
The Parliament of the Commonwealth of Australia

Inquiry into Australia's relationship with ASEAN

Joint Standing Committee on Foreign Affairs, Defence and Trade

June 2009
Canberra

© Commonwealth of Australia 2009

ISBN 978-0-642-79151-1 (Printed version)

ISBN 978-0-642-79152-8 (HTML version)



Contents

Foreword	ix
Membership of the Committee	xiii
Terms of reference	xv
List of abbreviations	xvii
List of recommendations	xxi
1 Introduction	1
Background to the inquiry.....	1
Importance of the Australia–ASEAN relationship	1
History of ASEAN and its relationship with Australia.....	2
Challenges facing ASEAN	5
Conduct of the inquiry	5
Structure of the report	6
2 Australia–ASEAN links	7
Introduction	7
The culture of ASEAN.....	7
ASEAN’s increasing engagement with the region	9
ASEAN’s dialogue partners.....	9
ASEAN Regional Forum	9
ASEAN Plus Three.....	9
East Asian Summit.....	10

Recent developments	11
Membership of other regional organisations	12
Committee comment	14
Australian interaction with ASEAN.....	14
Australian government interaction with ASEAN	15
Australian government interaction with ASEAN member countries	20
Australian non-government interaction with ASEAN	23
Committee conclusion.....	30
 3 Trade relations and bilateral free trade agreements.....	 31
Introduction	31
Implications of the Global Financial Crisis	32
Committee comment	33
Current trade position	34
Need for a strong trade position	35
Committee comment	36
Bilateral and multilateral free trade agreements	36
Singapore-Australia Free Trade Agreement.....	37
Thailand-Australia Free Trade Agreement	40
Proposed bilateral free trade agreements	41
Free trade agreements and non-tariff barriers	42
Committee comment	44
 4 ASEAN-Australia-New Zealand Free Trade Area	 47
Introduction	47
Impact of the agreement.....	47
The agreement.....	49
Objectives	49
Main elements	50
A 'platform' for other agreements	51
Tariff settings	52
Specific areas of trade.....	52
Rules of Origin	53

Movement of 'natural persons'	54
Greater economic integration	55
Implications of AANZFTA for services exports	56
Relationships between bilateral and multilateral agreements.	57
Choosing which free trade agreement to use	57
Levels of liberalisation	58
Committee comment.....	59
 5 Trade in goods.....	 61
Introduction	61
Winners and losers	61
Committee comment	63
Automotive trade.....	63
Production volumes.....	64
Committee Comment	66
Non-tariff barriers	66
Automotive parts	67
Current conditions	69
Future directions	69
Committee comment	71
Pork	72
Level of demand.....	72
Cultural differences	73
Market niche	73
Barriers to trade	74
Brand-recognition.....	75
Committee comment	76
 6 Trade in services	 79
Introduction	79
Services exports to ASEAN countries	80
Education.....	81
Risks	83
Other obstacles	83

Responses	84
Committee comment	85
Telecommunications	86
Ownership restrictions.....	87
Regulatory restrictions	88
Responses	89
Committee comment	93
Aviation.....	94
Committee comment	95
Recognition of professional qualifications.....	96
Committee comment	98
Foreign Direct Investment	99
Committee conclusion.....	100
 7 Regional security	 103
Introduction	103
Defence relationships.....	103
ASEAN Regional Forum	105
Five Power Defence Arrangements	106
Shangri-La Dialogue	106
Defence bilateral relations.....	107
Insurgency and terrorism.....	108
Philippines, Malaysia, Indonesia tri-border area.....	109
Counter-terrorism in Indonesia.....	111
Southern Thailand insurgency.....	112
Transnational crime	113
Committee comment.....	115
Biosecurity and health.....	116
Biosecurity issues	116
Health issues	118
Committee comment	120
Security of radioactive materials	120
Regional Cooperative Agreement	121

Forum for Nuclear Cooperation in Asia	121
Regional Security of Radioactive Sources Project	122
Potential commercial benefits	125
Committee comment	126
8 Human rights	127
Introduction	127
ASEAN's focus on human rights	127
ASEAN human rights body	129
Migrant workers.....	130
ASEAN Social Charter	132
Committee comment.....	133
Human rights issues within Indonesia.....	134
Papua.....	134
Roti Island fishermen	136
Committee comment	136
Burma.....	137
Provision of aid to the Burmese	137
AFP training of Burmese police.....	141
Effectiveness of sanctions against Burma.....	144
Committee comment	145
9 Climate change.....	147
Impact of climate change	147
ASEAN's response.....	149
Australian government involvement	151
Opportunities for Australia.....	153
Climate change modelling and prediction	154
Primary production sustainability.....	155
Energy efficiency and carbon emissions trading	156
Committee comment.....	158

Appendix A—Submissions	161
Appendix B—Exhibits	165
Appendix C—Witnesses at public hearings	167



Foreword

In recent years the Joint Standing Committee on Foreign Affairs and Defence and Trade has focused on Australia's relationship with its northern neighbours. This has included major reports on relations with Indonesia, and with Malaysia. This report extends this focus by reviewing Australia's relationship with ASEAN, an organisation comprising ten countries to Australia's north.

ASEAN has become an important trading partner. ASEAN is now the sixth most important export destination for Australian goods and services, and Australia is the eighth most important source of imports for ASEAN.

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

Over the years ASEAN has expanded its engagement with the region through its dialogue partners, the creation of the ASEAN Regional Forum, and the East Asia Summit. This trend culminated in the 2003 Bali Concord II and the 2008 ASEAN Charter which formalised ASEAN as a legal entity and inter-government organisation.

Australia's relationship with ASEAN is multifaceted and operates on different levels. The report discusses the nature of those interactions which occur at government and non-government level and with ASEAN as a discrete entity or with individual member countries. Often that relationship proceeds through different avenues and levels simultaneously.

To illustrate this point, Australia has the free trade agreements (FTAs) with two countries in ASEAN – Singapore and Thailand – and treaties with Indonesia and Malaysia are contemplated.

During the course of the enquiry, Australia and New Zealand concluded an FTA with ASEAN. The agreement was the first multi-country FTA Australia had negotiated and was the most comprehensive treaty ASEAN had entered into. This FTA is regarded as a platform for further trade liberalisation both between Australia, New Zealand and ASEAN, and as a way of assisting ASEAN's plans to establish an ASEAN economic community by 2015.

The Committee considers that FTAs—bilateral and multilateral—will become an increasing part of the trade environment in which Australia operates. This will be ensured by the continued growth of Asia, and the trend towards trade and other forms of integration between countries.

Australia has had equivocal outcomes with respect to the FTAs with Singapore and Thailand. In particular the gains made by the Australian automotive industry in the Australia–Thailand FTA (TAFTA) have been countered by the emergence of non-tariff barriers.

The outcomes arising from TAFTA underscores the importance of quantifying the benefits or costs of such agreements once they are concluded. To date it appears that the policy of applying a greater focus on tariff barriers in trade negotiations, leaving a 'tail' of negotiation for non-tariff barriers, has not always appeared to work to Australia's immediate advantage.

Better information about the cost of non-tariff barriers would greatly assist Australia's trade negotiators. To this end the Committee has recommended that the Department of Foreign Affairs and Trade (DFAT) develop a single method of costing non-tariff barriers, to assist Australian FTA negotiators to identify, evaluate and target barriers to trade. As well, there should be annual reports to the Parliament on the impacts of individual trade agreements.

Trade in services provides significant opportunities for Australia and the telecommunications sector has been identified as a high priority for expansion of Australia's export trade. Further development in telecommunications, and knowledge-economy activities in general, would allow Australia to build on and go beyond the reliance on education and tourism, and enhance its efforts to achieve a more favourable balance of trade. Evidence provided by Telstra, however, suggested that telecommunications has tended to fall into the 'too-hard basket' within the process of free trade negotiations.

The Committee is convinced that telecommunications should be an important component of FTAs being negotiated with other countries and has recommended that DFAT ensure future agreements contain effective telecommunications chapters.

The recognition of professional qualifications is an important aspect of Australia's ability to trade with ASEAN member countries. The more widely Australian professional qualifications are recognised, the better Australia's position to cater to emergent demand in the region. The Committee has therefore made recommendations concerning the recognition of professional qualifications and that FTAs should include a professional services working group to assist in creating professional linkages, including mutual recognition agreements.

The Committee recognises the wide ranging and comprehensive contribution of Australian agencies to the security of the ASEAN region. The security status is bound to fluctuate, but the Committee is confident that the level of co-operation will ensure long-term success. Australian agencies should use the various forums provided by ASEAN and the focal point of Australia's diplomatic missions to establish and maintain agency-to-agency links and communications.

The Committee also notes the work being undertaken in the areas of biosecurity and health by Australia in collaboration with ASEAN member countries. The enhancement of biosecurity in ASEAN can expand outwards Australia's quarantine border and provide early warning and improved response to emerging threats. As well, work in the health area not only improves the well-being of ASEAN member countries and thereby its security, but also protects Australians travelling abroad.

The Committee considers that it is in Australia's interests to assist ASEAN member countries in securing their nascent nuclear infrastructure and their radioactive sources. ANSTO through its ongoing engagement with the region is well placed to provide that assistance and in the long term may be able to assist should ASEAN the member countries introduce nuclear-power.

The Committee welcomes the development of the ASEAN Charter and the creation of an ASEAN human rights body. The new body will raise the profile of human rights and will create an opportunity to bring human rights issues before ASEAN Ministers.

Banks such as the Asian Development Bank and the World Bank are in a position to progress human rights issues by setting conditions for loans. The Committee believes there is merit in Australia using its influence with the Asian Development Bank to have it meet the benchmark set by the World Bank as regards requiring core labour standards as a precondition for loans.

The Committee considers the ASEAN Social Charter, which is based on four international declarations, while limited in its coverage is nevertheless a positive development for human rights in the ASEAN region. Other matters of human rights concern in the ASEAN region include the exploitation of children, the sexual exploitation of women, and child trafficking.

The Committee is satisfied with the response provided by DFAT and the AFP concerning the provision of aid to Burma, and involvement of the AFP with the Burmese police force. Nevertheless, there needs to be constant awareness of the possibility that the Burmese authorities will misuse the Australian assistance provided, and a willingness to withdraw this assistance should such evidence come to light.

The continuing detention of the Burmese opposition leader Aung San Suu Kyi continues to be of concern. The Committee notes the recent statement by the Minister for Foreign Affairs welcoming the 'strong show of support by ASEAN and its constituent members for Aung San Suu Kyi and her immediate and unconditional release.' The Committee shares the Minister's grave concern over her continuing detention and calls for her immediate and unconditional release.

The Committee believes there are significant opportunities for Australia to offer leadership and technical assistance to ASEAN member countries as they face the challenge wrought by climate change.

In the Committee's view, Australia's present climate change engagements in the region, both government and non-government, are a good basis for meeting these challenges. They contribute to positive relationships in the region and, by enhancing capacity within ASEAN member states, build a foundation upon which future collaborations can occur.

Arising from its review of human rights issues and environment issues, the Committee considers that human rights including core labour standards and the environment should be pursued in future FTAs. Australia should also take the opportunity to introduce such issues (if they are not already included) when current FTAs are reviewed.

A theme pervading this report is that Australia's relationship with ASEAN is broadening and deepening. The relationship will continue to mature and change. Doubtless there will be challenges, but the Committee is confident the goodwill exists to overcome them.



Mr Michael Danby MP
Chair, Foreign Affairs Sub-Committee

Membership of the Committee

Chair Senator M Forshaw

Deputy Chair The Hon D Hawker MP

Members

Senator M Arbib (from 01/07/08 till 11/03/09)	The Hon J Bishop MP (from 11/03/09)
Senator A Bartlett (till 30/06/08)	Mr M Danby MP
Senator M Bishop	Ms A Ellis MP
Senator M Cormann (till 23/09/08)	The Hon J Fitzgibbon MP (from 15/06/09)
Senator A Eggleston (till 19/03/08)	Mr S W Gibbons MP
Senator the Hon A Ferguson (from 01/07/08)	Ms S Grierson MP
Senator M Fifield	Mr D Hale MP
Senator M Furner (from 16/03/09)	The Hon I Macfarlane MP
Senator S Hanson-Young (from 04/12/08)	Mrs L Markus MP (from 25/09/08)
Senator the Hon D Johnston (from 23/09/08)	Ms S Mirabella MP (till 11/03/09)
Senator L J Kirk (till 30/06/08)	The Hon J Murphy MP (from 20/03/09)
Senator S Ludlam (from 26/11/08)	Mr R Oakeshott MP (from 20/03/09)
Senator the Hon J A L (Sandy) Macdonald (till 30/06/08)	Ms M Parke MP
Senator C M Moore	Ms K Rea MP
Senator K O'Brien (from 01/07/08)	Mr B Ripoll MP
Senator M Payne (from 19/03/08)	The Hon A Robb AO MP (till 25/09/08)
Senator N Stott Despoja (till 30/06/08)	Mr S Robert MP
Senator R Trood	The Hon P Ruddock MP
Senator R S Webber (till 30/06/08)	Ms J Saffin MP
The Hon B Baldwin MP	The Hon B Scott MP
The Hon A Bevis MP	Mr K Thomson MP (till 15/06/09)
	Ms M Vamvakinou MP

Secretary Dr M Kerley

Membership of the Foreign Affairs Sub-Committee

Chair Mr M Danby MP

Deputy Chair Mrs S Mirabella MP (till 11/03/09)

Members

Senator M Arbib (till 11/03/09)

Senator M Bishop

Senator the Hon A Ferguson

Senator M Fifield

Senator M Forshaw (*ex officio*)

Senator S Ludlam

Senator C Moore

Senator K O'Brien

Senator M Payne

Senator R Trood

The Hon A Bevis MP

The Hon J Bishop MP (from 11/03/09)

Ms A Ellis MP

The Hon J Fitzgibbon MP (from 15/06/09)

Ms S Grierson MP

Mr D Hale MP

The Hon D Hawker MP (*ex officio*)

The Hon I Macfarlane MP

Mrs L Markus MP

Mr R Oakeshott MP (from 20/03/09)

Ms M Parke MP

Mr S Robert MP

The Hon P Ruddock MP

The Hon B Scott MP

Mr K Thomson MP (till 15/06/09)

Ms M Vamvakinou MP

Committee Secretariat

Secretary Dr Margot Kerley

Inquiry Secretary Dr John Carter

Research Officer Dr Brian Lloyd

Office Manager Mrs Donna Quintus-Bosz

Administrative Officer Mrs Sonya Gasper

Mrs Gillian Drew



Terms of reference

The Joint Standing Committee on Foreign Affairs, Defence and Trade shall examine 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.



List of abbreviations

AADCP	ASEAN-Australian Development Cooperation Program
AANZFTA	ASEAN-Australia-New Zealand Free Trade Area
AAS	Australian Academy of Science
ACMA	Australian Communications and Media Authority
ACTU	Australian Council of Trade Unions
ADMM	ASEAN Defence Ministers Meeting
AEC	ASEAN Economic Community
AFP	Australian Federal Police
ANSTO	Australian Nuclear Science and Technology Organisation
ANTF	Anti-Narcotic Task Forces
APEC	Asia-Pacific Economic Cooperation
APEC TEL MRA Taskforce	APEC Telecommunication and Information Mutual Recognition Arrangements Taskforce
APL	Australian Pork Limited
APT	ASEAN Plus Three
ARF	ASEAN Regional Forum

ASCC	ASEAN Socio-Cultural Community
ASEAN	Association of South East Asian Nations
ASEAN ISIS	ASEAN Institutes of Strategic and International Studies
ASEAN APOL	ASEAN Chiefs of Police
ATUC	ASEAN Trade Union Council
AWBC	Australian Wine and Brandy Corporation
BCA	Burma Campaign Australia
CEPU	Communications Electrical Plumbing Union
CPSU	Community and Public Sector Union
COCI	ASEAN Committee on Culture and Information
CPCS	Centre for Peace and Conflict Studies
CSCAP	Council for Security Cooperation in the Asia-Pacific
CSIRO	Commonwealth Scientific and Industrial Research Org.
DAFF	Department of Agriculture, Fisheries and Forestry
DBCDE	Dept of Broadband, Communications and the Digital Economy
DEEWR	Dept of Education, Employment and Workplace Relations
DFAT	Department of Foreign Affairs and Trade
DGICM	Director-Generals of Immigration Departments and Heads of Consular Affairs Divisions of the Ministries of Foreign Affairs
DIAC	Department of Immigration and Citizenship
DIISR	Department of Innovation, Industry, Science and Research
EAS	East Asia Summit
GATS	General Agreement on Trade in Services

GATT 1994	General Agreements on Tariffs and Trade
GDP	Gross Domestic Product
GFC	Global Financial Crisis
FAPM	Federation of Automotive Products Manufacturers
FCAI	Federal Chamber of Automotive Industries
FDI	Foreign Direct Investments
FPDA	Five Power Defence Arrangements
FTA	Free Trade Agreement
IAEA	International Atomic Energy Agency
IFCI	International Forest Carbon Initiative
IMF	International Monetary Fund
IP	Intellectual Property
IPCC	International Panel on Climate Change
MNOST	Multi National Operations Support Team
MOU	Memorandum of Understanding
NHMRC	National Health and Medical Research Council
PSI	Public Services International
RCA	Regional Cooperative Agreement
RPOA	Regional Plan of Action
RSRS	Regional Security Radioactive Sources Project
SAFTA	Singapore Free Trade Agreement
SEAMEO	South-East Asia Ministers of Education Organisation
SPS	Sanitary and Phytosanitary Capacity Building Program
SSGs	Special safeguards

STRACAPS	Standards, Technical Regulations and Conformity Assessment Procedures
TAFTA	Thailand Free Trade Agreement
TBBC	Thai-Burma Border Consortium
TCF	Australia's Textile, Clothing and Footwear Industries
VET	Vocational Education and Training
UNESCO	United Nations Educational, Scientific and Cultural Org.
WEHI	Walter and Eliza Hall Institute of Medical Research
WTO	World Trade Organisation



List of recommendations

Recommendation 1

The Committee recommends that the Department of Foreign Affairs and Trade develop a single method of costing non-tariff barriers, to assist Australian FTA negotiators to identify, evaluate and target barriers to trade.

Recommendation 2

The Committee recommends that the Department of Foreign Affairs and Trade reports annually to the Parliament on the impacts of individual free trade agreements.

Recommendation 3

The Committee recommends that when Parliamentary delegations visit South East Asian countries with which Australia has a free trade agreement, the Department of Foreign Affairs and Trade facilitate meetings with Asian policy makers to monitor progress with these treaties.

Recommendation 4

The Committee recommends that the Department of Foreign Affairs and Trade should ensure that future free trade agreements contain effective telecommunications chapters.

Recommendation 5

The Committee recommends that the Australian Government make representations to the Singapore Government with a view to assisting Engineers Australia, and other professions not covered by the free trade agreement, to obtain a mutual recognition agreement with Singapore.

Recommendation 6

The Committee recommends that future bilateral free trade agreements include a professional services working group to assist in creating professional linkages, including mutual recognition agreements and when existing free trade agreements which do not contain a professional services working group are reviewed, this issue should be pursued.

Recommendation 7

The Committee recommends that the Commonwealth Government should use its influence with the Asian Development Bank to ensure that the adherence to core labour standards become a precondition for loans.

Recommendation 8

The Committee recommends that human rights, core labour standards, and the environment be pursued in future free trade agreements and, when existing free trade agreements which do not contain such issues are reviewed, these issues should be pursued.

Recommendation 9

The Committee recommends that when the Department of Foreign Affairs and Trade reports annually to the Parliament under Recommendation 2, progress with regard to human rights, core labour standards, and the environment be included.

