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FOREIGN AFFAIRS SUBCOMMITTEE

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**JOINT STANDING COMMITTEE
ON FOREIGN AFFAIRS, DEFENCE AND TRADE**

Foreign Affairs Subcommittee

Monday, 22 September 2008

Members: Senator Forshaw (*Chair*), Mr Hawker (*Deputy Chair*), Senators Arbib, Mark Bishop, Cormann, Ferguson, Fifield, Moore, O'Brien, Payne and Trood and Mr Baldwin, Mr Bevis, Mr Danby, Ms Annette Ellis, Mr Gibbons, Ms Grierson, Mr Hale, Mr Ian Macfarlane, Mrs Mirabella, Ms Parke, Ms Rea, Mr Ripoll, Mr Robb, Mr Robert, Mr Ruddock, Ms Saffin, Mr Bruce Scott, Mr Kelvin Thomson and Ms Vamvakinou

Foreign Affairs Subcommittee members: Mr Danby (*Chair*), Mrs Mirabella (*Deputy Chair*), Senators Arbib, Mark Bishop, Cormann, Fifield, Forshaw (*ex officio*), Moore, Payne and Trood and Mr Bevis, Ms Annette Ellis, Ms Grierson, Mr Hale, Mr Hawker (*ex-officio*), Mr Ian Macfarlane, Ms Parke, Mr Robb, Mr Robert, Mr Ruddock, Mr Bruce Scott, Mr Kelvin Thomson and Ms Vamvakinou

Members in attendance: Senators Arbib, Forshaw and Moore and Mr Danby, Ms Annette Ellis, Mr Hale, Mr Hawker, Mr Ian Macfarlane, Ms Parke, Mr Ruddock and Ms Vamvakinou

Terms of reference for the inquiry:

To inquire into and report on:

Opportunities for expanding Australia's relationship with the countries of ASEAN, with particular attention to:

- opportunities to improve Australia's involvement in ASEAN;
- opportunities to enhance regional security through Australian involvement;
- free trade agreements with individual ASEAN countries;
- opportunities to enhance the regional economy;
- opportunities to improve cultural links; and
- the impact of global warming on the region.

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Subcommittee met at 11.04 am

CHAIR (Mr Danby)—This is the second public hearing of this inquiry being conducted by the Foreign Affairs Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade. The subcommittee is recalling witnesses from the Department of Foreign Affairs and Trade and we appreciate your coming back and being available a second time. I appreciate many of my colleagues being here and the good attendance that is promised at this committee. I refer any members of the media, who may be observing this public hearing, to the need to report accurately on the proceedings of the subcommittee as required by Senate order concerning the broadcasting of the Senate and committee proceedings. Although this committee does not require you to give evidence on oath, you should be aware that these hearings are legal proceedings of the parliament and therefore have the same standing as the proceedings of the chambers themselves.

[11.06 am]

FULTON, Ms Deborah Helen, Director, Policy and Global Environment, Sustainable Development Group, AusAID

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CHAIR—If you do not want to make some introductory remarks we will go straight to questions and comments. We are focusing this inquiry on Australia's relationships with ASEAN and several submissions have identified areas in which the relationship could improve. What about relationships within ASEAN? Are there tensions between member countries?

Mr Woolcott—One of the real achievements of ASEAN has been the extent to which a sense of community has begun to develop. If you look back more than 30 years ago you had genuine tensions between Singapore and Malaysia, and Malaysia and Indonesia, you had the Vietnam War and you had tensions in Indo-China. I think one of the real successes of ASEAN has been the extent to which a lot of these tensions have been smoothed over and managed very successfully within the ASEAN process. Obviously there are issues such as in relation to forest burning and smoke between Indonesia and Singapore and there are still some territorial issues but they have really been managed very successfully. I would refer to a recent example where an island in dispute between Singapore and Malaysia was taken to the International Court of Justice. The court found in favour of Singapore and everybody accepted that decision. Again that is an example of how far that sense of ASEAN community is developing.

CHAIR—With territorial disputes, I suppose you are referring to the Spratly Islands but that involves—

Mr Woolcott—The Spratly Islands and some other small minor islands.

CHAIR—players outside the ASEAN region and involves China as well.

Mr Woolcott—Yes, absolutely.

CHAIR—There have been some recent tensions there with the takeover of an island. Do you remember who it was, by whom and from whom?

Mr Woolcott—I do not actually have the details of that.

Ms Rawson—No, I cannot remember.

Mr Woolcott—I could find out for you and get back to you in relation to that.

CHAIR—Thank you. My last question before I turn over to colleagues is that one of the things that impresses us very much about ASEAN is its policy of non-interference in the internal affairs of other countries. I think the Bali Treaty on Amity and Cooperation in South-East Asia called for signatories to commit to non-interference in the internal affairs of one another, a renunciation of the threat or use of force and settlement of disputes by peaceful means. Of course we have the contradiction where perhaps Australia and the world would like ASEAN to go on the front foot with Burma. How do we reconcile this policy of non-interference with ASEAN taking a strong stance on Burma?

Mr Woolcott—Yes, you are right—there is that contradiction. One of the inviolable principles of ASEAN is this idea that you do not interfere in each other's affairs. The Charter of the Association of Southeast Asian Nations, which the ASEAN nations have negotiated and are looking to ratify at the end of the year, establishes a legal and institutional framework for ASEAN, and again it makes it clear that that principle is very much at the fore of ASEAN's thinking. At the same time, they have institutionalised the ASEAN Summit, the leaders group. They will meet twice a year under the charter. Again, if there are issues that cannot be resolved by consensus, then it is a matter for the leaders to resolve.

I think ASEAN works in a different way. It works in a much longer time scale. We sometimes get a bit frustrated by that principle that you referred to, but at the same time they are very conscious, with a country like Burma, that Burma is something of a complication for them in its dealings with the West or with the US. They do try and push and prod—you can question how effectively—to move Burma towards a freer and more democratic society.

CHAIR—Would you say they fudge that principle by, in Burma's case, trying to push things along with the medium- to long-term improvement of human rights, democratic rights and the restoration of the Aung San Suu Kyi government?

Mr Woolcott—They do what they can within the ASEAN framework, but you have to say there has not been any startling improvement in Burma's situation. There has been no improvement at all over the last 10 years, I think.

CHAIR—Has Australia said anything formally about ASEAN and Burma?

Mr Woolcott—We speak to them a lot about Burma. We speak to the Burmese about Burma, and we speak to ASEAN about Burma as well, and do our best to encourage them to take a stronger stance. We talk to the Chinese about Burma, the Indians—all the key players. Really those are China, India and, of course, the ASEANs, particularly Thailand, who is a neighbour. Indonesia is prominent and Singapore is active.

CHAIR—So our public stance under the previous government and under this government is that we would like ASEAN, as we would like other players to do, to take a more public role on Burma.

Mr Woolcott—A more prominent role. It does not have to be public. In fact, to do so publicly may be counterproductive, but certainly a more prominent role.

CHAIR—Point taken.

Ms PARKE—As a follow-up to that question, what is happening with a human rights charter? I understand that ASEAN is in the process of developing one—that is what I heard. How does that fit in with the principle of noninterference in other countries' affairs?

Mr Woolcott—What they are developing is a human rights body, and again that is meant to be agreed to at the ASEAN Summit at the end of the year in Bangkok. There is a high-level panel which has been constituted to draft the terms of reference for that human rights body. I think there has been one meeting of the high-level panel and I think there will shortly be a second. The issue there is what the powers of this human rights body are going to be. Is it simply going to be a body which promotes human rights within ASEAN, or are there going to be some teeth to it? Is it going to have some sort of investigative mechanism? My sense—and the ASEANs are still arguing amongst themselves on what is the correct way to go with this—is that it will probably end up being directed more at the promotion of human rights rather than having investigative mechanisms, but we are still waiting to see how they come out on that.

Ms PARKE—So would that be one of the differences between ASEAN and other bodies such as the European Union and the African Union?

Mr Woolcott—That would be one of the differences, yes.

Ms PARKE—Can you tell us about some of the other differences or similarities that might exist with those other organisations?

Mr Woolcott—Between ASEAN and the EU?

Ms PARKE—The EU and the African Union.

Mr Woolcott—The EU is a genuine community. I am not an expert on the European Union, but it has common tariff policies and a mechanism for common immigration policies amongst a number of European countries—not all of them. It has an extraordinary amount of cooperation on police and in terms of competition policies. It has a European view. ASEAN is a long way from that. It talks about developing a community by 2015. They have the three pillars—political,

strategic, economic and social cooperation—and they have a goal, which is a greater sense of community by this time line, but they are a long, long way from where the Europeans are.

Ms PARKE—And the Africans, and the South American states as well?

Mr Woolcott—On the Organisation of African Unity I know very little, but my hunch would be that they are ahead of the Africans—but that would just be a hunch. We could get some information to you comparing the ASEAN model, the African model and the European model, if that would be helpful to the committee.

Ms PARKE—That would be helpful, thank you.

Senator ARBIB—Mr Woolcott, at the last inquiry hearing we talked about getting some more information on climate change policies and also nuclear power for civilian use. Do you have anything to report today?

Mr Woolcott—Jennifer Rawson is happy to take questions on the nuclear issue. On the climate change issue, the view in the department was that those questions might best be put to the Department of Climate Change, other than those questions which AusAID are able to answer in relation to what we do.

Senator ARBIB—Including the \$10 million package on deforestation in Indonesia?

Mr Woolcott—Yes, including that. Would you like to start off on the nuclear side?

Senator ARBIB—Yes, please.

Ms Rawson—Was there a particular aspect that you wanted to look at or would you prefer that I just make a couple of remarks about the understanding of the current situation?

Senator ARBIB—Please.

Ms Rawson—In terms of the ASEAN nations, there are none currently that have a nuclear power program as such. A number of the countries have nuclear research facilities, and that is Indonesia, Malaysia, Thailand and Vietnam. The Philippines at one stage did have a research reactor, but that is not currently operational. Several of the countries have expressed their intention to develop nuclear energy programs. Indonesia, Thailand and Vietnam have announced plans for programs by 2020. I think it would be fair to say that all those plans are still very much in the initial stages and, as far as I am aware, there have been no steps taken with regard to actual building. That has been discussion of sites et cetera, but no actual building has taken place. Malaysia has stated that it would concentrate on developing conventional sources of energy until 2020, so nothing from there. As far as I am aware, none of the other ASEAN members have looked at nuclear power programs. Burma, I think, has entered into an agreement with Russia for a research reactor, but since the announcement of that last year I am not aware of any steps being taken to move ahead with the construction of that. All the ASEAN countries that I have mentioned are members of the nuclear non-proliferation treaty.

Mr IAN MACFARLANE—Sorry, did you say that they were all members?

Ms Rawson—Yes, of the NPT. I think all of them have enforced comprehensive safeguards agreements with the International Atomic Energy Agency and various of them either are in different stages of having entered into the additional protocol with the IAEA or have signed that. Some of them have perhaps not yet even signed, so with the additional protocol the coverage is less comprehensive than the safeguards agreement itself.

As I understand it, at a meeting of the ASEAN energy ministers last year they decided to set up what they are calling an ASEAN Nuclear Energy Safety Sub-Sector Network. They are looking at terms of reference for that at the moment and, at this year's energy meeting, officials were asked to go away and do some further work looking not just at the safety side but at the developmental aspects of nuclear energy. That is the broad picture at the moment. I am happy, if I can, to answer any more specific questions.

CHAIR—Is Ms Fulton going to give us something more on climate change?

Ms Fulton—Sure. Is it the Indonesian deforestation program you are mostly interested in? For clarification: you referred to \$10 million. Was that in relation to the Indonesia program?

Senator ARBIB—Yes.

Ms Fulton—There was a \$10 million package agreed and then there was the \$30 million Kalimantan demonstration activity.

Senator ARBIB—Could you tell us about both?

Ms Fulton—Sure. The \$10 million was the first package that was agreed. That was over a two-year period and was really to support the government of Indonesia in the policy and enabling environment. That has been some work, developing a forest resource information system, and the Department of Climate Change is heavily involved in that using the technology under the national carbon accounting system and working to develop a program with Indonesia that suits their specifications. There was a lot of work in the lead-up to the UN Climate Change Conference in Bali, working through policy issues around what needed to be in place for a demonstration activity to be feasible. There is an activity for fire prevention and management because one of the largest sources of emissions in Indonesia is fires on peat lands. That was the \$10 million. Then the \$30 million is the Kalimantan partnership to design and implement a demonstration activity in an area of—

CHAIR—Is that its formal name?

Ms Fulton—It is the Central Kalimantan Forest Carbon Partnership. That program is being designed at the moment. The actual size of the full demonstration activity will probably be substantially more than \$30 million but the Australian contribution is \$30 million initially. We will be working with the government of Indonesia to look at what other contributions we can bring to that. We are working pretty closely with a number of other donors as well.

CHAIR—How does that practically work on the ground?

Ms Fulton—The coordination?

CHAIR—The Kalimantan project in particular.

Ms Fulton—It is still being designed at the moment, so it is not being implemented as such. We have technical people working with provincial government and other donors who are active in Kalimantan to lay out exactly the sorts of boundaries of the sites. A large part of this is rehabilitating the drained peat land with reflooding—it is quite a technical area of work to rehabilitate the peat lands there. There is a reforestation component—there will be some trees planted as well—there will be the forest management and monitoring and then the measurement of the carbon in the forest so that they can link that to a national level and make a judgement on what sorts of emissions reductions they are getting through that demonstration activity. The simplest way to think of how it might look on the ground is that it is like a really large payment for ecosystems services programs. It will need to work with local communities and build relations with pretty well each level of government so that it can be a national scale program.

CHAIR—Is the problem in Kalimantan the burning of peat rather than forests?

Ms Fulton—The government of Indonesia implemented the large Ex-Mega Rice Project looking at using the land for different purposes. So they drained a lot of peat land. When fires start on peat land, they just go and go. In the late 1990s, Indonesia had forest fires and I think that year they were the largest emitter world wide, just from the emissions from peat lands.

Senator MOORE—On a different point, what role is ASEAN taking in the Millennium Development Goals achievement? Do they have a strategy? Is it something we are key to working across? The range of the goals covers just about all our interaction in health, education and empowerment. I know that the ASEAN partners have a wide difference in their own structures and achievements but some of those members have real issues in terms of achieving those processes. Is there anything we are doing as a member or anything we could do better to get some achievement, particularly in places like Burma, Indonesia, those areas?

Mr Moore—The Millennium Development Goals have become a central reference point for the countries at a bilateral level and for Australia, so increasingly you are seeing us try to progress the MDGs in our country strategies with Indonesia, Cambodia, Laos et cetera. In the ASEAN context it has taken a little bit longer and, principally, the thrust within ASEAN has been about integration and also closing the development gap between the original ASEAN states and the newer ASEAN states. And so, whilst the MDGs are now coming to the fore a bit more and the development gap is being framed partly in terms of the MDGs, it is probably true to say that they are not as central to the development dialogue as in some other contexts. We are using our flagship ASEAN Australia Development Cooperation Program to promote growth and development, particularly in the poorer ASEAN states, and greater integration. That is the principal means that we use to try to get improvements in the MDGs and then more targeted interventions through the bilateral work that we do.

Senator MOORE—In that context are they actually used in some form of benchmark? You are saying that they are coming closer to the forefront—I think that was the term you used—in getting people to address the issue, to have it discussed and used as a marker. Is that the kind of thing that is happening both in the bilateral discussions—I know there is a range of those—and in the wider regional discussions so that people can be cooperative and see where the gaps are?

Mr Moore—They have become absolutely central to us now in our joint country strategies, so in each of the bilateral strategies you will find them as the central reference point that we benchmark progress against.

Senator MOORE—Good.

Mr Moore—And in the regional programs they are not yet that central but are becoming more so. The concepts and the benchmarking are getting incorporated into their development language.

Senator MOORE—I noticed in the report that in the socio-interaction and the development and training there are elements about youth conferences and situations—I forget the actual word—where people got together to celebrate the nature of the areas. Are the MDGs becoming a point of reference in that kind of education process as well?

Mr Moore—I cannot vouch personally, Senator, nor can I recollect reports to that effect but I would simply note that I have been surprised in the last three or four years at the extent to which the MDGs have started really permeating. If you go back five or six years, quite frankly, it was marginal. They were fighting to get in. Now they are mainstreamed, so I would expect to see that they are on the agenda for civil society as well as for governments.

Mr HAWKER—I refer to part of the DFAT submission which talks about free trade agreements with ASEAN and the ASEAN-Australia-New Zealand Free Trade Agreement. In your submission you talk about how overall the ASEAN-Australia-New Zealand Free Trade Agreement should provide a platform for Australia's ongoing engagement with ASEAN. In particular, this establishes a detailed forward work program as well as providing a platform for the securing of further liberalisation of trade and investment in the future. I draw your attention to the submission from Engineers Australia which talks about concern for the international mobility of engineers and mutual recognition of qualifications agreements. It says:

... licensing requirements can often operate as significant barriers to trade in professional services.

I want to ask whether this is being included in the discussion on an ASEAN free trade agreement and how we can ensure that this is progressed.

Mr Mugliston—The general approach here and this concept of a platform is to seek to get as close as we can to ASEAN's internal liberalisation processes. They have done more work on internal liberalisation in the goods area than in the non-goods areas. In terms of services, there is an ongoing work program which is underway and is aimed at contributing to a freer movement of skilled personnel in the region by 2015. That is an ambitious program, but that is their internal process. What we are seeking to do here is to incorporate relevant provisions in the agreement that will enable this future work program, including on mutual recognition. The reality is that at this point in time they are not there in terms of providing for mutual recognition, and we too have a lot of work to do in understanding each other's systems and certification requirements et cetera. But the idea here is that this is very much a part of the future agenda and that is the general approach. There is a very keen interest on the ASEAN side as well as on ours.

Mr HAWKER—Do you see this as getting lifted in its priority?

Mr Mugliston—It is not clear to me exactly how this agreement will be implemented over the next decade, two decades or three decades. But I do see it in terms of providing this platform for our ongoing engagement with ASEAN. There are a lot of issues identified here for future work, cooperation and engagement. It becomes an issue if all 12 parties around the table agree on what the highest priorities are here. On the very specific question you raised, it does provide a mechanism to encourage mutual recognition processes, particularly in areas where governments are not involved or do not have responsibility.

Mr HAWKER—Can we take it from that that you will see this as a specific issue to try and get up the priority list?

Mr Mugliston—We have certainly sought to do that in the negotiations by in fact providing for this mutual recognition article and providing a hook, if you like, in the agreement to allow it to develop and evolve in the future. A hook that will enable governments—

Mr HAWKER—That is good, but you are talking there of decades. It seems a fairly slow process.

Mr Mugliston—When I talk in decades I am very conscious of the fact that this agreement—assuming that it comes into force—will be there for the short term, the medium term and the long haul. Services are an area of interest for all the participating countries. It could evolve and develop quite rapidly, but not at this particular point in time in terms of where—

CHAIR—Just to supplement Mr Hawker's questions, you should know that there was widespread agreement and surprise when Engineers Australia came before us that this had not progressed. There was a great deal of interest amongst the parliamentarians who were on the committee that this area of services be given some priority, particularly some of the issues of Australian engineers who are facing difficulties in ASEAN countries and not being able to work. It was regarded as a great shame.

Mr HALE—Where does the Australian government's position sit currently—in particular, where I am up in the top end—in regard to Indonesia and developing nuclear power plants?

Ms Rawson—As far as I am aware, the government has not taken a position in regard to Indonesia's plans. I just go back to the point I made about Indonesia being a member in good standing of the nuclear non-proliferation treaty and having the relevant safeguard agreements.

I should have mentioned before too that there is of course the treaty on the South-East Asian nuclear weapons free zone. Indonesia has been a very strong participant in and contributor towards non-proliferation and disarmament efforts. We would understand the energy needs that a developing country would have. There are obviously economic, environmental and other choices that each country has to make in determining its own energy needs and how it will meet those. So I think there would be what I would characterise as being no particular issues with regard to Indonesia which would give rise to a concern about the plans from non-proliferation perspectives.

Mr IAN MACFARLANE—If I may I will follow up that question. Let us put the scenario the other way around. What would be the reaction within ASEAN if Australia were to move to nuclear energy and/or if it were to move to nuclear powered warships?

Ms Rawson—Mr Woolcott is perhaps better placed to comment, but I would be surprised if ASEAN were to take a position on it other than regarding it as a decision for Australia to make.

Mr Woolcott—I would agree with the point made by Ms Rawson. I think ASEAN would be relatively relaxed about any decision by Australia to go to nuclear power.

CHAIR—Senator Forshaw has a follow-up question on that and then we will come back to Mr Macfarlane on free trade issues.

Senator FORSHAW—Currently Australia is the regional representative on the IAEA and I think that includes South-East Asia, although I am not sure and you might explain that to me. If Indonesia moves to nuclear power plants, do you have a view about what that might mean in the long run for our representative role as the most advanced or the most technologically proficient nuclear country in the region?

Ms Rawson—Yes, Australia does have one of the designated seats on the IAEA board of governors. I have forgotten the exact number that are in a sense not permanent but designated and the ones that are—

Senator FORSHAW—Sorry, that was an argument that was put as to supporting why we needed to build a new research reactor. Amongst others, it was that it would assist Australia to retain its role, which is a positive one, there.

Ms Rawson—If Indonesia were to move ahead with its plans on nuclear power, I suppose that would certainly boost any claim it might have to a designated seat. But even without a nuclear power program Australia is, I think, the largest or second largest exporter of uranium having, as you mentioned, research facilities. We would certainly consider that Australia would retain a strong claim to a designated seat. But I think the point to make is that this is all pretty far down the track. I think it is not an issue that is going to arise in the short to medium term.

Senator FORSHAW—How is our role on the IAEA viewed by the ASEAN countries? Is it not really a matter of consequence for them or is it a matter for which it is readily accepted that we play a positive role in respect of the region?

Ms Rawson—My understanding is, although I am not sure it has ever been explicitly stated, that there is certainly an acceptance of the role that we play on the board. There are good relationships with the ASEAN IAEA members' cooperative work that takes place in Vienna and elsewhere. There are good discussions between us on safeguards and security issues. So, as far as I am aware, there are no dissenting views about it.

Senator FORSHAW—If there were negative vibes, we would have heard about them.

Ms Rawson—Yes.

Senator FORSHAW—Thank you.

Mr IAN MACFARLANE—I will just change tack a little. On the Thai FTA, last time you were in, Mr Woolcott, we talked about some of the difficulties which the car industry in Australia was facing as a result of that FTA, whereby there was an exclusion of cars below three litres, which excluded the Camry. There was immediate tariff relief for larger vehicles going into Thailand, but they then faced behind-the-border protection measures—although they would not have been termed that—relating to taxes and registration costs for larger vehicles. What progress are we making on the system for resolving that, and how soon will it be resolved? We got a general answer; I was hoping for a more detailed one. I do not mind if Mr Mugliston answers.

Mr Woolcott—There are obviously two aspects to this. One is the bilateral aspect under TAFTA and the other, of course, is the region-wide FTA that Mr Mugliston is working on. I might have first go, if you like, and then hand over to Mr Mugliston. The issue is that Thai excise rates apply on a non-discriminatory basis to all imports and escalate according to the engine size. This disadvantages manufacturers of large-engine-capacity vehicles, including Australian manufacturers. So there is an issue there we want to discuss with the Thais under TAFTA. It is non-discriminatory, but clearly there is a disadvantage to our manufacturers. There is also an issue there as to whether it is actually in compliance with TAFTA or not. This is an issue, I think, that there is still some debate about even on our own side as to how much it does actually clash with the TAFTA provisions. What we want to do is to talk to the Thais about this. Clearly it is an issue. It has handicapped the ability of our industry to get vehicles into Thailand because of the increased excise.

One of the problems we have with Thailand at the moment, of course, is that whilst there was a military government in Thailand high-level contact was pared back. Now that there has been an election and there is a civilian government there, it has been our intention to try and have them focus on TAFTA. There is an in-built agenda in TAFTA that we want to discuss with the Thais, which involves a range of issues from services to increased market access in various areas and also, of course, motor vehicles. We have not yet been able to get the Thai government to actually agree to commence negotiations on the in-built agenda. That is really a feature of Thai politics at the moment. The Samak government has just fallen and the Somchai government has taken over; Somchai Wongsawat was the previous Deputy Prime Minister. A lot of the issues there in relation to the demonstrations against the government mean that the Thai government is very inwardly focused at the moment. It has been very difficult to get them to think about something like TAFTA. So, on the bilateral end of things, we understand that there is an issue. There is a mechanism to discuss it with the Thais, and we are looking forward to getting this mechanism going, but we have not been able to do so at this point.

Mr IAN MACFARLANE—Am I correct, then, in assuming that there is a process in place to give access for the Camry at zero tariffs—that would have been negotiated in the Thai FTA, from memory—but that there is no process, from what you are saying, on the across-the-board barriers to larger vehicles?

Mr Woolcott—At the moment, we have not been able to get those talks going.

Mr IAN MACFARLANE—We have seen Thai exports to Australia, of all size engines including six cylinders, almost treble; is that the rough figure—somewhere between a twofold and threefold increase in exports of vehicles to Australia? It is substantial.

Mr Woolcott—I think we provided those figures, didn't we?

Mr IAN MACFARLANE—Yes, you did; I just have not got them with me. At the same time, there has been no reciprocal increase in our access to that market.

Mr Woolcott—No.

Mr Mugliston—If I may comment in the context of the regional FTA negotiations: as Mr Woolcott indicated, the basic and general approach that we have taken is to utilise every available opportunity to engage with relevant Thai officials on these issues, which are very important to us. In the context of the regional FTA, we do in fact also have bilateral negotiations, because we are going, at the end of the day, to have country-specific schedules of tariff commitments for each of the parties. As Mr Woolcott indicated earlier, this is not like the EU in terms of having a customs union—which they are not—and the approach has been to continue to register our dissatisfaction and unhappiness with this state of affairs and a keen desire to engage with them and to reactivate the bilateral discussions under the TAFTA framework.

Mr IAN MACFARLANE—I understand that. I am going to come to that issue in a moment. I was just wondering, if you had the figures, what they were, just out of curiosity.

Mr Woolcott—For the increase?

Mr IAN MACFARLANE—Yes.

Mr Woolcott—The dollar value of Australian imports from Thailand—total vehicles—in the calendar year 2007 was \$3,211,172. That was an increase over 2006, which was \$2,034,551, and 2005, which was \$1,786,745. Those are the last three years.

Mr IAN MACFARLANE—So it has doubled?

Mr Woolcott—It is a bit less than double.

Mr IAN MACFARLANE—Turning to the ASEAN FTA: are we sure that, under the agreement that has been negotiated, we will not see those sorts of discrepancies, where we continue to lack access to those ASEAN markets with motor vehicles and components while, at the same time, we see significant increases in exports of vehicles from those regions?

Mr Woolcott—I need to correct myself: it is, of course, 'billion'—it is not 'million'; it is 'billion'; my apologies.

Mr Mugliston—As I explained at the last public hearing, the major focus in the negotiations in the regional FTA has been on getting tariff commitments. It is recognised that there are these non-tariff issues that are also highly relevant, including the issue of differential excise taxes—and it is not just Thailand; there are other countries that have such taxation arrangements. As I

explained last time, the approach taken is to address this in the context of a future work program. I think what is significant about that, in terms of this two-year work program—after its entry into force, and recognising the complexity of the issues—is the recognition on the part of ASEAN as a group that these are important issues that they want to address, with our engagement as well. And I am talking now just generally about non-tariff measures. But a point that we have been very keen to highlight has been the non-tariff measures that apply in the auto sector.

CHAIR—This is going to lead to a lot of impatience in Australia as the sort of differential between the number of engines imported into Australia and what we can actually do there becomes more and more public. It will have an effect on other free trade agreements—bilateral ones we want to make within ASEAN—because people will just start to ask questions: ‘Is this being applied fairly?’ So I suppose our friends in ASEAN need to become aware of Mr Macfarlane’s questions on behalf of many of us. These issues need to be addressed by the ASEAN countries. These free trade agreements are meant to be two-way streets. I appreciate your point that ASEAN needs time to develop some of these internal issues, and that they have dealt with the tariff issue, but they need to be aware of Australian views too.

Mr IAN MACFARLANE—I do not want this to sound like a criticism, but I heard those very same assurances when the Thai FTA was signed. As industry minister, obviously I had concerns about the impact that that would have on the motor vehicle building industry in Australia. What I was concerned about has happened. I am all for those vehicles coming in. I worked very hard as a minister to ensure that we had a reduction in the tariff regime. But the assurances I was given then are the same assurances that I am being given now and yet, on the basis of what you have just repeated in the last 10 minutes—because I did ask you to go and check—there has been no progress. You have just repeated what you said at the last hearing—that is, Australian manufacturers still cannot get large vehicles into Thailand. I would therefore be very concerned if the ASEAN FTA did not have in it a clear mechanism with a clear finalisation date of how those behind the border restrictions will be lifted.

Mr Mugliston—Mr Chairman and Mr Macfarlane, I have taken note of your comments. I would just once again refer to my earlier comments in terms of the mechanism in this two-year work program—

Mr IAN MACFARLANE—Will it be finished in two years?

Mr Mugliston—Well, that is the commitment there in the negotiated text.

Mr IAN MACFARLANE—And if it is not?

Mr Mugliston—What I also just want to illustrate, as I mentioned in the last public hearing, is that we have not concluded negotiations with two of the ASEAN member countries. The issues there essentially revolve around not yet securing comprehensive coverage of all the tariff lines in the auto sector. That is another important issue that we are conscious of, as well as seeking to ensure a commercially meaningful time frame for elimination of those tariffs. The negotiations are really very concentrated there at the moment.

Mr IAN MACFARLANE—It is not just tariffs; it is the whole thing. It is the behind the border protection mechanisms that they put in place to stop our vehicles coming in. I understand

how complex this is. I understand that DFAT has a problem in that the minister has not actually announced what he has already agreed to. We would like to know but at this point he is not in a position to tell us. But when he does tell us I think it is an area that this committee needs to examine with a fine tooth comb.

CHAIR—Point taken on board. I know that parliamentarians visiting foreign countries can be pests but when we are visiting ASEAN countries over the next couple of years, part of the work program of Australian MPs ought to be to assist you in making this point in a non-partisan way. I would not know of any libertarian element in the Australian body politic that would not take this on board. I think people from all parties would be willing to go in and lobby our ASEAN friends to this effect.

Mr RUDDOCK—I am glad that Ian Macfarlane said earlier that he was going off in a different direction. I apologise that I was not here for the earlier presentation. The questions I have, which are really threshold questions, may well have already been asked. I am sure the chair will pull me up.

Going through the submission, I had difficulty in coming to grips with what we are really trying to do through ASEAN and what we are doing on a bilateral basis. I notice in one of the agreements that were signed, these words:

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

That seems to say to me that, really, ASEAN is fairly peripheral and bilateral relationships continue to be pre-eminent. That is how I see it. I went through the submission and I tried to see what we are actually able to do with ASEAN as distinct to what we are doing bilaterally. To give you an example of some of the areas that I have been engaged in, I did not think we were going to get counter terrorism measures up in Indonesia through dealing with ASEAN—we dealt with Indonesia.

As I went through the submission—and you may point out that my reading has been fairly superficial—I was looking for what we get out of ASEAN, in a real sense. The submission says:

The new program will strengthen the ASEAN Secretariat's institutional capacity to help it fulfil its broad mandate ...

So we are trying to fund it, presumably, to enhance its role. The submission goes on:

While the primary focus of AADCP—

I hate these acronyms—

has been to support ASEAN's economic development and integration, Australia has provided support regionally against each of ASEAN's development pillars ...

CHAIR—What does the acronym stand for?

Mr RUDDOCK—I will find it for you.

Mr Moore—It is the ASEAN-Australia Development Cooperation Program.

Mr RUDDOCK—The submission goes on:

ASEAN has identified the need for establishment of a regional coordination and implementation mechanism for transboundary animal health initiatives with a ‘One Health’ approach.

We are funding that. The submission continues:

The importance of the multi-faceted engagement between Australia and ASEAN was acknowledged in 2007 with the signing of the Joint Declaration on the ASEAN-Australia Comprehensive Partnership ... and provides a framework for engagement with ASEAN over the next five years ...

It later goes on:

Other areas of desirable cooperative work between Australia and ASEAN include the improvement of data collection on cross-border activity and policy harmonisation ... Additional opportunities for expanded cooperation, including in the area of trade and investment as a result of ASEAN-Australia New Zealand Free Trade Agreement (AANZFTA), are included in subsequent sections.

Have I identified the areas where we are actually doing something with ASEAN or are there other areas that I have not focused on? Could we abstract a brief as to what it is we actually do with ASEAN that we do not do bilaterally? And can you tell me a little about how you deal with these things in the department? It seems a bit schizophrenic. I was looking at your titles. They do not relate to ASEAN; they relate to South-East Asia and all that sort of thing. So presumably you deal with ASEAN plus the bilateral relationships, or are there problems in working through what we do with ASEAN and what we do bilaterally, and their coordination? I do not get a good understanding from the submission about how you deal with those sorts of issues. It may require another submission.

CHAIR—I have not held you back, Mr Ruddock, on those questions that were not asked.

Mr Woolcott—Hopefully I can answer your questions so that we do not have to do another submission. I will start by dealing with the crux of your question. I will deal with the structure of the department and then I will pass over to Richard Moore who will talk about AusAID, the AADCP program and other things they do with ASEAN.

Bilateral relationships in South-East Asia are pre-eminent. You made that point and I think that is absolutely fair to say. But having said that, when ASEAN was formed in 1967 it dealt with a region which was, at that stage, greatly troubled—with conflict in China and a whole range of border disputes and issues—and it has come a long in developing itself as a regional organisation which is quite well advanced in developing a sense of community. The ASEANs themselves would not say that they have fully developed a sense of community, but ASEAN has come a long way in the way it has jelled as a regional organisation.

We deal with the 10 ASEAN members both bilaterally and as a regional organisation. If you look at the ways we deal with ASEAN you find that there is the aid side and also the regional security side, where ASEAN has been the driving force within the ASEAN Regional Forum. It

plays a central role in the regional architecture at the moment. It plays a central role in the East Asia Summit and the ASEAN+1 and ASEAN+3 concepts. It is also an important part of APEC. So in terms of all the regional architecture developing in this part of the world—in South-East Asia and also North Asia—ASEAN is very much a central driver of that process.

Mr RUDDOCK—Going back to those words that I identified about their individual laws and so on, are there issues of sovereignty where they have delegated to ASEAN certain issues which it deals with collectively for them?

Mr Woolcott—No. It is an organisation which is still growing. It has significant ambitions—it talks about developing a community by 2015—but at the moment sovereignty remains paramount in ASEAN. We deal with the ASEAN members pre-eminently through bilateral mechanisms but we also deal with them as a regional organisation, and, as a regional organisation, ASEAN has come a long way, as I said, since 1967. It has come a long way in developing a sense of community and developing a common approach to, for example, tariff liberalisation and trade liberalisation. The fact that it is dealing with us in the Australia-ASEAN FTA negotiations—

Mr RUDDOCK—I heard what Ian said and I must say that, reading through it, it sounded like we dealt with ASEAN and committed ourselves to make some tariff reductions and in three, five, 10, 15 or 20 years they would do something. It is still going to have to be dealt with almost bilaterally.

Mr Woolcott—But that does not deflect from the importance of ASEAN itself. That is a negotiating issue, if you like; it does not go to the core of whether ASEAN is relevant to our interests or not. Also they have negotiated the ASEAN charter—again, giving a sense of the developing community that is ASEAN. The ASEAN charter is signed and it should be ratified at the end of this year in Bangkok. Seven of the 10 members have ratified at this point; the other three should do so by the end of the year. That is another step. It gives the organisation of ASEAN status as a legal entity. It strengthens the ASEAN Secretariat and the role of the Secretary-General, Dr Surin, the former Thai foreign minister.

Mr RUDDOCK—I have met him.

Mr Woolcott—It is all about developing this organisation. We deal with it in myriad ways. We deal with Indonesia on counterterrorism—we do not deal with ASEAN on counterterrorism—but at the same time JCLEC in Indonesia, for example, which you would know very well, has an ASEAN element to it. Members of ASEAN contribute to it and are involved in it. There are a whole range of areas where—and I will pass over to Richard Moore in a moment to talk about AusAID's involvement and engagement with ASEAN—we work with ASEAN to develop a sense of community. They are the pre-eminent organisation in the region. They are not perfect but they are increasingly important, and the members have an increasing sense of unity and community. As I say, there is a long way to go before they reach the EU stage, but since 1967 they have come a fair distance.

Mr RUDDOCK—Have we abstracted something that gives us a clear picture of what they have done to date? I was going through and trying to identify for myself what they were, and I just—

Mr Woolcott—They talk about the three pillars in terms of their development of a sense of community. This will be reinforced in the charter when that comes into effect, we think early next year. There is the security pillar, the sociocultural pillar and the economic pillar. The ASEAN Summit meets twice a year at the leaders level and a coordinating council underneath that meets at foreign minister level. Then there are three separate coordinating groups that manage those three pillars. They are moving in a range of ways to try and develop their own sense of ASEAN community. There is a lot of work on tariff negotiations and their own trading arrangements being done amongst themselves. There is a lot of work being done on the political side in regular meetings and there is a great deal of dialogue. The management have had in the past some quite serious territorial issues, some which are still there. You would have seen in June and July the border disputes between Cambodia and Thailand over some temples. Again, it has been managed quite well within the ASEAN context. Then, of course, there is the social side.

You are absolutely right: the bilateral side is pre-eminent. But we have to deal with ASEAN and we want to deal with ASEAN because it is the regional organisation which drives all the other regional organisations, so it is a very important relationship. One of the reasons we have appointed an Australian Ambassador to ASEAN, which has just been announced by the foreign minister, is the importance that we attach to ASEAN as a developing organisation with increasing weight and increasing dynamism.

Mr RUDDOCK—So how do I understand these issues in internal appointments and budget? What do you actually do with ASEAN in resourcing foreign affairs activities as against bilateral? How do I get a picture of all of that? It is not in the submission, that is all.

Mr Woolcott—Sure. Institutionally I am the head of the South-East Asian division. That looks after all the 10 ASEAN members plus East Timor and it handles all the bilateral relationships in terms of politics, security and economic aspects. Within this division there is a separate section, which is headed up by Lynda Worthaisong, which looks after the ASEAN regional issues and also does East Timor. When I say ASEAN regional issues, there are a whole range of things such as in the East Asia Summit: the Asia-Pacific community, the ASEAN+1 and ASEAN+3 dialogues—which we of course do not participate in but have a watching brief for—and it also picks up other issues like the South-West Pacific Dialogue and a few other things like that. In the international security division, Ms Rawson has a large remit in terms of security issues. For example, she takes the nuclear question and also the ARF, the ASEAN Regional Forum, which has very much a security aspect to it. Her division is responsible for that. As I said, we give pre-eminence to the bilateral relationships, but the ASEAN relationship is a very important one and a very complex one. But I might ask Richard Moore to talk a little bit about the AusAID side of our work with ASEAN as well.

CHAIR—I believe Melissa Parke has a follow-up question, Philip. Have you finished?

Mr RUDDOCK—As long as I get the AusAID—

Mr Moore—Certainly. I think the way in which we have worked with ASEAN has changed over the last 30-plus years. In the early days our programs were very much targeted on economic issues, initially on agriculture and helping the ASEANs to share some of their experiences in agriculture and spread some of the benefits of the green revolution technology et cetera. In the eighties there was more of an emphasis on industrial needs, I suppose, as countries transited, so

there was more interest in accessing Australian technology in areas of manufacturing, industrial development, energy and the like. Since the turn of this century we have been working on integration issues and competitiveness, trying to help the ASEANs address fundamental weaknesses in quality control in some of their product chains.

Most recently we have agreed a new program with them that has three dimensions to it. One is institutional capacity building. We do not want to be compensating for ASEAN countries themselves and what they are bringing or not bringing to the secretariat, but we do want to work with them because they have been showing an increased commitment to resource the secretariat. We want to help them skill it up so that it can be more effective. We actually have an AusAID staff member now who is sitting inside the secretariat working with them. We have a research stream. We had it in the last program but it is there again because it has been very useful. This enables the secretariat to commission research on high priority regional issues and to use the best brains that are available within ASEAN or Australia to work on regional issues. We also have a program stream that helps ASEAN to identify the road map for getting to the community by 2015 and what it needs to do to get there.

Senator MOORE—Who owns that research you talked about? Is it ASEAN research, or Australian research? Is it public?

Mr Moore—In the previous program we jointly determined the research priorities and commissioned them. All of the product is public. Some of the best of it has been compiled into a book called *Brick by brick: the building of an ASEAN economic community*.

Senator MOORE—That is where that came from?

Mr Moore—That is where it came from, yes.

Ms PARKE—I have two completely different questions. The first one really follows on from Mr Ruddock's line. I found the submission did not really help me to understand Australia's relationship with ASEAN, or about the ASEAN Secretariat itself. Can you tell us a little bit more about—I apologise if this has already been answered in earlier briefings, I was not here before. How is the secretariat structured, how many staff are there, and where are the resources coming from—presumably they are from the member states, but how is that worked out? How does Australia raise issues related to ASEAN? Are they raised through the secretariat, or just at ASEAN meetings, or bilaterally with individual countries? That is my first question.

Mr Woolcott—The ASEAN Secretariat is based in Jakarta. I am not across the actual numbers. I do not know whether AusAID are able to answer questions on the numbers in terms of how many professionals and non-professionals they employ. We will need to get that to you. Part of the idea of the ASEAN charter is to strengthen the role of the secretariat, and to strengthen the role of the Secretary-General in particular so that he sits in on ASEAN Summit meetings and is properly resourced.

Ms PARKE—Is he a permanent Secretary-General?

Mr Woolcott—No, he is chosen by ASEAN for one term of five years and he is not able to be re-elected. At the moment it is Dr Surin Pitsuwan, who was a former foreign minister of

Thailand. He is probably quite well known to a number of people here at the table. He was appointed in January.

CHAIR—If he is here before the end of the year, we will try to have him come before the committee.

Mr Woolcott—We brought him down on a special visitor's program at the end of last year—

Ms Worthaisong—It was early this year.

Mr Woolcott—Sorry—early this year he came down for that. But he travels to Australia reasonably regularly and is very comfortable in this country. He would obviously be someone who is ideally placed for you to speak to.

Again, the role of the Secretary-General of ASEAN is a developing one. If we have an issue which involves ASEAN—for example, it might be in relation to regional architecture and what the East Asia Summit is going to be discussing at the next summit meeting at the end of the year—we would talk with Surin about that and the ASEAN Secretariat. At the same time we would also make bilateral representations to all the ASEAN members, so we work both tracks. If it were an issue to do with Indonesia in some way—for example, if a boat were to arrive out of Indonesia, or illegal fishing issues—we would not talk to ASEAN and the Secretary-General about that. We would just talk to the Indonesians—that is a purely bilateral issue.

There have been some interesting developments with ASEAN just recently under Surin. One of those is in relation to Burma. After Cyclone Nargis devastated Burma one of the issues was how the international community was going to respond to this, and how the international community was best able to get aid and development into a society which was so closed and so deeply suspicious about external assistance. ASEAN provided a very important role there in helping set up a tripartite coordinating group which involved the UN agencies, ASEAN and the Burmese government. This has been very important in facilitating the flow of aid into Burma since the cyclone. Richard Moore can probably talk in more detail about that, but it is an example of where ASEAN and the secretariat are looking to expand their role and influence and, in this case, very effectively.

Ms PARKE—Do you have any idea how big the secretariat is, how many staff there are?

Mr Woolcott—I would have to provide you with those numbers on notice.

Ms PARKE—Would you have a general idea?

Mr Woolcott—Is it 60 or 70?

Mr Moore—I think it is that order of magnitude.

Mr Woolcott—It is that order of magnitude. It is not huge. I would have to get back to you on that.

Ms Worthaisong—I do not know the number, but I know it is changing and growing quite a lot as a result of the charter. I imagine the numbers will be quite a lot bigger by the time the charter is finalised at the end of this year.

Ms PARKE—And the funding for the ASEAN Secretariat?

Mr Woolcott—It comes from within the ASEAN countries. Again, we would have to provide you with the budgetary figures.

Ms PARKE—According to GDP, proportionally?

Mr Woolcott—Yes. We would have to get you that information.

Ms PARKE—All right. My second question is completely unrelated. Did you want to say something?

Mr Moore—If the committee wishes.

CHAIR—I would like to press on, if we could.

Ms PARKE—Perhaps you could provide what you were going to say in written form.

CHAIR—You will get back to us on that?

Mr Woolcott—Yes. We will provide you with the information on numbers and budget.

Ms PARKE—Thank you. We have had a submission to the inquiry from Professor Howard Dick concerning the longstanding level for travel advisory warning on Indonesia. He submits that this has been a dead hand on the study of Indonesia language and society in schools and universities. He says that nominally the warning is advisory but in practice, both because of the alarm it sounds and the insurance implications, it is effectively an injunction on people travelling there. He notes that the United States has lifted an equivalent warning and that Thailand and the Philippines, which are suffering intermittent civil strife, are at level 3 warning. What is the department's view on relaxing the travel advisory for Indonesia?

Mr Woolcott—I am conscious of the criticism of the travel advisory by certain members of the educational and academic establishment. We do travel advisories on a bilateral basis—obviously there is no ASEAN-wide travel advisory. Our Indonesian travel advisories are done on the basis of assessments done by NTAC. It is their responsibility to do those assessments and we have to call it as we see it. We are conscious of the fact that there are criticisms of them, that they are seen as something of a deterrent to academic exchanges. I think they cannot really be seen as a deterrent to tourist exchanges, if you look at the figures for Australian tourists going to Bali which are going up dramatically at the moment. There is apparently an issue in relation to academic exchanges. At the moment it is under review—we keep our travel advisories under review. The Indonesia government has raised this with us. ASEAN has never raised this with us. The minister is very conscious that travel advisories should be accurate and should be the best advice available to Australians who are travelling. We believe it is at the right level at the moment, but it is something we keep under review.

CHAIR—Thank you. Ms Ellis has a specific question.

Ms ANNETTE ELLIS—Thank you. My question relates to the Australian Wine and Brandy Corporation's submission—quite a different subject. The Winemakers Federation of Australia has raised the issue of certificates of origin for their exports. I understand that to access the preferential tariff rates under the FTA with Thailand, Australian winemakers have to liaise with the various state chambers of commerce to obtain a certificate of origin, as well as complying with the corporation's rigorous export approval process. The AWBC would like to be able to issue those certificates of origin. I understand they have formally raised this issue with DFAT in late 2007 and that you agreed, I believe, with the proposal. I am wondering what the outcome of that examination has been so far.

Mr Woolcott—I am sorry, I am not aware of that issue. I apologise. I will get back to you with a written answer to your question.

Ms ANNETTE ELLIS—If you could. I think the corporation is really quite keen to get some clarity over this. Given the export levels of their product into South-East Asia, Thailand particularly, it would be a really interesting piece of information for us to get hold of.

Mr Woolcott—We will look at that straight away.

CHAIR—Thank you. Along with the table we are going to get about the ASEAN Secretariat and proportions of funding it is simply a further piece of information.

Senator ARBIB—I may have to run out when the bells start ringing, but hopefully you will get time to answer my question. With respect to the security framework in ASEAN, at the last meeting of the subcommittee, we heard from the Department of Defence representatives about defence spending in the region. While they did not state there was an arms race, they did put on record that there was a large modernisation and upgrading going on of defence capacity in the ASEAN region, especially in naval and air force capacities. What is the Department of Foreign Affairs and Trade view about that build up and the potential for an arms race in the region?

Ms Rawson—I will try to answer your question. I think we would share the views that have been put to you by the Department of Defence in regard to certainly modernisation and an emphasis in more recent years on maritime and air forces. We would see that principally in the context of a lesser focus on the part of the ASEAN nations on internal conflicts et cetera and a greater emphasis possibly on transnational issues—terrorism, proliferation aspects, maritime security. You are looking much more at what naval and air forces you have at your disposal. As I understand it from open-source material, there has been no significant growth in terms of percentage of GDP. It has tracked along with economic growth in the countries. It is driven more by that than strategic assessments of threats in the region or externally. Certainly, we would not characterise it in terms of an arms race but more in terms of an arms build up in line with the kind of overall growth that the region is seeing.

Senator ARBIB—You do not view it as a response to a threat. It is modernisation on economic grounds because the economies are—

Ms Rawson—As I said, the expenditure seems to be in line with their economic growth. It has not increased significantly in terms of GDP. As their growth goes up so does their expenditure in this year. In terms of the threats, as I say, I think it is particularly related to economic growth and the importance of sea routes and communications to that economic growth. There has been a greater emphasis in recent years, as I understand it, on maritime security issues. When you look at transnational threats such as terrorism and piracy that again goes to a greater emphasis on your naval and air forces. For example, I think in the last year or so Malaysia, Singapore and Indonesia have cooperated on surveillance in the Malacca Strait. So countries are thinking more about the movement of people, goods et cetera through their region and how they secure those maritime communication routes.

CHAIR—Within ASEAN they do adjust their military expenditures, even within a modernisation program, according to rates of economic growth. Just in the last few days, the Indonesians have cut the number of Russian fighters that they were going to buy—the advanced ones—from six to three. I do not know how you operate three aircraft, but that is a question for Indonesia. We also had former President Habibie buy a third of the old East German navy. Do we know what actually ever happened with any of that? Has it all gone to scrap?

Mr Woolcott—I think it is all sitting in dock somewhere.

CHAIR—As there are no further questions, thank you very much, Mr Woolcott and staff of the Department of Foreign Affairs and Trade, for your attendance today. If there are any matters on which you need to get additional information from us, the secretariat is willing to help. We will send you a copy of the transcript of your evidence, and you are obviously welcome to make corrections to errors of transcription. I would like to thank Hansard staff and the witnesses for their assistance with the hearing.

Resolved (on motion by **Ms Annette Ellis**):

That this subcommittee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

Subcommittee adjourned at 12.26 pm