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Introduction

1.1 The Minister for Foreign Affairs referred the matter of Australia's relations with the Middle East to the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT, the Committee) in February 2000.

1.2 In particular, the terms of reference required the Committee to examine a wide range of issues pertaining to Australia's relations with the Middle East region. These issues included the trade relationship, the Middle East peace process, the role of the United Nations (UN) and the international community in the region, destabilising influences and security issues, the defence relationship, progress with implementing human rights principles and Australia's social and cultural links with the region. The formal terms of reference are listed on page xxi.

Geographical Scope of the Inquiry

1.3 Maps of the Middle East region, including the Persian Gulf states, are provided at pages iii and iv of this report.[1] The shaded areas on the map indicate where the primary focus has been directed in this inquiry, viz the region stretching from Egypt in the east through the Arabian peninsula, north to Syria and Iraq, and then across the Persian Gulf to Iran. Hence, the inquiry has examined Australia's relationship with the region and its component parts—Egypt, Israel and the 'Occupied Territories', Jordan, Syria, Lebanon and the Persian Gulf states of Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates (UAE) and Yemen.

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1 The maps were produced for the Committee by the Defence Imagery and Geospatial Organisation, Department of Defence.

1.4   In part, this focus derived from the Committee's desire to ensure that the inquiry remained within manageable limits. However, there was no intention to impose unwarranted restrictions on the coverage of the inquiry and, where appropriate, Australia's links with other countries in the region have been recognised.

An Explanation of Terms

1.5   The term 'Middle East' has been used throughout this report to refer to the region depicted in the map on page iii, with particular focus on the countries highlighted by shading, as explained above. In some literature and in cartographic publications, the term 'Western Asia' is used quite widely to refer to broadly the same region, for example maps produced by the UN's Department of Public Information.[2]

1.6   During the course of the inquiry, DFAT and the Embassy of the Islamic Republic of Iran advised that the term 'Persian Gulf states' should be used rather than simply 'The Gulf states'. This practice complies with a long-standing directive by the UN's Editorial Secretariat dated 10 January 1990, which endorsed 'Persian Gulf' as the standard geographical designation for the body of water lying between the Arabian Peninsula and the Islamic Republic of Iran.[3] The Persian Gulf is, however, sometimes referred to as 'The Gulf' and the 'Arabian Gulf' in other literature concerning the region.

1.7   Throughout this report, dollar amounts are expressed in Australian currency unless specifically stated otherwise.

The Context of the Inquiry

1.8   The Middle East region is one of the most important cradles of civilisation, and the source of some of the world's major religions. While comprising largely Arab and Muslim states, the region includes Lebanon where Maronite Christians form a substantial minority, and the mainly Jewish state of Israel. It is one of the most complex regions in the world, with a large number of distinct ethnic and language groups and a multiplicity of political systems.

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2   UN, Department of Public Information, Cartographic Section, Map No. 3978, November 1998.

3   UN Secretariat, Editorial Directive ST/CS/SER.A/29.

1.9   However, within the Arab world, there is the uniting heritage of Islam and the Arabic language, notwithstanding the divisions generated by the Gulf War from July 1990 to February 1991, and its aftermath. The Palestinians' protracted dispute with Israel has also served, periodically, to unite the Arab world, although the Arab leaders' summit in March 2001 revealed continuing divisions, particularly over Iraq's demands for lifting the UN sanctions and the international community's failure to curb the violence in the West Bank, Gaza and Israel.[4]

1.10   The diversity of the Middle East region in terms of political, economic and social development was reflected in a wide range of submissions to the inquiry. The Department of Foreign Affairs and Trade (DFAT) pointed out that significant factors influencing change will, over time, have an important impact throughout the region on political and social expectations:

> … [K]ey political developments are taking place alongside two social developments of profound significance—a demographic explosion in all Arab countries and Iran; and the emergence throughout the Middle East of a more cosmopolitan younger generation (60 per cent of the Middle East's population is under 21) with increasingly Western consumer tastes, and access to information through the communications revolution.[5]

1.11   The present states of the Middle East emerged largely from the outcomes of the First World War, when the allied powers were given mandates by the League of Nations over the Arab provinces of the collapsed Ottoman Empire. These mandated territories became the present-day Iraq, Syria, Jordan, Lebanon and Israel.

1.12   The emergence of Saudi Arabia as a modern state dates from around 1902, culminating in the declaration of the Kingdom of Saudi Arabia in 1932. The majority of the Persian Gulf States, which had been British protectorates in the 19th century, achieved independence in 1971, although Kuwait had regained its full independence from Britain ten years earlier. The separate entities of North and South Yemen became a unified republic in May 1990.

1.13   British influence was dominant in Egypt until after the Second World War. In the mid 1950s, Egypt under Nasser became a leading advocate of pan-Arab objectives, and the Suez crisis erupted in 1956 with Egypt's

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4   These divisions were widely reported at the time in the media, for example *The Australian* and *The Sydney Morning Herald*, 27 March 2001; AAP/Reuters newswire items on 28 March and 1 April 2001; and *The Times* (London), 29 March 2001.

5   DFAT, Submission, p. 963.

nationalisation of the Suez Canal. Following defeat in the 1967 war with Israel, Egypt lost the Sinai Peninsula and Gaza.[6]

1.14   Tensions and disputes in the Middle East, principally the Arab-Israeli conflict and the protracted conflict between the Palestinian National Authority (PA) and Israel, continue to have international repercussions even after the cessation of the 'Cold War'. This is principally due to the region's strategic importance and its historical potential for instability.

Australia's interests

1.15   The 1997 White Paper on Australia's foreign and trade policy contained the following brief assessment in relation to the Middle East:

> In the Middle East, Australia has significant commercial interests and substantial prospects of increasing trade and investment links. In addition, political and strategic developments in this region will continue to affect Australia's trade interests and to engage its political concerns. Over the next fifteen years, Australia will build on its traditional commodity exports, while broadening the base of its trade into services (especially education and medicine) and manufactures.[7]

1.16   Against this background of strong commercial interests, important strategic issues raised by regional conflict, varying political developments across the region, and links encouraged by migration from the Middle East, Australia has had a long-standing interest in the region. Although not a key participant in the political affairs and conflicts of the Middle East, Australia has supported the search for a just and lasting settlement of regional tensions and disputes, and has played a prominent role in multilateral initiatives—for example, by committing personnel and other resources to the Multinational Force and Observers (MFO), the United Nations Truce Supervision Organisation (UNTSO) and the Multinational Interception force (MIF).

1.17   In addition, Australia has played a significant role in multilateral tracks of the peace process, most notably in the Arms Control and Regional Security Group and the Water Resources Working Group.

1.18   Humanitarian concerns form the basis of Australia's overseas aid program for the Middle East, the main focus being on providing assistance to

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6   Egypt regained the Sinai following the 1978 Camp David Agreement, which led to a phased withdrawal of the Israeli forces.

7   Hon Alexander Downer MP and the Hon Tim Fisher MP, *In the National Interest: Australia's Foreign and Trade Policy*, august 1997, p. 68.

Palestinians in the 'Occupied Territories' of the West Bank and the Gaza Strip as well as to refugees in Jordan, Lebanon and Syria. In October 1998, Australia announced a commitment of $16.0 million over three years in support of the Middle East peace process. Under that commitment, Australia is providing $8.0 million for the work of the United Nations Relief and Works Agency (UNRWA), $4.5 million to Australian non-government organisations (NGOs) and $3.5 million bilaterally for projects in the agriculture and legal sectors.[8]

The Committee's Continuing Interest in the Region

1.19   Both collectively and individually, members of the present Committee and its predecessors have maintained a long-standing interest in the Middle East, and in enhancing Australia's links with the region.

Previous reports

1.20   In May 1969, the then Joint Committee on Foreign Affairs and Defence presented to Parliament a report entitled *The Middle East Situation*. In December 1976, the Committee tabled an interim report entitled *The Lebanon Crisis - Humanitarian Aspects*, and in June 1978 a further report, *The Middle East - Focal Point of Conflict: the interests of the powers and an Australian perspective*.

1.21   In 1982, the Committee tabled a report entitled *The* [Persian] *Gulf and Australia*, which re-examined Australia's relationship with that part of the region.

Delegation visits

1.22   In June 1998, an Australian federal parliamentary delegation, under the leadership of the former chairman of the Committee and then Speaker of the House of Representatives, the Rt Hon Ian Sinclair MP, visited Syria, Lebanon, Jordan, Israel and areas under the administration of the PA. The visit arose from concerns about the stalling of the Middle East peace process (MEPP). It had the combined aims of informing the Parliament and the Australian community about the conflict, facilitating dialogue between regional leaders, and examining ways to enhance Australia's involvement with the region.

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8   DFAT, Submission, pp. 1001, 1003.

1.23   The delegation found that all of the countries visited faced problems as a result of the lack of progress in resolving the Arab-Israeli conflict and that the atmosphere of regional tensions had discouraged investment. The delegation also concluded that all Middle East countries were confronting a rapidly-changing global environment in economic and strategic terms, and simultaneously had to face severe domestic challenges presented by major economic and social change. In the delegation's view, there was considerable scope for expansion of Australia's trade relationship and bilateral ties with countries in the region.

1.24   More recently, a joint Australian federal and New South Wales parliamentary friendship delegation visited Palestine, the UAE, Jordan and Egypt in January 2000 under the leadership of the Hon Ian Macdonald, MLC. The delegation made a written submission to the inquiry, outlining its findings and recommendations.[9] The issues raised by the delegation are discussed in Chapters 2 and 3 of this report.

1.25   The extent and outcomes from Australian business/trade missions to the Middle East are discussed in detail in Chapter 6 of this report, which examines the opportunities and impediments affecting two-way trade and investment between Australia and the Middle East.

The Inquiry Process

1.26   The inquiry was advertised in the national press on 12 February 2000. In addition, letters inviting written submissions were sent to relevant federal ministers and agencies, state governments, NGOs, academic institutions and organisations with an interest in the subject matter of the inquiry.

1.27   In total, 93 primary submissions were received together with a very large number of supplementary submissions and documents. [10] These submissions and documents are listed in Appendix A and Appendix C, respectively.

1.28   The Committee held its first public hearings in Canberra on 19 and 26 June 2000, followed by hearings in all state capitals between July and November of that year. Final hearings were conducted in Canberra in September 2000 and in February and March 2001. The extensive program

9   Hon Ian Macdonald MLC and Hon James Samios MLC, Submission, pp. 121-130.

10   Unless otherwise stated, page numbers identified in footnotes refer to pages in the printed volumes of submissions.

of hearings is shown in Appendix B, together with a list of the witnesses who gave oral evidence to the Committee.

Structure of the Report

1.29   The report is presented in two sections. Following the introduction, Section One comprises Chapters 2 to 5, which discuss political and strategic issues, including an outline of the Middle East conflict and Australia's contribution to the search for a just and lasting peace settlement. Attention is given in Chapters 4 and 5 to the role of the United Nations and the international community, to the destabilising influences working against peace and security and to Australia's own role as a responsible member of the international community. Chapter 5 includes discussion of the important issues of internationally-applied sanctions and their impact, particularly in relation to Iraq, where there are serious humanitarian concerns.

1.30   Section Two, comprising Chapters 6 to 10, has a primary focus on the discussion of economic and social issues relevant to Australia's relations with the Middle East region. Chapter 6 discusses Australia's developing trade relations with the region as well as the scope for removing barriers and for enhancing two-way trade and investment. Chapter 7 discusses progress in implementing international human rights principles in the Middle East, as well as particular issues such as the treatment of women and the extremely difficult situation of the Palestinian refugees. Chapter 8 discusses the social and cultural links between Australia and the countries of the Middle East, and suggests way to enhance the relationship.

1.31   Chapter 9 examines the topical and sensitive issues of asylum-seekers from the Middle East and Australia's response to the emergence of international people-smuggling syndicates. The final chapter (Chapter 10) draws together issues relating to Australia's overseas aid program for the Middle East, and suggests measures which should be taken to improve its effectiveness.

SECTION ONE

Political and Strategic Issues