

PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

Australia and ASEAN

Report from the Senate Standing
Committee on Foreign Affairs and Defence

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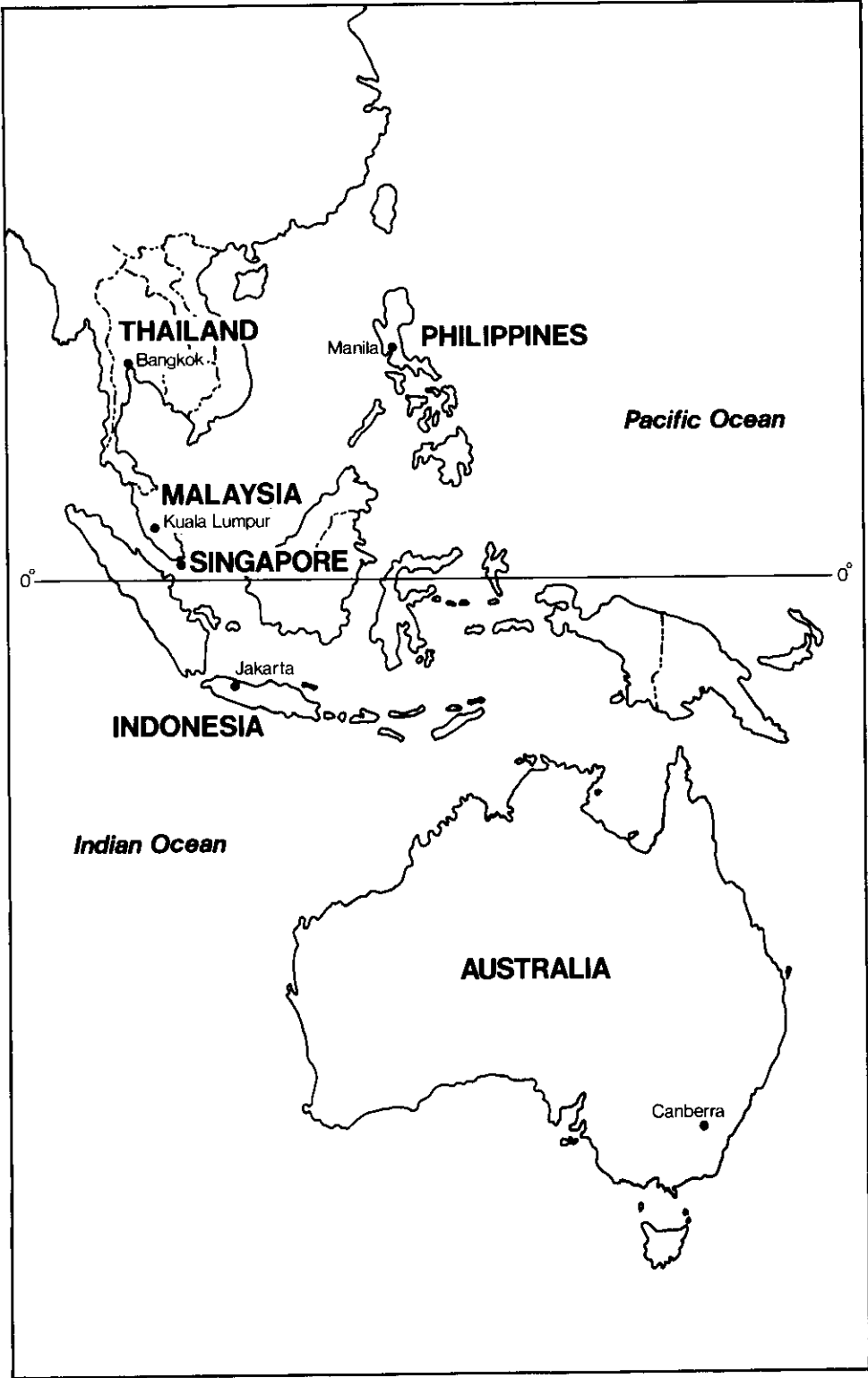
Abbreviations

AAECP	—	ASEAN–Australia Economic Co-operation Program
AAUCS	—	Australian–Asian Universities Co-operation Scheme
ADAB	—	Australian Development Assistance Bureau
ADB	—	Asian Development Bank
ASAA	—	Asian Studies Association of Australia
ASEAN	—	Association of South East Asian Nations
ASEAN-CCI	—	ASEAN Chambers of Commerce and Industry
ASTP	—	Australian System of Tariff Preferences
AVCC	—	Australian Vice-Chancellors' Committee
BISA	—	Bibliographic Information on South East Asia
CCE	—	Commonwealth Co-operation in Education Scheme
EEC	—	European Economic Community
EFIC	—	Export Finance Insurance Corporation
ESCAP	—	Economic and Social Commission for Asia and the Pacific
ICAP	—	International Civil Aviation Policy
NGOs	—	Non-government Organisations
SEAMEO	—	South East Asian Ministers of Education Organisation
UNESCO	—	United Nations Educational Scientific and Cultural Organisation
ZOPFAN	—	Zone of Peace Freedom and Neutrality

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Preface

The Committee's Terms of Reference

On 22 March 1979 the Senate referred to the Committee for inquiry and report the reference 'Australia and ASEAN'.

The Inquiry

In April 1979 the Committee invited submissions on the reference by placing advertisements in major newspapers and journals in Australia and the member countries of ASEAN. It also wrote to individuals in Australia and overseas, academic institutions, commercial firms and their associations, organisations, Commonwealth government departments and instrumentalities. Hearings commenced on 4 September 1979, concluded on 5 June 1980, involving fourteen days of public hearings and six in camera sessions. The Committee conducted hearings on the reference in Canberra, Melbourne and Sydney.

The invitations for submissions brought a good response and eighty-seven were received. The majority originated from Australian sources with some contributions from people in the ASEAN countries. It has been the Committee's experience that an increasing number of Commonwealth government departments fail to meet the due date for submissions, in some cases by many months. The Committee appreciates that the Parliament and its Committees are placing greater demands on departments but the delays are an unfortunate trend and can unnecessarily lengthen the duration of an inquiry. The ASEAN diplomatic missions in Australia and their State offices contributed to the Committee's deliberations in the course of informal discussions, provided information material and regularly attended the public hearings.

The Committee felt that for this reference views and information from the ASEAN countries were necessary to balance the material derived from Australian sources. To obtain this, and as only a few written contributions were received from people in the ASEAN countries, the Committee sought the Prime Minister's assistance to visit the ASEAN countries. This request was refused and as a result three Committee members together made a private visit. The Prime Minister's permission was sought for the Committee Secretary to accompany the Committee members on their visit, but this was also refused. The information gathered during the visit proved most valuable and subsequently provided the Committee with a first-hand record of how people and leaders in ASEAN countries view Australian-ASEAN relations.

Summary of conclusions and recommendations

The formation of ASEAN in 1967 brought together five South East Asian nations with diverse features. The evolution of the Association has been cautious and progress in achieving its aims has been more successful in some fields than in others. Since the mid 1970s a revitalised ASEAN has acquired international recognition as a regional grouping and now tends to increasingly express the views of its members on a collective basis.

Just as the Association is evolving so are Australian-ASEAN relations, they involve exchanges in the political, economic, security, cultural and development assistance fields. While in the main relations are still conducted on a bilateral basis there is an increasing tendency for ASEAN to be used as a vehicle for presenting the interests of one or more of its members. Economic issues dominate relations between Australia and the ASEAN countries. It is in this area that most of the differences in relations arise, especially on the subject of Australia's trading policies. Currently Australia and the ASEAN countries are not major trading partners but it is in Australia's interests to develop opportunities for greater trade with these countries. Australia has introduced measures to facilitate trade with ASEAN countries, however their perceptions of Australian trade barriers limiting market access remain an impediment in economic relations. This need to provide greater market access does not call for 'special' treatment to be extended to any one country or group, it should be non-discriminatory.

The Australian development assistance program is an important component of the relationship, it concentrates on project assistance, training and technical assistance. The development assistance priorities of the ASEAN countries are changing and Australia must ensure that its program has the adaptability in those circumstances for its assistance to remain effective and relevant. The assistance is not offered as a panacea for the differences that exist in Australia's relations with the ASEAN countries. Defence co-operation is another aspect of Australia's relations with each ASEAN country, and although modest in scope it supports diplomatic relations. The program responds to security needs, within its capacity to assist, and in the present circumstances there is no requirement for a major Australian military role in the region. Australia's contribution towards regional security should continue to concentrate on assisting efforts to find peaceful solutions to security problems. Educational, cultural and sporting aspects of Australian-ASEAN relations develop greater mutual understanding and should be promoted and supported as important elements in the relationship.

It is important for Australia to establish sound long-term relations with the ASEAN countries, mutual understanding can and must be improved. As leaders and governments change, better appreciation of each other's attitudes and policies will make adjustment to the changes easier. In the ASEAN countries new leaders could possibly have attitudes that differ from the present attitudes towards Australia and ASEAN. Australia must take into account these possibilities and recognise their relevance to future relations. Australia's relations with ASEAN encompass most aspects of its foreign relations and on a broad basis are harmonious. While differences exist and periodically arise there are many areas in the relationship where interests coincide.

When differences exist or develop there is, therefore, a mutual obligation for the respective views to be recognised and treated in ways which will provide acceptable solutions, understanding must be a two-way process. Australia's approach to ASEAN should not be deferential. Australia has the right to determine what is best in its national interest.

It is the Committee's assessment that Australia should continue to regard the Association as an important, friendly grouping of States with which Australia will want to pursue a sound long-term relationship based on mutual respect. However, there is no suggestion that a 'special' relationship exists or should be fostered. A relationship of this type can nurture false hopes and expectations which cannot always be fulfilled and can be construed by others as discriminatory in the context of Australia's overall foreign relations. It must be accepted that there are occasions when Australia and ASEAN act to serve their own interests in a manner which may be opposed to the other's interests.

Policy co-ordination

The Committee considers the requirement for effective policy co-ordination is vital to furthering relations with the Association and its members and therefore recommends that:

- (i) priority be given to developing policy-making processes to effectively co-ordinate the interdependent elements of domestic and foreign policies;
- (ii) consultative procedures in policy co-ordination should be broadened to promote close liaison with the non-government sector when the issues involve them; and
- (iii) to meet the growing demands of Australian-ASEAN relations, Australia's diplomatic missions in the region be provided with adequate staff and resources to ensure that policies are effectively implemented.

Economic relations

The Committee recommends that emphasis be given to developing economic policies as they are a key element in the relationship and serve both ASEAN and Australian long-term interests. This should include carefully explaining Australia's position on tariffs, including domestic implications, commitment to tariff reductions and responsibilities to the Australian community.

Trading relations

The Committee recommends that the general approach to preferences should continue where it is practical and mutually beneficial keeping in mind the considerations referred to by the Treasury in its evidence.

Business co-operation

The Committee acknowledges government initiatives and assistance to encourage Australian enterprises to develop industry links with ASEAN members and recommends that continuing support be given to promoting and strengthening co-operation with industry for this purpose.

Labour relations

The Committee supports the proposal for a Labour Attache, with the appropriate background and qualifications, in the ASEAN region and recommends that the Government, in consultation with industry and the ASEAN governments, should examine the proposal.

Data on trade flows

The Committee recommends that the Australian Government should give further consideration to providing more detailed statistics on the balance of payments with ASEAN countries particularly to serve industry needs.

Prospects for trade development

The Committee recommends that Australia should continue to stress its commitment to the reduction of trade barriers on a reciprocal and non-preferential basis and intensify its efforts to achieve such reductions.

Development assistance

The Committee recommends that the Government should continually review the relevance and significance of development assistance in Australia's relations with ASEAN and with the individual member countries. The Committee also recommends that the Government ensure the necessary resources be made available for the effective operation of the development assistance program and allow for adaptability to the changing needs of recipient countries.

Immigration

The Committee is concerned that Australia is still seen as a European outpost in an Asian region. The Committee believes it is imperative for Australia to remove this impression and recommends that the Government concentrate on projecting Australia's identity which is evolving through the changing structure of its society. The Committee also recommends the further development of the immigration policy along the lines recently adopted, a humanitarian approach to the needs of refugees and the intensification of efforts to finalise the reunion in Australia of families from East Timor.

Narcotics control

The Committee fully supports any programs and proposals aimed at effective narcotics control and it recommends that particular emphasis be given to such endeavours and that any initiatives or opportunities to assist international efforts in this field should not be hampered by arbitrary decisions on staff restraints or budgetary limitations.

Radio Australia

The Committee is concerned that the Indonesian Government refused to renew a visa for the Australian Broadcasting Commission's journalist in the country. This situation can only be harmful to bilateral relations and the Committee recommends that the Government initiate further discussions with the Indonesian authorities to ensure that Radio Australia has a correspondent in Indonesia.

Asian studies in Australia

The Committee recommends that the Government implement the proposals of the Committee on Asian Studies, to establish an Asian Studies Council to promote Asian studies at all levels.

Education

The Committee recommends that every effort be made by the Australian Government to meet requests from the ASEAN countries for assistance in education, particularly the teaching of English.

Institutions, organisations and schemes

The Committee commends the work being carried out by institutions, organisations and schemes, and considers they make a valuable contribution to the region as well as promoting understanding and co-operation. It recommends that their work continue to be supported by the Government and that support be expanded wherever possible in response to the needs indicated by the ASEAN countries. The Committee also draws attention to its earlier recommendation on the proposed Asian Studies Council.

Interest in Australian studies in the region

ASEAN countries have made it known that they would like to have more Australian publications for their students. The Committee considers that the provision of these materials containing detailed information on Australia would create greater interest and awareness of Australia in the ASEAN countries. The Committee recommends that the Government meet the needs for this material as indicated by the ASEAN countries.

Information material

Australian publications are seen by the Committee as an important means of disseminating information about Australia in the ASEAN region, and it recommends that a wider variety and a larger quantity of material be made available for distribution.

The member countries of ASEAN

It is the intention of this report to examine Australia's relations with the Association of South East Asian Nations (ASEAN) but it must be stated at the outset that the impact of these relations should in no way diminish the importance of Australia's long standing bilateral relations with the individual countries of the Association. The five countries, Indonesia, Malaysia, the Philippines, Singapore and Thailand which constitute ASEAN share a geographic proximity which permits a regional grouping. On that basis the grouping could include other countries in South East Asia but factors such as current ideological differences have defined its present membership.

The ASEAN countries share many common characteristics in their development which have formed their socio-economic structures but there are also diverse elements. Some of these matters are dealt with in the following sections covering briefly aspects of their historical background, social, economic and political characteristics, their bilateral relations with Australia, the emergence of ASEAN and its current role. These notes are intended as only a brief background to the more detailed consideration of 'Australia and ASEAN' that follows.

Early history

The South East Asian region in its early history was the focus of migration from the Asian mainland. First one group of Malays and then another settled what is now Malaysia and Indonesia and other nearby areas forcing the earlier inhabitants inland or onto other islands. About two thousand years ago the development of a sea route to China through the South East Asian archipelago brought Indian settlement which had a significant influence on the region. In key locations along the route there was evidence of significant Indian influence and when an alternative sea and land route was found across the Kra Isthmus this influence spread further in the region. Some of these centres grew into small kingdoms and imposed tolls on Indian and Chinese traders causing them to seek other routes. Indian religious, cultural and economic influence till the end of the 15th century was considerable in the region and impeded further large scale migration from the mainland. The cultural complexities of the region were added to by Arab traders and Islamic culture was spread by the Gujorati spice merchants following the commercial routes. The sea provided a commercial link and also served to extend religious and cultural influences in the region. By the end of the 15th century Muslim sea power dominated the area.

The European colonial period

The European penetration of South East Asia began in the 16th century when the Portuguese captured Malacca. They were followed by the Spanish who claimed the Philippines and the Dutch who settled in Java. In 1641 the Dutch took Malacca from the Portuguese. The British and French had been interested in the region but it was not until their involvement with the China trade in the late 18th century that they established a presence in the region.

The British with trade as their prime motive annexed Penang in 1786, Malacca in 1824 and established Singapore as the main trading port between India and China early in the 19th century. In 1841 the British established a presence in Sarawak and in 1846 a base was established at Labuan (in what is now Sabah) for trade, refuelling and operations against pirates. The ports of Hong Kong, Penang and Singapore were open to world trade and attracted merchants from India and China as settlers, something not permitted by the Dutch in Indonesia. With the discovery of tin by the Chinese on the Malay mainland the British turned their attention inland and a commodity export economy developed. The inland areas were opened up and plantations were established, including the cultivation of rubber, early this century. The British also established themselves in Borneo in 1881 and in Burma in 1886.

The French control of territory in the region began in 1859 with a base in the Mekong Delta and spread with the annexation of the southern provinces of Cochin-China, and the establishment of a protectorate in parts of Cambodia in 1863. Throughout these annexations by the British and the French Thailand retained its independence and it was a buffer between their respective territorial acquisitions.

The Dutch concentrated on the region bordering on the Java Sea and Banda Sea with a boundary agreement in 1893 limiting the Portuguese to the eastern half of Timor. The Spanish control of the Philippines continued with the promotion of export trade. They failed to effectively subjugate the Muslim population in Mindanao and by 1896 the Filipinos rose up against the Spanish to gain independence. This was achieved with American assistance but was shortlived when the Americans in turn colonised the country.

From the beginning of this century until the Japanese occupation in 1942 the colonial rulers maintained their territorial boundaries in the region. Boundaries were frequently determined by topographical considerations or political expediency and not recognising the traditional political or ethnic associations. Colonial rule with its rigid political forms and economic demands was not universally acceptable nor popular in the region. The advent of World War II brought the region under the political control of Japan by 1942 and even though the former colonial boundaries were restored in 1945 anti-colonial pressures had gathered momentum and independence movements were gaining strength.

The quest for independence accelerated after 1945 and by the end of 1957 only West Irian, British Borneo and Singapore remained under colonial administration. Thailand was never colonised, the Philippines negotiated independence peacefully in 1946 as did Malaysia in 1957 and Singapore became fully independent in 1965 when it was expelled from the Federation of Malaysia after a membership of two years. Indonesia, however, had to fight for its independence which was achieved in 1949.

Member country profiles

The formerly colonised member countries of ASEAN still exhibit in their socio-economic structures some legacies from the colonial period but also reveal styles of government and development which have evolved in the years since independence. The forms of government that have developed in the ASEAN countries are centralised and authoritarian and in Indonesia, the Philippines and Thailand involve active participation from the armed forces. A short summary of these features, including bilateral relations with Australia, is provided in the following section on the ASEAN member countries.

INDONESIA

The Indonesian archipelago is the world's largest island complex, consisting of some 3000 islands, stretching 5120 kilometres from east to west and 1760 kilometres from

north to south. The land area is 1 906 240 square kilometres. The islands vary in size and the terrain ranges from high mountains (the highest being Mt Kerinci, 3800 metres) to broad plains. In some areas the lowlands are tidal swamp not suitable for cultivation, in other areas there are fertile coastal lowlands and inland valleys. The vegetation is varied and ranges from alpine in the mountains to rain forests and swamp lands. While many areas are still covered by forests the widely practised 'slash and burn' system of agriculture has reduced forest cover in other areas. The climate for the greater part is maritime equatorial, with high temperatures and heavy rainfall. Indonesia is well endowed with natural resources. It has considerable oil. In 1979 oil production was 581.5 million barrels and reserves were estimated at 9.6 billion barrels. Oil exports to Australia in 1979-80 were valued at \$171 million. Oil, natural gas, mineral and timber reserves, offer potentially good prospects for economic development.

One of the major restraints in Indonesia's social and economic development is its large and burgeoning population. It is estimated that the population numbers 145 million with an annual increase of around 2.4% or more than 3 million people per year. An additional problem with the population is the imbalance of its distribution. The prime example is the island of Java which has 65.0% of the population but comprises only 7.0% of the country's land area. As a consequence land distribution is an immense problem, holdings are small and the number of landless families is increasing.

Ethnic and cultural diversity exists in the country with more than 360 distinct ethno-cultural and 250 linguistic groups within the indigenous population. The Javanese are the largest group with over 70 million, the Sundanese (25 million), Bataks (6 million), Buginese (5 million), as well as Minangkabu and Balinese. Chinese in Indonesia number about 3 million and there has over several centuries been considerable inter-marriage and assimilation. It is estimated that over half of Indonesia's Chinese are Indonesian citizens.

Indonesians are predominantly of the Islamic faith (90.0%) divided into two groups, the orthodox is rural based and the modernist is urban based. Christianity has a following of approximately 9 million people in Indonesia and they are represented in political, military, education and civil service ranks. Most of the Chinese in Indonesia are Christians.

The post-independence era

The immediate post-independence years were often turbulent and unsettled for a nation with a war-disrupted economy and great imbalances in the distribution of its population and resources. The period until 1965 was also dominated by growing disunity in the Government and the increasing central authority of President Sukarno, backed by the army. Under Sukarno's 'guided democracy' the Indonesian economy deteriorated further, prestigious projects and ideological campaigns were introduced to unify the people and distract them from the declining internal situation. A mass modernisation of the army was initiated and enormous external debts were accumulated.

Sukarno reached the pinnacle of his popularity when West Irian was 'regained' from the Dutch. A further military adventure, confrontation with Malaysia, did not meet with the same success internationally and Indonesia withdrew from the United Nations in 1965. The worsening internal situation and the international isolation which marked the latter years of the Sukarno period culminated with open conflict between the army and the Indonesian Communist Party in 1965. Before the clash the army's power base had been weakened while the Communist Party had expanded. The extent of the Communist Party's involvement in the attempted coup is the subject of debate but it was implicated. The coup was unsuccessful and the anti-communist

leaders in the army assumed control. Sukarno remained as President although with declining powers, and a massive anti-communist drive was implemented. By March 1967 Sukarno had for all practical purposes relinquished his governing powers and General Suharto was sworn in as acting President.

After President Suharto came into office the Communist Party was outlawed, confrontation with Malaysia ceased, Indonesia rejoined the United Nations and generally shifted to a less isolated stand in international relations. The excesses and extravagant programs of the 'guided democracy' era had bankrupted the economy, external debts were crippling and inflation was rampant. The Suharto Government has given priority to improving the economy and establishing orderly government. In 1969 a five-year development plan was introduced concentrating on agriculture and related industries. The second five-year plan was launched to develop labour-intensive industries and social and physical infrastructure.

The return to Indonesia from exports of oil led to a favourable balance of payments, assisted by a renewal of foreign investment confidence in the country. In early 1975 a serious setback occurred when the State owned oil company Pertamina could not meet its overseas borrowing commitments and debt obligations of over \$U.S.10 000 million. The Government intervened, some debts were repaid, others rescheduled and the company's operating ability was to a considerable degree restored.

The years of the Suharto Government have produced considerable achievements and have introduced a stability that was lacking in previous years. The President was re-elected in 1978 for another five-year term.

Bilateral relations with Australia

A bilateral relationship is not always easy to develop even when geographic proximity suggests that two countries, not hostile to each other, could readily achieve close ties. Indonesia and Australia have gradually developed an effective working relationship but it has been made that much harder because there was no common ideological, cultural, religious or racial base from which to begin.

Historically Australia's perception of the importance of secure and friendly neighbours to the near north was clearly demonstrated by the need to counter Japan's penetration of the region during World War II. Many Indonesians still recall the Australian presence during the war and appreciate Australia's support for the Indonesian independence movement. Since independence the relationship has developed gradually but not always without friction. During the Sukarno era relations fluctuated and were under strain over West Irian and the confrontation with Malaysia. Sukarno's association with China and the Soviet Union were viewed with concern and suspicion in Australia, though a workable diplomatic relationship was maintained. After the attempted coup in 1965 and the ending of confrontation with Malaysia the Australian-Indonesian relationship began to improve steadily.

When the Suharto Government came into office the pattern for the subsequent development of the relationship was established. After apprehensions over developments during the Sukarno era Australian Governments placed a high priority on improving relations, contacts at government and non-government levels were promoted including reciprocal visits by the respective Heads of Government. The high point of the relationship was reached by 1975 but when Indonesia initiated its military operations in East Timor in December of that year those actions produced a strong reaction from Australians. It is an issue which has adversely affected the relationship.

Although the two countries are at differing stages of development with differing styles of government there is growing co-operation in an increasing range of bilateral activities. Two-way trade is expanding at record levels, in 1978-79 exports to

Indonesia were \$217.6 million and imports \$99.2 million. The value of Australian investment in Indonesia is estimated at \$200 million. The Australian development assistance program in Indonesia is extensive in its range of activities and is the second largest Australian bilateral program after Papua New Guinea, amounting to \$294.8 million since its inception. Academic and cultural exchanges, through the cultural agreement, are promoted between the two countries. Tourism is another growing form of contact. Australia has had a modest defence co-operation program with Indonesia since 1968 which includes training, equipment, survey and mapping.

In recent years there has been a growing number of exchange visits at the parliamentary and officials levels aimed at developing more contacts between Australia and Indonesia. The Committee believes that exchanges at all levels of the respective communities should be encouraged and supported as they can contribute significantly to bilateral relations.

MALAYSIA

The Federation of Malaysia occupies two distinct regions, Peninsular Malaysia on the Asian mainland and the States of Sabah and Sarawak on the island of Borneo, separated from the mainland by the South China Sea. The total area is 330 435 square kilometres, consisting of Peninsular Malaysia, 131 588 square kilometres and the two off-shore States, 198 847 square kilometres.

A range of steep forest-covered mountains extends down the peninsular with coastal plains on the east and west sides. The two off-shore States have coastal plains rising to jungle-covered mountains inland. The climate is tropical with monsoon seasons and high annual rainfall. Malaysia is the world's largest exporter of tin, and agriculture is the predominant sector of the economy. Rubber contributes some 30.0% of export earnings and Malaysia is also a leading exporter of palm oil. The Government is actively encouraging industrial development and the manufacturing sector is growing rapidly.

The population of Malaysia was estimated in 1978 to be 12.9 million with 10.84 million on Peninsular Malaysia and 2.06 million in Sabah and Sarawak. The annual population growth rate is 2.7%. Malaysia is a multi-racial society. The Malays are the largest group, comprising 45.0% of the population, then the Chinese (35.0%), Indians (10.0%) and other non-Malay indigenous people make up the balance. The Malays are predominantly Muslims, while the Chinese adhere to a variety of religions, including Confucianism, Taoism, Buddhism and Christianity. Malay is the national and official language, whilst English is widely used in business circles and is a compulsory subject in all schools. The Chinese use a number of the dialects of their language, Indians speak Tamil or Malay and in Sabah and Sarawak a variety of native languages are spoken.

The development of the Federation

The Japanese occupation of Malaysia during World War II undermined British authority and the communist-led guerilla forces that had fought the Japanese continued to fight after the war. The twelve year 'Emergency' (1948-60) drew support from dissatisfied elements in the Chinese population in Malaya. Other Chinese joined with Malay and Indian leaders to form the Alliance Party which led the country to independence in 1957. In 1961 the then Prime Minister Tengku Abdul Rahman proposed a federation to include Singapore, Sarawak, North Borneo (now Sabah) and Brunei. The Federation of Malaysia was formed in 1963. Brunei refused to join, and after two years the membership of Singapore proved unworkable and it was expelled.

Malaysia is a constitutional monarchy with a Head of State (the Yang di-Pertuan Agong) who is elected every five years from among the nine Malay rulers. The Parliament has a bicameral system with 144 members of the House of Representatives and 48 members of the Senate. The Parliament has a term of five years. Apart from the residual problem of insurgent activity mounted by factions of the Malaysian Communist Party, Malaysia has a continuing history of inter-racial tensions. This flared into riots in 1969 which led to a two year suspension of the Constitution and Parliament.

Malaysia has a prosperous economy with efficient primary industries and a growing export-oriented manufacturing sector. A series of five-year plans have been implemented, the third to be completed in 1980.

In the early years of independence Malaysia's foreign policy was associated with Britain particularly during the confrontation period. Since 1970 Malaysia has been actively associated with non-alignment, regional co-operation through ASEAN, and the concept of a Zone of Peace, Freedom and Neutrality (ZOPFAN) in South East Asia. Malaysia is a member of the Commonwealth.

Bilateral relations with Australia

Australia's relations with Malaysia are based on long-established associations. Australian forces served there during World War II, the Emergency and the Indonesian confrontation period. The two countries have similar systems of government and a history of co-operation in a variety of fields including defence, development assistance, trade and recently refugee resettlement. Malaysia and Australia have shared a number of foreign policy interests. However in recent years Malaysia's foreign policy priorities have shifted and now include an active involvement in the non-aligned movement, ASEAN, ZOPFAN and the promotion of Islamic solidarity. Despite this relations remain close. Defence co-operation will remain an important element in the relationship, including the Australian airforce squadrons at Butterworth.

Economic issues have become an increasingly important aspect of the relationship. Bilateral trade has developed steadily. In 1978-79 Australian exports to Malaysia were valued at \$330.5 million and imports at \$152.6 million. Australia and Malaysia have a Trade Agreement dating back to 1958 and Australian investment in Malaysia, including retained earnings is estimated at \$150 million. Malaysia has been critical of certain Australian trade policies and practices, particularly protectionist measures in the textile, footwear and timber industries. The imbalance of trade between the two countries is another contentious issue.

Malaysia was one of the initial recipients of Australian development assistance and by the end of the 1979-80 financial year disbursements totalled \$63.1 million. While the development assistance program has never been a significant element in the bilateral relationship and the need for continuing assistance is diminishing, it has been of assistance to the Malaysian Government. The training program in particular has been a significant element and is one of the largest conducted by Australia. From its inception till 1979 a total of 2947 sponsored students from Malaysia had been trained in Australia. Project aid and technical assistance have in recent years been concentrated in the transportation field.

Another area of close contact between the two countries is training in Australia for private students from Malaysia and thousands of Malaysian students have studied at Australian educational institutions. There has been concern in the past in Malaysia over the large numbers of students that have not returned to Malaysia but the problems have been overcome. Australia also has a cultural agreement and a defence co-operation program with Malaysia.

While the nature of Australian-Malaysian relations has changed the relationship is friendly and close. Common concerns over the security and stability of the region

ensure that constant contacts are maintained on such matters as defence and refugee resettlement. Economic relations are now a dominant feature of the relationship.

THE PHILIPPINES

The Philippines archipelago consists of over 7000 islands with a total area of 300 400 square kilometres. There are eleven main islands which have about 95.0% of the total land area and population. Much of the land is mountainous with narrow coastal plains and the largest island Luzon has a central plain which is the most important agricultural area in the country. The Philippines has a tropical climate and lies in the typhoon belt.

Filipinos are predominantly of Malay stock with some Chinese, Spanish and American ancestry through intermarriage. The population is approaching 50 million with a growth rate of 2.8% per annum. Over 90.0% of the population are Christians, mainly Roman Catholics (83.0%), Protestants (9.0%), Muslims (3.0%) and the remainder Animist. The three main languages are Cebuano, Tagalog and Ilocano, in all some eighty-seven local languages and dialects are spoken. The official languages are Filipino (basically Tagalog), English and Spanish to a diminishing degree. Schooling is extensive and the Philippines has a literacy rate of over 75.0%, one of the highest in Asia.

Economic and political developments

The Philippines has considerable mineral resources, scope for increased agricultural production and a growing industrial sector. At present the country has a primarily agricultural economic base and the export trade is in coconut products, sugar, bananas, hemp and timber. Mining is increasing and the discovery of off-shore oil will alleviate the present total dependence on oil imports. Industrial development is progressing particularly in the labour intensive light manufacturing sector. There are unemployment and under-employment problems for the large labour force and trade deficits have also caused foreign exchange shortages. The economic performance of the country in the 1970s has shown progress but there is concern over the inflation rate, rising energy costs and international indebtedness.

After attaining independence in 1946 the Philippines adopted a presidential system of government modelled on the United States. Close ties were maintained with the United States and to a degree continue today. Internal dissent has existed in the Philippines since independence, mainly from the Muslims in the south and the communist-inspired Huks, demanding among other things, land reform. The Huks have been relatively subdued and dispersed, but the Muslims seeking regional autonomy continue to divert government resources and attention. Since 1972 the Philippines has had martial law. In 1978 an interim National Assembly (200 members) was elected and President Marcos is both President and Prime Minister, ruling by Presidential decree. There are critics of the Government in the Philippines, including religious leaders and Filipinos overseas who oppose the present system.

The present foreign policy of the Philippines places less emphasis on a close alliance with the United States and more on closer regional links. Wider international associations have also been established including some East European countries, China and the Soviet Union during the mid-1970s. Relations with Japan are important as they are with the United States, the other major trading partner. Within ASEAN the Philippines' relations with the other members have been cordial except for the Philippines' claim to Sabah which caused a dispute with Malaysia. The claim is no longer emphasised but it has not been withdrawn.

Bilateral relations with Australia

After close contacts during World War II the bilateral relationship remained low key for the next two decades. Australia's immediate post-war immigration policy created considerable resentment in the Philippines. During the 1970s the relationship developed, trade assumed greater importance and recent changes to Australia's immigration laws have enabled more Filipinos to settle in Australia. Closer relations have also been assisted by growing two-way tourism, increasing academic exchanges and the absence of language problems between the two countries. There are now about 10 000 Filipino settlers in Australia and over 700 students from the Philippines have trained under the Colombo Plan in Australia.

Trade between Australia and the Philippines has increased steadily and in 1978-79 amounted to \$242.7 million. Australian exports were \$165.8 million, imports from the Philippines were \$76.9 million. Australian investment in the Philippines, including retained earnings is estimated at \$30 million. In 1979 a double taxation agreement was signed and the bilateral Trade Agreement was ratified. A Nuclear Co-operation and Safeguards Agreement was signed in 1978 opening the way for negotiations for the supply of Australian uranium to the Philippines.

Australian development assistance to the Philippines focuses on agricultural development in remote and underdeveloped provinces. The two major projects in Zamboanga del Sur and Samar are Australia's largest integrated rural development projects. The Philippines has been allocated \$40 million of the Australian forward commitment of development assistance to ASEAN countries. Total disbursement of Australian development assistance to the Philippines amounted to \$48.7 million by 1979-80. Defence co-operation between the two countries has been mainly in the form of high-level visits, ship visits and training. Australia and the Philippines have a cultural agreement.

Aspects of the trading relationship have drawn criticism from the Philippines, particularly the imbalance of trade in Australia's favour and market access for its developing industries. In 1979 the Philippines joined other ASEAN countries in criticising the Australian International Civil Aviation Policy (ICAP). Overall contacts are increasing at many levels and are providing opportunities from which closer ties can be established.

SINGAPORE

Singapore is an island republic consisting of the main island and 54 small islands. The land area is 581.5 square kilometres with a tropical climate and a population around 2.5 million. It is a city state with little rural hinterland and the topography is undulating with a few low hills.

The population is composed of Chinese (76.0%), Malays (15.0%), Indians (7.0%), Eurasians and Europeans. The communities consist of a number of ethnic groups, e.g. there are five distinct Chinese dialect groups and the Indian groups originate from a variety of places in India and Pakistan. The major languages are Chinese, Malay, Tamil and English and the country is officially acknowledged as multi-lingual. Some tension exists between the English language educated and the Chinese language educated population, the former being Western oriented and the latter regarding China as their cultural homeland.

Singapore has a young population and the Government's family planning programs have reduced the population growth rate to 1.3% per annum in a population of 2.5 million. The Government places emphasis on social services such as housing and urban developments for the people.

Economic and political developments

After Singapore's expulsion from the Malaysian Federation in 1965 the prospects for a small state without natural resources and serious unemployment problems were daunting. The following years witnessed the introduction of aggressive policies which achieved dynamic results and have provided the majority of Singaporeans with a high level of social and economic development. Singapore is the major entrepôt for the region and the mainstays of the economy are the manufacturing, trade and service sectors. A wide range of products is manufactured, including ships, electronic equipment, clothing, machinery and medical products. Recently emphasis has been placed on the petrochemical, electronic and aeronautical industries. Industrial development is heavily dependent on foreign investment and to remain viable Singapore needs to constantly devise means to attract outside capital.

The People's Action Party led by Prime Minister Lee Kuan Yew has been in government without any effective political opposition since self-government in 1959. Singapore is a republic and a member of the Commonwealth, the Parliament is unicameral with 69 elected members. The Parliament appoints a President as Head of State for a four-year term and the President appoints the Prime Minister.

As a small state in a populous region where Chinese are ethnically alien, good relations with its neighbours are of paramount importance to Singapore. It has adopted a foreign policy of neutrality and non-alignment believing that the dominance of one major power in the region is not in the best interests of the region. Although non-aligned it participates in military arrangements with Britain, Malaysia, Australia and New Zealand. Singapore has trading and diplomatic relations with a number of communist nations. It has established a working relationship with China without as yet entering into formal diplomatic links. In recent years the situation in Indo-China has been of major concern to Singapore and it shares ASEAN's suspicions of Vietnam's actions in the region.

Bilateral relations with Australia

After World War II Australia's relations with Singapore concentrated on defence considerations. The situation has altered and the emphasis is now on economic issues. Singapore is Australia's fourth largest trading partner in Asia, on a world basis it is the sixteenth largest export market and eleventh largest source of imports. In 1978-79 Australian exports to Singapore amounted to \$263.8 million and imports were \$277.7 million. Since 1976-77 Singapore has had a trading surplus with Australia. Australian investment in Singapore in 1978 was valued at \$30 million, excluding retained earnings. This figure is estimated to be much higher if retained earnings are included as there are 86 firms with Australian involvement operating manufacturing facilities there.

Australia's development assistance to Singapore totalled \$12.5 million by 1979-80 and amounts to around \$1 million annually. Defence co-operation program expenditure is at an annual average of \$600 000. In both fields the assistance is concentrated on training. Several thousand students from Singapore have studied in Australia both privately and under the Colombo Plan. A cultural agreement between Singapore and Australia has been in operation since 1975.

There is a history of co-operation between Australia and Singapore on strategic issues. However now economic matters are a major factor in the relationship and there has been some discord. Singapore along with its ASEAN partners has been critical of Australia's protectionist policies. One particular focus of disagreement was Australia's International Civil Aviation Policy. Singapore's reaction, supported by the ASEAN members, introduced considerable controversy and Australia was strongly criticised

over the policy. The dispute was resolved but whether the solution will continue to be to Singapore's satisfaction remains to be seen.

THAILAND

The country has four main geographic regions, central, northeast, north and south. The central region is rich in alluvial soil and well watered, including the main river, the Chao Phraya. The northeast is a large plateau, much of it infertile and subject to droughts and floods. The north occupies one quarter of the country, it is a region of mountains and fertile valleys. The south is a long sliver of rain forest covered land. Thailand in area is 512 820 square kilometres and the climate is tropical.

The four geographic regions also reflect cultural, linguistic and physical differences in the Thai people. The population, mainly of Thai stock, is over 44 million with an annual growth rate of 2.8%. The largest minority group is the Chinese (3 million) who are integrated into the community. In the southern region there are about 1 million Malay speaking Muslims. In the north there are approximately 300 000 hill tribe people and in the north-east some 45 000 Vietnamese. Theravada Buddhism is the religion of over 90.0% of the population. The national language is spoken by over 90.0% of the people and the literacy rate is about 70.0%.

Economic and political developments

Thailand's economy is based on agricultural production with the growing industrial and commercial sectors confined around Bangkok. Rice is the main crop and Thailand exports it to other South East Asian countries. Thailand is the world's third largest exporter of rubber but production is tending to run down. Tapioca is a major crop and Thailand is now the world's largest exporter. Maize and sugar are other important crops. Thai agriculture is diversified and agricultural land has been available, although population pressure is now being felt. The industrial sector has grown throughout the last two decades and includes such industries as textiles, paper, chemicals, metals and petroleum refining. The economy is sound even though crops are subject to favourable seasons, foreign investment is still coming into the country despite concerns over the Indo-China situation and the rising cost of petroleum imports.

Thailand is a constitutional monarchy with a centralised system of government and unlike the other members of ASEAN, it was never colonised. It has had a history of frequent changes of government, many led by the military. The monarchy remains a stabilising influence. The people in turn accept the changes and seem content to leave the running of the country to an elite drawn from the top ranks of the military, the civil service and the business world. Changes of government in Thailand have usually been peaceful, however in 1973 and 1976 violent clashes between students and police accompanied the changes. Communist-inspired insurgency has been a continuing problem for Thai authorities and the communists have also infiltrated the Meo and Yao hill tribesmen who have remained apart from ethnic Thais. The successes of the Thai communists have fluctuated over the years and in recent times the events in Indo-China have not aided them in gaining popular support in Thailand.

Foreign relations have always had a prominent role in Thai politics. After World War II and into the 1970s Thailand had close associations with the United States which used air force and communications bases in Thailand for military operations in Indo-China. By 1969 the proposed scaling down of the United States military presence in South East Asia demonstrated to Thailand the need to reassess its foreign policy and this process continued into the mid-1970s. United States forces were withdrawn from Thailand in 1976 and the Government concentrated on improving relations with its new communist neighbours, Vietnam and Kampuchea. Diplomatic relations with China were also established. Thailand's foreign policy aims are to improve relations

with all countries irrespective of ideology and throughout 1979 and 1980 it has attempted to pursue this policy. However relations with Vietnam are at a critical point and open hostilities have occurred. Thailand has tried to remain neutral on the Kampuchean conflict and this stand has the support of its ASEAN partners. Better relations have also been established with the Soviet Union and Thailand now permits overflights by Soviet cargo aircraft enroute to Vietnam. The critical situation on the Thai-Kampuchean border has brought renewed assurances of support and assistance from the United States in the form of military equipment and a doubling of development assistance expenditure.

Bilateral relations with Australia

Since World War II close contacts have developed on a bilateral basis and through joint membership of regional development and defence associations. The relationship is harmonious and Thailand has not joined other members of ASEAN in the more strident criticism of Australia's economic relations with the group.

Bilateral trade is expanding steadily and in 1978-79 Australian exports to Thailand amounted to \$112.8 million with imports at \$35.4 million. In 1979 a bilateral Trade Agreement was signed to provide for the strengthening and diversification of trade, commercial, industrial and technical co-operation, joint venture enterprises and the establishment of a Joint Trade Committee. Australian investment in Thailand, including retained earnings, is estimated to be in excess of \$50 million. The main Australian exports to Thailand are mineral manufactures (70.2%) and processed and unprocessed primary products (14.2% and 8.8% respectively). The main imports from Thailand are textiles, animal feedstuffs and jewellery.

Thailand has been allocated \$40 million in Australia's forward commitment of development assistance. By 1979-80 Australia's development assistance to Thailand totalled \$81.4 million. The program has developed in recent years from small projects to bigger operations in land development, pasture improvement and road construction. An important component of the program is sponsored training and many Thai students have trained in Australia. Defence co-operation between the two countries is on a modest scale and involves exchange visits by services personnel, occasional joint naval exercises, training at Australian military colleges and technical assistance. Over 100 Thai services personnel have trained in Australia, including the Crown Prince of Thailand.

Tourist contacts between Australia and Thailand are growing and over 100 000 Australians visit there each year. One extremely unfortunate side effect of the growing tourist exchange is the facility it provides for the narcotics trade from Thailand. Australia has narcotics officers in Thailand to assist with suppression of traffic in narcotics and has provided material assistance for enforcement work. As with other ASEAN countries, Australia has a cultural agreement with Thailand to promote mutual understanding and a wider range of cultural exchanges.

The emergence of ASEAN

In the post-independence era in South East Asia attempts to establish regional co-operation organisations were numerous and embodied a variety of motives. Some were externally inspired and included extra-regional countries e.g. the South East Asia Treaty Organisation (SEATO) and the Economic and Social Commission for Asia and the Pacific (ESCAP). Others were among regional countries e.g. the Association of South East Asia and Maphilindo, both being formed by Malaysia, the Philippines and Thailand. As circumstances changed a number of these organisations became defunct or altered in composition.

During the early and middle 1960s it became apparent that a need existed to develop indigenous regional groupings among some states as a means of reducing prevailing tensions and animosities e.g. the Philippines claim to Sabah (1962), Indonesia's confrontation of Malaysia (1963) and Singapore's expulsion from Malaysia (1965). The task was made no easier considering the diverse ethnic and historic background of the major peoples and states, the differing colonial influences and the competitive nature of many of the national economies of the region. From this complex background ASEAN was formed on 8 August 1967 when the Foreign Ministers of Indonesia, Malaysia, the Philippines, Singapore and Thailand signed the ASEAN Declaration, also described as the Bangkok Declaration. (For the contents of the ASEAN Declaration see Appendix I.)

The Association, based on the principles of economic, social and cultural development in the region through joint endeavours and the promotion of regional peace and stability, began its operations cautiously. Allowing time for consultation and co-operation to develop, ASEAN members have increasingly taken each other's views into account in the formulation of national policies. Although economic co-operation is ASEAN's primary purpose, co-operation in the fields of agriculture, food, commerce, industry, finance, science, social welfare, transport, communications, media and tourism is handled through the ASEAN network. The first ASEAN structure had the five Foreign Ministers meeting annually on a rotational basis in each country, as the highest policy-making body. Their decisions were implemented and supervised by the Standing Committee. Each member country has also established a National Secretariat, responsible for co-ordinating ASEAN matters at the national level. In addition permanent, special and ad hoc committees on specific subjects were created. With this structure ASEAN continued its Foreign Ministers' meetings essentially on economic and non-political matters until 1971 when the Declaration of a Zone of Peace, Freedom and Neutrality was made at a special meeting. In 1975 ASEAN issued a statement on Vietnam and the Middle East and the first of the regular meetings of Economic Ministers was held.

The evolutionary character of ASEAN and the growing importance of economic co-operation were revealed at Bali in 1976 when the ASEAN Heads of Government met, signalling a 'renaissance' of the Association. The Heads of Government signed the Declaration of ASEAN Concord and also the Treaty of Amity and Co-operation in South East Asia as well as discussing international efforts to promote peace and stability in the region. The importance of economic co-operation was emphasised and it was agreed that:

- five large regional industrial projects on a joint venture basis be investigated. They are urea fertiliser projects in Indonesia and Malaysia, a soda-ash project in Thailand, a superphosphate project and a diesel engines project in Singapore; and
- ASEAN Preferential Trading Arrangements be established to facilitate the expansion of trade among the member states in basic commodities, the introduction of long-term contracts, preference in government contracts, extension of tariff preferences and preferential interest rates for purchase finance.

A further outcome of the Bali meeting was a change to the organisational structure of ASEAN. A centralised ASEAN Secretariat was established, based in Indonesia, and the committee system was reorganised. Additional to the meeting of Foreign Ministers provision was also made for the convening of Economic, Labour, Social Welfare, Education and Information Ministers to discuss and approve ASEAN programs in their respective fields. Financial co-operation is another initiative and a currency swap arrangement was set up in 1977. The ASEAN central banks each contributed \$U.S.20

million to a fund of \$U.S.100 million from which temporary drawings could be made to overcome international liquidity shortages. In 1978 the fund was increased to \$U.S.200 million.

Another example of the widening scope of ASEAN activities is the role of the private sector. As was the case with ASEAN itself, non-governmental input into the Association's programs was slow and cautious at the beginning. Now there are some thirty non-governmental organisations operating on an ASEAN-wide basis including chambers of commerce and industry, tourism, shipping, medicine, women's activities youth activities, information and inter-parliamentary activities. There is considerable interaction between the non-government organisations and their relevant ASEAN committee counterparts. At this point their activities have been mainly confined to meetings and it remains to be seen what programs will result from these initiatives.

Developments in ASEAN

Economic co-operation has been the main purpose and pursuit in ASEAN's development, particularly since 1976 when new initiatives and a broader range of operations were introduced. The co-operative efforts have in part sought to expand common interests among members with competitive economies and have also sought to promote economic growth for the sake of internal cohesion in member countries. This is essential where insurgency and dissatisfied groups exist.

The different and competitive economies of ASEAN states have so far limited economic co-operation and a conscious desire among them not to impair relations through over-ambitious economic aims has meant that progress has been tentative. Over the years Singapore developed into a modern manufacturing and financial centre with a flexible attitude towards world markets. The other ASEAN states' exports remain dominated by primary products. Population and income levels vary, as do members' attitudes to international trade. Singapore's trading policy is open and outward looking, Indonesia's is protectionist and the others have open and protectionist elements. Stemming partly from this diversity and partly from hastily conceived plans, the economic co-operation initiatives set at the Bali Summit have only had limited success. The Indonesian urea fertiliser project and the soda-ash project in Thailand have been adopted and a holding company has been established for the Malaysian urea project. The Philippines' superphosphate project has been accepted but Singapore's diesel engines project was not because of Indonesia's unwillingness to lower protection for its own manufactures of diesel engines. Singapore has indicated that it is withdrawing from the projects and will only make a token 1.0% contribution to the urea projects.

The other 1976 initiative, that of trade liberalisation through the preferential trading arrangements, has had limited success. The arrangements provided that liberalisation would be sought on a commodity-by-commodity basis with no set timetable for progressive tariff reductions. A significant problem has been that less developed members, notably Indonesia, have not agreed to substantial tariff reductions as an inducement for greater intra-ASEAN trade. Currently intra-ASEAN trade is approximately 15.0% of total ASEAN trade and even though by 1979 over 1300 items were listed in the preferential arrangements, few relate to sensitive industries or are items which are already traded at low intra-regional tariff levels. The preferential items account for only some 4.0% of intra-ASEAN trade.

Given the disparities that confront ASEAN economies it is to be expected that progress in intra-Association economic co-operation cannot be rapid. However since 1976, in a spirit of continuing co-operation, the revitalised effort in this field has established a network of private and government sector authorities to investigate a widening range of possibilities for co-operation and complementation rather than competition.

The economic features and prospects of ASEAN countries provide a basis for them to work together when conducting economic relations with other countries. Their combination into an effective and cohesive bargaining bloc is a notable feature of co-operation in the Association. It has proved valuable as a vehicle for exerting considerable collective bargaining power on Japan, the United States, the European Economic Community (EEC), Australia and other trading partners. It is unlikely that member countries working individually could have achieved the same results on a bilateral basis with their trading partners. Economic diplomacy between ASEAN and the countries mentioned above includes ministerial meetings, joint studies, officials meetings and consultations on matters such as investment, trade, energy co-operation and development assistance. Early in 1980, after seven years of discussion an ASEAN-EEC Co-operation Agreement was signed, concentrating on investment, technology transfer, market access, development projects in food production, rural projects, education and training.

Another example of ASEAN effectiveness on economic issues is the acceptance and influence it has as a group among Third World nations. It gives collective support to Third World proposals for a new international economic order, market access in developed countries, and a lowering of protectionist barriers. It argued in the Group of 77 for a moderate and practical approach to ensure that the establishment of the Common Fund would succeed.

Since its inception ASEAN has promoted itself and has received recognition mainly as an association for the development of economic, social and cultural co-operation. ASEAN as a political entity has developed, with a degree of subtlety, not always of its own volition and without seeking to focus attention on the political aspects of its activities. ASEAN's political role has, since 1975 however, gained more significance.

A constructive early political achievement within the ASEAN grouping was the steady reduction of tensions between the member countries and even though differences still arise they have been relatively minor. It has provided the framework for consultations among the members who have also used the Association to gain acceptance for some of their national aspirations e.g. Malaysia's proposals for a Zone of Peace, Freedom and Neutrality, Singapore's acceptance as a Chinese society in a predominantly Malay region and for the Philippines, a more South East Asian image rather than that of a client state of the United States.

Since 1975 Vietnam and Indo-China have been the major focus of concentration for ASEAN's external relations. Initially there was suspicion among ASEAN members of what a united communist Vietnam meant for regional stability and Vietnam in return was resentful of the role of the Philippines and Thailand in the Vietnam war. During 1976 and 1977 relations appeared to improve but by the following year as Vietnam's relations with China and Kampuchea deteriorated and the refugee exodus increased, suspicions were again aroused. In mid-1980, following the incursion by Vietnamese forces into Thai territory, the ASEAN Foreign Ministers issued a joint statement, condemning Vietnamese aggression and calling for a United Nations conference on Kampuchea. They called also for a total withdrawal of foreign troops from Kampuchea and Afghanistan adding that any incursion of foreign forces into Thailand directly affected the security of ASEAN member states and endangered the peace and security of the whole region. In 1979 and 1980 ASEAN countries submitted draft resolutions on Kampuchea at the United Nations, both co-sponsored by Australia. However political co-operation among the Association members has not developed into formal security arrangements. Defence co-operation is extensive but remains on a bilateral basis.

The joint ASEAN response to the Indo-China situation and the outflow of refugees has given ASEAN an active political role which is acknowledged by other countries e.g. during recent years ASEAN Foreign Ministers have held discussions with Foreign Ministers from Australia, Canada, Japan, New Zealand and the United States on these issues.

ASEAN as a cohesive economic bargaining group has achieved international recognition, its political role, activated in part by strategic concerns, is recognised and is supported by many countries in adjacent regions and beyond. The membership of ASEAN has not altered since its formation although a number of nearby developing countries have sought various contacts with it. The Association has not indicated that it will expand its membership in the near future. The exception to this is Brunei, which is expected to be invited to join when it becomes independent in 1983.

In summary, ASEAN has developed as a successful regional association with political, economic, social and cultural facets, but avoiding a military role. The initial years were spent building confidence and cohesion, it has since acquired international acceptance.

Australian–ASEAN relations

Prevailing images

The ASEAN countries recognise diversities that exist among them and from this background have moulded the Association so that it is flexible enough to contain their different elements, yet is able to operate effectively as an international grouping. How do people from the ASEAN nations see Australians and what impressions do Australians have of them, are questions the Committee considered during the inquiry. The replies were varied but a common theme emerged, namely that a real need exists to develop a greater knowledge and appreciation of each other's social, cultural, economic and political systems, languages, problems and aspirations. Evidence indicated that ASEAN images of Australia varied among member countries and groups and individuals in the countries. Some see Australia as well meaning and co-operative, others see it as wealthy, racist, selfish and fundamentally not interested in the region. There is appreciation of Australia's support and assistance and some recognition of Australia as potentially important in the region. There is criticism that some Australian leaders have an ambivalent stand on economic issues such as protection and the news media is periodically accused of negative reporting and bias on ASEAN topics.

Australian perceptions of ASEAN countries also vary. Some see them as friendly, uncomplicated societies, ethnically and culturally different but familiar enough to be attractive as tourist venues. Others see ASEAN countries as having social pressures, economic problems, corruption, authoritarian governments, different interpretations of human rights and as having little affinity with Australian ways. One witness summed up the situation in the following manner:

Australian ignorance of its neighbouring states and peoples is considerable and regrettable. Their ignorance of us is almost overwhelming and could at some future time react seriously against us.¹

Throughout this report the Committee provides examples of the various efforts to promote greater understanding between Australia and the ASEAN States. It is encouraging that real progress is being made and contacts are increasing in many sections of the respective societies. To promote greater understanding is a lengthy and immense task and will require continuing and concerted application on as broad a scale as possible.

It has been the Committee's experience that at the official levels there is growing mutual understanding between Australia and the ASEAN countries. Contacts and exchanges are increasing and discussions are held in an amicable, but frank manner. Exchange visits have been promoted and the obvious benefits accruing from these have been confirmed to individual Committee members when they have visited the ASEAN countries. A limiting factor has been that exchanges are restricted mainly to official, academic and commercial levels and the Committee, while endorsing their merits, feels that scope exists to expand reciprocal exchanges into many sectors of the respective communities and their various activities. Tourism has been recognised as a means of developing mutual understanding but opinions differ on how effective and genuine a reflection of a country and its people it provides for visitors. Conversely, the value of the image visitors create in the countries they visit is also sometimes questionable.

¹ See transcript of evidence, *Official Hansard Report*, p. 1941.

What are Australia's impressions of ASEAN as an organisation? Has Australia over-reacted as it experiences, for the first time, a regional grouping of developing countries which exerts collective pressure? Is Australia placing more importance on ASEAN than is justified in the context of Australian-South East Asian relations? The Committee posed these questions during the inquiry and received varied responses. Some comments reflected feelings that Australia has over-reacted to ASEAN pressures and issues, others expressed the view that more emphasis should be placed on furthering co-operation and developing closer ties with ASEAN. Generally the prevailing images of ASEAN, expressed to the Committee, were that the Association has become a lasting feature in the region; it has growing international recognition; it has helped the stability of the region; it has achieved results collectively that individual members could not have achieved and that it is important to Australia in many ways.

It is the Committee's assessment that Australia should continue to regard the Association as an important, friendly grouping of States with which Australia will want to pursue a sound long-term relationship based on mutual respect. However, there is no suggestion that a 'special' relationship exists or should be fostered. A relationship of this type can nurture false hopes and expectations which cannot always be fulfilled and can be construed by others as discriminatory in the context of Australia's overall foreign relations. It must be accepted that there are occasions when Australia and ASEAN act to serve their own interests in a manner which may be opposed to the other's interests.

When considering Australia's approach to ASEAN it is salutary to recognise that within this decade a new generation of political leaders will emerge in the member States. They will be leaders whose attitudes were not moulded by colonial experience. It is possible that their attitudes will differ from present attitudes towards Australia and ASEAN. The Committee concludes that Australia's approach to ASEAN and its members must take into account these changes and must recognise that Australia's response to these developments is crucial to sound long-term relations.

The political relationship

Historically Australia's political relations with the independent countries of South East Asia began with issues of defence and security. The long-standing bilateral relationships with these countries continue and are becoming broader. The formation of ASEAN and its development has been supported by successive Australian Governments, Australia being the first non-member country to establish a formal relationship with the Association, starting in 1974 what is now known as the ASEAN-Australia Economic Co-operation Program (AAECP). In the period since ASEAN was formed the region has experienced major changes that have affected the Association's members' and Australia's policies. These changes include:

- the emergence of three communist Indo-China states and the decline of the United States military role in South East Asia;
- an international economic recession bringing a reduction in growth rates and a swing to protectionist policies in developed countries, including major ASEAN market countries;
- changes in major powers' relationships e.g. China and the United States, China and Japan;
- progressive economic development in ASEAN countries in spite of increasing energy costs; and

- growing doubts about the regional security situation created by the Chinese invasion of Vietnam, Vietnamese invasion of Kampuchea and Vietnamese incursion into Thailand.

The rapidly changing regional situation has required Australia and ASEAN to adapt their policies to meet these changes. Australia was also presented with the requirement to adjust, by the mid-1970s, to a situation of dealing with a revitalised ASEAN. The growing international acceptance of ASEAN as a cohesive group has brought with it repercussions for Australia's relations with the Association. Continuing sound bilateral relations with individual ASEAN members have not necessarily guaranteed Australia the same treatment when dealing with them as a group, especially on trade and economic issues. A point has now been reached where Australia's relations with ASEAN encompass most aspects of Australia's international relations and many of these issues increasingly impinge on Australian domestic policies.

Australia's interests in the ASEAN region include:

- concern for the stability of the region, that it should be free of conflict and not a focal point for rivalry among the major powers;
- harmonious relations with ASEAN governments which have a regard for Australia and do not foster attitudes inimical to Australia;
- co-operation in the social and economic development of member countries which have increasing potential as export markets for Australian products, investment and services; and
- close co-operation with ASEAN countries to promote mutually acceptable policies internationally on political, strategic and economic issues, as well as co-operation on solutions for common problems such as refugee resettlement and narcotics trafficking.

In 1977 the Heads of Government of the ASEAN countries and Australia met in Kuala Lumpur and the Australian Government introduced measures in the economic and development assistance fields to enhance co-operation. Since then increased exchanges at the Ministerial and official levels between ASEAN and Australia have taken place including the Australian Foreign Minister's attendance at the 1979 and 1980 annual meetings of ASEAN Foreign Ministers. A network of economic co-operation bodies has been formed and there are growing contacts between the ASEAN and Australian private commercial sectors. Formal parliamentary links have also been established through the ASEAN Parliamentary Association. Australia and the ASEAN countries have reciprocal, bilateral, diplomatic and trade representation including consular representatives (apart from Singapore) in most Australian States.

Australia supported the establishment of ASEAN and since then at the official level considerable effort has been placed on intensifying and widening relations with the Association. Australian political leaders have frequently commented on the importance and significance of ASEAN to Australia e.g. in 1978 the Prime Minister on a visit to the Philippines said:

Australia is very conscious of the importance of ASEAN as a force for moderation in the region. ASEAN has emerged as the most cohesive and resilient grouping of countries in recent South-East Asian history. We fully share and support the fundamental aims of ASEAN: the maintenance of peace and stability in South-East Asia, freedom from great power rivalry, the promotion of friendly relations with other countries, and the raising of the living standards of the peoples of the region.

Let me emphasise, . . . that Australia's interest and involvement in South-East Asia is strong and growing, and that it is a central and enduring policy objective of the Australian Government to strengthen contacts and relationships with ASEAN in all fields of common

interest. The acronym ASEAN has a second meaning for us. It stands not only for the Association of South-East Asian Nations, but also for Australia's South-East Asian Neighbours.

In a statement to Parliament in 1979 the Foreign Minister said of ASEAN:

The movement toward greater cohesion among ASEAN countries is of particular importance to Australia's interests. It provides mutual support, promotes co-operation, strengthens confidence and assists forces for stable development. Accordingly, Australia seeks to strengthen our links with the ASEAN countries.

The Leader of the Opposition has stated:

ASEAN is the touchstone of Australia's performance in international relations; if we cannot manage our relations successfully on this front, there must be severe reservations about our prospects on others. Our ASEAN relationships cover the field. They proceed from a long-established basis of amity and recognise strong mutual interests. At the same time, however, it has become increasingly clear that they must accommodate competitive pressures and political differences that often go to the heart of our perceived national interests.

I am confident about the relationship in the long term because the elements of mutual interest should predominate in the judgment of reasonable and objective managers. Having said that, there must be changes on both sides if we are to avoid over-emphasis on the frictions and differences. We—and I mean both sides—must be honest and consistent with each other. The neighbourhood is too small for hypocrisy and double standards to go unnoticed.

Apart from the ASEAN–Australian economic relationship, which is discussed in the following section, Australia has in recent years maintained close co-operation with ASEAN on situations that have regional and wider implications. The outflow of refugees from Indo-China since 1975 placed a heavy burden on ASEAN countries, especially Thailand. Australia, in close co-operation with the ASEAN countries, continues to be actively involved with regional and international attempts to find solutions to the refugee problem. The Vietnamese invasion of Kampuchea is another source of regional tension and Australia shares the ASEAN countries' concerns over this situation. At the June 1980 meeting of ASEAN Foreign Ministers the Australian Foreign Minister supported the stand taken by the ASEAN Foreign Ministers in their Joint Statement on Vietnamese incursions into Thailand. He stated that the security of Thailand must be ensured, that the solidarity and cohesion of ASEAN must be fostered and sustained and that the search for a political settlement must be maintained.

Australia was one of the co-sponsors of the 1979 and 1980 ASEAN draft resolutions on Kampuchea in the United Nations and voted with the ASEAN countries and other countries to support the recommendation of the Credentials Committee of the United Nations to accept the credentials of Democratic Kampuchea. Despite mounting domestic pressure Australia continued to recognise the Pol Pot regime in Kampuchea, due in part to support of the ASEAN stand, until October 1980. On 14 October 1980 the Minister for Foreign Affairs announced that Australia had decided to derecognise the regime, he said ' . . . Australia cannot prolong its recognition of such a loathsome regime as that of Pol Pot'. Referring to the date for the derecognition he added, 'Only the limited time frame remains to be determined'. The Labor Party had called for the derecognition in April 1980 and it was stated by the Leader of the Opposition in the Senate that the withdrawal of recognition would be 'one of the first actions in foreign policy . . .', of a Labor Government.

Perceptions of the political relationship

The Committee acknowledges that economic issues are of particular significance to Australian–ASEAN relations and in fact have been the dominant feature.

Nevertheless the political relationship, economic influences aside, is fundamental. The publicity it receives is often determined by events that are external to it e.g. the situation in Indo-China. The official Australian position on the importance of ASEAN and support for its development is frequently emphasised by national leaders. During the Committee's inquiry a variety of views on the relationship were received from witnesses. They questioned aspects of it and the way it is conducted. While opinions on the state of Australian-ASEAN relations differed it is significant that no-one doubted the need for close Australian co-operation with ASEAN.

Evidence given to the Committee by the Department of Foreign Affairs stressed the Government's view that co-operation with ASEAN is at the 'core' of Australia's foreign policy and that relations with the individual ASEAN countries and with ASEAN itself should continue to be given a high priority, on a long-term basis. Another witness questioned the Australian reaction to ASEAN and considered that it 'may be looming too large in Australia's international perspective'. He pointed out that Australia should treat the Association with respect and that it is important to Australia but so are many other States and groups, some of which are more vital to Australia's political and economic security. He felt that there is a tendency in some parts of the Government and the news media to think that no other country or group of countries is as important to Australia as ASEAN and that Australia's approach to it is deferential and compliant to pressures from the group. There is a requirement that Australia's national interest should be calculated carefully, taking account of domestic pressures, and presented in a manner that best serves that interest. An adverse reaction from ASEAN to a particular Australian policy does not necessarily make it wrong, yet there seem to be some Australians who assume this to be the case.²

One witness felt that ASEAN countries had adjusted better than Australia to changes in the global strategic, political and economic systems and that consequently Australian-ASEAN relations are 'somewhat unsteady and uneven'. This witness stated that Australia has a domestic economic policy and a foreign economic policy which are going in a different direction to the foreign political policy. Both the domestic and foreign economic policies are turning away from the ASEAN countries concerns; yet the foreign political policy is placing more emphasis on ASEAN, thereby creating problems.³ Strategically, however, Australia is important to ASEAN as a friendly neighbour and it lends support to the Association's aspirations for peaceful settlement to regional tensions.

Other evidence the Committee received indicates that Australian-ASEAN relations are viewed by numerous witnesses as being essentially in the formative stage and always subject to the vagaries of international affairs. It was pointed out that although Australia was the first country to establish formal links with the Association, it is somewhat ironic that it is also the country most criticised by ASEAN. Witnesses felt that as Australian policies towards ASEAN are defined the following issues have implications and need to be considered:

- it is in Australia's interest to have a peaceful and prosperous region to its near north and ASEAN is only one of the elements in South East Asian politics;
- therefore, Australia needs to define for itself the relative importance of ASEAN in the entirety of its relations with South East Asia and further afield;
- there is the question of ASEAN's cohesion considering the diversities that exist among its members and the influences on it of regional and major powers;

² See transcript of evidence, **Official Hansard Report**, pp. 1937-40.

³ See transcript of evidence, **Official Hansard Report**, pp. 784, 799.

- Australia's role in ASEAN–Indo-China relations and other regional rivalries is not clear;
- relations with ASEAN should be on a basis of mutual respect not deference and should serve the national interest even if certain aspects differ from ASEAN expectations;
- it is important to clearly establish when Australia deals with ASEAN collectively on matters and when it should deal individually with a member country;
- the significance of ASEAN to Australia's relations with its major trading partners; and
- a clear perspective of the totality of the relationship, how close is it, or should it be, what benefits, disadvantages, pressures and expectations does it bring.

The Committee acknowledges that ASEAN's record of development and its achievements, notably from the mid 1970s, has been impressive. It is apparent that in many respects ASEAN is still in its formative stages, as are Australian policies on relations with the Association.

The frequently expressed Australian desire for a peaceful and prosperous region is shared by the ASEAN countries and the Committee agrees with the accepted view that the evolution of ASEAN has been a contribution to regional stability. The Committee recognises that the member States of ASEAN are confronted by considerable and diverse domestic problems of varying degrees of severity which could cause internal instability. These could have a direct bearing on the nature of Australia's long-term association with ASEAN.

The complexities of issues that can arise and a link between economic and political matters was illustrated by the ASEAN reaction to Australia's International Civil Aviation Policy. The ensuing, protracted negotiations have been widely publicised, documented and discussed as examples of ASEAN solidarity, a downturn in the relationship, an attempt by Australia to split the Association and a manifestation of protectionist policies. The Committee sees little purpose in repeating the issues or analysing the interpretations placed on them. The ICAP issues created temporary difficulties but they do highlight that Australian–ASEAN relations can be severely tested and that such differences can affect the overall relationship beyond the confines of the particular commercial or economic policy at issue.

The ICAP experience also demonstrates the need for Australia's policies to be carefully explained and presented only after all their elements have been fully considered and co-ordinated. The Committee is aware from previous inquiries that the policy co-ordination system has deficiencies and is becoming increasingly complex as more domestic policies affect foreign policy. The relevance of long-term effective policy co-ordination in the Australian–ASEAN context is obvious and the Committee emphasises that Australian policies should only be presented after comprehensive consideration and agreement at the inter-departmental level, in consultation with the non-government sector where involved, and where necessary, decision at the Cabinet level. This should be supported by intensive diplomatic activity and detailed explanation at every possible point of contact.

Future Australian–ASEAN relations will involve a multitude of multilateral and bilateral considerations and external events will have a bearing on the relationship. Examples of possible influences are:

- the effect of regional and major power rivalries in the area;
- changes of leadership and of government in Australia and the ASEAN countries;

- the state of Australian–ASEAN economic issues;
- differing concepts of human rights, e.g. the Australian Labor Party platform includes the withdrawal of recognition of Indonesia’s annexation of East Timor and a United Nations examination of human rights violations in Irian Jaya;
- the implications of proposals for a Pacific Basin Community;
- continuing difficulties with the ASEAN countries over Australia’s International Civil Aviation Policy; and
- sea bed boundary negotiations with Indonesia.

The extent to which any of these influences will create differences is open to conjecture but they serve to illustrate the importance of continuing to develop better understanding and co-operation. It is essential to promote a relationship that looks beyond the limits of day-to-day issues, in order to establish long-term mutually acceptable relations.

The Committee endorses the view expressed by the Department of Foreign Affairs that:

The co-ordination and pursuit of policy towards ASEAN and the ASEAN countries has become a task of special significance. It is a task, and a set of circumstances, which Australia has not been required to confront in its external relations before the present decade.⁴

The Committee in its 1979 report *Australian Representation Overseas—The Department of Foreign Affairs* commented on the increasing complexities of domestic and international issues, their interdependence and effect on policy co-ordination. The Committee considers the requirement for effective policy co-ordination is vital to furthering relations with the Association and its members and therefore recommends that:

- (i) priority be given to developing policy-making processes to effectively co-ordinate the interdependent elements of domestic and foreign policies;
- (ii) consultative procedures in policy co-ordination should be broadened to promote closer liaison with the non-government sector when the issues involve them; and
- (iii) to meet the growing demands of Australian–ASEAN relations, Australia’s diplomatic missions in the region be provided with adequate staff and resources to ensure that policies are effectively implemented.

Economic relations

Throughout the 1970s there was a growth in trade between developed and developing countries, demonstrating the increasing interdependence of national economies. As a result of increasing industrialisation in many developing countries, their growing competitiveness and the onset of the world recession, many developed countries, including Australia, have experienced increased import competition, slower growth, unemployment and balance of payments problems. This, in turn, has provoked among some developed countries a protectionist response. The growth of some developing economies has brought increased demands for imports. These have benefitted developed countries and in Australia’s case caused a shift in the relative importance of export markets.

During this period economic development in the ASEAN countries has been rapid, despite disruptions such as the energy crisis. Their progress has been partly as a result of the growth in North Asia, their industrial development and partly as a result of

⁴ See transcript of evidence, *Official Hansard Report*, p. 328.

world demand for their traditional exports. Their Gross Domestic Product growth rates have been above world average levels and above the average levels for industrialised countries and developing countries.

In the context of Australian–ASEAN relations, economic issues, both bilateral and multilateral, have developed as the focal point of the relationship, especially Australia's trading policies. In 1974 when Australia established its formal links with the Association, Australia's development assistance program was the main item of discussion; two-way trade was then at relatively modest levels. Since 1976 when ASEAN countries adopted a joint approach and delivered the first of two memoranda on Australian–ASEAN trade co-operation, trade has emerged as the central element of the economic relationship. Australian–ASEAN trade continues to be conducted on a bilateral basis with the member countries but with increasing frequency ASEAN is used to present a joint approach on issues which affect one or more of the group.

Australian–ASEAN economic relations encompass an ever widening range of economic activities and issues both at the Government and the private sector levels. Consultative arrangements have been created and formalised. Australia has taken a number of initiatives especially to promote economic co-operation with ASEAN countries e.g. the Joint Research Project and the ASEAN–Australia Economic Co-operation Program.⁵ Nevertheless, differences in the relationship arise and some are continuing.

The focus of continuing ASEAN countries' criticism, both bilaterally and as a group is on their trade imbalances with Australia (excluding Singapore) and the quantitative restrictions on imports of 'sensitive' items of export interest to them. Even though ASEAN countries' share in the Australian market for these products has grown rapidly and quotas are applied on a global basis, ASEAN sees Australia's trading policies as protectionist. While Australia has a legitimate right to decide what extent of protection it gives its industries, it has indicated these restrictions will be adjusted when domestic economic conditions improve.

In discussions Committee members had with leaders in ASEAN States there is a growing appreciation of the size limitations of the Australian market, the fact that trade imbalances exist and are likely to continue and that domestic economic, social and political considerations affect industry assistance and restructuring. The Committee considers it disturbing that there are anti-protectionist pronouncements made abroad by Australian leaders which do not seem to fully correspond with the policies initiated at home. In the ASEAN countries these statements have been described as rhetoric and they ask for a demonstration by Australia to give credence to the statements. Over the years some efforts to assist developing countries have been made e.g. in the context of the Multilateral Trade Negotiations tariff reductions on tropical products and in 1979 new or increased margins of tariff preference on the imports of sixty-six products from developing countries. ASEAN countries have not always given Australia due credit for its efforts, and firmly expressed intentions, in this area. But Australia should not give room for such criticism by overstating the case.

In addition to their impact on Australian–ASEAN relations, economic matters have wider implications for Australia, mainly in the context of proposals for a new international economic order and relations generally with the Third World countries. The ASEAN countries identify themselves as Third World members and in this respect the Committee's observations in its report *The New International Economic Order—Implications for Australia*, page 45, are relevant:

⁵ For details of these see transcript of evidence, *Official Hansard Report*, pp. 523–35.

Australia's attitudes must continue to take into account that the Asian countries are its neighbours and that the ASEAN group in particular has a cohesion and solidarity which is significant, one which is shaped importantly by the Group of 77 philosophy and has to be interpreted in that context. Consequently, Australia's actions and responses will be closely examined from that aspect. They will affect political relations with the region and the countries in it and this itself will affect relations with the developing world generally. Consistent with their interests, the ASEAN countries have at times had a moderating influence in developing country forums.

A demonstration of the New International Economic Order principles being used occurred during the negotiations ASEAN had with Australia over the International Civil Aviation Policy.

Evidence the Committee has received on Australian-ASEAN relations endorses the fact that economic issues are a dominant feature, they receive constant emphasis and are likely to remain a central element of the relationship. Witnesses differ in their comments on how well this aspect of the relationship is conducted but there is general agreement that it can be improved through well co-ordinated, effective policies aimed at furthering co-operation to achieve mutually beneficial results. The Committee recognises the complexities in Australian-ASEAN economic relations and that solutions to some issues are not readily available. It recommends that emphasis be given to the importance of developing sound, acceptable economic policies as they are a key element in the relationship and serve both ASEAN and Australian long-term interests.

Economic co-operation

Consultative processes

Australia conducts extensive consultations on economic matters with ASEAN as a group and on a bilateral basis with its individual member countries. The consultative process involves Heads of Government, relevant Ministers and officials in exchange visits and formal meetings. The ASEAN Australia Forum has established the ASEAN Australia Consultative Meeting to facilitate continuing consultation on matters of mutual interest and it in turn has formed a Special Working Group on Trade. The Group meets at least quarterly and has responsibility for the Early Warning System. The Early Warning System provides ASEAN countries prior notification of, and an opportunity to consult on, Australian industry assistance proposals of interest to them.

To assist governments and industry with decisions on economic co-operation and development on a long-term basis in the ASEAN-Australia context a Joint Research Project has been proposed by Australia. The Project has been considered by ASEAN, the terms of reference have been agreed to and it will be implemented.

Trade promotion

Under the ASEAN- Australia Economic Co-operation Program assistance is given on an ASEAN-wide basis to help the member countries achieve their maximum potential in the Australian market consistent with Australia's domestic policies. Promotion activities include:

- sponsoring of two ASEAN trade fairs held in Sydney in 1978 and in Melbourne in 1980 involving a total 320 ASEAN exporters;
- an Australian-ASEAN Industrial Co-operation Conference in 1978 involving delegations of business representatives from each ASEAN country, led at ministerial level. (They met with over 200 Australian firms from seven industry sectors; another conference is due for 1981.); and

- seminars for business representatives and officials in the Philippines and Thailand on various aspects of the Australian import market; more are planned, including some in Indonesia.

In the three year period commencing July 1981 the Government had allocated an additional \$4 million to develop with ASEAN countries a three year trade promotion program under the AAACP. This complies with the desire of each ASEAN country to have its own national trade promotion and investment programs geared to individual requirements. The program will include a range of promotional activities such as missions, trade displays, store promotions and seminars.

The Market Advisory Service of the Department of Trade and Resources provides trade promotion assistance to developing countries and some 20.0% of all product inquiries originate from ASEAN countries. Over 170 ASEAN officials and business representatives have participated in the Department's training projects including workshops on trade publicity techniques and the operation of Trade Commissions.

The observation has been made to the Committee that to date the ASEAN countries' share of the Australian market has not reached substantial proportions. In the sensitive area of textiles, apparel and footwear the available evidence suggests that the ASEAN countries are not as competitive as other developing country suppliers to the Australian market and that trade is generated in these products by the Australian importers rather than promoted by the ASEAN suppliers. However there is evidence of an awareness of these facts at the official level in the ASEAN countries and in the course of bilateral discussions with Australian officials there is a focus on developing exports which will not disturb Australian industry. Instead assistance is being sought which will displace third country suppliers rather than compete with Australian industry.

Australian trade promotion in the ASEAN nations is active and approximately 10.0% of the total Trade Commissioner Service is located in the five countries. The relatively rapid expansion of these markets has made ASEAN countries significant areas for promoting Australian exports. A continuing program of trade promotion activities has been implemented with particular emphasis on trade fairs, displays, trade missions, service to business visitors, market surveys and promotional publicity in each ASEAN country.

The Export Finance Insurance Corporation (EFIC) offers Australian exporters insurance against risks of non-payment from overseas buyers, actions of overseas governments such as foreign exchange blockages and sudden import controls. It also offers supplier and buyer credit to financial institutions. Since its formation EFIC has covered \$886.6 million of exports to ASEAN countries, 10.8% of its cover to all countries. To overseas buyers EFIC is able to provide medium to long-term loans at subsidised interest rates and up to June 1979 it had made six loans totalling \$57.9 million to buyers in ASEAN countries.

Trading relations

Australia and the ASEAN group of countries have common major trading partners e.g. Japan, the United States and the European Economic Community countries. Australia and the Association are not vital to each other's economic survival yet the last decade has shown a marked growth in the overall levels of trade and ASEAN is now Australia's fourth largest trading partner. In 1968-69 exports to ASEAN from Australia amounted to \$217 million, but by 1978-79 they had grown to \$1090 million, an annual average growth rate of 18.0%. The 1978-79 figure of exports to ASEAN countries represented 7.7% of Australia's total exports. In the same year ASEAN countries supplied 4.7% of Australia's imports valued at \$642 million compared to a

value of \$108 million in 1968–69. This is a 19.5% increase annually, against a 12.0% annual increase in imports from all sources. However the ASEAN increase is calculated from a relatively low base figure in 1968–69.

Australia's major exports to ASEAN countries are primary products (51.0%) and manufactures (44.0%) in 1978–79. Major exports from the ASEAN countries to the Australian market include oil, petroleum products, rubber, timber and manufactures mainly textiles, apparel and footwear. A significant feature is that the import of manufactured products from ASEAN sources is growing at a much higher rate than Australia's total imports of manufactures, an annual growth rate of 46.3% since 1972–73. Australia has Trade Agreements with Indonesia, Malaysia, the Philippines and Thailand. Summaries of Australian trade with the ASEAN member countries are provided in Appendix 2.

While trade and formal trade relations continue to be conducted on a bilateral basis there is a growing trend for trade issues which affect one or more ASEAN members to be raised collectively in the ASEAN context. The three major issues that have developed in the trading relationship are the trade imbalance (in 1978–79 some \$448 million in Australia's favour), Australian industry assistance policies limiting ASEAN access to the market and the imposition of the 12.5% additional import surcharge on certain finished products subject to quotas or import restraints.

The imbalance of trade. In response to ASEAN criticisms of the imbalance of trade Australia takes the approach that as a multilateral trader undue significance should not be given to the bilateral balancing of trade. As long as the overall external account is balanced in the long-term, bilateral surpluses and deficits will inevitably occur in a liberal trading situation. If bilateral balances were maintained with each trading partner world volumes of trading and economic activity would be reduced and a barter trade situation could result.

When the imbalance of trade is viewed the invisible transactions in the balance of payments must also be taken into consideration. For example it has been estimated that in 1977–78 these transactions, mainly Government expenditure on development assistance, defence forces, tourism, investment, etc., reduced the imbalance by 64.0%. Indications however are that ASEAN's trade deficit with Australia will continue to grow in absolute terms and it can be anticipated that the members will sustain their criticism of the imbalance.

Access to the Australian market. At the centre of Australia–ASEAN trade relations are the levels of protection accorded to Australian industries. ASEAN sees these industry policies as protectionist, inhibiting market access to new items from ASEAN's growing manufacturing sector, and limiting areas of trade which show promise of expanding. The most criticised assistance measures are those which ASEAN sees as protecting high cost or labour intensive Australian industries, particularly textiles, apparel and footwear. Timber products and furniture are other items which ASEAN considers are adversely affected by levels of protection.

The ASEAN countries have listed products of export interest to them that are subject to high tariffs in Australia and criticised the protection accorded Australian manufactures by tariff escalation through the various stages of processing.⁶ Also of concern to ASEAN countries is the imposition of import quotas on products of key interest to them. In response Australia has emphasised the rapid growth of ASEAN exports to Australia (which are growing more rapidly than Australian exports to ASEAN), the growth of those exports per capita and the current economic situation in Australia, in

⁶ See transcript of evidence, *Official Hansard Report*, p. 1332.

particular the need to check increases in unemployment. Australia has also pointed out the measures that it has introduced to facilitate trade with ASEAN, for example:

- a network of consultative arrangements including ministerial and official visits, the annual meeting of the ASEAN–Australia Consultative Meeting and its Working Group on Trade;
- access to Australia’s non-reciprocal system of preferential tariffs for developing countries, the Australian System of Tariff Preferences (ASTP) including the handicraft concession;
- the establishment of an Early Warning System which enables ASEAN countries to put their views on Australian industry assistance issues when they are under consideration (apart from the ASEAN countries this facility is only extended to India); and
- assistance to ASEAN countries to achieve their maximum potential in the Australian market through Australian-organised and financed trade promotion programs under the ASEAN–Australia Economic Co-operation Program e.g. two Australian-sponsored trade fairs.

Additional customs duty of 12.5%. In August 1978 a special additional duty of 12.5% was imposed on certain finished goods which are subject to import restraint measures (either by means of tariff quotas or import licensing). It is a revenue raising measure and not in conflict with Australia’s international trading obligations⁷. The ASEAN countries regard the surcharge as an additional barrier to trade and state that importers pass the charge on to suppliers. ASEAN countries also consider the surcharge discriminatory in that it inhibits their attempts to improve their position as relatively minor suppliers of textiles, apparel and footwear to the Australian market. In its first twelve months the surcharge affected imports from ASEAN in only five items where trade has not increased and in four cases, this is due to stagnant demand in Australia. From ASEAN imports it has raised just over \$2 million dollars in revenue. Ministers have assured ASEAN that if the surcharge can be demonstrated to have an adverse effect on their exports the Government will consider representations on the matter. As yet no cases have been presented.⁸

The Australian System of Tariff Preferences

The second ASEAN Trade Memorandum stated:

. . . The ASTP has not really contributed towards any substantial increase in exports of the ASEAN member countries to Australia, the main reason being, among others, the limited product coverage, the low level of tariff reductions, the existence of a quota system and the stringent definition of handicrafts pursuant to Item 36 of Schedule 2

The ASTP is designed to assist developing countries to overcome any disadvantages they have with other countries for access to the Australian market, providing there is no injury or threat of injury to Australian industry. Where Australian industry is deemed to be threatened preferences are not accorded, are withdrawn or modified. If developing countries are assessed as being already competitive on the Australian market preferences are not accorded, or if developing countries enjoying a preference become competitive with a third country, the preference can be withdrawn or modified. Apparel and footwear are considered already competitive and are excluded from the system. ASEAN countries are critical of the provision for the withdrawal of

⁷ see transcript of evidence, *Official Hansard Report*, p. 1334.

⁸ see transcript of evidence, *Official Hansard Report*, pp. 1730-1.

preferences. They also seek a widening of the product coverage, removal of import quotas and a further reduction in tariffs on ASTP products of interest to them.

In evidence to the Committee the Department of Trade and Resources stated that all ASEAN member countries have been beneficiaries under the ASTP since its introduction in 1966. In 1978-79 some 9.0% (\$60 million) of imports entered Australia duty free at ASTP preferential rates and 12.0% (\$76 million) were dutiable but at ASTP preferential rates. In response to the other ASEAN request for more liberal treatment under the ASTP a further sixty-six products were given improved treatment. The ASTP quota levels are reviewed annually and further quota increases were announced in 1980. As well the Government removed British preferential tariff margins on 500 items which had enjoyed a lower rate than the relevant developing country rate. All remaining British preferences will be removed by July 1981. The Government at ASEAN's request has been conducting seminars in the member countries to explain the ASTP. The handicraft concession which permits goods duty free entry has been described by ASEAN countries as 'too stringent'. The use of modern materials and equipment in handicrafts production has complicated the criteria assessment and the concession is under review by the Australian Government.

Other witnesses have raised concerns over the merits of preferential arrangements in trading relations. The Treasury on preferential tariffs expressed the following views:

There are inherent dangers in relying on a widening of preferential trading arrangements as a means of improving relations in the ASEAN countries. This is not to say that in any general reduction in barriers to imports there might not be some advantage in giving priority to the reduction of restrictions on imports of major interest to neighbouring developing countries, including ASEAN. It is another matter, however, to consider proposals that concentrate on widening of the ASTP. The very development of such non-reciprocal schemes has directed attention away from the potential benefits of reciprocal or MFN tariff reductions, and in any case the value of the ASTP scheme has diminished considerably with the expanded use of non-tariff barriers. There is a danger that industries established on the basis of preferential trading arrangements which are non-binding in character can turn out to be uneconomic in the longer-term.

Added to the disadvantages of preferential arrangements is the diversion they represent from the primary goal, both for Australia and for the longer-term interest of developing countries themselves, of becoming more involved in reducing trade barriers on a reciprocal and non-preferential basis. Australia has traditionally supported an MFN trading environment, both because it permits countries to secure their imports from the most efficient sources (promoting efficient international resource allocation) and because in the global context it is of particular value to smaller trading countries, such as Australia, which have limited trade negotiating power.⁹

Another witness also argued that it is in Australia's national interests, given ASEAN economies' growth and Australia's difficulties in manufacturing industry, to look for reciprocal access to markets as a means of promoting stable trade. Reciprocity in international trading can have advantages on the domestic market by offsetting pressures from industries affected by overseas competition against the gains made by industries able to penetrate the overseas markets. The Committee recommends that this general approach to preferences should continue where it is practical and mutually beneficial keeping in mind the considerations referred to by the Treasury in its evidence to the Committee.

Private sector activities

Australian investment interest in the ASEAN countries was given new impetus in mid-1972 when the then Australian Prime Minister, on a tour of Indonesia, Malaysia

⁹ see transcript of evidence, **Official Hansard Report**, pp. 1335-6.

and Singapore received specific requests for more Australian investment. Australian investment survey missions visited the ASEAN countries and in 1974 a general policy was announced and confirmed by successive governments. This policy encourages direct investment overseas in accordance with the economic, social and developmental priorities of the host country on a joint venture basis and local participation. Investment which prejudices employment opportunities in Australia or demonstrates no benefit for Australia is not favoured.

Australian direct investment in the ASEAN countries amounted to 11.3% of the total flow of Australian direct investment overseas, as at 30 June 1978. The breakdown between each ASEAN country is:

Table 1. Levels at 30 June 1978

(amounts to nearest \$A million)

	<i>Corporate equities</i>	<i>Other direct investment</i>	<i>Total</i>
Indonesia	14	26	40
Malaysia	21	9	30
Philippines	12	1	13
Singapore	27	24	51
Thailand	4	4	8
ASEAN	78	65	143
All countries	657	773	1 430

Source: The Treasury

While these figures show direct investment flows they do not include retained earnings and therefore considerably underestimate the current value of total investment which is estimated to be over \$500 million in the ASEAN countries. Japan and the United States are the major sources of foreign investment for ASEAN countries. Australia ranks among the minor investors but Australian investment is appreciated as it provides useful technology and skills and helps to offset the dominance of the major investors.

The bulk of Australian direct investment has gone to Indonesia, Malaysia and Singapore. Indonesia's share has declined in recent times, prompted by uncertainties over the Pertamina indebtedness, and shifted to Singapore. The shift in preference has been aided by variations in the type of enterprises Australians are investing in overseas. Although manufacturing still accounted for 48.0% of Australian direct investment in 1978, there is a trend towards investment in other industries such as insurance, finance, property, transport and construction, in the ASEAN countries.

Investment in Australia from ASEAN countries, mainly Singapore and Malaysia, has been increasing but they remain mainly minor investors. Portfolio investment and institutional loans are the main form of investment from these sources. From 1974 to 1979 these investments amounted to \$98 million, 5.5% of the total inflow of portfolio investment and institutional loans for the period.

Australia has double taxation agreements with Singapore and the Philippines. A draft agreement has been settled with Malaysia and negotiations are in progress for an agreement with Thailand. Indonesia has not sought an agreement.

Business co-operation

Aided by the Australian Government's facilities for overseas investment and the incentives provided by ASEAN governments, there are now over 200 Australian firms

represented in the ASEAN countries. The majority have their interests in joint venture operations with local entrepreneurs and many operate in more than one member country. Their activities cover the primary, secondary and tertiary fields with manufacturing and light engineering predominating.

Generally from the information the Committee has received Australian firms enjoy a good reputation in the ASEAN countries and their growing presence is encouraged. There were comments that some Australian business representatives seeking opportunities in these markets are not as thorough in their market research as, for instance, the Japanese and the Europeans but those that are can become established and can function effectively. The inducement and support for investment in and export to ASEAN countries is there but in some cases the professionalism is not there to follow up the opportunities.

The Australian and ASEAN private sectors have established formal links to promote closer economic ties. In 1971 the Australia-Indonesia Business Co-operation Committee was formed to increase co-operation in trade, investment, technical assistance and tourism. It has a counterpart committee in Indonesia. The Australia-Philippines Business Co-operation Committee was formed in 1974 again to foster economic co-operation. Two Chambers of Commerce have also been formed, one with Malaysia (1970) and one with Thailand (1980). In addition to the Business Co-operation Committee, Australian business representatives in Jakarta formed a Chamber of Commerce in 1978 known as Austcham.

The ASEAN Chambers of Commerce and Industry (ASEAN-CCI) was formed in 1972 and has formal links with Japan and the United States. In June 1980 ASEAN-CCI links with Australia were formalised in a meeting with representatives of the Confederation of Australian Industry and the Australian Chamber of Commerce, to be known as the ASEAN-Australia Business Council. Its program includes the establishment of respective national sections of the Council and the formation of a task force to examine bilateral trade flows and investment opportunities.

The Committee agrees with the evidence from the Confederation of Australian Industry that the ongoing activities of the business sector and the formal links 'are essential ingredients in improving Australian-ASEAN relations, and in enabling Australian industry to participate in the future development of the region'.¹⁰ The Committee acknowledges government initiatives and assistance to encourage Australian enterprises to develop industry links with ASEAN members and recommends that continuing support be given to promoting and strengthening co-operation with industry for this purpose.

Labour relations

A matter of increasing significance is the impact labour relations issues have on foreign relations. In evidence the Confederation of Australian Industry pointed out that it and its predecessors have for many years maintained close links with employers' organisations in the ASEAN region. Australian employers form part of the Asian Electoral College with the employers' group at the International Labour Organisation and the International Organisation of Employers. The Confederation has provided assistance to employers' organisations in the ASEAN group and it states that Australian employers see themselves as part of the Asian area and are accepted as such by Asian employers' organisations.

Action by trade unions can have international ramifications as illustrated by the detention of the Malaysian Airline System aircraft in Australia (due to industrial

¹⁰ See transcript of evidence, *Official Hansard Report*, p. 1106.

problems in Malaysia) and the impact on trade through industrial disputes affecting shipping. It is of great importance that other countries understand that Australian industrial disputes are not an act of discrimination against them by the Government or the general community. This is particularly relevant to the ASEAN countries where trade union movements are not so well developed.

To achieve a better appreciation within ASEAN of Australian industrial relations the Confederation of Australian Industry has suggested the appointment of an Australian Labour Attache to serve the ASEAN group of countries. It is equally important that industrial relations in ASEAN countries should be better understood in Australia. Throughout the inquiry the Committee canvassed witnesses on the proposal to have a Labour Attache in the ASEAN region and the concept met with approval including support from the Australian Council of Trade Unions' witness.

The Committee supports the proposal for a Labour Attache, with the appropriate background and qualifications, in the ASEAN region and recommends that the Government, in consultation with industry and the ASEAN Governments, should examine the proposal.

On a related matter, the Committee received a suggestion that an Australian Ambassador to ASEAN could serve a useful purpose. The Committee followed up this suggestion with witnesses and generally the response indicated that there is insufficient need at this time for an appointment of this type. However the Committee feels that this matter and the concept of ASEAN representation in Australia should be kept under review.

Data on trade flows

Industry representatives pointed out the problems of not having available balance of payments statistics for individual ASEAN countries or for the group. They felt that these statistics are needed to permit a proper assessment of the total trade relations between ASEAN countries and Australia. Officials from ASEAN countries frequently refer to the imbalance of trade in Australia's favour, the absence of balance of payments statistics inhibits an accurate analysis of the total trade, including the invisible transactions.

The Committee raised the matter with the Treasurer and was informed that a wide ranging review of this type of data was in progress. Estimates of transactions with ASEAN as a group were made available for the first time on 1977-78 figures. The Treasurer advised that other information was available on a recorded trade basis rather than on a balance of payments basis, he added:

For other transactions it appears that the data available, its reliability, and the need to avoid releasing figures that are confidential for one reason or another will continue to make it impossible to provide detailed estimates of balance of payments transactions with each ASEAN country. These problems particularly affect estimates of invisibles transactions and certain capital account transactions. It seems unlikely that the problems mentioned will be resolved in the course of the review being undertaken.

It is obvious that a need exists for balance of payments figures, these are available for other countries that are smaller trading partners for Australia than the ASEAN countries. The Committee recommends that the Australian Government should give further consideration to providing more detailed statistics on the balance of payments with ASEAN countries particularly to serve industry needs.

Prospects for trade development

The future development of Australian-ASEAN trading relations are conditional on a multiplicity of factors beyond the relationship. For ASEAN economies the following

considerations will influence their development, albeit in varying degrees for each of the member countries:

- the effects of domestic pressures within each country, e.g. population growth, internal tension, per capita income distribution and political stability;
- their ability to overcome the effects of the world recession and the resulting protectionist barriers in developed countries;
- ASEAN countries remain less industrialised than other Asian economies, the exports of manufacturers are heavily based on natural resources, excluding Singapore, therefore emphasis will need to be placed on improving the productivity of the primary sector. If trade barriers against these exports continue or increase they may be forced to adapt to the production of goods less subject to trade barriers;
- their ability to attract foreign investment to promote industrial development;
- the changing structure of other Asian economies (Hong Kong, Korea, Taiwan) has assisted ASEAN to develop labour-intensive light manufacturing and expand their imports (to the extent that other lower wage countries e.g. China, enter this area of trade and ASEAN countries lose their comparative advantage, the implications could be serious); and
- access to energy, resources and technology to continue industrial growth.

On the assumption that ASEAN countries can continue their development growth rates they will present opportunities for greater Australian trade with the member countries. To what extent the markets will expand and how well Australia responds to these opportunities are vital considerations to Australia's future.

Australia's assessment of trading potential in the ASEAN countries should take into account that:

- growing industrialisation will generate demand for metals, semi-finished products, plant and equipment and technology;
- the need for energy sources will stimulate demand for coal and uranium;
- the introduction of steel industries will provide prospects for sales of iron ore and coking coal;
- upgrading of existing agricultural and mining industries offers markets for related machinery and technology;
- rising living standards and population growth offer expanding opportunities for bulk and processed food sales; and
- agricultural and industrial development provide scope for export of consultancy and construction services.

Although North Asia is the major area for Australia's Asian trade (40.0% of Australia's exports in 1978-79) and is likely to remain so for some time, the growing importance of the ASEAN region (8.0% of Australian exports in 1978-79) is evident. Australia's share of the ASEAN import markets declined through the 1970s, the concentration of Australia's exports being in products for which demand grew more slowly than that for other products. How well Australia can respond to the market potential in the ASEAN area depends on the ability of its industries to adapt to the market opportunities and the Government policies on industry assistance.

The Committee considers that expected increases in export opportunities for Australian industries are likely to be limited unless developing countries can expand their exports to developed countries. Australian trade barriers to imports from those sources are limited in effect but contribute to restraining expansion (apart from the

political pressures they generate). Australia's dilemma is in attempting to promote export growth while continuing to provide high tariff and quota assistance to particular industries. The provision of this assistance for import competing industries has raised costs for exporting industries, to the detriment of export promotion policies.

Greater trade with developing economies, including the ASEAN Group, will involve structural adjustment for Australian industry, scaling down for some sectors and expansion of others. Limited structural adjustment has occurred in Australian industries and extensive studies such as the report from the Study Group on Structural Adjustment advocate the benefits of change. The Government White Paper on Manufacturing Industry proposes the development of industries which are less reliant on government support and more export oriented.

It is the Committee's view that the expanding markets for exports in the ASEAN economies are an incentive for the successful liberalisation of trading policies. Trade liberalisation can benefit the productivity of industry through imports exerting competitive pressure, provide consumers with wider variety and cheaper goods and check inflationary pressures through lower prices. In contrast, tariffs and quotas can raise prices on locally produced products, force up wages and other costs for imported products. The Government has acknowledged the need for tariff review and has implemented a program due for completion by about the end of 1981.

The Committee concludes that it is in Australia's interests to develop opportunities for greater trade with ASEAN and reduce restrictions on this trade. Australia is a global trader and the reduction of trade barriers should be non-discriminatory rather than on a bilateral basis. ASEAN countries have trade barriers and they serve perceived needs in the member countries as they do in Australia. Assistance has been provided by Australia to facilitate ASEAN access to the Australian market but the Committee can see no case for establishing 'special' trading arrangements. It is in the long-term interests of Australia and its trading partners to reduce trade barriers on a reciprocal and non-preferential basis. The interdependence of trade between developed and developing countries is established and for Australia to successfully operate in this economic environment it is essential that its industry policies, trading policies and foreign policy are effectively co-ordinated and presented. The Committee recommends that Australia should continue to stress its commitment to the reduction of trade barriers on a reciprocal and non-preferential basis and intensify its efforts to achieve such reductions. See for example the Committee's coverage of these matters in its report *The New International Economic Order—Implications for Australia*, pages 28-9.

Development assistance

Bilateral

On a bilateral basis the countries of ASEAN have been recipients of Australian development assistance since the inception of the program in 1945-46, total disbursements are shown in Table 2.

Table 2. Aid Disbursement
(\$ million)

	<i>Total to</i>							<i>Total</i>
	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	
Indonesia . . .	126.5	22.9	24.6	22.5	28.3	36.0	34.4	295.2
Thailand . . .	38.1	4.4	4.6	6.1	9.7	10.2	8.3	81.4

<i>Total to</i>								
	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>1979-80</i>	<i>Total</i>
The Philippines	10.0	5.1	6.8	6.1	6.5	6.4	7.8	48.7
Malaysia	35.7	3.9	4.3	3.6	5.9	4.8	4.9	63.1
Singapore	7.5	0.7	1.1	1.1	0.8	0.7	0.5	12.4
Regional Education and Training Projects . . . . .	..	..	..	..	..	*1.4	1.8	3.2
AAECP . . . . .	..	..	0.7	1.0	1.5	2.9	3.2	9.3
Total	217.8	37.0	42.1	40.4	52.7	62.4	60.9	513.3

* Prior to 1978-79 expenditure on Regional Education and Training Projects was broken up on a country basis.

Source: The Australian Development Assistance Bureau.

In 1977 the development assistance program to ASEAN countries was revised and a commitment of \$250 million was made for disbursement. Projects and technical assistance are allocated \$200 million, for training programs and food aid \$50 million is available. On a country basis the allocation is as follows and there is no fixed period for disbursement:

Indonesia	\$150.0 million
Malaysia	\$15.0 million
Philippines	\$40.0 million
Singapore	\$3.5 million
Thailand	\$40.0 million

When the assistance program began, training was the main feature but as the program developed projects and technical assistance have become the major elements. The training program has been reviewed and now concentrates on areas where Australia's comparative expertise matches the priorities of recipient governments, its relevance to national manpower goals, and country 'packages' within the context of the overall program. The ASEAN countries receive the bulk of Australia's project assistance. This assistance concentrates on, developing the agricultural sector in Indonesia; water resource and hydro-electric development, transport and communication in Malaysia; assistance with roads, agriculture and education in Thailand; regional infrastructure development involving roads, agricultural transport and water resources in the Philippines. Singapore's relative prosperity makes it a small recipient of Australian assistance, mainly in the form of transfers of technology in the health and education fields.

Australian development assistance is given in grant form thereby eliminating the burdens of repayment by recipient countries. To improve the quality of the assistance given the program is being continually reviewed to develop its effectiveness. Examples of recently introduced initiatives include the financing by Australia of up to 50.0% of a project's total cost, or the foreign exchange costs and the unifying of supplies procurement so that, with the agreement of the recipient country, all ASEAN countries can tender with Australian suppliers on Australian supported projects. In 1980 two new facilities were introduced, one is the joint venture scheme which provides a grant of finance to the recipient government for it or a local firm to acquire equity in new Australian commercial ventures in that country. The other is a Development Import Finance Facility which is to be offered to four ASEAN countries, excluding

Singapore. This facility will enable the purchase of capital goods and services for developmental purposes on more concessional terms than are available at commercial rates.

Australia's official development assistance is managed by the Australian Development Assistance Bureau (ADAB) and apart from its own staff resources, it draws on a wide range of expertise throughout the community to implement its programs. The Bureau also contributes to the efforts of other assistance providing schemes and organisations e.g. the Australian Volunteers Abroad Scheme which has provided volunteers to work overseas, including the ASEAN countries. Australian Non-government Organisations (NGOs) provide important and effective assistance overseas often at the 'grass roots' level where their efforts are tangible and have a marked impact. In the ASEAN countries NGOs have implemented a number of schemes concentrating on Indonesia and the Philippines which rate their highest priority. Some NGO projects, seventy-one in total, have received counterpart funding from the Australian Government under the Non-Government Project Subsidy Scheme but this represents only a part of the NGOs total activities in the ASEAN countries. By mid-1979 these subsidies amounted to \$697 000 for projects totalling in excess of \$1.3 million.

The ASEAN-Australia Economic Co-operation Program

In addition to bilateral development assistance to ASEAN members, in 1974 the AAACP was formed. This program made Australia the first country to formalise a relationship with ASEAN and it became a model for similar economic programs between the Association and other countries. The agreed principles of the program are:

- co-operation with ASEAN as a group should not be at the expense of existing bilateral arrangements;
- co-operation should serve to complement ASEAN's capabilities and not supplant them;
- co-operation should be for projects conceived by ASEAN which are of a regional character and for the benefit of all ASEAN countries; and
- co-operation should be carried out within the ASEAN region.

Since the program's inception \$34.5 million have been committed to its aims to enhance the quality of Australia's development assistance to ASEAN members. Under the program a wide range of projects and activities have been agreed to including:

- a protein project
- a food handling project
- a trade co-operation program
- an education project
- a consumer protection agency
- a trade promotion program
- a population project
- a joint research project
- a program of research into developing, non-conventional energy
- a food wastes management program
- a materials handling bureau

The protein and food handling projects have been implemented. Under the trade co-operation program two ASEAN trade fairs have been held in Australia as well as an

Industrial Co-operation Conference. Funds of \$4 million have been allocated for an expanded three-year trade and investment program commencing in 1981 and for the population project funds of \$3.1 million have been committed. For the education project funds of \$2.6 million have been committed. The ASEAN–Australia Joint Research Project will be implemented and \$100 000 have been committed for a feasibility study on an ASEAN Regional Animal Quarantine Station. Other projects are being evaluated and so far some \$9.37 million of the program's allocation has been expended.

Multilateral

Australia supports multilateral regional co-operation programs which include assistance to the members of ASEAN. Australia's contributions to the activities of the organisations conducting this work are regarded as a key element of its development assistance program and have been increasing steadily over the last ten years. The main organisations involved are:

- various United Nations organisations
- the Asian Development Bank (ADB)
- the Economic and Social Commission for Asia and the Pacific (ESCAP)
- the South East Asian Ministers of Education Organisation (SEAMEO)

Australia has been a major contributor to the ADB since 1966 and has concentrated on protecting the interests of the ASEAN members in loan and technical assistance procurement. The ASEAN countries had received \$US3253.57 million in loans from the Bank by the end of 1979. In 1978–79 Australia contributed \$700 000 to ESCAP to sponsor organisations and networks and participates in the activities of the bodies. Australia is an associate member of SEAMEO and contributed \$593 000 in 1978–79 to its operations in the region. Australia has also been actively involved with the Inter-Governmental Group for Indonesia, created in 1967 to co-ordinate international assistance to Indonesia.

Development assistance perspectives

Australian development assistance on a bilateral basis to the ASEAN countries accounts for around 40.0% of the resources available under the program after the allocation to Papua New Guinea. In terms of volume, Japan, the United States and the Federal Republic of Germany provide more bilateral assistance. As a donor Australia ranks fourth in Indonesia, third in Malaysia and the Philippines, second in Thailand and third in Singapore, based on 1977 Official Development Assistance figures. In evidence ADAB commented:

Even though these countries are so prominent in the Australian program, Australia's contribution verges on being insignificant when related to the massive and generally growing development assistance requirements of these countries and is considerably less than the aid disbursements made by other donors whose geo-political interests in the region are significantly less than Australia's.¹¹

Other witnesses questioned the relative distribution of Australian assistance to each ASEAN country and whether Australia has come to terms with the giving of assistance direct to the Association. On the question of ASEAN regional projects under the AAACP the Treasury commented:

Australian assistance is provided for projects conceived in ASEAN which are of a regional character and for the benefit of all ASEAN member countries. It must be acknowledged,

¹¹ See transcript of evidence, *Official Hansard Report*, p. 466.

however, that this assistance is not regarded by the ASEAN countries as addressing the essential problems in the relationship.¹²

The Committee received no evidence which seriously questioned the need to provide development assistance to the ASEAN countries. The development assistance program does not solve the problems within the overall relationship, but given the slow progress in trading relations development assistance is one form of effective economic co-operation.

Opinions varied among witnesses on the relevance and effectiveness of Australian development assistance to ASEAN members and the Committee sought a response on these matters from ADAB. In ADAB's view:

The volume of Australian aid for the countries of ASEAN is not commensurate with our expressed interest in the region The quality of Australia's aid programs is, however, highly regarded by the countries of ASEAN. Australia's practices have on a number of occasions been brought to the attention of other donors by recipient countries as examples of preferred approaches to development assistance activities.¹³

The regard for Australia's program has also been expressed to Committee members by ASEAN leaders and officials. It should be noted that work under the development assistance program is initiated in accordance with the priorities of recipient countries and dependent upon the availability of relevant expertise in Australia.

The Committee has been assured by ADAB that trends and future requirements are monitored to establish new forms of co-operation. For example emphasis is now being given to technical assistance in the fields of science and technology. In this area the Bureau consults the Consultative Committee on Research for Development which advises on the scientific and technological resources available in Australia and on priorities for research co-operation with developing countries. The new initiatives of open-ended funds commitment, development import grants and joint venture funding are examples of the changing nature of the program, but the Bureau is aware that if Australian assistance is to continue being relevant to shifting priorities in the ASEAN States, it must develop its flexibility to adapt operations to meet changing needs.

The Committee concludes that the Australian development assistance program for the ASEAN countries is important to relations, while it is not offered and should not be seen as a panacea for the differences that exist in the relationship. As noted in its previous reports (on the South Pacific, Department of Foreign Affairs and the New International Economic Order) the Committee feels the program is operating effectively given that financial and staff restraints limit its activities. Changing needs in assistance delivery require new initiatives and these domestic limitations should not be an obstacle if Australia is to be able to respond through its development assistance program.

The Committee recommends that the Government should continually review the relevance and significance of development assistance in Australia's relations with ASEAN and with the individual member countries. The Committee also recommends that the Government ensure the necessary resources be made available for the effective operation of the development assistance program and allow for adaptability to the changing needs of recipient countries.

Defence

Historically Australia's defence and security ties with South East Asia date from active involvement during World War II and in some countries for periods after the war. Australia's defence contacts with ASEAN are on a bilateral basis with each of its

¹² See transcript of evidence, *Official Hansard Report*, p. 1355.

¹³ See transcript of evidence, *Official Hansard Report*, p. 467.

members, as the Association itself does not have a military role. Military co-operation between members of the Association is limited and on a bilateral basis. In summary Australia's defence co-operation program in the five member countries includes:

Indonesia

Australia is providing 8 Nomad aircraft for surveillance, over the period 1980–82 and 250 motor vehicles for the Indonesian army. Senior Australian and Indonesian defence personnel conduct exchange visits and 58 Indonesian trainees were enrolled for courses at Australian Service training establishments during 1979–80. During this period expenditure on defence co-operation with Indonesia amounted to over \$9.6 million.

Malaysia

Australia maintains two fighter squadrons and a maintenance squadron at the Malaysian Air Force Base at Butterworth and deploys an infantry company there. Joint military exercises are conducted regularly. Defence co-operation includes the provision of equipment, training and advisory assistance. Over the last 18 years 3514 Malaysian service personnel have trained in Australia including 236 during 1979–80. Expenditure amounted to \$2.8 million in 1979–80.

The Philippines

Australian service personnel and units participate in exchange visits and exercises with the Philippines' and the United States' forces based in the country. During 1979–80 there were thirty-one Philippines military personnel attending training courses in Australia. In 1979–80 expenditure amounted to \$804 000 under the co-operation program.

Singapore

There are six Australian fighter aircraft detached from Butterworth to the Singapore base at Tengah, including support personnel. Australian naval units call at Singapore for leave and maintenance purposes and participate in joint exercises. In 1979–80 expenditure on defence co-operation totalled approximately \$700 000. It was used for continuing advisory assistance and the provision of forty places on Australian Defence Force training courses.

Thailand

Under the defence co-operation program equipment and training are provided for vehicle maintenance and military technical training. Twenty Thai military personnel attended training courses in Australia during 1979–80. Expenditure allocation for that year amounted to \$107 000.

The South East Asian region has for many years experienced periods of tension and uncertainty with its security and stability. The current situation is aggravated and influenced predominantly by the roles of the Soviet Union, Vietnam and China in Indo-China. Other potentially unsettling factors in the regional environment are the Paracel and Spratley islands, sea boundaries in the Gulf of Tonkin and the Gulf of Thailand. These areas are the subject of conflicting claims and involve China, Vietnam, Taiwan, Kampuchea, the Philippines and Thailand. Other possible causes of instability are the forces provoking internal tensions within a number of the ASEAN countries. The mixtures of local rivalries and major powers' involvement have the potential for continuing friction. The importance of a peaceful South East Asia is obvious and is vital to Australia's political and economic future. Successive Australian governments have acknowledged this and have given support to attempts to achieve this purpose, particularly to recent ASEAN endeavours.

During the inquiry the Committee received evidence indicating that the ASEAN countries welcome defence co-operation with Australia and that this assistance makes a contribution to the greater understanding of the political and strategic problems of its neighbours. It is recognised that this assistance is provided in a form commensurate with Australia's ability namely, light equipment, training and technical advice. The Committee received no evidence which advocated a future major military role for Australia in the region or participation by Australian forces in the event of open hostilities. The Committee acknowledges the Government's concern over events in the region and is aware that Australian defence co-operation with ASEAN countries has been re-appraised. In the 1980-81 budget estimates for defence co-operation with the ASEAN countries have been increased as follows:

Table 3 Australian ASEAN Defence Co-operation
(\$ millions)

<i>Country</i>	<i>1979-80</i>	<i>1980-81</i>	<i>Increase</i>
Malaysia	2.877	4.700	1.823
Indonesia	9.589	11.940	2.351
Singapore	0.699	1.000	.301
Thailand	0.107	1.100	.993
Philippines	0.804	0.980	.176
	14.076	19.720	5.644

Source: Department of Defence.

In particular the economic impact of refugees and the changed strategic circumstances of Thailand have led to a reappraisal of the program for Thailand. The emphasis on defence co-operation activities varies between countries and the nature of the program is determined in response to priority requests from the recipient governments. A feature of defence co-operation which is common to all ASEAN countries will be the new training policy. It will allow consideration of ASEAN countries training requirements before Australian programs are set and will provide increased places, study visits and in-country courses. The new training initiatives have been fully supported by the ASEAN governments.

The Committee concludes that the defence co-operation program, in keeping with Australia's capacity to provide this form of assistance, is important in supporting diplomatic relations with the ASEAN nations. In the present circumstances there have been no requests for, nor does the Committee see a requirement for a major Australian military role in the South East Asian region. It considers that Australia's contribution towards regional stability should continue to concentrate on assisting efforts to find peaceful solutions to security problems.

Immigration from ASEAN countries

Settlers and visitors

In the past Australia's immigration policy attracted criticism and was described as racially discriminatory. This stigma harmed Australia's image and was the cause of friction with other countries. The policy now emphasises its non-discriminatory character and is applied uniformly to applicants from any country. Nine principles form the basis of the policy and these are described in Appendix 3.

On the evidence received and the discussions Committee members have had with ASEAN officials, Australia's immigration policy since 1978 appears to be understood and has not drawn adverse reactions from ASEAN sources. In 1970 settler arrivals

from ASEAN countries formed 1.1% of Australia's migrant intake, this ratio has increased annually and by 1979 it was 21.3% of the total intake. The growth of migration from the ASEAN countries has been largely due to Indo-Chinese refugees being resettled in Australia from camps in Malaysia, Thailand and Indonesia, their countries of first asylum. The other settlers are mainly in the family reunion and general eligibility categories, particularly professional people and migration in this category is expected to increase. Statistical details of settler intakes from ASEAN countries are provided in Appendix 4.

Migrant settlers from the ASEAN countries, excluding Indo-Chinese refugees, tend to settle in cities in Australia's eastern states and appear to experience few difficulties. Settlers from Malaysia and Singapore are predominantly ethnic Chinese, Indians and mixed races. Largely English speaking, they have studied in the English medium and many have studied in Australia. Many have professional qualifications that are recognised in Australia, are financially secure and make little use of unemployment or welfare services. Filipino settlers are adjusting well, most speak English and have qualifications that are recognised in Australia. Unemployment is not a problem among these settlers although there are some cultural conflicts due to intermarriage. There are twice as many female Filipino settlers as males. There have been some problems with the advertising of 'suitable wives' available in the Philippines for marriage to Australians. There are few settlers from Indonesia or Thailand and although there are some language related problems they have settled successfully in Australia.

Apart from overseas student entry there exists a number of other entry categories for short and longer term visitors to Australia. These facilities cater for business visitors, tourists, technical and professional people, cultural and sporting groups. In some cases temporary entry status is changed to resident status. This change of status was predominant among Malaysians studying in Australia and was causing concern in Malaysia. In August 1979 the policy was altered and overseas students can no longer change their status to permanent residence. Overall permanent settlers and visitors from the ASEAN countries to Australia are increasing annually and multiplying the links between Australia and the region. Illegal immigration is not a major problem with arrivals from ASEAN sources and the great majority of prohibited immigrants are temporary entrants who have overstayed.

Refugee resettlement

Since 1975 Australia has accepted 37 693 Indo-Chinese refugees including 14 955 during the 1979-80 program year. During 1980-81 Australia proposes to receive a further 14 000 Indo-Chinese with an overall program of 21 500 determined by the Government for refugee and special humanitarian programs. The exodus of refugees from Indo-China fell mainly on the ASEAN countries in varying degrees, Thailand receiving more than the other four members together.

Australia shares ASEAN's concern over the refugee crisis and its effects on the region. As a result it has responded to ASEAN's requests for assistance with a problem they are unable to solve, taking on a per capita basis the highest number of refugees for resettlement. The ASEAN countries are not signatories to the United Nations Convention and Protocol Relating to the Status of Refugees but have continued to grant first asylum to refugees with relief aid from international sources. They are, however, united against a role for themselves as countries of resettlement. The outflow of refugees is constantly monitored and concern is felt over a renewed exodus. ASEAN countries are also concerned about the decline in resettlement rates as many countries made once-only commitments.

To assist the ASEAN countries on Indo-Chinese refugee matters Australia has:

- assured them of a continued commitment to help resolve the problems caused for the region by the outflow of Indo-Chinese refugees;
- supported ASEAN efforts to draw international attention to the problem, e.g. Australia's Foreign Minister chaired the United Nations meeting on Humanitarian Relief and Assistance to the Kampuchean People;
- instituted a special program to assist Kampuchean interested in family reunion in Australia;
- guaranteed resettlement for all refugees rescued at sea by Australian flag carriers and offered 250 resettlement places for those rescued at sea by ship from countries unable to resettle refugees; and
- taken a decision to participate in the Orderly Departure Scheme of people wanting to leave Vietnam.

Australia agreed to assist family reunions for refugees from East Timor after hostilities in 1975. Agreement was reached in 1978 with the Indonesian Government on some 600 persons to come to Australia; to date 298 have arrived, leaving the other half awaiting exit permits from Indonesian authorities. The delay has created adverse reaction in sections of the Australian community but repeated approaches to the Indonesian authorities have not resolved the issue.

ASEAN leaders have confirmed to Committee members their appreciation of Australia's continuing contributions to finding solutions for the Indo-Chinese refugee situation. The Committee commends Australia's on-going humanitarian approach despite domestic economic problems and mixed community reactions. The Committee also endorses attempts to find peaceful solutions to the regional tensions creating the refugee exodus.

Australia has been described as 'in the region but not of it'. In the Committee's opinion the applicability of that description is changing. Australia is frequently referred to as having a multicultural society and through growing contacts there is developing a gradual awareness that it is becoming more of 'the region'. The mutual gaps in understanding are still immense but it is partly through endeavours such as co-operation in aiding refugees and a non-discriminatory immigration policy that Australia can demonstrate its willingness to participate in solving problems to promote progress in the region. The Committee is concerned that Australia is still seen as a European outpost in an Asian region. The Committee believes it is imperative for Australia to remove this impression and recommends that the Government concentrate on projecting Australia's identity which is evolving through the changing structure of its society. The Committee also recommends the further development of the immigration policy along the lines recently adopted, a humanitarian approach to the needs of refugees and the intensification of efforts to finalise the reunion in Australia of families from East Timor.

Narcotics control

Tourism between Australia and the ASEAN countries is well established, it is growing and has considerable scope for development. During the inquiry the Committee received evidence which indicates that Australian tourists are well regarded in the ASEAN region and the same applies to tourists from the region in Australia. An area of concern associated with tourists is the high incidence of illicit trafficking in narcotics.

The majority of illicit drugs entering Australia originate in South East Asia and the main trafficking or transshipment centres are in Thailand, Malaysia, Singapore, Indonesia and to a lesser extent the Philippines. Heavy tourist traffic provides good cover for drug smuggling by sea and air and strains inspection resources. Narcotics

abuse is a universal problem and to reduce the flow of drugs international co-operation is required to eliminate sources and intercept drug traffic en route. On a multilateral basis Australian participation in anti-narcotics measures includes:

- a contribution of \$1 million to the United Nations Fund for Drug Abuse Control over the 1979–81 period;
- membership of the United Nations Commission on Narcotic Drugs along with all ASEAN countries;
- membership of the Commission's Heads of National Narcotic Law Enforcement Agencies; and
- attendance at Commonwealth Heads of Government Regional Meeting Working Group on Illicit Drugs.

Co-operation in anti-narcotics activities with the ASEAN countries is essential. Earlier forms of co-operation were on an ad hoc basis involving training and donations of equipment. Australia now has narcotics liaison officers stationed in a number of the ASEAN countries co-operating with local authorities. In addition a specific action program for narcotics enforcement projects in the ASEAN countries has been initiated by the Government. The Committee fully supports any programs and proposals aimed at effective narcotics control and it recommends that particular emphasis be given to such endeavours and that any initiatives or opportunities to assist international efforts in this field should not be hampered by arbitrary decisions on staff restraints or budgetary limitations.

Media relations

One of the less tangible and sometimes more contentious features of Australian ASEAN relations is the role of the media. Does it enhance appreciation of each others' systems or is it an influence which distorts mutual images? The Australian media is criticised in ASEAN countries and vice versa. A fundamental difference exists. The Australian media is not subject to government control of censorship and it does not represent the Government's policies. In the ASEAN countries governments have more control of the media and can direct its operations. The respective situations are understood at government levels but not generally throughout the communities. As a result of sensitivities and varying interpretations on topics presented in the media, accusations of bias and lack of balance recur.

There is no ready solution to this problem. The Australian media is independent and much of it is commercially motivated. Government funded radio and television services, including Radio Australia, operate as separate entities and are not an instrument of government policy. Radio Australia maintains an independent editorial policy seeking to provide an impartial, balanced service. It is mindful of Australia's image and foreign relations and liaises with the Department of Foreign Affairs to ensure that its broadcasts are not damaging to these considerations.

Despite its best intentions to provide an extensive service, objections to aspects of Radio Australia's functions arise, e.g. Indonesia sees its reporting as biased and inaccurate. As a consequence the Indonesian Government refused a visa to Radio Australia's Indonesian linguist and did not renew a visa for the Australian Broadcasting Commission's journalist in the country. This situation can only be harmful to bilateral relations and the Committee recommends that the Government initiate further discussions with the Indonesian authorities to ensure that Radio Australia has a correspondent in Indonesia.

As at June 1980 there were seven Australian correspondents located in the ASEAN countries and no full-time ASEAN media representatives in Australia. The

Committee feels that 'on the spot' representation, although costly, is a most valuable means of achieving accurate reporting and considers that ASEAN countries should be encouraged to establish media representation in Australia. For Australia, wider media representation in the ASEAN countries has obvious benefits, with emphasis on the importance of reliable, accurate and balanced reporting.

Educational and cultural relations

CO-OPERATION IN EDUCATION

The ASEAN countries are geographically Australia's closest Asian neighbours and they attract the largest percentage of Australians who visit Asia. The development of closer educational and cultural relationships with ASEAN is important to promote wider knowledge of Australia in the region, and greater understanding of the ASEAN countries on Australia's part. Australia has concluded cultural agreements with each of the ASEAN countries, which include provisions relating to educational co-operation, for example:

- exchanges of experts in educational fields, scholars, students, researchers and trainees;
- the development of relations between academic bodies, universities, scientific and research institutions, professional associations and other institutions of learning;
- the exchange of information regarding their respective educational systems; and
- the exchange of information on educational developments, practices and co-operation in joint educational projects.

International educational relations are the product of both private and public initiatives and during its inquiry the Committee received assistance from both sources. It was concerned to find that generally Asian studies, including the study of the ASEAN countries and their languages, have declined at undergraduate levels in the past few years, although there is an increase of interest in South East Asian studies among academics. Dr Stephen Fitzgerald, former Australian Ambassador to China, now Deputy Chairman, Australia-China Council, stated in 1978 that Australia's educational priorities were out of balance and while that situation persisted, resources going into education were in some degree misdirected and Australians were not being equipped adequately to handle their most immediate external environment. The concern of the Asian Studies Association of Australia (ASAA) at the downturn in Asian studies is evidenced by the fact that it has been instrumental in setting up an inquiry seeking information from educational institutions, about the place of Asian studies in the courses they offer. The inquiry was completed and the report issued in August 1980.

The Committee was concerned to know the reasons for this fall off of interest in Asian studies and found that the following reasons were suggested as contributing factors:

- lack of employment opportunities for graduates in Asian studies;
- a general decline in the study of Asian languages excepting Indonesian, Japanese and Malay;
- interest in Asia, generated by Australia's involvement in the Vietnam war waned with the end of the war;
- restrictions on government expenditure for activities under the educational provisions of the cultural agreements with the five ASEAN countries; and

- lack of special support for South East Asian studies in Australia.

Employment opportunities are a major consideration in choosing a course of study, particularly when unemployment is high. What appears to be an interesting and challenging course of study, may have to give way to one which simply offers employment. There seems to be little interest from Australian companies operating in ASEAN countries in employing people who have undertaken ASEAN studies. Knowledge of the local language in these countries is not always a problem, as locals who speak English can be employed, and English is a business language in Singapore, Malaysia, the Philippines and to a degree in Indonesia. While industry regards knowledge of the local language as desirable, companies when they consider additional skills such as language are needed by an employee, tend to have people trained themselves. The Department of Foreign Affairs which should be a small but obvious source of employment tends to recruit people on a generalised interest in foreign affairs basis, rather than on a specialist language basis. Although there is a valuable pool of graduates in various Asian studies disciplines in Australia, because they are mainly from the humanities or social science faculties, few of them have been utilised by the Australian Development Assistance Bureau or other aid agencies.

Disinterest in language study stems partly from lack of employment opportunities. Businesses are not interested in students studying a language: 'It is thought they are wasting their time, they should just do economics, get a job first and think about languages later'.¹⁴ Consequently a 'vicious circle' is created in Asian language studies because classes attract small numbers, as do Asian studies generally, at universities. These faculties are the most vulnerable when financial cuts are made. Employment prospects at universities are therefore lessened, and interest in this field of study is declining among both students and administrators. Another reason given for the decline in language studies generally is that it is hard work to learn a language, particularly when a student has had no background or introduction to the country of the language, and although generally Asian languages are not taught to any great extent at earlier stages in the educational process, the Committee notes that efforts are being made by the Curriculum Development Centre to make language courses more interesting by including cultural materials, on for example Indonesia, Thailand, Malaysia and the Philippines.

Many of these issues were dealt with in the report of the Committee on Asian Studies to the Asian Studies Association of Australia, issued in August 1980. The report addresses four main areas of concern:

- (i) career prospects for graduates with an Asian emphasis in their studies;
- (ii) tertiary education in general, with emphasis on universities;
- (iii) schools and teacher education;
- (iv) education beyond formal institutions, through the media, libraries and information services, publishing, Australian relationships with Asian countries, continuing education and the visual and performing arts.

In its findings the Committee stated on page IV:

On the question of the allocation of resources, the central recommendation is that the Association request the Federal Government to establish an Asian Studies Council to fund a variety of developments at all levels of the education system. These include the expansion and diversification of postgraduate study of Asian countries, the extension of teaching about Asia in discipline-based courses in schools and tertiary institutions, the provision of teaching materials on the region for primary and secondary schools and of increased opportunities for pre-service and in-service education about Asian countries, support for small and vulnerable Asian studies programmes, the development of facilities for the study of Asian languages not already widely

¹⁴ See transcript of evidence, *Official Hansard Report*, p. 1495.

taught in Australia, the provision of scholarships for study of various kinds, including study in Asian countries, the expansion of research on Asian countries, support for education and scholarly publications on the region and increased provision for Australians to become familiar with the visual and performing arts of Asian countries.

As a result of restrictions on funding for the implementation of provisions in the cultural agreements, exchanges of personnel such as academics, teachers and scholars have not occurred to any great extent. In fact the Australian Vice-Chancellors' Committee (AVCC) which advises the Government on and participates in the exchange of people, knowledge and ideas under programs established under the cultural agreements, has been approached by the Government in the general area of exchanges, but mostly in relation to countries other than the ASEAN countries. Assistance requested in relation to cultural exchanges with Thailand is an exception. Other evidence given to the Committee e.g. by scholars from the Australian National University, also reinforces the view that there should be more cultural-educational exchanges between Australia and the ASEAN countries. The Committee notes that the Government has taken a new initiative in this field and has established an annual lecturer exchange program between Australia and Indonesia.

Despite the fact that in 1978-79 more than one third of Australia's total expenditure on the official cultural relations program was directed to activities with ASEAN countries, e.g. half of the Special Overseas Visits Fund was used to finance visitors from ASEAN countries in that period, the Committee is aware that these activities were on a one-way basis, rather than by way of exchanges. It has been pointed out to the Committee that, with the present lack of activity, prospects for undergraduates to follow-up their studies in the country of their choice in the ASEAN region, are limited and this could well have a dampening effect on interest in a career involving Asian studies.

The Committee acknowledges that the study of Asia, its culture and languages is needed to achieve greater understanding of the ASEAN countries in Australia. However as indicated elsewhere in this report there is stagnation, and in some cases a decline in interest in these studies at undergraduate level. While the Committee is concerned with this situation and considers that it should be remedied, it is faced with a dilemma in recommending the promotion of Asian studies, when career prospects for such students are less than encouraging. The Committee is mindful of additional difficulties which need to be overcome if these studies are to gain momentum, e.g. funding of classes by the universities is very closely tied to a staff/student ratio and, as Asian studies classes are smaller and considered more exotic and expensive, they tend to be cut back in times of stringency. Another difficulty is the fact that \$5 million allocated by the Government for multicultural education is to be spent mainly on the teaching of migrant community languages, such as Greek and Italian. The Committee emphasises, however, that it does not wish to detract from efforts being made to promote Asian studies and encourages their continuation. Although the demand for Asian studies in Australia at present is limited the Committee concludes that there should be increasing efforts made to promote the teaching of Asian languages as they are a means of achieving deeper understanding of Asian traditions and cultures and this will in turn assist with Australia's relations with ASEAN countries.

In this context the Committee recommends that the Government implement the proposals of the Committee on Asian Studies to establish an Asian Studies Council to promote Asian studies at all levels.

ENGLISH LANGUAGE TRAINING

The need for more English language training to be made available to the ASEAN countries, both within Australia and in the countries themselves has been emphasised

throughout the inquiry. Attention has been drawn to the need for tuition in Indonesia, where such training is eagerly sought, and in Thailand, where, as in Indonesia, staff in universities have difficulty in teaching conversational English.

Radio Australia broadcasts English lessons to Indonesia and Thailand and these series have proved one of the most popular programs in Radio Australia's transmission to these countries. Since 1959 four million copies of the booklet entitled 'English from Radio Australia' have been distributed to Indonesia and Thailand as an accompaniment to the lessons. In 1980 the booklet was completely revised and a new series issued. In 1982 the lessons are scheduled to be broadcast weekly through the medium of Standard Chinese.

The type of operation suggested to the Committee for English language training in Indonesia, for example, is one similar to that conducted there by the British Council i.e. Staff English Language Training Units and that this idea could be developed to provide a series of specialised English courses for Indonesian university students and possibly other students in the region. ADAB has recognised this need and proposes to provide English teachers for Thailand and Indonesia to provide language training.

English courses are already provided in Australia:

- as a pre-course study for sponsored students who come to Australia to attend courses;
- as professional training for teachers from developing countries who will return home to teach English; and
- as an intensive course for people from developing countries who need to upgrade their language skills for work in their home country.

English language training is an area of co-operation which is important, and should be capable of expansion as a service without too much difficulty. The Committee has been told in evidence that Australia has a number of unemployed English teachers and there could be some scope for their employment in the ASEAN region. The Committee sees an active role for Australia in increasing English language training especially as a second language course for ASEAN students and also in providing facilities for technical and other training which is sought by the ASEAN countries. The Committee recommends that every effort be made by the Australian Government to meet requests from the ASEAN countries for assistance in education, particularly the teaching of English.

INSTITUTIONS, ORGANISATIONS AND SCHEMES

Despite the pessimistic outlook presented to the Committee for studies involving the ASEAN countries at undergraduate levels, there is some activity conducted by a number of institutions, organisations and schemes, both private and government funded. Among those responsible are the Australian National University which has a Faculty of Asian Studies, and a Department of Indonesian Languages and Literatures. The University works in conjunction with the Australian Vice-Chancellors' Committee on matters undertaken by the Australian-Asian Universities Co-operation Scheme (AAUCS).

Other examples of tertiary institutions involved with Asian studies are in Queensland where the Griffith University has a Centre for the Study of Australian-Asian Relations and the James Cook University, where a South East Asian Studies Committee was set up in 1976 to promote teaching, publications and studies relating to the region. Its Department of Modern Languages teaches Bahasa Indonesia, and related Indonesian studies e.g. history and literature. Tagalog is also taught.

The Australian-Asian Universities Co-operation Scheme funded from the Australian development assistance program, was set up by agreement between the Department of Foreign Affairs and the AVCC, to conduct programs in Indonesia, Malaysia and Singapore in disciplines related to food production and population studies. Its program now includes the Philippines and Thailand and has expanded to include agricultural education in Indonesia and Malaysia and Commerce in Singapore. Its activities involve training programs in Australia for university staff members, assignments of Australian academics, short courses, workshops and seminars in the regional universities and the provision of basic equipment, materials and teaching aids. The Committee was told that although the Scheme is functioning on 'a shoestring compared with most foreign operations' it 'has worked very effectively'.¹⁵

Some criticism of AAUCS has been voiced relating to its narrow agricultural focus. The opinion expressed was that it could be used more in the social sciences and humanities fields for exchanges, and to supplement Australia's development assistance activities with the ASEAN countries in these disciplines. There appears to be some difficulty about bringing these disciplines under the AAUCS 'umbrella' because the Scheme would be used then, for a different kind of function i.e. a function not related sufficiently to development in economic terms. In this context mention has been made of the fact that although ADAB has been helpful with scholarly rather than technical exchanges, as far as the Asian Studies Association of Australia is concerned, in most cases where assistance by the Association has been sought, there are problems in relation to matters which ADAB feels are not sufficiently related to development. In this regard the AVCC has posed the question, which is also implicit from the comments above, whether development assistance and cultural relations should be treated separately or whether academic exchanges should be part of the development assistance program. At the moment they are funded separately.

ASEAN countries are also provided for in education matters by the Australian National Commission for the United Nations Educational Scientific and Cultural Organisation (UNESCO). Australia has developed contacts with the ASEAN countries through the UNESCO Asian Program of Educational Innovation for Development. This program is a regional mechanism through which national efforts in educational reform and innovation are promoted. One example of Australia's involvement in this area is a visit from six Thai educators, concerned with curriculum development evaluation and training, who came to Australia for two weeks in 1979. Exchanges between Australia and Indonesia to advance studies of tropical and sub-tropical forest projects have been arranged under this scheme as well as seminars dealing with educational and cultural matters.

The Colombo Plan has played an important part in bringing students from ASEAN countries to Australia. Sponsored students also come to Australia under other regional co-operation schemes such as AAUCS, the Commonwealth Co-operation in Education Scheme (CCE), and the ASEAN-Australia Economic Co-operation Program. In addition Australia provides funds to the South East Asian Ministers of Education Organisation (SEAMEO) and United Nations agencies, on a multilateral basis.

The Department of Education has an important role in the provision of educational facilities for students from ASEAN countries and has indicated that these students 'have had a strong influence on developing relationships between the ASEAN countries and Australia, both within Australia by the presence of students and in the home countries when the students return'.¹⁶ This view was endorsed by other witnesses as a

¹⁵ See transcript of evidence, *Official Hansard Report*, p. 75.

¹⁶ See transcript of evidence, *Official Hansard Report*, p. 1172.

most important means of developing lasting impressions and contacts between ASEAN countries and Australia. The Department is involved with ASEAN through the ASEAN Education Project and the initial program is in the following areas:

- manpower and youth development
- education systems
- teacher education and training of other educational personnel
- special education

SEAMEO is a regional organisation in which all the ASEAN countries are active members and Australia is an associate member. Australia provides consultants and experts to the SEAMEO regional centres such as the Regional English Language Centre in Singapore and the Regional Centre for Education in Science and Mathematics in Malaysia. Consultants have also been provided by Australia for SEAMEO regional centres operating in the fields of tropical medicine and public health, and educational innovation and technology. Malaysia and Singapore are additionally involved with Australia in the CCE which holds conferences periodically and has a strong orientation towards the educational needs of developing countries.

The Australian Film and Television School as part of its work in advanced training in film, television, radio and audio visual communications, is also concerned with regional operations and conducts short-term specialised courses for overseas personnel, through its Open Program, including visitors from ASEAN countries. It has received requests for assistance with training from Indonesia, Malaysia and the Philippines. UNESCO has requested the School to undertake a co-ordinating role in regional film and television training, which includes the ASEAN countries. Exchanges of staff and students from training institutions in developing countries are matters which are being considered in relation to the ASEAN countries. However information given to the Committee by the School indicated that extensive assistance to the ASEAN countries in this type of training would be difficult without additional financial support. ADAB has provided some assistance in the past relating to specialised training and the School is hopeful that this will continue.

The Committee commends the work being carried out by these institutions, organisations and schemes, and considers they make a valuable contribution to the region as well as promoting understanding and co-operation. It recommends that their work continue to be supported by the Government and that support be expanded wherever possible in response to the needs indicated by the ASEAN countries. The Committee also draws attention to its earlier recommendation on the proposed Asian Studies Council.

STUDENTS FROM ASEAN COUNTRIES IN AUSTRALIA

Sponsored students

Since the inception of the Colombo Plan in 1951, 10 789 Colombo Plan students from ASEAN countries have come to Australia. In 1980 there were 677 Colombo Plan students studying in Australia. On a country-by-country basis Colombo Plan students to the beginning of the financial year 1979-80 numbered:

Indonesia	3325
Malaysia	3028
Philippines	1245
Singapore	1239
Thailand	1952

Source: Australian Development Assistance Bureau.

The sponsored student program is administered by ADAB on a government-to-government basis, related to Australia's training expertise where it can assist the development priorities of the recipient countries. The main objectives of the sponsored overseas student program are to contribute to the economic and social development of the recipient countries through manpower, training and education. Requests from ASEAN countries for Australia to sponsor students under the Colombo Plan have remained constant over the last few years, however the type of training requested is changing. Indonesia and Malaysia have indicated an increased preference for short-term specialised courses, while Thailand has virtually ceased nominating undergraduate trainees. The number of ASEAN students sponsored and funded by their home governments who have received training in Australia to the end of 1979, totalled 1333.

Private students

Over the years Australia has accepted private students from overseas including the ASEAN countries e.g. in 1951 there were 1543 private students from those countries, in 1963 there were 11 158 (this represents the highest total between 1951 and 1979) and in 1979 there were 8,572.

New policies announced by the Government in 1979 are designed to make the student program more effective and facilitate opportunities for an increased number of overseas people to study in Australia. Briefly, the changes made include:

- in future, no limitations are to be applied on the number of people wanting to study the English language and many of the eligibility restrictions have been lifted;
- normal entry requirements have been extended to include Australian interest in the country of origin, the capacity of the Australian training institutes, level of English language competence, the content, duration of the course, and its value to the home country and applicant; and
- the introduction of charges on people from overseas undertaking courses at colleges of advanced education and universities.

During the course of its examination of policy on overseas students, including the introduction of tuition fees, the Government consulted the major source countries, including the ASEAN countries. These countries made no objections in principle to the introduction of charges.

In the field of occupational training there has been considerable overall growth, ASEAN private student participation has risen from 160 in 1975 to 287 in 1979 which represents 22.0% of the total intake. With exchange students the ASEAN participation has been relatively small with the exception of students from Indonesia.

Members of the Committee were told in Malaysia that the imposition of high fees on foreign students undertaking British university courses was creating difficulties for Malaysians who wanted to study in Britain and many Malaysians would be prevented from going there. It was hoped that Australia would take more students as a consequence. The revised student policy stresses the importance of facilitating the entry of students and trainees from ASEAN countries and although the impact of these measures cannot be fully judged at this stage, statistics show that the intake for 1980 has increased. In the first quarter of 1980 entry of private and sponsored students from ASEAN countries exceeded 34.4% which was their total percentage for the whole of 1979. ASEAN students now make up 52.0% of the total private and sponsored student intake into Australia.

The Committee considers that training particularly for technical students from ASEAN countries is important, not only for the obvious benefits to be derived by the home countries, but also for the contacts built up and friendships made by people studying in Australia. Besides the new policies on the entry of private students there may be additional possibilities for student intakes from the ASEAN countries, as the drop in growth of population in Australia becomes evident in educational institutions. If Australia's declining birth rate continues and causes a corresponding fall off in enrolments at educational institutions, it has been suggested to the Committee that consideration could be given to making under-utilised facilities available to overseas students. Such possibilities, if they arise, would need to be carefully considered, e.g. courses may need to be restructured and suitably staffed. While at present there is little scope to implement such a program, the concept is worth noting.

ACADEMIC AND GOVERNMENTAL CO-ORDINATION

Perhaps the most frequent comment made to the Committee on this subject was the need for a cultural relations or some similar body, preferably non-governmental, to co-ordinate scholarly requests from Australians, ASEAN sources and governmental organisations. Although some progress has been made by the AVCC in conjunction with AAUCS, the extent to which they can absorb such requests is limited. Mention was also made of an ASEAN-Australia council or foundation, along the lines of the Australia-Japan Foundation. However some reservations were expressed in relation to this as it would mean dealing with five countries instead of on the usual bilateral basis.

Some witnesses indicated that requests for assistance, e.g. in English language training, are matters which could be dealt with by a co-ordinating body with more flexibility than the present system permits. It has also been argued, as set out earlier in the report, that some of these requests could be dealt with more easily if the charter of AAUCS is widened to include the social sciences. The AVCC has stated that it would be timely to bring engineers, medical people and social scientists into the program, provided the countries concerned want it, taking into account that it would involve a substantial increase in the AAUCS budget. Another example of the kind of assistance sought which could be accommodated by AAUCS is a request made to ADAB by Indonesian social scientists for a five year plan to upgrade the standards and qualifications of their university staff. In-country technical training is another area where AAUCS could be used. The Committee was told that in Indonesia and Malaysia the universities have no basis of apprenticeship training and in employment no career structure for technicians.

The Committee agrees that whenever possible provision should be made to accommodate requests for assistance where they are initiated by the ASEAN countries in these fields, and particular consideration should be given to requests for technical assistance. During their visit to the ASEAN countries members of the Committee were informed that technical assistance was needed in, for example, the updating of motor mechanic manuals in training workshops in some of the countries.¹⁷ It considers that this type of technical assistance is available and there should be efforts made to ensure these requests are met. The English language training requests should be satisfied to some extent at least in Thailand and Indonesia by the ADAB program for providing teachers to those countries and the Committee believes that in due course this program should be extended, if requested, to other member countries of ASEAN.

¹⁷ The provision of updated motor manuals was investigated by a Committee member on his return from the visit and arrangements have now been made to supply them to the workshops.

INFORMATION EXCHANGES

The National Library of Australia co-operates with all the ASEAN countries in the exchange of information. It is also committed to a policy of acquiring publications from South East Asian countries to support the information and research needs of the Parliamentary Library, government departments and the widespread need to assist South East Asian studies in Australia. It is able to offer technical assistance to developing libraries in the region and co-operates with libraries in all the ASEAN countries. The Library has acted as a consultant for the development of the National Libraries of Malaysia and Indonesia and has trained librarians from the National Library of Thailand and several Indonesian librarians. Personnel from the National Library have worked in ASEAN countries for example in Thailand on a training seminar and in Indonesia where lectures, talks and reader education courses were conducted.

The Library houses a large Indonesian collection and since 1971 has had an acquisition office in Jakarta. Current commercial publications from the Philippines, Singapore, Thailand and Malaysia are particularly sought by the Library and general order agents have been engaged in those countries for that purpose. The importance of resource sharing on an international level has been recognised by the Library, in particular the exchange of information, and the Library is investigating a program of supplying Indonesia with publications and microfiche from its holdings.

The Committee considers that in view of the extensive holdings of the National Library on South East Asia a valuable contribution can be made to the ASEAN countries by meeting their requests for information material and technical assistance. Staffing restrictions may limit the Library's ability to assist to a certain extent, however, whenever possible these requests should be considered.

The Bibliographic Information on Southeast Asia (BISA) project which is conducted jointly by the University of Sydney Library and the University's Department of Indonesian and Malayan Studies, is compiling a computerised record and retrieval system of the National Library, Monash University Library, the Australian National University Library and the Sydney University Library holdings on Indonesia, Malaysia and Singapore. The information collected by BISA will not only eventually be available Australia-wide, but world-wide, and will be of particular interest to the three ASEAN countries presently subjects of the information. Ultimately BISA envisages including material on the other South East Asian countries in its data bank.

Although BISA began as a project for scholarship and research, it has potential for much wider use. A number of large commercial organisations have enquired about the kind of information which will be available and there is a strong emphasis on social and, economic matters in the information. Secondary schools e.g. those providing Indonesian studies would find it applicable, while government departments have also expressed interest in the project. The Committee understands that ADAB has agreed to fund over a period of 3 years the development of the project's data base, and the training of librarians from Indonesia, Malaysia and Singapore who will also assist in the setting up of the data base. The organisers of the project are hopeful that eventually it will become a joint Australia-ASEAN facility.

Generally the evidence received on information services emphasised that improved access to information on and from ASEAN countries is important to developing the relationship between Australia and ASEAN. The formation of a Southeast Asian Bibliographic and Information Centre was also suggested to the Committee. At present, an informal body of scholars, librarians and other people interested in research on South East Asia, the Southeast Asian Research Materials Group, is a modest attempt to supply some bibliographical information on South East Asia to the general public.

INTEREST IN AUSTRALIAN STUDIES IN THE ASEAN REGION

'Within universities, promotion of an understanding of Australia is not a policy goal with a high premium'.¹⁸ This appears to the Committee to be a fair comment on the situation of Australian studies in ASEAN countries. Most of the evidence given on this topic indicated that there is little interest in Australian studies in any of the ASEAN countries despite the fact that Australia has been admitted as an associate member of the Association of South East Asian Institutes of Higher Learning, which was considered by one witness to be an indication of a closer association with the ASEAN countries. It may, however, be something to be aimed for, as discussions Committee members had in Singapore indicated, but by and large, interest in Australia appears to be in the training and teaching Australia carries out for these countries. In fact, 'it is rather surprising on the whole how little interest Indonesia has in Australia'.¹⁹ In Singapore, an attempt to set up a program of Australian studies at the Nanyang University, was not successful, through lack of interest. 'Enrolments just declined after the initial flutter'.²⁰ The Department of Education indicated in evidence that some interest in Australian studies does exist in the ASEAN countries at primary and secondary school levels. The need for more materials in English and in their own languages with a broader coverage i.e. more cultural, social studies and visual materials for school children, was indicated by representatives from the ASEAN countries at the conference of the Asian Program of Educational Innovation for Development held in Australia in 1979.

The Curriculum Development Centre, which is involved in work with Educational Innovation for Development relating to the ASEAN countries is concerned with Australia's image in text books used by these countries. 'At present, Australia is often loosely lumped in with "Commonwealth Studies" or "Oceanic Studies" with a consequent blurring of our image'.²¹ The Centre sees an urgent need for a more detailed and accurate image of Australia to be established. Further indications of this lack of interest are provided by the number of Australian publications held in libraries in the ASEAN countries. In Indonesia, little systematic collecting of Australian publications is carried out, although the Australian Cultural Centre, some universities and the Australian Information Service make contributions. Holdings are also small in Singapore where the National Library and three other educational institutions have some 2000 publications, including books, journals, newspapers and maps. Malaysia also houses a small number of books, serials and microfilm in its National Library, totalling some 600 items. The Philippines has in its National Library over 800 publications including maps, while the main libraries in Thailand have materials, including books, journals, newspapers, films and maps amounting to over 7000 items.

The Committee acknowledges that Australian studies attract little interest in the ASEAN countries. While it is important for students to learn about the other ASEAN countries, some knowledge of Australia is desirable if two-way interest and understanding is to be promoted and Australia should ensure that its information service has available up-to-date material for distribution. ASEAN countries have made it known that they would like to have more Australian publications for their students. The Committee considers that the provision of these materials containing detailed information on Australia would create greater interest and awareness of Australia in the ASEAN

¹⁸ See transcript of evidence, *Official Hansard Report*, p. 311

¹⁹ See transcript of evidence, *Official Hansard Report*, p. 49.

²⁰ See transcript of evidence, *Official Hansard Report*, p. 247.

²¹ See transcript of evidence, *Official Hansard Report*, p. 1164.

countries. The Committee recommends that the Government meet the needs for this material as indicated by the ASEAN countries.

Seven Australian information officers are located in ASEAN countries, an Australian Cultural Centre was established in Jakarta in 1974 and a considerable proportion of Australia's official information program is aimed at ASEAN countries. Expenditure levels in support of the Australian Information Service activities however have declined since the mid-1970s. The Committee understands that this has resulted in a general shortage of information material for distribution by the Service, including 'Hemisphere' magazine, an Australian Government publication supplying information about both Asia and Australia. This magazine is acknowledged as an example of Australia's interest in Asia, its lifestyles, religions and culture generally, while at the same time presenting material about Australia. Approximately 30 000 copies are produced per issue and its principal distribution is to Asia although it brings information about Asia to Australia, through school and university subscriptions. The Australian Film Commission also supplies information to the ASEAN countries by providing films about Australia to the region. The activities of the Commission are discussed in more detail later in the report.

The Committee was told that the Australian Cultural Centre in Jakarta needs more information publications, particularly of a cultural nature. Australian publications are seen by the Committee as an important means of disseminating information about Australia in the ASEAN region, and it recommends that a wider variety and a larger quantity of material be made available for distribution.

CULTURAL ACTIVITIES

Australia has cultural agreements with each of the ASEAN countries which cover matters such as educational exchange, visitors from ASEAN countries under the Special Overseas Visits Fund, visits to Australia under the Cultural Awards Scheme, sport, music, exhibitions, films, book gifts and subventions to the Institute of South East Asian Studies in Singapore. In 1978-79 more than one third of total Australian expenditure on the official cultural relations program was directed to activities with the ASEAN countries.

The Committee was informed that the Australian Cultural Centre in Jakarta is well used, appreciated and carries a good deal of useful material. It is a place where people may go and read books, listen to records, watch films, attend concerts and obtain general information. However some evidence indicated that there is a need for expansion of the activities carried out by the Centre and it was suggested that these activities should be undertaken along the lines of the British Council scheme. The main tasks of the British Council are educational work and spreading knowledge of Britain through information publications and displays, fostering personal contacts in a variety of fields including education and culture and the promotion of the English language. Besides the promotion of English language training it was also suggested that the Cultural Centre could organise programs for recipients of short term study awards and that it should be non-governmental. Reasons given for it being non-governmental were that the Australian Embassy which staffs the Centre has to perform other functions in Jakarta and there is also a lack of continuity in staff.

The Committee understands that one of the intended purposes of the Cultural Centre was to provide English language training, and that the necessary steps are being taken by Australia to provide English language teachers for this purpose. It has also been suggested that other Australian Cultural Centres should be established in the ASEAN countries.

Radio Australia

Evidence shows that radio broadcasts from Australia are an important contact with the ASEAN countries and are for the most part very well received. Generally the program objectives for Radio Australia's overseas service are:

the development of international awareness of Australia and the Australian identity through programs of high quality news, current affairs, entertainment and cultural enrichment, which reflect the realities and quality of the Australian life and culture and the full spectrum of Australian viewpoints on domestic and international affairs.²²

The ASEAN region receives Radio Australia broadcasts in standard Chinese (Mandarin) and Cantonese, English, Thai and Indonesian. These broadcasts are made up of news bulletins, public affairs program, and information and entertainment programs. Programs are constantly reviewed and updated and include 'Holiday Australia' a service in English, a series on Australian trade and exports, a weekly edition of 'Business Report' on the Thai program, Australian topical talks, interviews, sport and music. The English service is broadcast for 24 hours a day and foreign language services added to that give a broadcasting total of 47.5 hours per day. .

Estimates of the total number of listeners in Indonesia are between 30-36 million and approximately 300 000 in Thailand, while the English language audience is estimated at 200 000 in Malaysia, 200 000 in Indonesia, 50 000 in Singapore, 34 000 in the Philippines and 7000 in Thailand. Transmissions in the Chinese languages also have millions of listeners in the ASEAN region.

The work of Radio Australia has been hampered to some extent since the transmitter in Darwin was destroyed by a cyclone in 1974 and the temporary transmitter is much less powerful than the former. However Radio Australia expects the Darwin transmitter will be restored by 1982. It is noted that funds for this purpose were allocated in the 1980-81 Budget and the Committee believes that this project should proceed without further delay.

Radio Australia provides a great number of overseas listeners their only contact with Australia. There has been some criticism from overseas, concerning the content of broadcasts and that the reporting of events is not always balanced or highlights the negative aspects about their country. However the Committee considers the work of Radio Australia is a valuable contribution to Australia's cultural and indeed general relations with the ASEAN countries.

Australian Film Commission

'The Asean [ASEAN] region is one where the cinema is still the most popular form of public entertainment'²³ and the Australian Film Commission also submitted that there is a 'magnificent opportunity' for Australia to take advantage of this medium to project Australia to the ASEAN countries as well as to increase the sale of films. It also provides a beneficial cultural crossflow through the contacts made by Australian filmmakers working in these countries.

The Australian Film Commission hosted the 24th Asian Film Festival in Sydney in 1978 which was attended by delegates from all ASEAN countries. In the ASEAN countries the Commission conducts film events in conjunction with the Department of Foreign Affairs, sells feature film, produces documentary films on the region for educational purposes and television and has produced versions of its films in all the ASEAN languages. Perhaps the most valuable undertakings by the Commission as far as cultural relations are concerned are the joint venture projects e.g. the making of a

²² See transcript of evidence, *Official Hansard Report*, p. 1626.

²³ See transcript of evidence, *Official Hansard Report*, p. 766.

film on location in Malaysia and the retention in Thailand of a cinematographer to produce a feature film there. In addition some commercials are made in the ASEAN region and Australians are hired for this work. Films are also distributed to Australian diplomatic missions. From ASEAN sources cultural films are shown in Australia from time to time assisted by the Australian Film Commission and films from the Philippines and Thailand are shown on a commercial basis at film festivals in Australia.

Exhibitions and entertainment

The cultural exchange scheme conducted by the Department of Foreign Affairs has brought craftsmen, gallery directors and arts administrators to Australia from Indonesia, Malaysia and the Philippines. The Crafts Council of Australia has been involved with arrangements in Australia for these people and has maintained contact with them after their return through the World Crafts Council. Australian artists are also travelling in ASEAN countries, and in some cases living there, absorbing and studying the music, dance, sculpture, painting, crafts and other artistic traditions of those countries.

Matters raised by those concerned with these issues which could lead to greater involvement with the ASEAN countries were:

- there could be better contact between the Department of Foreign Affairs, ADAB, the Crafts Council and the Asian Zone of the World Crafts Council in relation to exchanges on craft matters. This could co-ordinate better opportunities for Australian craftsmen in ASEAN countries and assist in the choice of suitable people to come to Australia from the ASEAN countries;
- increased opportunity for Australian journals and craft resource materials to reach ASEAN countries and in particular the extension of distribution of the Crafts Council Journal 'Craft Australia' in the Asian Zone—for example copies could be purchased for distribution to the Australian missions in ASEAN;
- the possibility of assistance to Australian non-government agencies for craft projects in developing countries;
- the importance of the exchange of information, craft work and people and the utilisation of the Asian Zone of the World Crafts Council in this regard; and
- planning in the cultural exchange area i.e. setting up an effective, possibly modest, cultural program in the region.

Musical groups and artists have visited the ASEAN countries as well as the Australian Ballet. The Committee considers that exchanges of artists and craftsmen should be promoted and their itineraries made as extensive as possible. The Committee also supports the wider distribution of 'Craft Australia' as a publication contributing to information material on Australia which would be appreciated and utilised overseas.

In the context of educational and cultural relations evidence throughout the inquiry indicated that Indonesia occupies a large part of the Australia-ASEAN relationship. Comment was made that this imbalance has resulted in a neglect of the other countries and as a consequence ASEAN could be used as a means of directing more attention to the other countries of the Association. The Committee agrees that more knowledge of Indonesia exists than of the other ASEAN countries, and this has developed through long association and proximity. While the Committee acknowledges the situation in relation to Indonesia, it considers that the bilateral relations with each ASEAN country are equally important and in cultural and educational matters every effort should be made to accommodate exchanges, tuition and information requests whenever it is possible.

Sport

Australia could play an important role in furthering the development of a wide range of sports in the member countries of ASEAN. Leadership and assistance by Australia in this field can contribute to long term international understanding. UNESCO has recognised the importance of sport in society by encouraging member nations to facilitate the universal development of sport.

At present, sporting contact between Australia and ASEAN occurs in the following ways:

- Australian Government funded cultural-sporting exchanges;
- bilateral sporting competitions between teams from Australia and ASEAN countries;
- participation by Australian and ASEAN teams in international sporting events held in Australia, ASEAN countries, and other countries; and
- participation by Australia and ASEAN countries in regional and international sporting associations.

The Department of Foreign Affairs funds sporting exchanges under its cultural program and co-operates with the Department of Home Affairs which is responsible for the administrative details and liaison with the relevant national sporting bodies. These exchanges involve both sportsmen and coaches for example, and the Committee has been assured that the exchanges have been an outstanding success, given that they have been short-term and as such do not develop long-term proficiency. The Government also assists national sporting associations to travel overseas for international competition by grants under the Sports Development Program.

The Confederation of Australian Sport was responsible for a new initiative involving ASEAN countries when at a meeting in Melbourne in March 1980, the East Asian and Pacific Sports Assembly was formed. Foundation members include Indonesia, Singapore and Malaysia. Other sporting ventures which could be undertaken by Australia, suggested in evidence are:

- inviting sportsmen to Australia to participate in national championships;
- increasing bilateral sporting exchanges with the ASEAN countries;
- inviting coaches, administrators and sportsmen to visit Australia for specialised training; and
- exchanging technical advice on all sporting matters.

The Committee acknowledges the advantages and goodwill which emanate from sporting exchanges. It considers that Australia is able to promote valuable exchanges with the ASEAN countries in sport and feels that more emphasis should be placed on this aspect of the relationship.

Acknowledgments

The Committee wishes to express its gratitude to individuals, associations, commercial firms, organisations, government departments and authorities for their submissions on the 'Australia and ASEAN' reference. The Committee also thanks the people who supported their written material with verbal evidence during hearings. Their contribution greatly assisted the preparation of this report. Appendix 5 lists these persons and organisations.

The co-operation of the ASEAN Heads of Diplomatic Missions in Australia and their staffs is very much appreciated as is the assistance of the Department of Foreign Affairs which provided opportunities for Committee members to meet visiting officials from ASEAN countries.

The Senate Standing Committee on Foreign Affairs and Defence presents its report on the reference 'Australia and ASEAN'.

J. P. SIM
Chairman

The Senate
December 1980

APPENDIX 1

The ASEAN Declaration

The Presidium Minister for Political Affairs/Minister for Foreign Affairs of Indonesia, the Deputy Prime Minister of Malaysia, the Secretary of Foreign Affairs of the Philippines, the Minister for Foreign Affairs of Singapore and the Minister of Foreign Affairs of Thailand:

MINDFUL of the existence of mutual interests and common problems among the countries of Southeast Asia and convinced of the need to strengthen further the existing bonds of regional solidarity and co-operation;

DESIRING to establish a firm foundation for common action to promote regional co-operation in Southeast Asia in the spirit of equality and partnership and thereby contribute towards peace, progress and prosperity in the region;

CONSCIOUS that in an increasingly interdependent world, the cherished ideals of peace, freedom, social justice and economic well-being are best attained by fostering good understanding, good neighborliness and meaningful co-operation among the countries of the region already bound together by ties of history and culture;

CONSIDERING that the countries of Southeast Asia share a primary responsibility for strengthening the economic and social stability of the region and insuring their peaceful and progressive national development, and that they are determined to insure their stability and security from external interference in any form or manifestation in order to preserve their national identities in accordance with the ideals and aspirations of their peoples;

AFFIRMING that all foreign bases are temporary and remain only with the expressed concurrence of the countries concerned and aren't intended to be used directly or indirectly to subvert the national independence and freedom of states in the area or prejudice the orderly processes of their national development;

DO HEREBY DECLARE:

FIRST, the establishment of an Association for regional co-operation among the countries of Southeast Asia to be known as the Association of Southeast Asian Nations (ASEAN).

SECOND, that the aims and purposes of the Association shall be:

1. To accelerate the economic growth, social progress and cultural development in the region through joint endeavours in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of Southeast Asian nations;
2. To promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries of the region and adherence to the principles of the United Nations Charter;
3. To promote active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields;

4. To provide assistance to each other in the form of training and research facilities in the educational, professional, technical and administrative spheres;
5. To collaborate more effectively for the greater utilization of their agriculture and industries, the expansion of their trade, including the study of the problems of international commodity trade, the improvement of their transportation and communication facilities and the raising of the living standards of their peoples;
6. To promote Southeast Asian studies;
7. To maintain close and beneficial co-operation with existing international and regional organizations with similar aims and purposes, and explore all avenues for even closer co-operation among themselves.

THIRD, that, to carry out these aims and purposes, the following machinery shall be established;

- a. Annual meeting of foreign ministers, which shall be by rotation and referred to as ASEAN Ministerial Meeting. Special meetings of foreign ministers may be convened as required;
- b. A Standing Committee, under the chairmanship of the foreign minister of the host country or his representative and having as its members the accredited ambassadors of the other member countries, to carry on the work of the Association in between meetings of foreign ministers;
- c. Ad hoc committees and permanent committees of specialists and officials on specific subjects;
- d. A National Secretariat in each member country to carry out the work of the Association on behalf of that country and to service the annual or special meetings of foreign ministers, the Standing Committee and such other committees as may hereafter be established.

FOURTH, that the Association is open for participation to all states in the Southeast Asian region subscribing to the aforementioned aims, principles and purposes.

FIFTH, that the Association represents the collective will of the nations of Southeast Asia to bind themselves together in friendship and co-operation and, through joint efforts and sacrifices, secure for their peoples and for posterity the blessings of peace, freedom and prosperity.

DONE in Bangkok this eighth day of August in the year one thousand nine hundred and sixty seven.

APPENDIX 2

Australian Bilateral Trade with ASEAN Member Countries¹

INDONESIA

Two-way trade with Indonesia continues to expand and stood at \$316.7 million in 1978-79. Indonesia is Australia's seventeenth largest export market and twenty-second largest source of imports. In 1978-79 exports to Indonesia were \$217.6m and imports \$99.2m. While the absolute trade surplus remains heavily in Australia's favour, in ratio terms it has decreased from 6.5:1 in 1973-74 to 2.2:1 in 1978-79.

Balance of trade

	<i>\$A million</i>					
	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Australian exports . . .	107.6	177.5	161.6	180.6	196.3	217.6
Australian imports . . .	16.6	18.7	25.6	50.2	84.1	99.2
Balance	+91.0	+158.8	+136.0	+130.4	+112.2	+118.4

Australia-Indonesia trade relationship

Trade relations between Australia and Indonesia are governed by the GATT and a bilateral Trade Agreement signed in 1959 and renegotiated in 1972. It is basically a most-favoured-nation type of agreement. The agreement provides for Australian support for ASEAN trade initiatives, support for international commodity agreements, encouragement of Australian investment and participation by Australian consultants and contractors in Indonesian projects. There is also provision for consultations as required on trade matters, although no formal consultations have in fact taken place under the agreement.

Australian exports

Australian exports to Indonesia in 1978-79 were valued at \$217.6m an increase of 10.8% or \$21.3m over the previous year. Primary products accounted for 51% of Australia's exports while manufactures accounted for 40%. Major export items in 1978-79 included wheat (\$70.5m), iron and steel (\$25.3m), zinc and zinc alloys (\$16.4m), machinery and transport equipment (\$15.6m), dairy products (\$12.2m), and refined petroleum (\$9.4m).

Trade promotion

The Jakarta Post is manned by a Senior Trade Commissioner, Trade Commissioner, two Assistant Trade Commissioners and a Trade Officer. Trade promotional activity is currently centred around specialised displays in the Trade Commissioner Showroom.

Four to five displays are usually held each year with up to fifteen firms participating in each. This technique has proven successful in attracting business interest in Indonesia. The Post also encourages ad hoc usage of the showroom by individual Australian exporters. An extensive tour program to the outer regions of Indonesia is also

¹ Source—The Department of Trade and Resources.

undertaken with the view to highlighting product opportunities for Australian exporters. Visits to Australia by key executives in major Indonesian purchasing authorities and organisations under the Trade Promotions Visits Fund are also encouraged.

Imports from Indonesia

Australia's imports from Indonesia have increased fourfold since 1975-76 to \$99.2m in 1978-79. The main imports from Indonesia in 1978-79 were petroleum and petroleum products (\$44.8m), coffee (\$19.4m), tea (\$14.9m) and natural rubber (\$5.4m). The resumption of significant purchases of crude oil has almost eliminated Indonesia's trade deficit with Australia.

Australian investment

The estimated level of Australian investment in Indonesia as at 30 June 1978 was \$42m not including retained earnings. The value of Australian investment in Indonesia including retained earnings is estimated at \$200m.

Future prospects

With the largest population in South East Asia and large funds being received from its oil, Indonesia's development offers significant opportunities for Australian exporters in a wide range of products including food items, livestock, machinery, equipment and skills for development projects and inputs for a range of industrial undertakings. However, Australia's ability to exploit this potential particularly in respect of large scale projects will depend on the ability to offer suitable financial (credit) packages and for Australian firms to form consortia.

Imports from Indonesia are expected to continue to be dominated by the traditional items, crude oil, coffee, tea and natural rubber. Prospects for manufactured items will depend on the development of export industries in Indonesia producing items suitable for the Australian market.

MALAYSIA

Two-way trade with Malaysia has developed steadily in recent years and stood at \$483.1m in 1978-79, making Malaysia Australia's ninth largest export market and seventeenth largest source of imports. In 1978-79 exports to Malaysia were \$330.5m and imports \$152.6m. In absolute terms the trade surplus has increased from \$48.1m in 1973-74 to \$177.9m in 1978-79 and in ratio terms also the surplus has increased from 1.7:1 to 2.2:1.

	<i>\$A million</i>					
	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Australian exports	117.6	194.4	172.7	224.6	214.8	330.5
Australian imports	69.5	58.8	82.1	113.4	120.5	152.6
Balance	+ 48.1	+135.6	+90.6	+111.2	+94.5	+177.9

Australia-Malaysia trade relationship

The Australia-Malaysia Trade Agreement was signed in 1958. The Trade Agreement provides for bindings of preferential rates and margins on goods specified in Schedules. The main products are timber, rubber and tin for Malaysia and wheat and dairy products for Australia. Unbound preference margins exist on certain other timber and tropical agricultural products. In 1975 an Exchange of Letters was signed which provided

for the exchange of preferences to be continued until the outcome of the GATT Multi-lateral Trade Negotiations (MTN) becomes clearer, but on a more flexible basis to allow tariff adjustments by each country in the GATT MTN context or for domestic economic policy reasons. The possibility of renegotiating the Agreement in the near future is being explored.

Australia's exports to Malaysia

Australia's exports to Malaysia have increased from \$117.6m in 1973-74 to \$330.5m in 1978-79; an average growth rate of 23.0%. Exports to Malaysia are largely processed and unprocessed primary products which in 1978-79 accounted for 74.8%. The main export items in 1978-79 were: tin ores and concentrates (\$73.2m); raw sugar (\$56.5m); wheat (\$46.2m); greasy wool (\$15.1m) and milk products (\$9.5m).

Trade promotion

The Kuala Lumpur Post is manned by a Senior Trade Commissioner, Trade Commissioner and an Assistant Trade Commissioner. A range of promotional activity is undertaken by the Post including an annual program of specialised trade displays in the Trade Commissioner showroom, displays in the Showroom by individual firms, tours to regional areas of Peninsular Malaysia and East Malaysia (Sabah and Sarawak) and Brunei. Use is also made of the Trade Promotion Visits Fund to encourage key officials and businessmen to visit Australia.

The organisation of large trade displays by Australia has been replaced by the specialised displays and participation in the major international trade shows in Singapore which attract many buyers from Malaysia.

Investment

Australian investment in Malaysia as at 30 June 1978 stood at \$30m. Including retained earnings, it is estimated that the value of Australian investment is approximately \$150m.

Australia's imports from Malaysia

During the period 1973-74 to 1978-79 imports from Malaysia increased from \$69.5m to \$152.6m, representing an average annual growth rate of 17.0%. Main imports from Malaysia in 1978-79 were: timber and timber products (\$28.7m); natural rubber (\$27.8m); vegetable oils and fats (\$14.9m); fish, crustaceans, etc (\$11.4m); woven cotton fabrics (\$9.3m); industrial machinery and equipment (\$8.7m); cocoa (\$7.7m), and wood and cork manufactures (\$5.2m).

In the sensitive area Australian imports from Malaysia have shown significant growth, such as imports of textiles, apparel and footwear, which have increased from \$4.9m in 1973-74 to \$18.8m in 1978-79, despite temporary import restraints.

Future prospects

Trade between Australia and Malaysia is expected largely to maintain its current pattern with Australia continuing to supply inputs required for Malaysia's development and industrial needs and certain agricultural products for a growing population enjoying increasing incomes. At the same time Malaysia's major exports to Australia (rubber and timber products) should continue to find a market as could certain items from Malaysia's developing industries. In view of the nature of the two-way trade it is anticipated that the trade surplus in Australia's favour will continue.

THE PHILIPPINES

Two-way trade with the Philippines has developed steadily in recent years and stood at \$242.7 million in 1978-79, making the Philippines Australia's twentieth largest export

market and twenty-sixth largest source of imports. In 1978–79 exports to the Philippines were \$165.8m and imports \$76.9m and while the absolute trade surplus has been increasing, in ratio terms it has decreased from 4.9:1 in 1973–74 to 2.2:1 in 1978–79.

	<i>\$A million</i>					
	1973–74	1974–75	1975–76	1976–77	1977–78	1978–79
Australian exports	79.2	99.7	93.5	118.5	130.5	165.8
Australian imports	-16.2	-24.1	-27.9	-43.9	-56.8	-76.9
Balance	+63.0	+75.6	+65.6	+74.6	+73.7	+88.9

Australia/Philippines trade relations

The Australia–Philippines Trade Agreement was first negotiated in 1965. It was renegotiated to more adequately reflect trends and developments in bilateral trade and trade relations. The new agreement signed in June 1975 and brought into force in May 1979 provided, *inter alia*, for continued exchange of m.f.n. (most-favoured-nation) treatment, expansion and diversification of trade, encouragement of suitable Australian investment, support for international commodity arrangements, Australian support for ASEAN trade initiatives and the establishment of a Joint Commission to meet regularly to advance the objectives of the Agreement. The Joint Commission has met twice; in August 1979 and February 1980.

Exports to the Philippines

In 1978–79, manufactures and semi-manufactures accounted for 58.3% of Australia's total exports to the Philippines (\$165.8m) with processed and unprocessed primary products accounting for 28.2% and 5.7% respectively. The main export items in 1978–79 were: ingots of iron and steel (\$31.6m); milk and cream (\$12.1m); meat and meat preparations (\$9.8m) and aluminium and aluminium alloys (\$9.0m).

Trade promotion

The Manila Post is manned by a Senior Trade Commissioner, Trade Commissioner and an Assistant Trade Commissioner. A range of trade promotion activity is undertaken by the Post including:

- three to four Trade Commissioner showroom displays to promote Australia's exports to the Philippines;
- a major trade display to promote industrial products normally held every two years;
- a number of tours to regional areas of the Philippines undertaken by the Trade Commission staff each year to look for new and expanding opportunities; and
- encouragement of visits to Australia by senior executives in major Philippines purchasing authorities and organisations under the Trade Promotion Visits Fund.

Imports from the Philippines

Imports from the Philippines in 1978–79 were valued at \$76.9m. The main import items were: wood simply worked and railway sleepers (\$12.4m); parts for motor vehicles (\$10.0m); clothing and accessories (\$9.6m); fruit and nuts (\$5.1m).

Australian investment in the Philippines

Estimates of the level of Australian investment in the Philippines as at 30 June 1978 were \$13m. However, this figure does not include the value of retained earnings. Estimates of total Australian investment in the Philippines including retained earnings put the figure at approximately \$30m.

Future prospects

It is expected that trade between Australia and the Philippines will continue to grow although the rate of growth might taper off. It is also expected that the trade imbalance is likely to continue and widen as the Philippines economy develops and demand increases for agricultural commodities and for raw material or energy inputs into Philippine industry. Growth in Philippine exports to Australia will continue to be limited by the relatively small size of the Australian market, and Australia's self-sufficiency in most raw materials and food stuffs.

SINGAPORE

Two-way trade with Singapore has developed steadily in recent years and stood at \$541.5m in 1978-79 making Singapore Australia's largest trading partner within ASEAN and, on a world basis, Australia's sixteenth largest export market and eleventh largest source of imports.

In 1978-79 Singapore was the only ASEAN member with which Australia did not have a trade surplus; the trade deficit being \$13.9m compared to a trade surplus in 1973-74 of \$65.6m. In ratio terms Australia's trade balance with Singapore has decreased from 1.8:1 in 1973-74 to 0.9:1 in 1978-79.

	<i>\$A million</i>					
	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Australian exports	147.7	206.2	185.3	183.5	240.7	263.8
Australian imports	82.1	126.9	160.3	196.3	264.9	277.7
Balance	+65.6	+79.3	+25.0	-12.8	-24.2	-13.9

Australia-Singapore trade relationship

Australia has no bilateral trade agreement with Singapore and the trade relationship is governed by the GATT to which both countries are party. Singapore has been kept informed of progress towards the objective of concluding basically common trade agreements with ASEAN countries but Singapore officials have not seen the need for such a trade agreement. Arising out of the Ottawa Agreement (1932) Australia receives Commonwealth preferential treatment on a few of the dutiable items in the Singapore tariff and almost all of the balance of Australia's exports enter Singapore duty free. In return Australia accords Singapore the Declared Preference Country Preferences (DPCs). However, Singapore's usage in recent years has been minimal and Australia's policy is to progressively subsume these DPC preferences into its system of tariff preferences for developing countries.

Australia's exports to Singapore

Australia's exports to Singapore have increased from \$147.7m in 1973-74 to \$263.8m in 1978-79, representing an average annual growth rate of 12.3%. Manufactures form a relatively high proportion of total exports to Singapore accounting for 52.8% in 1978-79 compared to primary products of 40.2%.

The main exports items in 1978–79 were: machinery and transport equipment (\$59.7m); wheat (\$20.7m); meat (\$16.0m); iron and steel (\$15.7m); petroleum and petroleum products (\$14.5m); chemicals and related products (\$13.0m); fruit and nuts (\$10.0m) and sugar (\$9.7m).

Trade promotion

The Singapore Post is manned by a Senior Trade Commissioner and two Assistant Trade Commissioners. In addition to developing Australian exports and investment in Singapore, a major activity is the servicing of Australian participation in major international trade fairs for which Singapore has become a major venue. These fairs cater for the South East Asian market.

Because of the emergence of these specialised international fairs, individual Australian trade displays would not have the drawing power of similar displays elsewhere and are not normally useful in the Singapore environment. However, the Trade Commissioner showroom is used for displaying particular product ranges not covered by these fairs and also increasingly individual Australian exporters have found the use of the showroom an extremely effective promotional tool.

Australia's imports from Singapore

During the period 1973–74 to 1978–79 Australia's imports from Singapore increased from \$82.1m to \$277.7m, representing an average annual growth rate of 27.6%. Main import items from Singapore in 1978–79 were: refined petroleum products (\$167.2m); textile yarn fabrics, made-up articles (\$9.2m); printed matter (\$7.9m); natural rubber latex (\$5.3m) and timber and timber products (\$5.0m). In certain sensitive areas for Australia, imports have increased steadily, such as imports of textiles, apparel and footwear which have risen from \$5.1m in 1973–74 to \$11.0m in 1978–79, despite temporary import restraints.

Investment

Australian investment in Singapore as at 30 June 1978 stood at \$51m, excluding retained earnings. However, it is estimated that the value of Australian investment, including retained earnings, is substantially above this figure with 86 firms operating manufacturing facilities (as at February 1980).

Future prospects

Growth of two-way trade between Australia and Singapore should be maintained in the medium term with Australia's continued requirements for imported refined petroleum products and Singapore's ability and capacity to supply certain higher technology goods. At the same time there will be a continuing strong demand for raw materials, semi-processed goods and equipment to develop and feed these industries and a steady increase in the requirements of an increasingly affluent population. A significant future item of Australian exports could be steaming coal should the Singapore Government decide to proceed with plans to establish coal-fired power stations.

THAILAND

Two-way trade with Thailand has expanded steadily in recent years but Thailand is still a relatively small market and source of imports for Australia. Thailand is Australia's twenty-fourth largest export market and thirty-ninth largest source of imports. In 1978–79 exports to Thailand were \$112.8m and imports \$35.4m and while the absolute trade surplus has been increasing, in ratio terms it has decreased from 5.1:1 in 1973–74 to 3.1:1 in 1978–79.

	<i>\$A million</i>					
	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Australian exports	50.6	49.4	46.4	65.0	74.5	112.8
Australian imports	9.9	16.1	21.7	25.6	30.5	35.4
Balance	+ 40.7	+ 33.3	+ 24.7	+ 39.4	+ 44.0	+ 77.4

Australia-Thailand trade relationship

Trade relations between Australia and Thailand are governed by a bilateral Trade Agreement signed in October 1979. The Agreement is basically a most-favoured-nation type of agreement and provides for the strengthening and diversification of trade, the encouragement and facilitation of commercial, industrial and technical co-operation, including investments on a joint venture basis, support for trading arrangements among ASEAN countries, support for international commodity agreements, and the establishment of an Australia-Thailand Joint Trade Committee. The first meeting of the Joint Trade Committee was held in Bangkok in December 1979.

Australian exports

Australian exports to Thailand in 1978-79 were valued at \$112.8m an increase of 51.4% or \$38.3m over the previous year. Manufactures accounted for 70.2% of Australia's exports to Thailand with processed and unprocessed primary products accounting for 14.2% and 8.8% respectively.

Major export items in 1978-79 were zinc and zinc alloys (\$12.8m); machinery and transport equipment (\$12.1m); chemicals and related products (\$11.0m); precious and semi-precious stones (\$10.8m); iron and steel (\$10.7m) and wheat (\$7.0m).

Trade promotion

The Bangkok Post is manned by a Senior Trade Commissioner, Trade Commissioner and Assistant Trade Commissioner. The Post also has responsibility for Burma. Trade Promotion of Australian products in Thailand has been based on a series of major solus trade displays, the latest being in November 1978. The new Chancery opened in November 1979, contains a Trade Commissioner showroom facility and it is expected that it will be the venue for two of three specialised displays annually. Ad hoc usage of the showroom facility by individual Australian companies will also be encouraged.

Imports from Thailand

Imports from Thailand have increased steadily in recent years albeit from a low base and in 1978-79 were valued at \$35.4m an increase of 16.1% or \$4.9m over the previous year. The main imports from Thailand in 1978-79 were textile yarn, fabrics, made up articles (\$7.5m); animal feedstuffs (\$4.5m); fish crustaceans and molluscs (\$3.2m); jewellery, gold and silver-smiths wares (\$2.0m) and clothing and accessories (\$1.9m).

Australian investment

Estimates of the level of Australian investment as at 30 June 1978 was \$8 million. However this figure does not include retained earnings and while no firm figures are available with retained earnings, Australian investment is estimated to be well in excess of \$50 million.

Future prospects

Continued steady growth in most of Australia's traditional exports to Thailand can be expected but any dramatic upsurge in exports is only likely to come from the emerging prospects for sales of steaming coal (for power generation and cement plants) and possibly iron ore for steel manufacture. Such sales could also involve the sale of relevant Australian equipment and expertise. Thailand's exports to Australia increasingly comprise manufactured goods which have to compete with supplies from other developing countries for the relatively small Australian market. Given the nature of the present trade between the countries which, apart from the possibility of steaming coal sales to Thailand, should maintain a similar pattern over the next few years, a trade surplus in Australia's favour is expected to continue.

Australian Immigration Principles

It is important that, as a nation, we clearly state the basis on which our immigration policies will operate. Accordingly, the Government has adopted a set of nine principles upon which we will act. In so doing, we hope to secure wide understanding both by Australians and by the peoples and governments of other countries of the goals, obligations and constraints of our policies. The principles are:

1. It is fundamental to national sovereignty that the Australian Government alone should determine who will be admitted to Australia. No person other than an Australian citizen, or a constituent member of the Australian community, has a basic right to enter Australia.
2. Apart from people admitted as refugees and for family reunion, migrant entry criteria should be developed on the basis of benefit to the Australian community, and the social, economic and related requirements within Australia. As a general rule, Australia will not admit for settlement people who would represent an economic burden to Australia through inordinate claims on welfare, health or other resources, who would endanger the community by criminal or other anti-social activities, or whose entry would be to their own detriment.
3. The size and composition of migrant intakes should not jeopardise social cohesiveness and harmony within the Australian community.
4. Immigration policy should be applied on a basis which is non-discriminatory. There are external restraints on the extent to which Australia can apply a non-discriminatory policy. Some countries will not allow their nationals to emigrate; other countries allow only those with exit permits to leave; some countries will not permit the emigration of skilled and professional workers. Some countries will not allow advertising for migration purposes, others will not allow immigration offices to be established within their territories, or allow immigration officers to operate within their territories. In addition, there are varying degrees of interest in migration to Australia in particular areas. The principle of non-discrimination means that policy will be applied consistently to all applicants regardless of their race, colour, nationality, descent, national or ethnic origin or sex.
5. Applicants should be considered for migration as individuals or individual family units, not as community groups. An exception will be refugees in designated refugee situations, although even in such circumstances the criteria for selection will be related to the characteristics of individual applicants.
6. Eligibility and suitability standards for migrants should reflect Australian social mores and Australian law. Polygamous unions will not be accepted, or the entry of child fiancés. The concept of immediate family, for eligibility purposes, will be derived from the Australian norm, that is, the unit consisting of husband, wife and minor unmarried children.

7. Migration to Australia should be for permanent settlement although there should be no barrier preventing the departure of persons wishing to leave. The guest-worker migration flow until recently popular in the industrialised countries of Western Europe will not be adopted for Australia.
8. While migrants will have the same rights as other Australian residents to choose their place of residence individually or collectively, enclave settlement will not be encouraged. Immigration policy will not consider communities for mass movement to Australia in situations where enclave settlement would occur.
9. Policies governing entry and settlement should be based on the premise that immigrants should integrate into Australian society. Migrants will be given every opportunity, consistent with this premise, to preserve and disseminate their ethnic heritage.

APPENDIX 4

Settler Arrivals from ASEAN Countries 1970-79

Calendar year	Indonesia	Malaysia	Philippines	Singapore	Thailand	Total ASEAN countries	Total settler intake	ASEAN intake as percentage of total intake
1970	85	857	351	644	131	2 068	185 325	1.1
1971	113	1 042	429	1 006	128	2 718	155 525	1.7
1972	60	860	458	794	75	2 247	112 468	2.0
1973	80	605	481	1 054	107	2 327	105 003	2.2
1974	140	917	756	1 048	139	3 000	121 324	2.5
1975	103	1 076	1 097	846	129	3 251	54 118	6.0
1976	154	1 293	1 094	869	841	4 251	58 317	7.3
1977	246	2 517	1 853	941	1 337	6 894	75 640	9.1
1978	428	7 195	1 141	697	836	10 297	68 419	15.0
1979(p)	2 598	9 294	1 801	766	1 022	15 481	72 567	21.3

(p) preliminary figures.

Note: These figures include Indo-Chinese refugees.

Source: Department of Immigration and Ethnic Affairs.

Indonesia

	Eligibility category											
	Family reunion		General eligibility		Refugees		Special eligibility		Not stated		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
July April 1979-80	194	4.7	49	1.2	3 862	93.6	-	-	21	0.5	4 126	100
July June 1978-79	205	16.7	23	1.9	937	76.2	40	3.3	24	1.9	1 229	100
July June 1977-78	225	71.4	47	14.9	17	5.4	-	-	26	8.3	315	100

Philippines

	Eligibility category											
	Family reunion		General eligibility		Refugees		Special eligibility		Not stated		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
July April 1979-80	991	53.3	600	32.3	242	13.0	-	-	27	1.4	1 860	100
July June 1978-79	862	60.7	372	26.2	160	11.2	4	0.3	23	1.6	1 421	100
July June 1977-78	687	45.1	793	52.1	20	1.3	4	0.3	18	1.2	1 522	100

Singapore

	Eligibility category											
	Family reunion		General eligibility		Refugees		Special eligibility		Not stated		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
July April 1979-80	182	27.5	239	36.2	141	21.3	26	3.9	73	11.1	661	100
July June 1978-79	202	27.9	406	56.0	28	3.9	32	4.4	57	7.8	725	100
July June 1977-78	301	32.3	540	57.9	3	0.3	17	1.9	71	7.6	932	100

Malaysia

	<i>Eligibility category</i>											
	<i>Family reunion</i>		<i>General eligibility</i>		<i>Refugees</i>		<i>Special eligibility</i>		<i>Not stated</i>		<i>Total</i>	
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
July - April 1979-80	383	6.1	758	12.1	4 969	79.4	-	-	150	2.4	6 260	100
July - June 1978-79	457	4.9	1 011	10.8	7 676	82.1	37	0.4	163	1.8	9 344	100
July - June 1977-78	463	9.9	1 416	30.2	2 610	55.6	29	0.6	174	3.7	4 692	100

Thailand

	<i>Eligibility category</i>											
	<i>Family reunion</i>		<i>General eligibility</i>		<i>Refugees</i>		<i>Special eligibility</i>		<i>Not stated</i>		<i>Total</i>	
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
July - April 1979-80	135	7.4	10	0.5	1 667	91.2	-	-	17	0.9	1 829	100
July - June 1978-79	175	37.4	41	8.8	223	47.6	12	2.6	17	3.6	468	100
July - June 1977-78	184	14.5	45	3.5	1 002	78.8	14	1.1	26	2.1	1 271	100

APPENDIX 5

List of Persons and Organisations Submitting Evidence to the Committee

Alford, Mr J. D., Perth, W.A.
Amnesty International, Australian Section, Perth, W.A.
ASEAN Tourism Chapter for Australia and New Zealand, Sydney, N.S.W.
Asian Studies Association of Australia, Sydney, N.S.W.
Australian Broadcasting Commission, Sydney, N.S.W.
Australian Council for Overseas Aid, Canberra, A.C.T.
Australian Council of Trade Unions, Melbourne, Vic.
Australian Development Assistance Bureau, Canberra, A.C.T.
Australian Federal Police, Canberra, A.C.T.
Australian Film Commission, Sydney, N.S.W.
Australian-Indonesian Business Co-operation Committee, Canberra, A.C.T.
Australian National Commission for UNESCO, Canberra, A.C.T.
Australian National Line, Melbourne, Vic.
Australian National Railways Commission, Adelaide, S.A.
Australian-Philippines Business Co-operation Committee, Canberra, A.C.T.
Australian Vice-Chancellors' Committee, Canberra, A.C.T.
Bibliographic Information on Southeast Asia Project, Sydney, N.S.W.
Bureau of Industry Economics, Canberra, A.C.T.
Business and Consumer Affairs, Department of, Canberra, A.C.T.
Caldwell, Professor J. C., Canberra, A.C.T.
Confederation of Australian Industry, Canberra, A.C.T.
Crafts Council of Australia, Sydney, N.S.W.
Defence, Department of, Canberra, A.C.T.
Deui Raju, Ms S., Sydney, N.S.W.
Dharmalingam, Dr S. K., Kuala Lumpur, Malaysia.
Drake, Professor P. J., Armidale, N.S.W.
Education, Department of, Canberra, A.C.T.
Eldridge, Dr P., Hobart, Tas.
Findlay, Dr C. C., Canberra, A.C.T.
Foreign Affairs, Department of, Canberra, A.C.T.
Frost, Dr F. D., Canberra, A.C.T.
Garuda Indonesian Airways, Sydney, N.S.W.
Glanvill, Mr A. R., Sydney, N.S.W.
Healey, Mr D. T., Adelaide, S.A.
Henderson, Mr K., Canberra, A.C.T.
Home Affairs, Department of, Canberra, A.C.T.
Housing and Construction, Department of, Canberra, A.C.T.
Immigration and Ethnic Affairs, Department of, Canberra, A.C.T.
Industrial Relations, Department of, Canberra, A.C.T.
Industries Assistance Commission, Canberra, A.C.T.
Ingleson, Dr J., Sydney, N.S.W.
Institute of Industrial Engineers, Singapore

James Hardie Industries Ltd, Sydney, N.S.W.
 Jones, Dr G. W., Canberra, A.C.T.
 Kiwi Polish Company Pty Ltd, Melbourne, Vic.
 Kumar, Dr A. L., Canberra, A.C.T.
 Landy, Mr L., Darwin, N.T.
 Lim, Dr R., Sydney, N.S.W.
 Lucas, Dr D. W., Canberra, A.C.T.
 Mackie, Professor J. A. C., Canberra, A.C.T.
 Macknight, Dr C. C., Canberra, A.C.T.
 Madigan, Mr R. T., Melbourne, Vic.
 Malaysia Society of the Asian Studies Association of Australia, Sydney, N.S.W.
 McCawley, Dr P., Canberra, A.C.T.
 McDonald, Dr P. F., Canberra, A.C.T.
 Millar, Dr T. B., Canberra, A.C.T.
 Miller, Mr G., Canberra, A.C.T.
 Minister of Information, State of Aceh, Sumatra, Indonesia
 National Development, Department of, Canberra, A.C.T.
 National Library of Australia, Canberra, A.C.T.
 Office of National Assessments, Canberra, A.C.T.
 O'Neill, Dr R. J., Canberra, A.C.T.
 Osborne, Dr M., Canberra, A.C.T.
 O'Shea, Father J., Manila, Philippines.
 Philippines–Australia Business Co-operation Committee, Manila, Philippines.
 Qantas, Sydney, N.S.W.
 Reid, Dr A., Canberra, A.C.T.
 Richards, Mr R., Adelaide, S.A.
 Royal Australian Institute of Parks and Recreation, Canberra, A.C.T.
 Sandhu, Professor K. S., Singapore
 Singapore Airlines, Sydney, N.S.W.
 Singapore International Chamber of Commerce, Singapore
 Snowy Mountains Engineering Corporation, Cooma, N.S.W.
 Southeast Asian Studies Program, Singapore
 Stall, Mr R., Perth, W.A.
 Tariff Commission, Philippines
 The Implementation and Management Group Pty Ltd, Sydney, N.S.W.
 The Institution of Engineers, Canberra, A.C.T.
 Trade and Resources, Department of, Canberra, A.C.T.
 Transnational Corporations Research Project, Sydney, N.S.W.
 Transport, Department of, Canberra, A.C.T.
 Treasury, Department of, Canberra, A.C.T.
 Veterans' Affairs, Department of, Canberra, A.C.T.
 Viviani, Dr N., Brisbane, Qld
 Warner, Mr D., Mt Eliza, Vic.
 Webb, Mr J., Canberra, A.C.T.
 Whiteman, Mr P. C., Brisbane, Qld