

Introduction

Background to the inquiry

- 1.1 The Joint Standing Committee on Foreign Affairs, Defence and Trade (the Committee) regularly reviews Australia's relationships with other countries. In recent times it has focused on Australia's near neighbours such as Indonesia, Malaysia, and New Zealand. This is the first review undertaken by the Committee of Australia's relationship with ASEAN, an organisation comprising ten countries.¹

Importance of the Australia–ASEAN relationship

- 1.2 ASEAN is an important trading partner for Australia. It has a forecasted combined gross domestic product of US\$1450 bn in 2008 – a doubling since 2003. The countries of ASEAN are the sixth most important export destination for Australian goods and services, and Australia is the eighth most important source of imports for ASEAN.

1 Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Vietnam.

- 1.3 The countries of ASEAN are also of a strategic importance to Australia being our nearest neighbours. Political stability in the region and good international relations with ASEAN countries are therefore integral to Australia's security and prosperity.

History of ASEAN and its relationship with Australia

- 1.4 ASEAN was created in 1967. Since then, it has undergone considerable development, as has its relationship with Australia and other countries.² There are four discernable stages in its development to date.
- 1.5 The first phase of ASEAN's development spans the 1960s to 1980s. During this period ASEAN was established, developed a working philosophy and began programming a style of meeting that was to form the basis of subsequent interactions between ASEAN members. Key events were:
- 1967 – ASEAN created, comprising Indonesia, Malaysia, the Philippines, Singapore and Thailand.
 - 1967 to 1975 – low key activities aimed at discussion and confidence building.
 - 1974 – Australia the first country to establish a multilateral relationship.
 - 1976 – Treaty of Amity and Cooperation.
 - 1976 – first Heads of Government Summit (since 1997, held annually).
 - 1979 – the first Post Ministerial Conference attended by ASEAN's dialogue partners.³
 - 1984 – Brunei joins ASEAN upon gaining independence.⁴
- 1.6 ASEAN's second phase of development in the 1990s saw an extension of its role. Of critical importance was the response to the 1997 Asian Economic Crisis, by ASEAN Plus Three. This period also saw moves toward more liberal trade arrangements between members, and an agreement to exclude nuclear weapons. During this period ASEAN

2 Unless indicated otherwise, information is taken from: *Exhibit No. 1*, Department of Parliamentary Services, Parliamentary Library, *ASEAN's regional cooperation and multi lateral relations: recent developments and Australia's interests*.

3 Australia, Canada, China, EU, India, Japan, New Zealand, Republic of Korea, Russia, United States. The UN Development Program also has dialogue status.

4 *Background Note: Brunei Darussalam/Profile/Foreign Relations*, United States State Department, <<http://www.state.gov/r/pa/ei/bgn/2700.htm>> Accessed February 2009

expanded considerably beyond its initial five-country membership, strengthening its status as the representative body for the region. Key events were:

- 1992 – agreement to pursue ASEAN Free Trade Area results in some reduction in trade barriers.
- 1994 – ASEAN Regional Forum⁵ established with a view to extend ASEAN's role in sponsoring dialogue on security issues.
- 1995 – ASEAN creates Southeast Asia Nuclear Weapons Free Zone.⁶
- 1995 – Vietnam joins ASEAN.
- 1997 – Laos and Burma join ASEAN.
- 1997 – ASEAN Plus Three established (China, Japan and Republic of Korea). Its most significant activity has been to promote regional financial cooperation.
- 1999 – Cambodia joins ASEAN (delayed from 1997 due to Cambodia's internal conflict).

1.7 A third phase, in the first half of the 2000s, saw a considerable increase in levels of activity, and the creation of new instruments to address economic, security and environmental challenges in the ASEAN region. Key events were:

- 2002 – ASEAN Agreement on Transboundary Haze Pollution (yet to be ratified by Indonesia).
- 2003 – Bali Concord II introduces three pillars concept setting the framework for future ASEAN cooperation.
- 2005 – Burma relinquishes right to chair ASEAN, thereby avoiding embarrassment to ASEAN due to human rights concerns in Burma.
- 2005 – first East Asia Summit comprising ASEAN Plus Three together with Australia, India, and New Zealand.

5 Membership comprises ASEAN, its dialogue partners, and Mongolia, Pakistan, Papua New Guinea, North Korea, Sri Lanka.

6 *Bangkok Treaty (in alphabetical order) At UNODA, United Nations*, <[http://disarmament.un.org/TreatyStatus.nsf/Bangkok%20Treaty%20\(in%20alphabetical%20order\)?OpenView](http://disarmament.un.org/TreatyStatus.nsf/Bangkok%20Treaty%20(in%20alphabetical%20order)?OpenView)> Accessed February 2009.

- 2005 – ASEAN Regional Forum, announcement of the Asia-Pacific Partnership on Clean Development and Climate.⁷

1.8 ASEAN's fourth and most recent phase of development, since 2005, has seen the extension of the East Asian Summit process, and related meetings and instruments, which increasingly define ASEAN as a formal grouping. In response to this, there has been a substantial increase in diplomatic recognition and representation to ASEAN as a collective entity. Key events have been:

- 2006 – first meeting of ASEAN Defence Ministers.
- 2006 – ASEAN–Republic of Korea FTA concluded.
- January 2007 – agreement to advance the schedule for implementation of ASEAN Economic Community from 2020 to 2015.
- January 2007 – East Asia Summit, announcement of the Cebu Declaration on East Asian Energy Security.⁸
- November 2007 – adoption of ASEAN Charter formalising ASEAN's position in status and in law.
- November 2007 – Third East Asia Summit, announcement of Singapore Declaration on Climate Change, Energy and Environment.⁹
- November 2007 – Defence Ministers agree to expand discussions to include ASEAN dialogue partners.
- April 2008 – US nominates Ambassador to ASEAN.
- May 2008 – ASEAN organises donors conference in response to Cyclone Nargis, persuades Burma to allow deployment of Emergency Rapid Assessment Team.
- July 2008 – China appoints Ambassador to ASEAN; Japan announces plans to nominate Ambassador to ASEAN when ASEAN Charter comes into effect.
- July 2008 – Australia appoints Ambassador to ASEAN.
- August 2008 – ASEAN–India FTA agreement announced.

7 *Fact Sheet, Asia-Pacific Partnership on Clean Development and Climate*, http://www.asiapacificpartnership.org/pdf/translated_versions/Fact_Sheet_English.pdf Accessed February 2009.

8 *Cebu Declaration on East Asian Energy Security Cebu, Philippines, 15 January 2007*, <http://www.aseansec.org/19319.htm> Accessed February 2009.

9 <http://www.aseansec.org/21116.htm> Accessed November 2008.

- December 2008 – ASEAN Charter comes into effect.
- February 2009 – ASEAN–Australia–New Zealand FTA ratified.

Challenges facing ASEAN

- 1.9 There are several challenges facing the countries of ASEAN. These include:
- the widely differing stages of development both social and economic of the ASEAN countries;
 - tensions between:
 - ⇒ Thailand and Malaysia concerning the insurgency in southern Thailand;
 - ⇒ Singapore and Malaysia concerning a disputed island, recently awarded to Singapore; and
 - ⇒ Cambodia and Thailand over a disputed border area.
 - cross-border pollution from annual burning in Indonesia; and
 - the political situation and human rights in Burma.
- 1.10 Several of these issues are discussed in the chapters that follow.

Conduct of the inquiry

- 1.11 On 18 June 2008, the Minister for Foreign Affairs, the Hon. Stephen Smith MP referred to the Committee, an inquiry into Australia's relationship with ASEAN.
- 1.12 The Minister commented that Australia was committed to the ASEAN–Australia relationship and its role in various ASEAN-led regional forums including the ASEAN Regional Forum and the East Asia Summit. The Minister added that an inquiry would be timely given ASEAN's current focus on regional integration, and because the second phase of Australia's development cooperation partnership with ASEAN was aimed at supporting ASEAN's efforts to establish an ASEAN Economic Community and the implementation of the ASEAN–Australia Comprehensive Partnership's the Plan of Action.
- 1.13 The Chair of the Committee's Foreign Affairs Sub-Committee, Mr Michael Danby, MP announced the inquiry via media release on 11 July 2008 and

the inquiry was subsequently advertised in *The Australian* on 23 July 2008. Letters inviting submissions were also sent to State Premiers, Ministers, Commonwealth agencies, and a wide range of individuals and organisations with an expected interest in Australia's engagement with ASEAN.

- 1.14 The Committee received 48 submissions (listed at Appendix A), 9 exhibits (listed at Appendix B) and took evidence from 31 organisations and individuals during 6 public hearings in Canberra, Melbourne, and Sydney (listed at Appendix C).

Structure of the report

- 1.15 This report comprises nine chapters.
- 1.16 Chapter 2 describes current Australia–ASEAN interactions. These involve Australian Government interactions multilaterally with ASEAN as a whole, and bilaterally with individual ASEAN member states. Also discussed are interactions at the non-government level including the so called 'Track 2 interactions'.
- 1.17 Chapters 3 to 6 address trade between Australia and ASEAN member states. Chapter 3 considers the bilateral free trade agreements Australia has entered into with Singapore and Thailand and Chapter 4 discusses the newly signed multilateral free trade agreement between ASEAN, Australia, and New Zealand. Chapter 5 describes trade in goods, and Chapter 6 discusses trade in services.
- 1.18 Chapters 7 and 8 discuss regional security and human rights.
- 1.19 The final chapter, Chapter 9, considers the challenges posed by global warming for Australia and the countries of ASEAN.