

CHAPTER THREE

THE 1984 PARLIAMENTARY REPORT

Introduction

3.1 The ASEAN states are important to Australia; they are proximate neighbours, strategic partners and, increasingly, notwithstanding recent events, they offer trading and investing opportunities. Since its inception thirty years ago, ASEAN has grown markedly and it will continue to grow. ASEAN's prosperity, growth and stability are inextricably linked to ours.

3.2 The Committee last reported to the Parliament on our regional relationships in 1984 in the report, *Australia and ASEAN: Challenges and Opportunities*. That report was written prior to the end of the Cold War and at a time when the current growth spurt in South East Asia was in its earliest phase. The late 80s and the early 90s have seen remarkable changes in ASEAN and also in Australia; for this reason, the Committee decided it would be valuable to revisit our relationship with ASEAN in order to assess the achievements and to consider the challenges for their future and ours in a much transformed world.

3.3 Australia is not a member of ASEAN but is a dialogue partner and has strong bilateral links with individual ASEAN states; therefore this report, like its predecessor, will distinguish where appropriate between individual ASEAN members and the association as a whole. However, because Australia is not a member, the report will of necessity be a view from the outside. In many respects, the processes of the association are still evolving, and this too has limited the extent of the ASEAN-Australia relationship.

The 1984 Report

General Overview

3.4 The terms of reference of the 1984 report were open ended and the report comprehensive in scope. It emphasised: the economic growth of the region, although at that time ASEAN had not developed institutions or mechanisms for intra regional economic cooperation; the significant opportunities offered to Australia by its proximity to this 'most economically dynamic region',¹ and the political solidarity and cohesion ASEAN had developed on issues of common concern. As evidenced by the dispute over Australia's International Civil Aviation Policy in the late 70s, ASEAN states had a tendency to coalesce in support of one another if any one of them were 'singled out for special treatment'.²

3.5 Therefore, the Committee warned that Australia needed to understand the perceptions of regional countries both collectively and individually and be able to distinguish between the two in the formation of policy. The ASEAN states were growing in self-reliance and maturity and past Australian policies, formulated at a time of post colonial dependence,

1 JCFAD, *Australia and ASEAN: Challenges and Opportunities*, 1984, p. x.

2 *ibid.*, p. xi.

were no longer appropriate or acceptable. The implication of this warning was that the relationship between Australia and the region had been marred by mutual misunderstandings fed by outdated stereotyped images held by both Australia and the region. Better mutual awareness, especially of political and cultural values, was needed and Australia had to 'plan an appropriate role for itself in the ASEAN region in the light of the changes that are taking place'.³

Political and Strategic Issues

3.6 Political and strategic issues which dominated thinking in 1984 included: the increased presence of the Soviet Union in Vietnam balanced by the continuing, predominant influence of the United States in regional affairs; embryonic concerns about a possible change in direction on the part of the Chinese; extensive economic and political problems in the Philippines; an unresolved conflict in Cambodia; and the mass movement of refugees.

3.7 Nevertheless, political stability was ASEAN's prime achievement in the first 15 years of its development. ASEAN was a determinedly cautious, modest, slow moving organisation which avoided militarisation. Through consensus and confidence building measures, South East Asia was able to calm fears and allay suspicions on a variety of issues which had arisen after the withdrawal of colonial powers from the region in the mid 60s: the separation of Singapore from Malaysia, the confrontation between Malaysia and Indonesia, Communist insurgencies and uprisings in Malaysia and Indonesia and the war in Vietnam.

3.8 The paradox was that an association that emerged out of concerns at the strategic tensions of the region should set as its aims vague principles of good neighbourliness and meaningful cooperation in economic social and cultural fields⁴ and yet mark as its primary achievements political stability and economic prosperity despite little economic or military cooperation. Political stability had provided an ideal environment for economic growth, although such growth occurred disparately and unevenly within the individual economies. Moreover, economic growth occurred in spite of, rather than because of, the existence of ASEAN.

3.9 Australia shared many of the concerns that ASEAN faced, notably major power competition in the region, the violation of Cambodian sovereignty by Vietnamese forces, and the costs and instability attendant on the outflow of refugees caused by the Indochinese wars. The care and resettlement of refugees were an important part of Australia's relations with ASEAN in the period 1975 to 1984 and had proved to be a successful area of Australian-ASEAN cooperation. However, despite Australia's generally supportive stance, there was uncertainty in ASEAN about Australia's policy initiatives for negotiating peace in Indochina, particularly in finding a settlement to the Cambodian question.

3.10 The report warned about the need for clarity and consistency in the formulation of policy on regional security and recommended greater consultation with ASEAN to avoid misunderstanding of Australia's position and to preserve Australia's long term relations with ASEAN.

3 *ibid.*, p. xii.

4 See Appendix 4 for the text of the Bangkok Declaration, 1967, by which ASEAN was established.

3.11 The Committee further recommended, as a signal of Australia's commitment to regional security, a continuation of regional defence cooperation and support for the Five Power Defence Arrangement.

Economic Issues

3.12 In 1984, trade prospects with the region were bright and offered opportunities to Australia for exports and investment.⁵ At the time of writing the report, the combined ASEAN economy with a GNP of US\$202 billion was not much greater than the Australian economy (US\$156 billion) but the annual rate of growth of the individual ASEAN economies ranged from 6.2 per cent (Philippines) to 8.5 per cent (Singapore), more than twice that of the industrialised countries.⁶ From the 1970s, ASEAN countries concentrated on developing exports of manufactured goods and this accounted for high growth rates in their industrial sectors. The report concluded that:

Given the continuation of relatively high levels of ASEAN exports, and assuming manageable foreign debts (but not in the Philippines), the ASEAN region is likely to maintain a high level of demand for imported minerals, foodstuffs, metals and sophisticated manufactures including machinery, and for investment capital and expertise for their industrial development. At the same time ASEAN countries will be seeking to expand markets, including Australia's, for their growing export industries. Australian manufacturing industry is likely to face increasing competition over a widening range of more capital intensive merchandise.⁷

3.13 ASEAN economic cooperation occurred only when it sought to gain greater access for ASEAN goods on external markets, where its negotiating strength was increasingly taken seriously; internal cooperation was minimal. As the report concluded:

Efforts to seek reduction of trade barriers among ASEAN countries and promotion of industrial complementation have to date been largely outweighed by ASEAN governments placing greater emphasis on national self-reliance, on development of policies of substitution and industry protection and on continuation of strong extra-regional trade flows. There appears little possibility that ASEAN will develop into any form of free trade area or customs union.⁸

3.14 On the matter of Australian trade with ASEAN, the 1984 report listed a wide range of 'needs' in the emerging ASEAN economies for technology transfer and services to which Australia could contribute - computer technology, telecommunications, specialised medical services, business consultancy, accountancy and information services, energy technology and industrial processes, engineering and construction services and tourism.⁹ The

5 However, in 1984, coincidentally given the current financial crisis in the region, there had been a slowing of growth of the ASEAN economies. Some witnesses to the inquiry expected it to last to the end of the decade, due to the sluggishness of ASEAN's industrialised trading partners.

6 JCFAD, *ASEAN and Australia: Challenges and Opportunities*, 1984, p. 101.

7 *ibid.*, pp. 113-114.

8 *ibid.*, p. xxi.

9 *ibid.*, p. xxiii.

Committee noted that the Department of Foreign Affairs and Trade had expanded its services trade establishment but believed that more needed to be done. The Committee recommended that the Government seek to improve access to ASEAN for Australian banking services and investigate the competitiveness of shipping and related transport costs as they impacted on Australian exporters to the region.

3.15 For all the advantages of proximity and complementarity in 1984, the Committee reported that Australia's share of the ASEAN market had declined. This, the Committee concluded, was for four reasons:

- Australia's export pattern had not been well matched to the changing sectors of greatest ASEAN demand;
- Australian exports have experienced increasing price competition from foreign exporters;
- [there was] a lack of export orientation within (secondary) Australian industry; and
- insufficient attention has been given to the promotion of Australia within ASEAN.

3.16 Recommendations concentrated on government facilitation of ASEAN trade through:

- appropriate priority and resources for trade representation in, promotion of and research on ASEAN markets and Australian products;
- insurance and credit facilities commensurate with growing export trade and investment; and
- access to information on ASEAN markets for Australian businesses, especially smaller firms lacking their own market research capacity, and coordination of the various agencies providing information and statistics on markets.

Mutual Awareness and Common Interests

3.17 The strongest language of the 1984 report was devoted to criticism of the level of Asian cultural awareness in Australia. Here the rhetoric of enmeshment with Asia was well ahead of the practice. The report stated that 'the level of mutual awareness and understanding in Australia of ASEAN was inadequate'. The Asian Studies Association of Australia told the Committee that the undergraduate enrolments in Asian studies which had surged in the 70s had 'slowed ... almost to a stop' and Asian languages attracted only about 2-3 per cent of the student population - a level not adequate to Australia's needs.¹⁰ In particular the report stated that there had not been an advance in Asian studies in the critical area of teacher education. 'The effort has also been concentrated disproportionately within the universities; far too little has been done in our schools and teacher training institutions'.¹¹ This situation existed in

10 *ibid.*, p. 208.

11 *ibid.*, p. 213.

spite of a number of 'well documented reports' in 1970, 1979 and 1980¹² which drew attention to the need and urged government action to 'eliminate the outdated and inappropriate attitudes towards the region and Australia's role in it, both in the community at large and in the minds of decision makers ...'.¹³

3.18 The Committee recommended the establishment of an Asian Studies Council which might address itself to this need by providing planning, coordination and liaison between Government, business and academia.

3.19 Mutual ignorance and misunderstanding were not confined to Australia. One witness to the inquiry said:

If Australians are guilty of ignorance of South East Asia, the same can be said of many South East Asians in relation to Australia ... Australian misperceptions of the ASEAN countries are matched by stereotyped images of Australia within ASEAN which means that misunderstandings will often attend the necessary task of widening cooperation between them.¹⁴

3.20 Sources of misunderstanding and sensitivity attached to human rights and to the differing role of the press in both Australia and ASEAN countries. The high profile of human rights internationally and the broad interest in and support for human rights by Australians heightened our differences with neighbours. A number of issues were cited as significant at the time: the widespread retention of the death penalty in the region; powers of detention without trial; extra judicial executions; restrictions on the right to form trade unions; and the situation in East Timor and martial law in the Philippines.

3.21 The Committee recommended that human rights issues continue to be raised with sensitivity but rejected conditionality between human rights standards and the aid program.

3.22 The media represented both the most 'objective Australian voice' and immediate source of information and the most pertinent example of the cultural differences between Australia and the region. The Committee noted that clarifying the role of a government funded but independent statutory corporation such as the ABC was difficult. A failure to understand the free, intrinsically critical, sometimes blunt, nature of the Australian press had caused some problems in regional relations where items were critical of regional governments. The ABC staff correspondent in Jakarta had been expelled in 1980 and Prime Minister Mahathir had expressed 'reservations about the frankness of the Australian news media during a visit in 1984'.¹⁵

12 The *Report of the Commonwealth Advisory Committee on the Teaching of Asian Languages and Cultures in Australia*, 1970, chaired by Professor J J Auchmuty; The *Report of the Committee on Australia's Relations with the Third World*, 1979, the Harries Report; the *Report of the Committee of the Asian Studies Association of Australia*, 1980, chaired by Professor Stephen FitzGerald; and the Report of the Senate Standing Committee on Foreign Affairs and Defence, *Australia and ASEAN*, 1980.

13 JCFAD, *ASEAN and Australia: Challenges and Opportunities*, 1984, p. 205.

14 *ibid.*, p. 203.

15 *ibid.*, p. 225.

3.23 The Committee recommended a review of Radio Australia and suggested more extensive representation of regional media in Australia. It approved a seminar for regional journalists sponsored by ADAB and held in Australia in June 1984.

3.24 A considerable section of the 1984 report dealt with the then current reviews of the intake of foreign students, largely from Asia, into Australian educational institutions. The United Kingdom had moved to full cost recovery for its educational services and Canada was moving in the same direction. The Jackson and Goldring committees had reviewed foreign student programs in Australia in terms of the cost, numbers, distribution across institutions and courses and displacement impacts on Australian students. That these programs were beneficial to Australia was unquestioned; however, there was a considerable debate and great uncertainty about what changes Australia should make to programs. Would the charging of full fees price Australia out of the education market? Would a scholarship scheme for poorer Asian students prove more costly than the existing subsidies? Should quotas be continued, lifted or changed? Would greater numbers of foreign students displace Australian students in tertiary institutions?

3.25 The Committee recommended a gradual increase in fees by universities which could then use revenue to improve and expand courses. In addition, the establishment of a system of scholarships should be funded through the aid program. The scholarships would not be means tested but would be merit based and take account of development criteria by giving preference to disadvantaged categories of people.

3.26 The Government response to the Committee's 1984 report was tabled in Parliament in April 1985.¹⁶ The response agreed with many of the Committee's recommendations on political and security issues, including: recognition of the importance of consultation with ASEAN to avoid misunderstandings of Australia's approach; support for continuation of defence co-operation programs and evaluation of Australia's involvement in such programs; and the importance to the relationship with ASEAN of Australia's immigration and Indochinese refugee policies.

3.27 The economic issues raised in the 1984 report centred on ASEAN economic cooperation, two-way trade prospects (for example, services, banking and shipping), trade barriers and Australia's export performance. In response, the Government agreed with the Committee's conclusion that more needed to be done to promote Australia as a regional services centre and to communicate services trade opportunities, including tourism, to Australian businesses. The Government also indicated continuing support for reciprocal access for ASEAN and Australian banks.

3.28 The final part of the Government response considered the Committee's recommendations on promotion of mutual awareness and common interests. The major areas examined in the report were the extent of Asian studies in Australian educational institutions, the place of human rights issues in Australia's regional relationships and media relations, particularly the role of Radio Australia. In most of these areas, the Government endorsed the Committee's conclusions and recommendations. However, the Government response expressed reservations about the Committee's call for establishment of an Australia-ASEAN

¹⁶ Hon W G Hayden, MP, Minister for Foreign Affairs, Ministerial Statement, House of Representatives, *Debates*, 19 April 1985.

Council to support, coordinate and review Australian programs seeking to advance Australia-ASEAN relations.

3.29 In response to the Committee's recommendation for consideration to be given to specific changes in Australia's overseas student education policy outlined in paragraph 3.25 above, the Government referred to the outcome of the overseas student policy review announced by the Minister for Education in March 1985. The revised policy included increased overseas student charges up to 45 per cent of the full cost of a place, establishment of an overseas student office within the Education Portfolio, retention of sponsorship for students funded by the overseas aid program, establishment of separate quotas for individual countries within the overall quota of subsidised students established by the Government, provision for additional full-cost places specifically designed for overseas students but outside normal degree courses, and examination of the feasibility of permitting educational institutions to offer full-cost places in normal degree courses. The revised policy did not address the Committee's recommendation for development of a comprehensive system of (free place) scholarships to be funded from the overseas aid budget.¹⁷

Conclusion

3.30 The 1984 report concluded that 'ASEAN [had] made a substantial contribution not only to stability and economic growth but to the self confidence of its member states'.¹⁸ Its continued viability rested on the maintenance of its cohesion and flexibility and its capacity to broaden its focus into substantive economic cooperation.

3.31 Australia's interests were undeniable. They covered strategic issues of preserving regional peace and stability, the development and diversification of trade and the complex and often intangible necessities of cultural understanding. The report, having examined all these aspects of our relationship with ASEAN, viewed Australia's achievements as both embryonic and partial, yet predominantly successful; our position as dialogue partners dated from 1974, a short time in the development of international relations, our practical enmeshment was weak and our cultural understanding - language skills and knowledge of Asian history - was inadequate, but concord predominated over discord.

3.32 In comparing the issues of significance to ASEAN in 1984 and now, there are both forces for continuity and circumstances that have changed the geopolitical and strategic situation. Since 1984, the influence of the Soviet Union is no longer a concern, the United States has withdrawn troops stationed in the Philippines and China's strategic intentions, especially in the South China Sea, remain a matter of uncertainty. The refugee situation has been substantially resolved although renewed outflows of refugees have occurred along the Thai/Cambodia border as a result of the outbreak of conflict in Cambodia on 5-6 July 1997 and there are residual problems for the repatriation of Vietnamese asylum seekers in Hong Kong. ASEAN has expanded fulfilling a geographic logic, if not an economic and political one and, by introducing states of great political and economic disparity, creating challenges to the consultative mechanisms that have so successfully held South East Asia together for the last 30 years.

¹⁷ Senator the Hon S M Ryan, Minister for Education, Senate, *Debates*, 22 March 1985.

¹⁸ *ibid.*, p. 257.