooperation

15. Enhance cooperation in support of mutual socio-cultural goals, such as by addressing poverty, equity, health and other social impacts of economic growth and integration; preserving and promoting the region's cultural heritage and cultural identity;
16. Strengthen collaboration to address the threat of communicable and emerging infectious diseases, including HIV/AIDS, SARS, and avian influenza at sub-regional, regional and global levels;
17. Foster greater cooperation in disaster preparedness, mitigation and emergency response as well as rehabilitation and reconstruction;
18. Promote closer cooperation in environmental conservation, including transboundary environmental pollution, and sustainable natural resources management;
19. Continue cooperation in science and technology in areas of mutual interest;
20. Enhance cooperation in education such as by encouraging and facilitating student and academic exchanges;

21. Promote people-to-people contacts, in particular among youths and the media, as well as interfaith dialogues and exchanges of cultural activities in order to further improve understanding between ASEAN and Australia;

22. Strengthen networking and interactions with and among private sectors, civil societies, experts and scholars in order to tap their expertise, initiatives and ideas, particularly with regard to policy planning and socio-economic development;

Development Cooperation

23. Further support, through the AADCP and other current and future development cooperation programmes, the foregoing as pillars of the VAP and its successor programme as well as the IAI aiming to alleviate poverty, to narrow the development gap and to promote sustainable development within ASEAN; and

Follow-Up

24. Call on ASEAN and Australian senior officials to coordinate with their relevant agencies to develop a Plan of Action to implement the ASEAN-Australia Comprehensive Partnership and annually review and report its progress to the PMC Session with Australia.

Attachment B

ASEAN-Australia Development Cooperation Program (AADCP): key achievements

The second phase of the ASEAN Australia Development Cooperation Program (AADCP II) will build on the strengths of the previous program and take account of lessons learned. A 2005 Mid Term Review found that the AADCP had significantly helped to strengthen regional cooperation and economic integration and positively contributed to ASEAN-Australia relations. The Review underlined the importance of the program's alignment to ASEAN's own development priorities as articulated in its Vientiane Action Programme and its partnership approach. It also recommended increased capacity building of regional institutions, notably the ASEAN Secretariat, to address priority regional development challenges. The program was subsequently refined to take account of the review's recommendations with increased support to 'narrow the development gap' across program activities. A sub-program was developed to directly support the institutional strengthening of the ASEAN Secretariat.

Specific achievements of AADCP include the following:

- In response to the recommendations of the 2005 Mid Term Review and a request from the Secretariat, assistance has been provided to the ASEAN Secretariat to strengthen its capacity to support and progress regional integration efforts. The *Enabling ASEAN Project* has provided support to the Secretariat in responding to the challenges emanating from a broadening of its mandate under the new Charter. The project has been very well received by senior Secretariat officials including both the former and current Secretaries-General. The Secretariat recently requested an extension of the program, underlining its importance in assisting it with its "transformation process" and current organisational review.
- Under AADCP's Regional Partnership Scheme, the *ASEAN Emerging and Resurging Infections Surveillance and Response Program* has supported improved regional responses to major health crisis. The project has strengthened the ASEAN Secretariat's institutional capacity to coordinate a regional communicable disease response and resulted in increased sharing of sensitive data and improved regional surveillance and response to emerging infections. The project also provided the ground work for a new major initiative - an ASEAN plus 3 Emerging Infectious Diseases Programme lead by the Secretariat and implemented with China, Japan and the Republic of Korea.
- Under AADCP's Program Stream, the *Enhancing Skills Recognition Systems in ASEAN Project* has assisted the ASEAN Secretariat to develop a skills recognition system to assist labour mobility within ASEAN – this will be critical to integration efforts. Of particular benefit has been the project's focus on supporting CLMV countries to participate/comply.
- Under AADCP's Program Stream, the *Legal Infrastructure for E-Commerce in*

ASEAN Project has supported the development of a legal framework for e-commerce which will facilitate integration into a single market for goods and services. An extension of the project has assisted Indonesia to prepare draft E-Commerce legislation – this is a major outcome as Indonesia is the last stumbling bloc to achieving a regional e-commerce legal framework.

- . Under AADCP's Regional Partnership Scheme, the *ASEAN Community Progress Monitoring System Project* has strengthened the capacity of ASEAN to monitor and report its progress in the creation of an ASEAN Community – this has been crucial in enabling the ASEAN Secretariat to provide reliable information on progress against the targets set in the Vientiane Action Programme (2004-2010). The project produced a key document, the “ASEAN Brief 2007 – Progress towards the ASEAN Community” which was a key reference document for the 2007 ASEAN Summit.
- . Under AADCP's Regional Economic Policy Support Facility the report commissioned on preparing *ASEAN for Open Sky* served as the basis for developing the Action Plan on ASEAN Air Transport Integration and Liberalisation.
- . A background paper on *energy* issues for the 2nd East Asia Summit, commissioned as part of the Regional Economic Policy Support Facility, was used as a reference for the discussions by the Leaders during the Summit, at which they adopted the Cebu Declaration on Energy Security.

Attachment C

ASEAN-Australia Development Cooperation Program Phase II (AADCP II)

AADCP II will build on the strengths of AADCP and take into account lessons learned. The goal of the program will be to promote economic growth and poverty reduction through supporting ASEAN's goal of achieving an ASEAN Economic Community by 2015. The rationale for the proposed focus is that:

- Economic growth and integration is fundamental to poverty reduction, and to generating the revenues that governments need to support basic social service delivery.
- Economic development and integration is a key priority for ASEAN as it faces the challenge of achieving an ASEAN Economic Community by 2015 and integrating more broadly with the global economy. It is also consistent with ASEAN's commitment to achieving the Millennium Development Goals.
- Supporting economic integration builds on support provided under AADCP. It also complements Australia's broader support where assistance is provided through bilateral, regional and global programs to address the range of development challenges.

The new program will support the establishment of the ASEAN Economic Community through: the provision of high-quality and timely economic research and policy advice on priority regional economic integration issues; and support for regional mechanisms and implementation of selected high-priority ASEAN Economic Community Blueprint activities at national level. Under the umbrella of supporting economic integration, the program will focus on supporting the less developed members and helping ASEAN to bridge the development gap. Narrowing the development gap is one of the biggest challenges facing the region and is critical to the region's long term development and prosperity. Consideration of the social and environmental impacts of integration will be mainstreamed across all program activities.

The program will also have a core focus on strengthening the ASEAN Secretariat's institutional capacity. This recognises that ASEAN plays an important role in underwriting peace, stability and development in the region by providing a platform for members to collectively address development and security challenges. Critical to ASEAN being able to effectively play this role is having a strong Secretariat. With the signing of the new Charter, the ASEAN Secretariat will play a greater policy implementation and compliance role and will require high-level policy making, project management and management skills. The Secretariat will require help to play this broader role. The new program will build on the assistance provided under the AADCP's Enabling ASEAN Project i.e. support for corporate planning and budgeting; research and project management; human resource management; and monitoring and evaluation.

Attachment D

Australian bilateral relations with ASEAN member states

Brunei Darussalam

The Sultan made a successful visit to Australia in February 2005 (his first official visit to Australia) and again in September 2007 for the APEC Summit with his second Minister for Foreign Affairs and Trade, Pehin Lim Jock Seng. Defence and security links are progressing well, with cooperation on counter-terrorism now an important part of the relationship. An MOU on counter-terrorism cooperation was signed during the Sultan's 2005 visit.

Total two-way merchandise trade with Brunei was \$1.2 billion in 2007. Oil is Brunei's most significant export to Australia (\$1.1 billion in 2007). Australia's exports to Brunei in 2007 totalled \$30 million, consisting mainly of food and food products. Australia is now the second-largest destination for Bruneian students, challenging the UK's traditional dominance. About 700 Bruneian students enrol in educational institutions in Australia each year.

There is significant interest by Australian companies in investment in Brunei's oil and gas sector, but these are yet to be realised. Several Victorian food companies are also interested in the potential opportunities offered by the Australia-Brunei Halal initiative, which was announced during the Sultan's 2005 visit to Australia.

Brunei Foreign Minister HRH Prince Mohamed Bolkiah agreed to the Australian proposal to erect a permanent memorial to mark the 1945 landings in Brunei of Australian forces. The Australian High Commission in Brunei is working with the Brunei Government to finalise the construction of the memorial, which is expected to be completed in December 2008.

Burma

Australia maintains diplomatic relations with Burma. However, development of these relations has been constrained by the actions of Burma's military regime. The Australian Government is gravely concerned by the regime's disregard for the democratic aspirations and human rights of its people. Australians viewed with outrage the regime's violent suppression of peaceful protests in September 2007. The Government has expressed its view that the regime's 'Roadmap to Democracy' is deeply flawed. The Government has consistently called for a genuine, inclusive process for political reform and national reconciliation in Burma.

The Government puts pressure on the Burmese regime through targeted financial sanctions and travel restrictions against senior regime figures, including their associates and supporters, and a ban on all defence exports to Burma. The Government's policy is not to encourage or to discourage trade with Burma. Current levels of trade and investment are small.

Australia provides humanitarian assistance to the people of Burma through United Nations agencies and non-government organisations. Australian assistance in 2008-

09 is estimated at \$16 million. Activities focus on supporting basic health, education, livelihoods and the protection of vulnerable populations inside the country and on the Thai-Burma border. In response to Cyclone Nargis which caused severe loss of life and damage in May 2008, Australia has committed \$55 million to relief and recovery efforts. The Australian Federal Police cooperates in a limited fashion with the Burmese police to counter transnational crime.

Australia provides humanitarian assistance to the people of Burma through United Nations agencies and non-government organisations. Activities focus on supporting basic health, education, livelihoods and the protection of vulnerable populations inside the country and on the Thai-Burma border.

Cambodia

Australia has a positive relationship with Cambodia which continues to benefit from the goodwill generated by Australia's role in the Cambodian peace process and the United Nations Transitional Authority, Cambodia. Australia takes a long-term cooperative approach to development assistance. Australia's core interests in Cambodia are the continued development of a democratic, stable, self-sustaining country that respects human rights and is responsive to regional and global concerns. Bilateral trade is modest (\$61 million). Australian investment is likely to grow as access is gained to Cambodia's untapped potential minerals and energy resources. Cambodia became a member of ASEAN in 1999 and is a member of the WTO.

Cambodia has shown commitment in confronting transnational crime and has worked cooperatively with Australia through bilateral and regional mechanisms. Australia is assisting Cambodia to improve its counter-terrorism capacity, including through an 18-month attachment of a senior Australian adviser to the newly-established National Counter-Terrorism Committee Secretariat and through the development and implementation of its counter-terrorism laws. The Attorney-General's Department also assists Cambodia with development of legislation on people smuggling, international crime cooperation and police administration.

In 2006 Prime Minister Hun Sen made an official visit to Australia, accompanied by senior ministers and a business delegation. A Memorandum of Understanding on investment cooperation and a bilateral agreement on the transfer of sentenced persons were signed.

Australia has played a key role in efforts to bring Khmer Rouge leaders most responsible for crimes against humanity during the Pol Pot period to account and has to date contributed \$4.3 million to the Extraordinary Chambers in the Courts of Cambodia which will conduct the trials.

On 27 July 2008 Cambodia conducted its fourth National Assembly elections since the establishment of the Kingdom of Cambodia in 1993, following the peace process. Australia has fielded election observers to all four national elections. A four-person bipartisan delegation observed the July elections.

Total development assistance to Cambodia for 2008-09 is estimated at \$55 million, focusing on reducing poverty in rural areas; improving the health of Cambodians

particularly by reducing infant, child and maternal mortality rates and strengthening the justice system. Australia also supports Cambodia's role in ASEAN and engagement with the World Trade Organisation, so that it can take maximum advantage of regional economic cooperation as well as global opportunities.

Indonesia

Indonesia is undergoing rapid political, social and economic change, and its positive trajectory in recent years has highlighted its potential. Success in joint endeavours to combat terrorism and people-smuggling, the recent entry into force of the Lombok Treaty, and the positive momentum generated by Australia's sizable aid program have enhanced greatly our relationship in recent years. Indonesia is ASEAN's largest economy and an important export market for Australia. Total trade (goods and services) in 2007 with Indonesia was \$10.4 billion.

Our development assistance of \$2.5 billion over the next five years will help underpin Indonesia's success through improving economic governance and reducing constraints to growth, improving government systems to deliver basic services and strengthening legal and democratic institutions. There is considerable room for improvement in trade relations, particularly in services, investment and consumer goods, as Indonesia's economy grows. A joint feasibility study on a possible FTA is currently underway.

Security cooperation remains a focus, on both traditional and non-traditional security challenges. Australia has engaged extensively with Indonesia on legal frameworks for counter-terrorism and international crime cooperation. This has included the delivery of multilateral workshops at the Jakarta Centre for Law Enforcement Cooperation in Semarang and joint training programs with Indonesia on international crime cooperation and prosecution of transnational crime. Strengthening cooperation on countering terrorism, people-smuggling, illegal fishing and other transnational crime will remain a priority, as will deepening our defence relationship.

Strong people-to-people links are central to maintaining the success of the bilateral relationship. In particular, education links will continue to be important. There are opportunities to work with Indonesia through school twinning programs, language teacher exchanges and vocational education, as well as expanding existing exchange programs for young people, including under a recently agreed Work and Holiday visa program. Regular exchanges between Australian and Indonesian parliaments are important in strengthening two-way understanding.

Australia's aid program is helping Indonesia improve governance, reduce poverty and achieve sustainable development. Australia is providing an estimated \$462 million in overseas development assistance for 2008-09. Assistance will focus on sustainable growth and economic management; improving service delivery in health and education; programs for democracy, justice and good governance and programs for safety and peace.

Australia-Indonesia Institute

The Australia-Indonesia Institute (AII) has almost twenty years' experience (since 1989) in encouraging stronger people-to-people links with Indonesia. It is overseen by a Board of prominent Australians who are expert in a range of facets of the bilateral relationship. The AII's priority areas for 2008-09 are education, interfaith, youth, arts and culture, civil society and media, and Australian studies. The annual budget of approximately \$750,000 has been significantly increased in the last two years with funds from the Myer Foundation and AusAID for large educational projects involving e-twinning schools, and teacher and scholar exchanges. This year the Institute will continue to support its flagship youth and Muslim leader exchange programs, sporting and journalists' visits, among other activities.

Laos

Australia established diplomatic relations with Laos over 50 years ago. Until recently the main feature of the relationship has been development cooperation. Two-way trade is a modest \$32 million. However, as Laos has moved to a more market-oriented economy, opportunities for the relationship have expanded, particularly with the development of the mining sector. Laos has a rich natural resource base and is geographically close to rapidly expanding markets. Australian companies are making major contributions to the Lao economy through gold and copper mining. Laos joined ASEAN in 1997 and is currently working towards accession to the WTO (Australia is chair of the working group handling this process).

The most recent high-level visitor to Australia was the Minister of Industry and Commerce, Dr Nam Viyaketh, who visited Australia as a Guest of Government 25-30 May 2008.

Australia is helping to build Laos' capacity to deal with transboundary issues bilaterally through AusAID regional programs and Australian Federal Police training programs, as well as regional and multilateral mechanisms. Issues being addressed include transnational crime (including illicit drug production and trafficking and trafficking in persons), arms control, disease pandemics and climate change.

Total development assistance to Laos in 2008-09 is estimated at \$27.8 million. Assistance will focus on improving outcomes in basic education, supporting broad-based economic growth through trade reforms, and reducing poverty in rural areas by helping the Lao Government to improve livelihoods and strengthen community resilience to natural disasters and unexploded ordnance.

Malaysia

Malaysia is one of Australia's most significant partners in the South-East Asian region. Since its independence in 1957, relations have been underpinned by strong trade, defence and education ties and more recently, Australia and Malaysia have broadened their practical cooperation in law enforcement, counter-terrorism, immigration, trade and investment.

The Australia-Malaysia bilateral defence relationship is strong. The Malaysia Australia Joint Defence Program covers a spectrum of activities including senior visits, strategic dialogue, information exchanges, bilateral and Five Power Defence

Arrangements exercises, and science and logistics cooperation. Police links have continued over many years. The regional counter-terrorism challenge has led to greater practical collaboration in these areas, and Australia and Malaysia signed a bilateral MOU on Combating Terrorism in 2002. Our partnership in broader law enforcement has grown as a result of formal arrangements such as mutual legal assistance and extradition treaties. The Department of Immigration and Citizenship has developed a close relationship with its Malaysian counterpart. In 2008 Australia and Malaysia signed an MOU for a Work and Holiday Visa Program.

Malaysia's rapid economic development over the last 20 years has opened significant commercial opportunities for Australian business. Malaysia is our third-largest two-way trading partner in ASEAN and our eleventh-largest overall, with total trade in 2007 of \$12.8 billion. In 2007 total merchandise trade amounted to \$10.5 billion (exports of \$3.2 billion, imports of \$7.3 billion), while total two-way services trade was \$2.3 billion (exports of \$1.3 billion, imports of \$1 billion).

Malaysia's educational links with Australia date back to the Colombo Plan in the 1950s. An estimated 250,000 Malaysians have studied in Australia. Currently, about 20,000 Malaysians study in Australia each year, and another 15,500 undertake Australian courses in Malaysia as part of twinning programs or at branch campuses of Monash, Swinburne and Curtin Universities. This makes Malaysia our fourth largest source of international students.

Australia-Malaysia Institute

Australia's bilateral relations with Malaysia are supported by the Australian Government-funded Australia-Malaysia Institute (AMI). Established in mid 2005 and presided by an Executive Committee, the Institute implements programs that build people-to-people and institutional links between Australia and Malaysia. Expansion of existing people-to-people and institutional links, particularly in the education sector, and interfaith relations should further enhance the bilateral relationship and develop mutual understanding, including on issues relating to ASEAN.

The Philippines

Bilateral contacts with the Philippines have expanded considerably in recent years, particularly within the defence, development cooperation and to some extent economic spheres, especially mining. Australia is the Philippines' second largest defence and security partner (after the US), and we are the Philippines second largest aid donor, spending \$109 million in 2008-09. Australian agencies and private companies operating in the Philippines – particularly within the mining sector – face significant challenges including regulatory uncertainty and security challenges. Terrorism, insurgencies and criminal activity are of particular concern in Mindanao in southern Philippines. Australians are advised not to travel to Mindanao. The Attorney-General's Department is currently examining possible areas for future collaboration with the Philippines in relation to legal frameworks against terrorism and on international legal cooperation.

The Philippines-Australia Ministerial Meeting (PAMM) involving Foreign and Trade Ministers is planned for the second half of 2008 in Manila. The inaugural PAMM was held in Sydney in 2005.

A bilateral Status of Visiting Forces Agreement (SOVFA), to facilitate joint exercises and defence activities, was signed during the visit to Australia by President Arroyo in May 2007. The SOVFA is currently before the Philippine Senate awaiting ratification.

Australia contributed \$500 000 to the relief effort following Typhoon Fengshen which caused considerable loss of life (around 800) and damage including the sinking of a passenger ferry carrying 849 people on 22 June 2008.

Australia is one of the top three bilateral grant aid donors to Philippines along with the United States and Japan. Our total development assistance for 2008-09 is estimated at \$109.3 million. It will focus on reducing poverty through support for basic education, increasing economic growth and maintaining national stability.

Singapore

Singapore and Australia have a strong, mature and productive bilateral relationship based on long-standing political, defence, education, trade, tourism and Commonwealth links.

Singapore is our largest trading partner in ASEAN, and our fifth largest trading partner overall, reflecting Singapore's role in transshipment trade. In 2007, merchandise exports to Singapore were valued at \$4 billion and imports were \$10.5 billion. Australian services exports to Singapore reached \$3.2 billion in 2007 and services imports were \$4.7 billion. Singapore was our sixth largest source of short-term visitors in 2007 with 263,800 arrivals. In the same year, 8,853 Singaporean students were enrolled in Australian educational institutions. Singapore is also a major investor in Australia with investment as at 31 December 2007 valued at \$32.3 billion. Australian investment in Singapore as at 31 December 2007 was \$17 billion.

Defence links with Singapore are significant and cooperative, based in part on our shared interest in enhancing regional security. Australia and Singapore have developed a strong bilateral defence relationship covering a comprehensive range of activities, including high level policy dialogue, significant combined exercises, personnel exchanges and training. Australia and Singapore are both members of the Five Power Defence Arrangements and active participants in the ASEAN Regional Forum, and the Shangri-La Dialogue.

Thailand

Australia has significant – and growing – links with Thailand. Cooperation extends over a broad range of areas of mutual interest, including counter-terrorism, law enforcement, defence (Australia is now Thailand's second largest defence partner) and border protection. Under the Thailand-Australia Free Trade Agreement (see above) bilateral trade has increased significantly in recent years, as well as contacts in areas such as tourism and education. Australia-Thai cooperation is also underpinned by a treaty-level agreement on bilateral cooperation (2005). Our people-to-people

links are also growing strongly. From early Colombo Plan education links, some 17,000 Thais now pay their own way each year to study in Australia. Tourism links have also flourished: there were around 650,000 Australian arrivals in Thailand in 2007 while just under 100,000 Thais visited Australia.

Australian policy has for many decades recognised Thailand's strategic importance in South-East Asia, as well as the Thai military's influence in Thai society. There has been a sustained effort to develop close and enduring defence and security ties, with a focus on training Thai officers in Australia. The Australian Defence Force regularly participates in bilateral and multilateral exercises with Thailand.

Australia condemned the military coup of 2006 and welcomed the return of an elected government in Thailand in February of this year. In the first bilateral visit by an Australian minister since the coup, the Minister for Foreign Affairs, Mr Smith, visited Thailand from 2-4 July. He discussed opportunities to reinvigorate the bilateral relationship, in particular in areas such as trade, defence, counter-terrorism and law enforcement. Both countries also agreed to develop a Joint Plan of Action providing a blueprint for the development of increased cooperation over the full range of bilateral issues.

In November 2003, the Royal Thai Government publicly expressed its wish to move away from being an aid recipient, to an aid donor. As a result, Australia's aid to Thailand has reduced significantly since 2004-05. Australia continues to support Thailand to participate in regional programs that help combat transnational issues including people trafficking, illicit drugs, emerging infectious diseases and HIV/AIDS. Thailand also receives funding for scholarships and Australian volunteers. In addition, Australia supports linkages between Thai and Australian departments and institutions.

Australia-Thailand Institute

Australia's bilateral relations with Thailand are supported by the Australian Government-funded Australia-Thailand Institute (ATI). Established in July 2005 and presided by an Executive Committee, the Institute implements programs that build people-to-people and institutional links between Australia and Thailand. The ATI's public policy program aims to facilitate enhanced Australia-Thailand dialogue and mutual understanding on a diverse array of subjects including ASEAN and governance issues.

Vietnam

2008 marks the 35th anniversary of the establishment of diplomatic relations between Australia and Vietnam, a country with which Australia has an increasingly substantial bilateral partnership. The relationship has expanded to encompass cooperation in areas as diverse as law enforcement, immigration issues, education, health and links between parliaments, *inter alia*. Australia has been working closely with Vietnam since mid 2006 on the development and implementation of legislation on international crime cooperation and we are examining possible assistance on legislation against people trafficking. The relationship benefits from regular high-level visits and exchanges, including the ministerial-level Joint Trade and Economic Cooperation

Committee. Trade is growing, including in the area of services, and Australian investment interest in Vietnam is strong, albeit as challenges in the investment environment are recognised.

Australia welcomes, and has encouraged, Vietnam's strong emergence as a global and regional player. Having acceded to the WTO in 2007, Vietnam is serving as a non-permanent member of the UN Security Council in 2008-09. Vietnam will chair ASEAN and the EAS in 2010. Australia's dialogue with Vietnam on international issues is growing accordingly.

Australia's concerns with human rights issues in Vietnam are raised through the regular Human Rights Dialogue and in bilateral discussions, as appropriate.

Total overseas development assistance to Vietnam for 2008-09 is estimated at \$93.1 million. It will focus on supporting inclusive growth, improving livelihoods of the rural poor and improving health service delivery.