

The Senate

Foreign Affairs, Defence and Trade
References Committee

The importance of the Indian Ocean rim for
Australia's foreign, trade and defence policy

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Acronyms and Abbreviations

ACCI	Australian Chamber of Commerce and Industry
ACIAR	Australian Centre for International Agricultural Research
AFP	Australian Federal Police
AIFDR	Australia-Indonesia Facility for Disaster Reduction
AMV	African Mining Vision
APEC	Asia-Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of South East Asian Nations
AusAID	Australian Agency for International Development
ATWS	Australian Tsunami Warning System
CGIAR	Consultative Group for International Agricultural Research
COMESA	Common Market for Eastern and Southern Africa
CSIRO	Commonwealth Scientific and Industrial Research Organisation
CTF	Combined Task Force
DAFF	Department of Agriculture, Fisheries and Forestry
DFAT	Department of Foreign Affairs and Trade
DRET	Department of Resources Energy and Tourism
EAS	East Asia Summit
EEZ	Exclusive Economic Zone
EITI	Extractive Industries Transparency Initiative
EU	European Union
FAO	United Nations Food and Agriculture Organization
FSU	Fisheries Support Unit (IOR-ARC body)
FTA	Free Trade Agreement
G20	Group of Twenty
GCC	Cooperation Council for the Arab States of the Gulf (Gulf Cooperation Council)
GDP	Gross Domestic Product
GNP	Gross National Product
HDI	Human Development Index
IHO	International Hydrographic Organization
IOC	Indian Ocean Commission

IONS	Indian Ocean Naval Symposium
IOR	Indian Ocean rim
IOR-ARC	Indian Ocean Rim Association for Regional Cooperation
IORG	Indian Ocean Research Group
IOTC	Indian Ocean Tuna Commission
IUU	Illegal, Unreported and Unregulated Fishing
LPG	Liquid Petroleum Gas
NGO	Non-government organisation
NSW	New South Wales
MoU	Memorandum of Understanding
MDGs	Millenium Development Goals
ODA	Official Development Assistance
OIC	Organisation of Islamic Cooperation
PCM	Pilot Co-ordination Mechanism
RCSTT	Regional Centre for Science and Transfer of Technology (IOR-ARC)
SAARC	South Asian Association for Regional Cooperation
SADC	Southern African Development Community
SAJMC	Singapore-Australia Joint Ministerial Committee
SIOFA	Southern Indian Ocean Fisheries Agreement
UAE	United Arab Emirates
UK	United Kingdom of Great Britain
UMIOR	University Mobility in the Indian Ocean Region programme
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNODC	United Nations Office of Drugs and Crime
US	United States of America
WGTI	Working Group on Trade and Investment (IOR-ARC)
WTO	World Trade Organization

Executive Summary

The committee's report has highlighted the diversity of the countries of the Indian Ocean rim and the multiple ways in which these states can be categorised. This diversity and the lack of a single agreed definition of the 'Indian Ocean rim' has created a significant challenge for the development of policy, both from an Australian and a regional perspective. Australia's approach to trade in the Indian Ocean rim is largely bilateral; defence and strategic relations are based on single issue groupings; and aid to the region is predominately provided under the auspices of the United Nations. Evidence gathered in relation to the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC) demonstrates clearly that diversity in the region—both economic and political—has created inertia in the region's main organisation.

The Australian Government departments and agencies that provided evidence to the inquiry, on the whole, approach the Indian Ocean rim countries separately or through single issue sub-regional groups. In its submission, the Department of Foreign Affairs and Trade stated that the diversity of the countries included in the Indian Ocean rim poses challenges—notable in the discussion of multilateral trade cooperation in the region. It noted:

The nations of the Indian Ocean Rim, home to 2.3 billion people, are a...vast array of cultural, political, religious and economic diversity...Some nations are modern, developed states while many are still in the process of development.

Despite the challenges posed by the diversity of the Indian Ocean rim countries, the committee sees significant benefit in Australia working at a strategic policy level to promote the concept of an Indian Ocean rim region. The committee feels that promoting the conceptualisation of the Indian Ocean as a distinct region will assist with the development of Australian policy and allow Australia to better coordinate efforts and connections already being made with sub-regional and issue specific groups.

Much of the interaction between Australia and other countries in the Indian Ocean rim occurs through specific activities—research, development assistance, trade, mining, fisheries or military. However, at a higher level, there is no clear strategic policy providing a clear direction for Australian engagement with the region. The committee suspects that, as Drs Bateman, Bergin and Trood argued, this lack of broader policy is due to the fact that Australia as a nation only recognises the significance of the Indian Ocean rim intermittently.

The committee heard from people in the North West region, particularly during its visit to the Pilbara, about concerns that Defence, and more broadly the Australian Government, was not paying sufficient attention to the security issues surrounding the resource sector and its critical infrastructure. Representatives from the Department of State Development, Western Australian Government, expressed some frustration with regard to inquiries and reports conducted into infrastructure security in the North West of the state. They noted that while the Western Australian Government had provided

much input about security and infrastructure issues, it had received no response to its concerns.¹

In the committee's view, the rise of Asia over the coming decades and the growth and development of the nations of the Indian Ocean rim will profoundly influence Australia's future. Australia needs to do more to engage with the Indian Ocean rim and in this context promote the nation's interests—security, economic and research.

Australia's upcoming role as chair of IOR-ARC will provide a valuable opportunity to focus domestic and international attention on the Indian Ocean rim. The Australian Government should maximise the potential benefits of this occasion to:

- invest in developing Australian understanding and awareness of the Indian Ocean rim;
- strengthen our security, trade, research and cultural links with our Indian Ocean rim neighbours; and
- establish and support institutional structures and mechanisms to support the common interests of Australian and Indian Ocean rim countries.

With the aim of encouraging public and government dialogue concerning the Indian Ocean rim, and placing Australia in a position to capitalise on the opportunities in the region, the committee has made the following recommendations.

Recommendations

Raising the profile of Indian Ocean Rim Association for Regional Co-operation (IOR-ARC) within Australia—making connections in the Indian Ocean rim

Recommendation 1

Chapter 5

The committee recommends that:

- the Australia Government lead by example and ensure that its representation at IOR-ARC Council of Ministers' Meetings is always at ministerial level;
- the Australian Government commit additional resources to the IOR-ARC Secretariat and encourage other member states to be more generous in the resources they make available;
- the Australian Government promote the profile of IOR-ARC by making reference to the activities of the organisation whenever appropriate;
- the Prime Minister of Australia open the 2013 IOR-ARC Council of Ministers' Meeting in Perth;

1 Mr Nunis, Department of State Development, WA Government, *Committee Hansard*, 2 October 2012, p. 27.

- the Australian Government advocate that the heads of government of the Indian Ocean rim countries hold periodic meetings to discuss matters affecting IOR-ARC; and
- the Australian Government should encourage countries with observer status at IOR-ARC to send high-ranking representatives to the meeting.

Recommendation 5

Chapter 9

The committee recommends that the Australian Government consider establishing an Institute for Indian Ocean Research in a Western Australian University.

Recommendation 6

Chapter 9

The committee recommends that the Department of Foreign Affairs and Trade work with other agencies to make an audit of research projects which already have country to country links. Further, the committee recommends that the Department of Foreign Affairs and Trade engage with Australian universities and the research community to find ways in which to link Australian institutions to Indian Ocean rim institutions.

Recommendation 11

Chapter 11

The committee recommends that the Department of Foreign Affairs and Trade work with other departments, including the Department of Resources, Energy and Tourism and the Department of Agriculture, Fisheries and Forestry, to prioritise progress on effective and consistent port state control measures in the Indian Ocean rim as part of Australia's plan for its upcoming chair of IOR-ARC.

Recommendation 15

Chapter 13

The committee notes the role played by the foundations, institutes and councils in promoting business-to-business and people-to-people links with countries in the Indian Ocean rim. The committee recommends that the Department of Foreign Affairs and Trade coordinate a roundtable of Indian Ocean rim country foundations, institutes and councils. The roundtable should focus on:

- ways to increase Australian community and business awareness of IOR-ARC and its activities; and
- any other relevant matters.

Actions for Australia during its time as chair of IOR-ARC

Recommendation 2

Chapter 5

The committee recommends that the Australian Government as chair of IOR-ARC:

- encourage IOR-ARC to strengthen its links with the business community in the Indian Ocean by considering establishing an Eminent Persons Group made up of leading business people throughout the region;
- use its influence to involve Trade Ministers as mainstream participants in IOR-ARC meetings;
- ensure that the contribution of the smaller countries to the work of IOR-ARC, such as Mauritius which houses the Secretariat, is given prominence; and
- pursue the notion mentioned in previous meetings of establishing 'nodes of excellence' (later recommendations expand on this recommendation).

Recommendation 3

Chapter 5

The committee recommends that, respecting IOR-ARC's charter and the views of other member countries, the Australia Government work with member states to look at broadening the membership to include other key Indian Ocean countries, such as Pakistan and Saudi Arabia.

Recommendation 4

Chapter 7

The committee recommends that the Australian Government:

- increase its support for the smaller developing countries in the Indian Ocean rim to assist them develop the capacity to monitor, control and regulate fishing activities in their waters;
- provide greater assistance and increase efforts to help the smaller developing countries represent their interests in international fora such as the Indian Ocean Tuna Commission; and
- through the IOR-ARC Troika—India, Australia and Indonesia—encourage the larger and more developed countries to collaborate and collectively spearhead active engagement in promoting the health of marine life in the Ocean; to assist the smaller developing countries to protect their fish stocks from over exploitation; and to grow their fishing industry in a sustainable way.

Recommendation 12

Chapter 12

The committee recommends that ministers attending the Council of Ministers' Meeting in Perth or their representative be invited to visit the Pilbara as part of a delegation to see the work being done at Dampier Port and Port Hedland to improve the ports' productivity.

Australia's North West – security presence and community engagement

Recommendation 7

Chapter 10

The committee recommends that the Australian Federal Police consider greater community engagement in the North West region to increase the understanding of its role and reassure the community that the security of the region is a priority.

Recommendation 8

Chapter 10

The committee recommends that Defence make it an urgent priority to focus on the defence of the North West. The committee encourages Defence to increase its cooperation with industry in order to find creative solutions to the challenges which currently prevent larger exercises and affect reserve recruitment.

Recommendation 9

Chapter 10

The committee recommends that Defence examine the possibility of making the 2014 planned Defence exercise in the North West a larger, more visible exercise in the region—as a means of providing reassurance to industry and actively engaging the community. In particular, the committee encourages the Royal Australian Navy to examine ways in which it can increase visibility in the area and raise community and business awareness of its activities in the North West of Australia.

Recommendation 10

Chapter 10

The committee recommends that in its work on the government response to the Office of Inspector of Transport Security Report, the Department of Infrastructure and Transport consider including strategies for community engagement. The committee strongly believes that local government and relevant state agencies have a role to play in educating community and industry about the role of various security agencies and can help to provide reassurance to the community that security of the North West is a priority for government.

Encouraging links between state, territory and federal government and business in order to make better policy approaches for the Indian Ocean rim region

Recommendation 13

Chapter 12

The committee recommends that the Department of Foreign Affairs and Trade work with other federal government departments, as well as state and territory governments, on strengthening government consultation with groups such as the Australia-Africa Mining Industry Group, the Australian Coal Association, and the Australia-Africa Business Council. The committee notes that while Africa Down Under has been successful in generating discussion, more concrete measures are needed to ensure that

the input of groups working with industry and African countries is captured in policy making.

Recommendation 14

Chapter 13

The committee recommends that the Department of Foreign Affairs and Trade establish a formal and regular consultation panel in relation to IOR-ARC for Australian businesses and industry, with a broad representation from all sectors. This consultation panel should focus initially on:

- increasing Australian business and industry awareness of IOR-ARC and its activities; and
- incorporating input from business and industry into Australia's planning for taking on chair of IOR-ARC.

In due time, the focus of the panel can be extended to broader discussion of issues in the Indian Ocean rim.

Recommendation 16

Chapter 13

The committee notes that currently there is no foundation, institute or council which covers the countries of Africa. The committee recommends that the Department of Foreign Affairs and Trade work with existing business and community groups to establish an appropriate organisation to enhance awareness and understanding between the peoples and institutions of Australia and the African countries.

Recommendation 17

Chapter 13

The committee sees significant benefit in improved coordination between the state and federal governments on the promotion of Australian business and trade in the Indian Ocean rim. The committee recommends that the Australian government create a Council of Australian Governments Select Council to facilitate consultation and cooperation on trade and investment initiatives for the Indian Ocean rim.

The Indian Ocean Rim Council of Australian Governments Select Council would continue for the duration of Australia's role as chair of IOR-ARC, with the potential to be made a Standing Council.

The committee believes that the Select Council would ensure that coordination of efforts promoting Australia business in this growing region is a priority for both state and federal government.

Chapter 1

Introduction

Australia has seriously neglected the Indian Ocean Region. Australia often forgets that it is a three-ocean country. It rediscovers the Indian Ocean at roughly fifteen year intervals.¹

Terms of reference

1.1 The inquiry into the significance of the Indian Ocean rim to Australia's foreign, defence and trade policy was referred to the Senate Foreign Affairs, Defence and Trade References Committee (committee) on 24 November 2011, for inquiry and report by 1 November 2012.² On 1 November 2012, the Senate granted an extension of time to report until 16 May, which was subsequently extended to 17 June 2013.³

1.2 The following terms of reference were referred to the committee:

The importance of the Indian Ocean rim for Australia's foreign, trade and defence policy, with particular reference to:

- (a) trade and tourism opportunities for Australia, including the role of free trade agreements;
- (b) Australian mineral exports, including competition and synergies in the region;
- (c) strategic developments in the Indian Ocean, including growing naval influences and defence postures and their implications for Australia and the region more generally;
- (d) the Indian Ocean Rim Association and any other relevant bodies and their future directions; and
- (e) other relevant matters.

Conduct of inquiry

1.3 The committee advertised the inquiry on its website and in print publications, including major newspapers. It also wrote to relevant ministers and departments calling for written submissions, and contacted a number of other organisations, commentators and academics inviting them to make submissions to the inquiry. Further invitations for submissions and reminder letters were sent to departments, relevant organisations, commentators and academics in February 2012. The committee also used the Senate's twitter account to advertise the inquiry by publishing tweets about the submission deadline and public hearings.

1 Dr Sam Bateman, Dr Anthony Bergin and Professor Russell Trood, *Submission 21*, p. 3.

2 *Journals of the Senate*, 24 November 2011, p. 1936.

3 *Journals of the Senate*, 1 November 2012, p. 3241.

1.4 The committee received 44 submissions, including two confidential submissions. Submissions are listed at Appendix 1 and public submissions are available on the committee's website at: www.aph.gov.au/senate_fadt.

1.5 The committee held public hearings on 17 August 2012 (Canberra), 2 October 2012 (Perth), 5–6 December 2012 (Canberra), and 22 March 2013 (Canberra).

1.6 The 17 August 2012 public hearing included a roundtable to allow active discussion between academics and commentators. Participants in the roundtable were:

- Dr David Brewster (Strategic and Defence Studies Centre, Australian National University)
- Professor Peter Drysdale (College of Asia and the Pacific, Australian National University)
- Professor Andrew MacIntyre (College of Asia and the Pacific, Australian National University)
- Dr Andrew Phillips (University of Queensland)
- Dr Brendan Taylor (Strategic and Defence Studies Centre, Australian National University)
- Dr Auriol Weigold (University of Canberra)

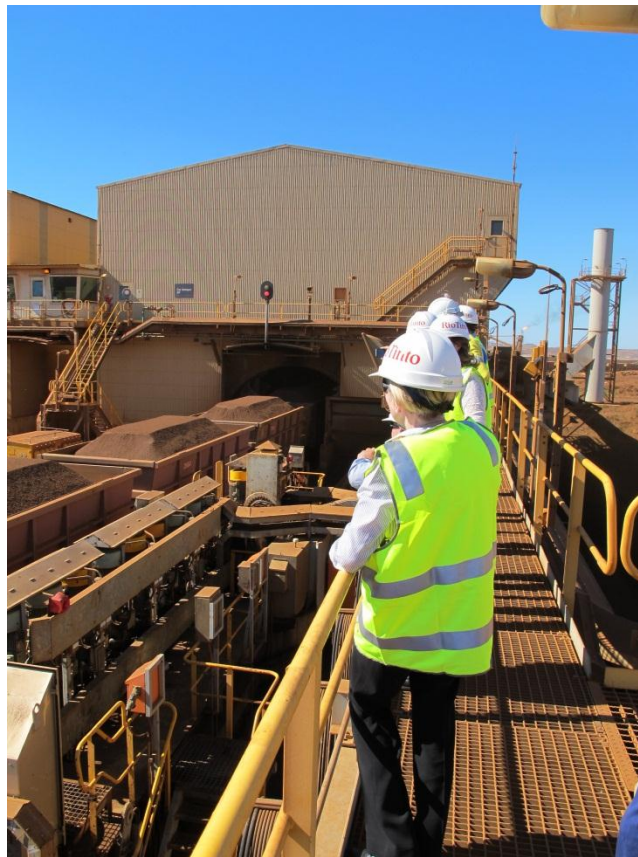
1.7 A list of the witnesses who appeared at the public hearings is at Appendix 2, and the *Hansard* transcripts are available through the committee's website.

Visit to the Pilbara

1.8 The committee also visited the Pilbara region, including Karratha, Exmouth, Dampier and Port Hedland, between 21 and 24 April 2013. During the four days, the committee held a round table discussion with local councils and spoke to industry and Defence personnel. Committee members flew over some of the offshore oil and gas resource installations in the Indian Ocean, inspected a number of defence and mining facilities and toured both Dampier Port and Port Hedland. The visit enabled the committee to appreciate the scale of mining operations in the Pilbara and the logistics of moving huge amounts of ore, other minerals and gas from production sites through the ports to exports markets in Asia. One industry representative even spoke of 'industry tourism' as an emerging business. The visit also allowed the committee to gain an understanding of the remoteness and isolation of the region and its strategic significance.



The committee held a round table at Karratha with Mr David Parker (Apache Energy Pty Ltd), Mr John Verbeek (Shire of Roebourne), Mr Tony Friday (Pilbara Regional Council), Mr John Lally (Karratha and District Chamber of Commerce and Industry), Councillor Bill Dziombak (Town of Port Hedland), Mr Eber Butron (Director Planning and Development, Town of Port Hedland), Ms Felicity Gilbert (Pilbara Development Commission).



At the Rio Tinto site, the committee observed two trains up to 2.5 kilometres long off-load iron ore from its trucks ready for transport to overseas markets.

1.9 Some members of the committee continued on to Broome and on 26 April had meetings with the Broome Port Authority, the Kimberly Development Commission and the President of the Broome Town Council covering themes similar to those raised in the Pilbara.

Background to inquiry

1.10 The Senate referred the terms of reference to the committee at a period of growing awareness of the geo-strategic significance of the Indian Ocean and its increasing importance to world trade, food security and its consumption and supply of energy. Also, Australia had just assumed the vice chair of the Indian Ocean Rim Association Regional Cooperation (IOR-ARC), the only forum for cooperation covering the Indian Ocean rim, and was due to become its chair in 2013.

1.11 At the time, the then Minister for Foreign Affairs captured the Australian Government's developing interest in the region. He highlighted the many opportunities on offer for Australia to 'deepen and broaden' its economic engagement with countries in the region—in trade, investment and development cooperation. The Minister drew attention to the need to ensure that countries in the region take 'proper care' of the Indian Ocean—of harnessing its resources in a sustainable fashion. Finally, he referred to the importance of maintaining freedom of navigation and to deal with serious challenges, such as piracy, to the safe passage of vessels through the Indian Ocean.

1.12 The committee's terms of reference picked up on all these themes. Also, in response to the heightened threats from international terrorism and piracy, the Australian Government had commissioned the 'first ever comprehensive review' into the security of Australia's offshore oil and gas facilities—most of which are located in the north west of Australia. The Office of the Inspector of Transport Security conducted this inquiry, which presented a report in June 2012.

1.13 In light of developments in the region, the committee's inquiry was both timely and, with Australia taking on a leadership position in IOR-ARC, important.

Structure of report

1.14 In order to gain a better understanding of the challenges facing the region and the opportunities it presents to Australia, the committee has re-arranged its consideration of the terms of reference into 4 broad parts.

- Part I looks at the regional architecture in the Indian Ocean region with a focus on IOR-ARC—its origins, evolution over 16 years, relationship with other regional groupings, contribution to promoting cooperation in the region and its future prospects. The committee explores the opportunities for strengthening the association, especially through Australia's leadership role as chair of the association.
- Part II considers Australia's engagement with the countries of the Indian Ocean rim through humanitarian and development assistance, disaster relief and capacity building. It looks at food security including fisheries

management, scientific collaboration and at efforts to assist the resource rich developing countries unlock their potential.

- Part III examines defence and maritime security issues in the region—including Australia's defence presence in the north west of the country, the security of critical infrastructure including the oil and gas installations off Australia's west coast and the threats posed to shipping transiting the Indian Ocean.
- Part IV explores the business, trade and investment opportunities for Australia, including in the export of services, tourism and mining, in the Indian Ocean region as countries around the rim continue to develop and grow their economies.

1.15 The committee concludes its report by drawing together the main themes in its report and summarises its recommendations.

Acknowledgements

1.16 The committee thanks all those who assisted with the inquiry. In particular, the committee wishes to acknowledge the great assistance of the Pilbara Development Commission (especially Ms Felicity Gilbert and Ms Carolyn Biar), and the support from Defence, the Pilbara cities communities and local government, and industry in its visit program to the Pilbara in April 2013.

Chapter 2

Background: the Indian Ocean rim

There can be little doubt that Australia should be giving greater attention to the Indian Ocean. The Indian Ocean is the world's third largest ocean. Australia is a major stakeholder in the affairs of the Indian Ocean region, including its security and stability.¹

2.1 The Indian Ocean is the world's third largest ocean and its 26 littoral countries are home to 2.3 billion people. These Indian Ocean rim countries include some of the world's most populous (India, Indonesia) as well as small and sparsely populated islands. Three countries have a United Nations Human Development Index of over 0.8 (Australia, Singapore and Oman), while the majority of Indian Ocean rim countries rate in the low to medium development categories. The Indian Ocean rim also includes countries such as India, Timor-Leste, Mozambique and Sri Lanka which have high levels of economic growth.²

Definitions

Geographic and hydrographic definition

2.2 The International Hydrographic Organization (IHO), an inter-governmental organisation of which Australia is a member country, defines the Indian Ocean as encompassing the area bordered on the west by Africa, on the east by Australia, and including bodies of water such as the Bay of Bengal. In 2000, the IHO redefined the Indian Ocean, moving it to a southern limit of 60 degrees south to allow for the Southern Ocean.³ While this definition has not been ratified (Australia has lodged a reservation), it is a widely accepted and used definition.⁴

2.3 The map below illustrates the physical limits of the Indian Ocean, according to the IHO definition—this includes the 26 littoral countries forming the rim of the Indian Ocean.⁵

1 Dr Sam Bateman, Dr Anthony Bergin and Professor Russell Trood, *Submission 21*, p. 3.

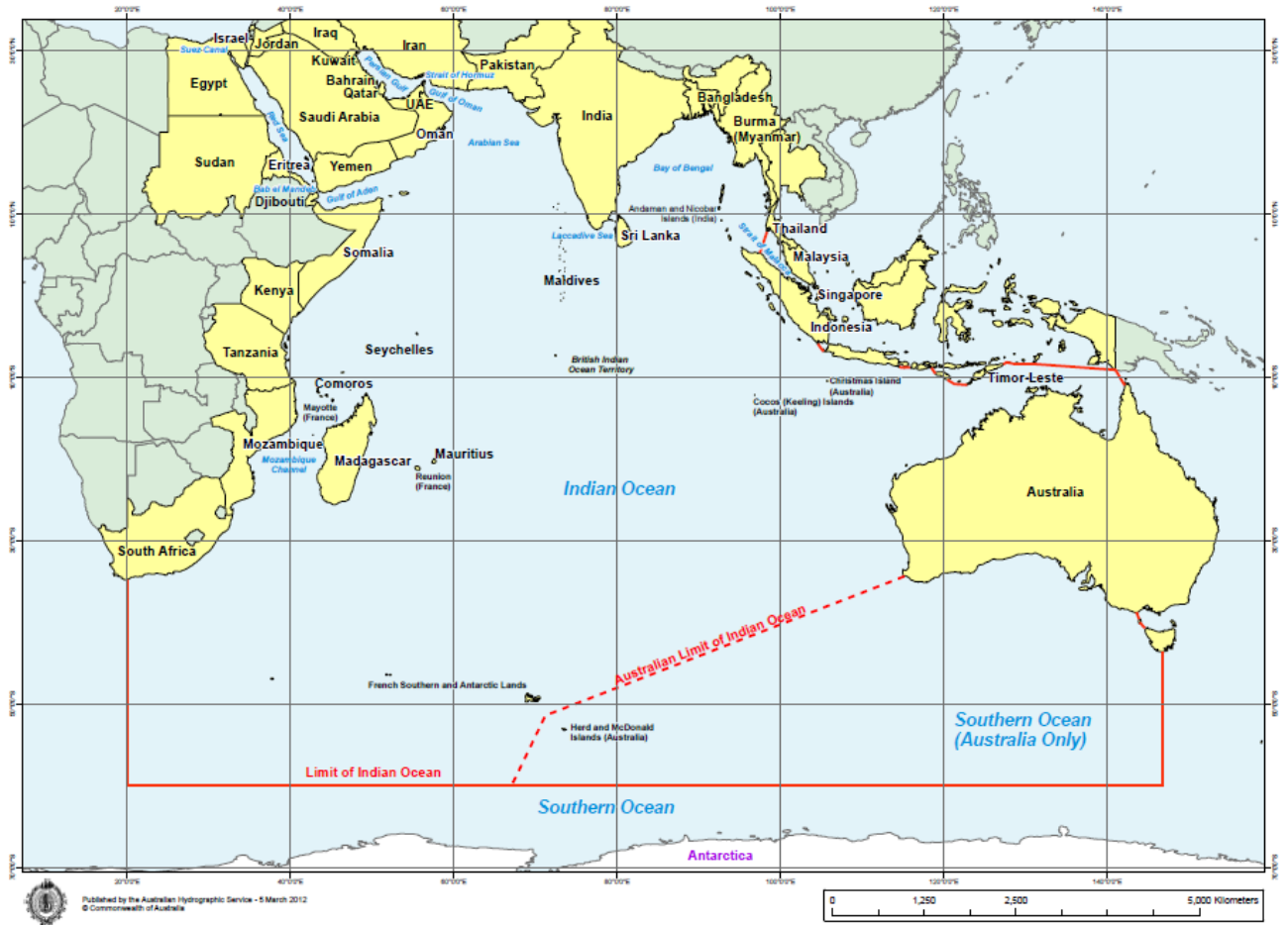
2 *Submission 30*, p. 27.

3 International Hydrographic Organization, *Limits of the Oceans and Seas*, p. 22.

4 Andrew Darby, 'Canberra all at sea over position in the Southern Ocean', *The Age*, 22 December 2003, p. 6.

5 *Submission 30*, p. 8.

Map of the Indian Ocean⁶



Rim vs region

2.4 While some submissions use 'rim' and 'region' interchangeably when discussing the countries which constitute the Indian Ocean rim area, Department of Foreign Affairs and Trade (DFAT) notes that the terms can vary and include different countries.⁷

2.5 When collating statistics on a regional basis the countries of the Indian Ocean region are relegated to established and readily understood sub-regions (for example the Gulf countries), geographic areas (African countries are often referred to collectively as simply Africa) or key countries (for example India). DFAT provides a breakdown of countries that can be classified as states of the Indian Ocean—Indian Ocean countries located on the rim; countries included in the wider region; and countries geographically located outside the region but which have strong links to the region.

6 *Submission 30*, p. 8.

7 *Submission 30*, p. 8.

States of Indian Ocean⁸

Indian Ocean rim				
Indian Ocean region				
Broader Indian Ocean region				
Countries located in the Indian Ocean rim@		Nearby coastal countries #	Other nearby countries, including:	Other extra-regional stakeholders with strong interests in the region, including:
<u>Australia</u>	<u>Oman</u>	Bahrain	Afghanistan	China^
<u>Bangladesh</u>	Pakistan	Egypt^	Bhutan	EU
Burma (Myanmar)	<u>Seychelles</u>	Eritrea	Botswana	France^
Comoros	<u>Singapore</u>	Iraq	Burundi	Japan^
Djibouti	Somalia	Israel	Brunei	Republic of Korea
<u>India</u>	<u>South Africa</u>	Jordan	Cambodia	Russia
<u>Indonesia</u>	<u>Sri Lanka</u>	Kuwait	Ethiopia	UK^
<u>Iran</u>	<u>Tanzania</u>	Qatar	Laos	US
<u>Kenya</u>	<u>Thailand</u>	Saudi Arabia	Lesotho	
<u>Madagascar</u>	Timor-Leste	Sudan	Malawi	
<u>Malaysia</u>	<u>UAE</u>		Nepal	
Maldives	<u>Yemen</u>		Philippines	
<u>Mauritius</u>			Rwanda	
<u>Mozambique</u>	<i>French Territories in the Indian Ocean (France)*^</i>		South Sudan	
	<i>British Indian Ocean Territory (UK)^</i>		Swaziland	
			Uganda	
			Vietnam	
			Zambia	
			Zimbabwe	

2.6 Despite the lack of consensus on the countries that form the Indian Ocean region, the committee has, for the purposes of this report, taken DFAT's tighter definition that includes the countries that are located directly on the Indian Ocean littoral rim. Thus, when the committee refers to the Indian Ocean rim, it is referring to the 26 Indian Ocean littoral countries. During this report, the committee also refers to countries outside the region that have a significant interest and/or presence in the region.

Sub-regions

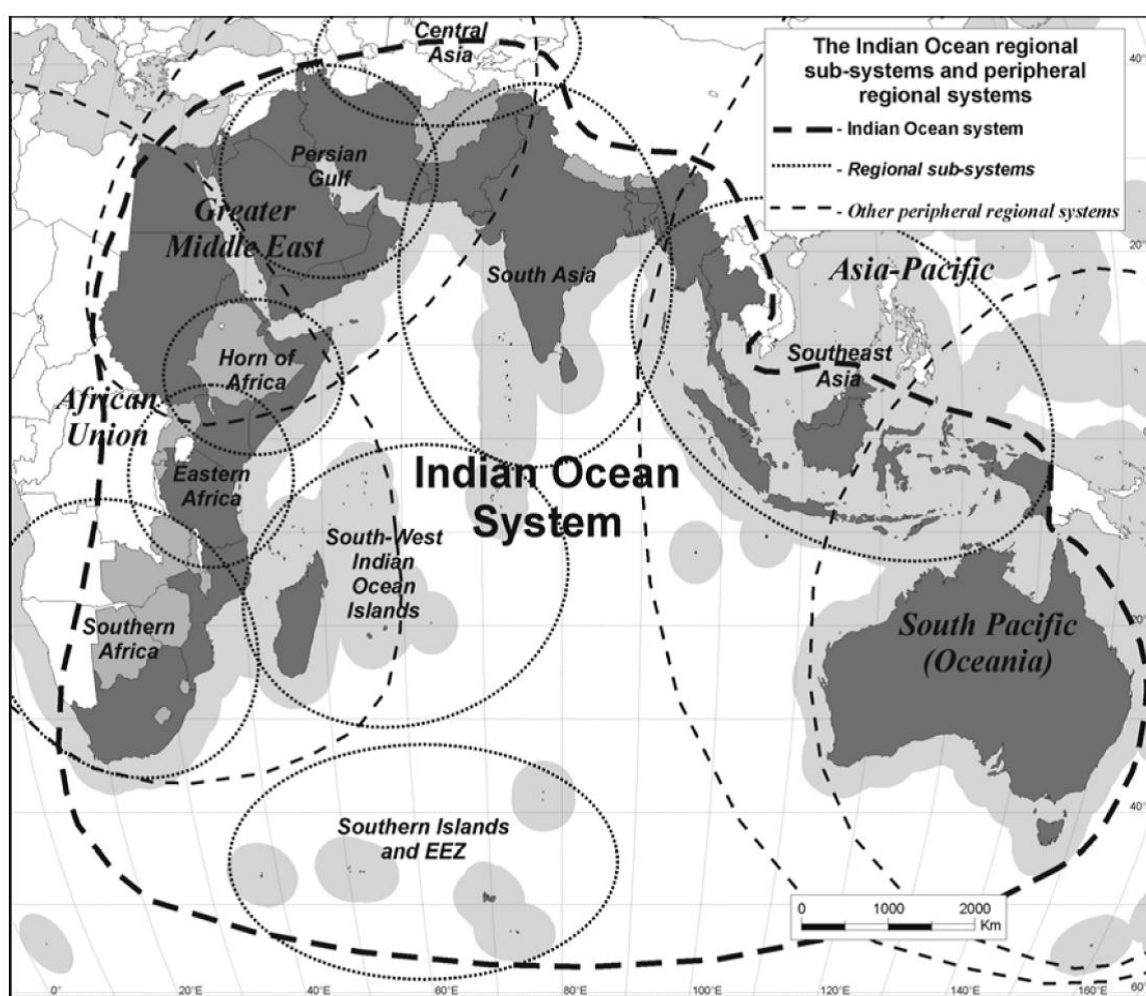
2.7 The Indian Ocean rim 'region' can also be categorised in terms of sub-regional groups and issue-specific groups. In their submission, the Indian Ocean Research Group identified nine regional groupings in the Indian Ocean rim (diagram below).⁹

8 *Submission 30*, p. 8.

9 *Submission 6*, p. 4.

Several submissions noted that the way in which Australia already engages with Indian Ocean rim countries, and can do so in the future, is through issue or region specific groupings. Other submissions, for example Future Directions International, noted that some sub-regional groups can be effective forums to promote Australian interests.¹⁰ Likewise, issue specific groups, which may have larger memberships but their focus is narrower—for example organisations managing fisheries such as the Indian Ocean Tuna Commission and the Indian Ocean Commission. Mr Sergei DeSilva-Ranasinghe¹¹ maintained that Indian Ocean Naval Symposium (IONS) had been useful in creating a forum for navies in the region to discuss maritime safety and security issues and share lessons learnt.¹²

The Indian Ocean Region and Sub-Systems¹³



10 *Submission 12*, p. 6.

11 Non-resident fellow, National Security Institute, University of Canberra.

12 *Committee Hansard*, 22 March 2013, pp. 19–20.

13 The diagram is taken from *Submission 6*, p. 4.

2.8 The committee's report explores the question of how useful a conceptualisation of the Indian Ocean rim as a cohesive region would be to Australia's interaction with the region as a whole. In particular, the committee considers how this concept could be used to leverage the efforts already being made by Australian business and state and federal governments in interacting with individual Indian Ocean rim countries and Indian Ocean rim sub-groups.

Part I

Indian Ocean Rim Association for Regional Cooperation—past, present and future—challenges and opportunities

In Part I of this report, the committee considers the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC). This association is the key piece of regional architecture in the Indian Ocean rim region. The committee examines the launch of the association, its 16-year history, its achievements, regional and international profile, relationship with other subregional and regional groupings, its present challenges and future opportunities. It looks at the level of interest in, and commitment to, the association and the forces at work in the region that both hinder and favour its development.

Australia is due to become chair of IOR-ARC in 2013 and the committee explores the opportunity for Australia to shape the direction of IOR-ARC in partnership with India (as the previous chair) and Indonesia (as the future chair) in the troika leadership arrangement which is specific to IOR-ARC.

Chapter 3

IOR-ARC—beginnings

Let us be frank with ourselves. Either the organization is worth preserving, in which case it is worth promoting and sustaining, or it must be allowed to wither away and die.¹

Proposed Indian Ocean Association for Regional Cooperation

3.1 During the 1990s, a group of seven countries (Australia, India, Kenya, Mauritius, the Sultanate of Oman, Singapore and South Africa) envisaged the establishment of a regional organisation to enhance economic co-operation amongst the countries of the Indian Ocean rim.² They could see mutual benefits in setting up a common platform for discussing economic cooperation. The idea, strongly advocated by Mauritius, would complement the multilateral or bilateral obligations of member states.³ Indeed, in 1994 Mauritius proposed the formation of an Indian Ocean rim association as a means of bringing to life the concept of regional cooperation and making it workable.⁴ In March 1995, the first inter-governmental meeting was held in Mauritius to discuss this proposal for an Indian Ocean Rim association.⁵ The Prime Minister of Mauritius explained that when his country took the initiative to launch the process after consultations with some countries, 'the concept of cooperation between countries of the region was still nebulous'. He explained:

Very little had been done to promote cooperation at the level of the region in spite of the call for South-South Cooperation over the last few decades. Indeed, the few attempts made in the past to stimulate region-wide cooperation did not have the desired success mainly for lack of resources and the inability of the participating countries to leverage on international relations.⁶

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- 1 Statement by the Hon Rohitha Bogollagama, Minister of Foreign Affairs of Democratic Republic of Sri Lanka, Eighth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Islamic Republic of Iran, 4 May 2008.
 - 2 Statement by the Hon Dr H. Manduku, Assistant Minister of Foreign Affairs, Kenya, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, 6 March 1997.
 - 3 Statement by H.E. Raharisoa Juliette Joelson, Minister for Tourism of the Republic of Madagascar, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, 6 March 1997.
 - 4 Statements by H.E. Yusuf bin Alawi bin Abdullah, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, March 1997, and the Hon V. Bunwaree, Minister of Finance and Leader of the Mauritius Delegation, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, March 1997.
 - 5 IOR-ARC, 'Formation', <http://www.iorarc.org/about-us/formation.aspx>, (accessed 3 May 2013).
 - 6 Opening Address by Dr the Hon Navinchandra Ramgoolam, Prime Minister of Mauritius, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, 5 March 1997.

Launch of IOR-ARC, 1997

3.2 On 6 March 1997, representatives from 14 countries gathered in Mauritius to launch 'a regional framework for closer trade, economic and other cooperation to the benefit of all countries reliant on the Indian Ocean'. The countries—Australia, India, Indonesia, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Singapore, South Africa, Sri Lanka, Tanzania and Yemen—adopted a charter by acclamation formally establishing the new Indian Ocean Rim Association for Regional Cooperation—IOR-ARC.⁷ The fundamental principle of IOR-ARC, as set down in the Charter, was to 'facilitate and promote economic co-operation, bringing together representatives of government, business and academia'.⁸

3.3 The launch of IOR-ARC was heralded as an 'important turning point in the history of cooperation among countries of the Indian Ocean Rim'.⁹ The association recognised the diversity in their economies, cultures, socio-economic development and political ideologies.¹⁰ Despite their differences, they managed to negotiate and agree upon a 'workable framework for regional cooperation'.¹¹ At the time, one representative observed:

...it is indeed surprising that the Indian Ocean region which can boast of a combined GDP of US\$1 trillion and 31% of the global population should have lagged so far behind. One is indeed constrained to enquire why this should be so, given the vast natural and human resources this region is endowed with, and also the 'commonalities' that we share in many historical and cultural domains...¹²

3.4 The member states were to build and expand understanding among themselves through a consensus-based approach:

Co-operation within the framework of the Indian Ocean Rim is based on the respect for the principles of sovereign equality, territorial integrity, political

7 IOR-ARC, 'Formation', <http://www.iorarc.org/about-us/formation.aspx>, (accessed 3 May 2013); Charter of the Indian Ocean Association for Regional Co-operation (IOR-ARC), ratified 3 March 1997.

8 Article 2, Charter of the Indian Ocean Association for Regional Co-operation (IOR-ARC), ratified 3 March 1997.

9 Statement by the Hon V. Bunwaree, Minister of Finance and Leader of the Mauritius Delegation, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, March 1997.

10 See for example, Opening Address by Dr the Hon Navinchandra Ramgoolam, Prime Minister of Mauritius, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, 5 March 1997.

11 Statement by the Hon Dr H. Manduku, Assistant Minister of Foreign Affairs, Kenya, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, 6 March 1997.

12 Statement by the Hon Lakshman Kadirgamar PC, MP, Minister of Foreign Affairs, Sri Lanka, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, 6 March 1997.

independence, non-interference in internal affairs, peaceful co-existence and mutual benefit.¹³

3.5 The Prime Minister of Mauritius described the IOR-ARC Charter as 'a modest and flexible framework for cooperation'. He stated that the association was:

...not meant to be a grand prescription for a closed and protective club of nations, seeking the economic power to entrench themselves against the currents and trends which are sweeping the world.

The grouping was intended to be 'a free and open association of sovereign nations', requiring 'a commitment to progressive cooperation and collaboration'.¹⁴

3.6 The Charter made clear that bilateral and other issues likely to generate controversy and impede regional co-operation efforts would be excluded from the association's deliberations.¹⁵ The association was deemed to be complementary to other regional blocs.¹⁶ His Excellency, Mr Ali Alatas, Minister for Foreign Affairs, Republic of Indonesia, believed that it was feasible for IOR-ARC to work in concert with existing sub-regional organisations such as the Association for South East Asian Nations (ASEAN), South Asian Association for Regional Cooperation (SAARC), Cooperation Council for the Arab States of the Gulf (GCC), the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC).¹⁷

Membership

3.7 Article 4 of the Charter provided that all sovereign states of the Indian Ocean Rim would be eligible for membership, but they must adhere to the principles and objectives enshrined in the charter.¹⁸ Member states would decide on the expansion of the association. In this regard, most supported the admission of new members to

13 South African Government Information, Minister Sue Van Der Merwe, to attend Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Co-operation, 26–27 August 2004, Colombo, Sri Lanka.

14 See for example, Opening Address by Dr the Hon Navinchandra Ramgoolam, Prime Minister of Mauritius, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, 5 March 1997.

15 Charter of the Indian Ocean Association for Regional Co-operation (IOR-ARC), ratified 3 March 1997.

16 Statement by H.E. Mohammed A. Al-Junaïd, Minister of Finance, Republic of Yemen, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, March 1997.

17 Statement by His Excellency, Mr Ali Alatas, Minister for Foreign Affairs, Republic of Indonesia, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, 6 March 1997.

18 Charter of the Indian Ocean Association for Regional Co-operation (IOR-ARC), ratified 3 March 1997.

follow an evolutionary fashion that would allow the organisation 'to learn to make the first steps before it starts running'.¹⁹

Tripartite approach

3.8 Established under the Charter, a Council of Ministers were to meet once in two years or more often as mutually agreed. A committee of senior officials, composed of government officials of member states, would be created and assemble as often as mutually decided. The association also included two bodies—the Indian Ocean Rim Business Forum and the Indian Ocean Rim Academic Group, which were to be 'an important and integral part of the development of the Association'.²⁰ The Senior Officials Committee was to review decisions taken by the Council of Ministers and in cooperation with the Business Forum and Academic Group establish priorities of economic co-operation, develop, monitor and co-ordinate work programs and mobilise resources for financing the programs.²¹

3.9 Many of the representatives present at this first meeting approved of the close involvement of the business community and academia.²² For example, the leader of the Mauritius delegation was of the view that this tripartite arrangement would place the association on a 'sound and result-oriented perspective'. He said:

We believe that this process would be encouraged by the active role of Governments as a facilitator and catalyst by creating an enabling and conducive environment for the economic operators.²³

3.10 His Excellency, Professor S. Jayakumar, Minister for Foreign Affairs and Law, Republic of Singapore, stated that the real value of such meetings 'lay in the contact and networks being built up between our business and academic leaders'.²⁴

19 Statement by the Hon Lakshman Kadirgamar PC, MP, Minister of Foreign Affairs, Sri Lanka, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, 6 March 1997. See also, statement by His Excellency, Mr Ali Alatas, Minister for Foreign Affairs, Republic of Indonesia, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, 6 March 1997. Mr Ali Alatas held the view that membership should be open to all countries in the region but also recognised the evolutionary approach to IOR-ARC membership expansion.

20 Charter of the Indian Ocean Association for Regional Co-operation (IOR-ARC), ratified 3 March 1997.

21 Charter of the Indian Ocean Association for Regional Co-operation (IOR-ARC), ratified 3 March 1997.

22 See for example, statements by H.E. Dr Leonardo Santos Simao, Minister of Foreign Affairs and Cooperation of the Republic of Mozambique; His Excellency, Professor S. Jayakumar, Minister for Foreign Affairs and Law, Republic of Singapore; the Hon Jakaya Kikwete, MP, Minister for Foreign Affairs and Regional Co-operation of the United Republic of Tanzania, H.E. Mr Ali Alatas, Minister for Foreign Affairs, Republic of Indonesia; and Mr Tim Fisher, Deputy Prime Minister of Australia, and Minister for Trade, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, March 1997.

23 Statement by the Hon V. Bunwaree, Minister of Finance and Leader of the Mauritius Delegation, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, March 1997.

Secretariat

3.11 The Charter provided for a secretariat that would 'co-ordinate, service and monitor the implementation of policy decisions and work programmes as laid down'.²⁵ The meeting discussed the make-up of this secretariat, including its size, composition and funding arrangements.²⁶ Some supported the proposal to establish a secretariat with a permanent headquarters.²⁷ Others were wary of creating a bureaucracy with the associated high administrative costs though they accepted the importance of having a working group or small unit to continue the work.²⁸ Some suggested that institutional support systems such as a secretariat could be built up gradually.²⁹ Mr Ali Alatas agreed with the recommendation to establish a pilot mechanism of an 'appropriately modest size and manned by personnel voluntarily seconded by members'.³⁰ In his view, the mechanism could then evolve gradually 'in step with the development and the inevitable enlargement of the requirements and initiatives' of the association.³¹

3.12 A Pilot Co-ordination Mechanism, known as the PCM, was set up as an interim arrangement to 'co-ordinate, service and monitor the implementation of policy decisions and work programmes'.³² A director from Mauritius headed the PCM with an Assistant Director from the Sultanate of Oman.

Pace

3.13 Most ministers recognised that a regional forum takes time to develop and favoured a steady incremental and measured approach to building on the work of the

24 Statement by His Excellency, Professor S. Jayakumar, Minister for Foreign Affairs and Law, Republic of Singapore, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, March 1997.

25 Charter of the Indian Ocean Association for Regional Co-operation (IOR-ARC), ratified 3 March 1997.

26 Opening Address by Dr the Hon Navinchandra Ramgoolam, Prime Minister of Mauritius, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, 5 March 1997.

27 Statements by H.E. Mohammed A. Al-Junaid, Minister of Finance, Republic of Yemen, and Shri I.K. Gujral, External Affairs Minister of India, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation March 1997.

28 Statements by H.E. Dr Leonardo Santos Simao, Minister of Foreign Affairs and Cooperation of the Republic of Mozambique, and the Hon Lakshman Kadirgamar P.C., M.P., Minister of Foreign Affairs, Sri Lanka, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, 6 March 1997.

29 Statement by His Excellency, Professor S. Jayakumar, Minister for Foreign Affairs and Law, Republic of Singapore, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, March 1997.

30 His Excellency, Mr Ali Alatas, Minister for Foreign Affairs, Republic of Indonesia, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation.

31 His Excellency, Mr Ali Alatas, Minister for Foreign Affairs, Republic of Indonesia, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation.

32 Report by H.E. Dr Leonardo Santos Simao, Minister of Foreign Affairs and Cooperation of the Republic of Mozambique and Chairman of the Council of Ministers, Muscat, 7 April 2001.

meeting. For example, Professor S. Jayakumar urged the new association to take the first steps at 'a pace that is both comfortable for the less mature economies and also satisfactory to the more developed ones'. He said:

There need be no embarrassment in modest beginnings...a small but effective and realistic start will stand the IOR-ARC in good stead for the long run.³³

3.14 This sentiment was echoed by other ministers who similarly saw the need to be pragmatic and realistic in nurturing the association and pacing its activities.³⁴ Mr Ali Alatas counselled 'Let us make haste judiciously, guided by a realistic sense of what is possible'.³⁵

Second meeting, 1999

3.15 By the time of the second meeting in 1999, interest in the association had grown with eight more countries eager to join and some other nations and organisations applying for dialogue partner and observer status.³⁶ The Indian Ocean Rim Academic Group and the Indian Ocean Rim Business Forum had developed networks throughout the region. According to the Chairman of the Second Council Meeting, the association had the 'critical mass necessary for it to take up the challenges resulting from globalisation and the internationalisation of economies'. He said:

Various projects of a regional character in the fields of trade, tourism, technology diffusion, human resource development, maritime transport, insurance, information technology and standards and accreditation, among others have been identified. These projects are currently being implemented on a voluntary basis by member-states.³⁷

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- 33 Statement by His Excellency, Professor S. Jayakumar, Minister for Foreign Affairs and Law, Republic of Singapore, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, March 1997.
- 34 Statement by H.E. Mr Ali Alatas, Minister for Foreign Affairs, Republic of Indonesia, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, 6 March 1997.
- 35 Statement by H.E. Mr Ali Alatas, Minister for Foreign Affairs, Republic of Indonesia, First Ministerial Meeting of the Indian Ocean Association for Regional Cooperation, 6 March 1997.
- 36 Statement by the Hon Manou Bheenick, Minister of Economic Development, Productivity and Regional Development of Mauritius and Chairman of the IOR-ARC Council of Ministers, Second Council of Ministers Meeting of the Indian Ocean Rim Association for Regional Cooperation, 30–31 March 1999.
- 37 The Hon Manou Bheenick, Minister of Economic Development, Productivity and Regional Development of Mauritius and Chairman of the IOR-ARC Council of Ministers, Second Council of Ministers Meeting of the Indian Ocean Rim Association for Regional Cooperation, 30–31 March 1999.

3.16 By 2000, Bangladesh, Iran, Seychelles, Thailand and the United Arab Emirates had joined the association and Egypt, Japan, China and the United Kingdom welcomed as dialogue partners.³⁸

Third and fourth meetings, 2001 and 2003

3.17 In April 2001, the Chairman of the Council of Ministers announced that the association had agreed to upgrade the Pilot Co-operation Mechanism to a Co-operation Secretariat with 'a lean bureaucracy'. He noted that the association needed to give the Secretariat the human and financial resources so that it could discharge its duties.³⁹ In his assessment, the matter deserved serious attention:

Our Association has to-day a different dimension and it cannot continue to be run by a Director and an assistant Director alone. We need to face the realities of the time and be pragmatic on this issue.⁴⁰

3.18 The Chairman also urged the association to adopt 'a modest, practical and outcome focused trade and investment policy Action Plan. This plan would 'reflect the three pillars of trade liberalisation, trade facilitation and economic and technical co-operation'.⁴¹ He noted that while the business of the association had generally been on schedule, tangible results were yet to be seen.⁴²

3.19 A High-Level Task Force was established to examine and make recommendations on matters such as the future direction of the IOR-ARC and the existing organisational structure and efficiency of, and funding arrangements for, the Secretariat. The task force was also to consider raising the international profile of the association within and outside the Indian Ocean rim region.⁴³ Indeed, at the fourth Meeting of the Council of Ministers in 2003, the Chairman designate again highlighted the need to raise IOR-ARC's profile not only among the rim countries but more broadly. Notably, he stressed the importance of member states taking suitable

38 Report by H.E. Dr Leonardo Santos Simao, Minister of Foreign Affairs and Cooperation of the Republic of Mozambique and Chairman of the Council of Ministers, Muscat, 7 April 2001.

39 Report by H.E. Dr Leonardo Santos Simao, Minister of Foreign Affairs and Cooperation of the Republic of Mozambique and Chairman of the Council of Ministers, Muscat, 7 April 2001.

40 Report by H.E. Dr Leonardo Santos Simao, Minister of Foreign Affairs and Cooperation of the Republic of Mozambique and Chairman of the Council of Ministers, Muscat, 7 April 2001.

41 Report by H.E. Dr Leonardo Santos Simao, Minister of Foreign Affairs and Cooperation of the Republic of Mozambique and Chairman of the Council of Ministers, Muscat, 7 April 2001.

42 Report by H.E. Dr Leonardo Santos Simao, Minister of Foreign Affairs and Cooperation of the Republic of Mozambique and Chairman of the Council of Ministers, Muscat, 7 April 2001.

43 IOR-ARC Council of Ministers Chairman's Report, H.E. Yusuf bin Alawi bin Abdullah, Minister Responsible for Foreign Affairs, the Sultanate of Oman, 12–13 October 2003, Sri Lanka.

action to enhance their own people's interest in, and understanding of, the association.⁴⁴

Fifth meeting, 2004

3.20 By 2004, a number of member states were expressing concerns about the association's loss of momentum.⁴⁵ The Hon Lakshman Kadirgamar, Minister of Foreign Affairs of Sri Lanka, said:

...it is a well recognized fact that no inter-governmental organization moves forward unless there is constant political commitment to its progress on the part of member States. The expertise available in the region cannot be harnessed and deployed usefully unless governments constantly reiterate and unmistakably demonstrate their commitment to the organization.⁴⁶

3.21 Once again member states stressed the need to concentrate on practical projects that would be of common benefit to members and, rather than add more projects, embark on priority ones.⁴⁷ The Indian Minister of State for External Affairs stated that the association must demonstrate the required political will to support the organisation's activities.⁴⁸ He underscored the need 'to develop projects or commission studies that provide tangible benefits to Member states and dialogue partners'. In his view, only then could the association 'expect a matching level of interest from headquarters'.⁴⁹ He said:

...we should organise workshops on issues having direct relevance to our trade and industry sectors or for our developmental activities or for the good of civil society. There are many areas where we can benefit by sharing each other's development experiences, technologies, traditional knowledge or best practices...we should encourage the three working groups—the Academic Group, the Business Forum and the Working Group on Trade

44 Address by the Hon Tyronne Fernando, PC, MP, Minister of Foreign Affairs at the inauguration of the Fourth Meeting of the Council of Ministers' of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC), 12 October 2003.

45 Statement by H.E. Joseph Salalang, Deputy Minister, Ministry of Foreign Affairs, Malaysia; Address by the Hon. Lakshman Kadirgamar, Minister of Foreign Affairs of Sri Lanka, Fifth Council of Ministers Meeting, Indian Ocean Rim Association for Regional Cooperation, Colombo, Sri Lanka, 26 August 2004.

46 Address by the Hon. Lakshman Kadirgamar, Minister of Foreign Affairs of Sri Lanka, Fifth Council of Ministers Meeting, Indian Ocean Rim Association for Regional Cooperation, Colombo, Sri Lanka, 26 August 2004.

47 Statement by H.E. Joseph Salalang, Deputy Minister, Ministry of Foreign Affairs, Malaysia; Address by the Hon. Lakshman Kadirgamar, Minister of Foreign Affairs of Sri Lanka, H.E. Mr Kia Tabatabaee, Director-General for Multilateral Economic Cooperation, Islamic Republic of Iran, Fifth Council of Ministers Meeting, Indian Ocean Rim Association for Regional Cooperation, Colombo, Sri Lanka, 26 August 2004.

48 Statement by the Minister of State for External Affairs, India, H.E. Mr E. Ahamed, Fifth Meeting of the Council of Ministers of IOR-ARC, Colombo, 26 August 2004.

49 Statement by the Minister of State for External Affairs, India, H.E. Mr E. Ahamed, Fifth Meeting of the Council of Ministers of IOR-ARC, Colombo, 26 August 2004.

and Investment (WGTI) to come forward with such tangible proposals as would have relevance and interest for a majority of our membership.⁵⁰

3.22 Concerned that the Secretariat could not make headway by itself, the Council of Ministers considered the need for member states to support it. The Sri Lankan Foreign Minister referred to the Secretariat's inadequate funding:

...it is still the wish of member States that the Secretariat should not be enlarged; rather the States would wish to see the existing secretariat rising, almost impossibly, to the daunting challenge of re-invigorating the organization even without adequate personnel and resources. This is undoubtedly a huge burden placed on the secretariat. They are being called upon with the services of a few to do the work that needs to be done by many.⁵¹

Sixth meeting, 2006

3.23 Just over a year after the tsunami of December 2004, which caused widespread devastation in the region, the association highlighted the emergence of disaster mitigation and management as a significant area of international cooperation.⁵² At this 2006 meeting, the Council of Ministers also recognised piracy along the Kenya–Somalia coastline as a growing and major challenge to trade facilitation.⁵³

3.24 Yet again, members were reminded of the central importance of enthusiasm to the success of IOR-ARC.⁵⁴ His Excellency Datuk Joseph Salang, Deputy Minister of Foreign Affairs, Malaysia, spoke of the limited achievements and the need to focus resources on projects that were realisable.⁵⁵ Another Minister, His Excellency Dr Abdul Razak Noormahomed voiced the same sentiments, suggesting a revision of

50 Statement by the Minister of State for External Affairs, India, H.E. Mr E. Ahamed, Fifth Meeting of the Council of Ministers of IOR-ARC, Colombo, 26 August 2004.

51 Address by the Hon Lakshman Kadirgamar, Minister of Foreign Affairs of Sri Lanka, Fifth Council of Ministers Meeting, Indian Ocean Rim Association for Regional Cooperation, Colombo, Sri Lanka, 26 August 2004.

52 See Statement by the Minister of State for External Affairs, H.E. Shri E. Ahamed, Statement by South African Deputy Minister of Foreign Affairs, Ms Sue Van Der Merwe, Sixth Meeting of the Council of Ministers of IOR-ARC, Iran, Tehran, 21 February 2006.

53 Speech by Hon Raphael Tuju MP, Minister for Foreign Affairs of the Republic of Kenya, Sixth Council of Ministers Meeting of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Iran, 21–22 February 2006.

54 Speech by the Hon Raphael Tuju MP, Minister for Foreign Affairs of the Republic of Kenya, Sixth Council of Ministers Meeting of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Iran, 21–22 February 2006.

55 Statement by H.E. Datuk Joseph Salang, Deputy Minister of Foreign Affairs, Malaysia, Sixth Council of Ministers Meeting of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Iran, 21 February 2006.

projects so that the association would concentrate on those with 'a great potential and in which we have comparative advantage'.⁵⁶

3.25 He also acknowledged that member states 'must allocate the necessary financial resources and provide IOR-ARC with a stable budget for its activities and for the proposed projects'.⁵⁷ The South African Deputy Minister of Foreign Affairs told the meeting that members needed to raise the organisation's international profile; rebuild confidence in its operations; and reinvigorate its enormous potential to members' collective gain.⁵⁸

Seventh meeting, 2007—decade of talk

3.26 In 2007, a decade after the association's creation, members reflected on the lack of visible results and again called for clear and concrete proposals to re-energise the organisation.⁵⁹ The emphasis was on bringing forward practical and result-oriented projects.⁶⁰ His Excellency Mr Primo Alui Joelianto, Deputy Minister of Foreign Affairs, Indonesian Head of Delegation, said:

IOR-ARC has produced abundant number of initiatives. However, it is necessary for us to explore innovative ways and mechanism to ensure that these initiatives be implemented and be completed in due course.⁶¹

3.27 Malaysia was of the view that IOR-ARC could achieve more if each member state made serious efforts to achieve the association's goals.⁶² The meeting decided to

56 Statement by H.E. Datuk Joseph Salang, Deputy Minister of Foreign Affairs, Malaysia, Sixth Council of Ministers Meeting of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Iran, 21 February 2006.

57 Statement by H.E. Datuk Joseph Salang, Deputy Minister of Foreign Affairs, Malaysia, Sixth Council of Ministers Meeting of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Iran, 21 February 2006.

58 Statement by South African Deputy Minister of Foreign Affairs, Ms Sue Van Der Merwe, Sixth Council of Ministers Meeting of IOR-ARC, Iran, Tehran, 21 February 2006.

59 Statement by Deputy Minister Aziz Pahad, Seventh Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Islamic Republic of Iran, 7 March 2007.

60 Statement by the Minister of State for External Affairs, H.E. Shri E. Ahamad, Seventh Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Islamic Republic of Iran, 7 March 2007.

61 Remarks by H.E. Mr Primo Alui Joelianto, Deputy Minister of Foreign Affairs, Indonesian Head of Delegation, Seventh Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Islamic Republic of Iran, 7 March 2007.

62 Statement by H.E. Datuk Joseph Salang, Deputy Minister of Foreign Affairs, Malaysia, Seventh Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Islamic Republic of Iran, 7 March 2007.

develop a four-year plan of action to guide the work of the Secretariat and the member states.⁶³

3.28 At this seventh meeting, Madagascar drew attention to the natural disasters that had occurred in the region—floods in Indonesia, cyclones in Mozambique and Mauritius.⁶⁴ Malaysia referred to the University Mobility Indian Ocean Rim Consortium as an 'enduring tour de force of multilateral cooperation between higher education institutes among IOR-ARC member states'.⁶⁵ The Council adopted Sri Lanka's proposal that 2007 be declared the IOR-ARC's year of tourism.⁶⁶

Eighth meeting, 2008—Action Plan

3.29 In 2008, delegates to the meeting of the Council of Ministers again expressed disappointment and frustration with the organisation's lack of progress: its 'very modest success'; its 'failure to show any tangible results'.⁶⁷ The Deputy Minister for Industry, Trade and Marketing, Kenya, stated that:

If we continue along this painfully slow pace we will soon cease to be relevant.⁶⁸

3.30 He called on delegates to 'move beyond rhetoric and embark on the path of concrete actions' and 'to rediscover the enthusiasm and political will that characterised

63 See comments by the Hon Moses Wetang'ula, Minister for Foreign Affairs, Republic of Kenya, Eighth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, 4 May 2008. The Committee of Senior Officials adopted the Action Plan which provided policy guidelines on the six priority areas identified by the association.

Statement by His Excellency Ambassador Syed Munshe Afdzaruddin, Ambassador of Malaysia to the Islamic Republic of Iran, Eighth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, 4 May 2008.

64 Statement of H.E. Mr Ranjeva Marcel, Minister of Foreign Affairs of the Republic of Madagascar, Seventh Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Islamic Republic of Iran, 7 March 2007.

65 Statement by H.E. Datuk Joseph Salang, Deputy Minister of Foreign Affairs, Malaysia, Seventh Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Islamic Republic of Iran, 7 March 2007.

66 H.E. Mr Manouchehr Mottaki, Minister of Foreign Affairs of the Islamic Republic of Iran and Chairperson of IOR-ARC, Seventh Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Islamic Republic of Iran, 7 March 2007.

67 See for example, Statement by the Hon Rohitha Bogollagama, Minister of Foreign Affairs of Democratic Republic of Sri Lanka; Statement by the Hon Dr Cyril Chami MP, Deputy Minister for Industry, Trade, and Marketing, Republic of Tanzania, Eighth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Islamic Republic of Iran, 4 May 2008.

68 Statement by the Hon Dr Cyril Chami MP, Deputy Minister for Industry, Trade, and Marketing, Republic of Tanzania, Eighth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Islamic Republic of Iran, 4 May 2008.

the birth of the IOR-ARC'.⁶⁹ Member states reinforced the messages from previous meetings—especially the need to concentrate on implementing projects that were doable, practical and well-targeted so that members could enjoy the benefits of cooperation.⁷⁰ Some suggested pursuing only projects that could be sustained, add value and were unique to the group.⁷¹ Members saw the need for the organisation to produce tangible proposals based on complementarities and common goals of the organisation and its working groups having concrete shape and providing direction.⁷² The Minister of Foreign Affairs, Sri Lanka, reminded delegates of an observation by the chair of the Council of Ministers meeting in Colombo four years earlier about the importance of political will and commitment:

This organization belongs to member states. They have built a valuable structure for cooperation with the inclusion of the academic and business communities. If the organization falters or fails, it will be because the member States had by default, let it happen.

Let us be frank with ourselves. Either the organization is worth preserving, in which case it is worth promoting and sustaining, or it must be allowed to wither away and die.⁷³

3.31 The meeting approved the Action Plan discussed at the previous meeting, with its six priority areas—trade, finance and investment, training and technology, fisheries, tourism, natural disasters and information technology.⁷⁴ It also undertook to re-examine and amend the IOR-ARC Charter and to look at ways to strengthen the

69 Statement by the Hon Dr Cyril Chami MP, Deputy Minister for Industry, Trade, and Marketing, Republic of Tanzania, Eighth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Islamic Republic of Iran, 4 May 2008.

70 See for example, Statement by Mr Paul Tighe, First Assistant Secretary, DFAT, Australia; Statement from H.E. Primo Alui Joelianto, Republic of Indonesia; Statement by His Excellency Ambassador Syed Munshe Afdzaruddin, Ambassador of Malaysia to the Islamic Republic of Iran, Eighth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Islamic Republic of Iran, 4 May 2008.

71 See for example, Statement by H.E. Shri E. Ahamed, Minister of State for External Affairs, Republic of India; Statement by the Hon Moses Wetang'ula, Minister for Foreign Affairs, Republic of Kenya, Eighth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Islamic Republic of Iran, 4 May 2008.

72 See for example, Statement by H.E. Shri E. Ahamed, Republic of India, Minister of State for External Affairs, Eighth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Islamic Republic of Iran, 4 May 2008.

73 Statement by the Hon Rohitha Bogollagama, Minister of Foreign Affairs of Democratic Republic of Sri Lanka, Eighth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, Islamic Republic of Iran, 4 May 2008.

74 See observations made in statement by H.E. Mr Sayed Amir Mansor Borgheai, Islamic Republic of Iran, Tenth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Sana'a, Republic of Yemen, 5 August 2010.

Secretariat, including its financial capacity, structure, salary and allowances of its personnel.⁷⁵

Ninth meeting, 2009—declaratory to action phase

3.32 The 2009 Council of Ministers Meeting took place during a period of global economic turbulence and uncertainty. At this time, the increasing incidents of piracy in the Indian Ocean highlighted the need for a coordinated effort. Indeed, Oman's representative noted this 'alarming phenomenon' and urged member states 'to intensify collaboration and strengthen their capacity to combat this development'.⁷⁶ Sri Lanka also stated that the growing instances of maritime piracy in the region were a matter of grave concern.⁷⁷

3.33 Members supported the review of the organisation's charter 'to better address the association's changing needs'.⁷⁸ Indonesia urged member states to 'make haste judiciously guided by a realistic sense of what is possible and within the limits of the association's resources'.⁷⁹ The Council of Ministers agreed to appoint a review panel to 'prioritize and review the projects submitted to the different fora of IOR-ARC and to abandon projects which did not show any progress during the last two years'. The decision to jettison a project was to be taken after consultation with the lead coordinator member state.⁸⁰

*Role of Dialogue partners and need to strengthen the Secretariat.*⁸¹

3.34 Members continued to press the importance of implementing decisions and repeated their concern about slow progress with many projects in 'cold storage'.⁸² The

75 Tehran Communique, Eighth Meeting of the Council of Ministers of IOR-ARC, 4 May 2008.

76 Statement by H.E. Sayyid Badr bin Hamad Albusaidi, Secretary General, Oman, Ministry of Finance, Ninth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation Sana'a, Republic of Yemen, 25 June 2009. See also, Statement by H.E. T.M. Hamzah Thayeb, Head of Delegation of the Republic of Indonesia, Ninth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Sana'a, Republic of Yemen, 25 June 2009.

77 Statement by the Hon Hussain Bhaila Deputy Minister of Foreign Affairs, Sri Lanka, Ninth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Sana'a, Republic of Yemen, 25 June 2009.

78 Sana'a Communique, Ninth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Sana'a, Republic of Yemen, 25 June 2009.

79 Statement by H.E. T.M. Hamzah Thayeb, Head of Delegation of the Republic of Indonesia, Ninth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Sana'a, Republic of Yemen, 25 June 2009.

80 Sana'a Communique, Ninth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Sana'a, Republic of Yemen, 25 June 2009. Yemen endorsed the proposal 'to focus on a few priority areas which entails the adoption of a modest yet relevant Action Plan rather than an ambitious one.'

81 See for example, Statement by H.E. T.M. Hamzah Thayeb, Head of Delegation of the Republic of Indonesia, Ninth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Sana'a, Republic of Yemen, 25 June 2009.

emphasis was again on implementing a limited number of 'well thought out and effective projects'.⁸³ Australia stated its view that IOR-ARC should 'focus on a small number of practical and achievable activities to demonstrate progress and build confidence in the organisation'—it needed to 'get runs on the board'.⁸⁴

Tenth meeting, 2010—implementing spirit of revised IOR-ARC Charter

3.35 At the 2010 Council of Ministers Meeting, Malaysia described the fourteen-year old IOR-ARC as:

...akin to a teenager approaching early adulthood and much guidance is necessary in order that the teenager does not go astray. As such, detailing the future direction of IOR-ARC encompassing among others, practical work programmes must be put in place as a blueprint to drive the Association forward.⁸⁵

3.36 The meeting placed a special emphasis on implementing the spirit of the revised Charter of IOR-ARC and of the Action Plan adopted in 2008. Intended to revitalise the association, the revised charter restated, with minor amendments, the fundamental principles and objectives adopted in 1997. Its guiding principle remained unaltered, which was to facilitate and promote economic, co-operation, bringing together inter-alia, representatives of member states' governments, businesses and academia. The association sought 'to build and expand understanding and mutually beneficial co-operation through a consensus-based, evolutionary and non-intrusive approach'.⁸⁶

3.37 The main changes to the Charter were to institutional mechanisms. A 'Troika' comprising the Chair, Vice Chair and previous Chair would report to the member states on important matters including a review of progress and policy direction to the association's institutions. The new charter also set down the responsibilities, composition and functions of the Secretariat in greater detail. For example, the Secretariat was to prepare the Budget for each year to be submitted to the Committee of Senior Officials for its consideration and recommendation for adoption by the Council of Ministers. A Secretary-General, appointed by the Council of Ministers,

82 Statement by Ambassador M Fazlul Karim, Bangladesh, Ninth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Sana'a, Republic of Yemen, 25 June 2009.

83 Statement by H.E. Mr Kevin Magee, Ambassador of Australia, Ninth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Sana'a, Republic of Yemen, 25 June 2009.

84 Statement by H.E. Mr Kevin Magee, Ambassador of Australia, Ninth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Sana'a, Republic of Yemen, 25 June 2009.

85 Statement by the Hon Datuk Richard Riot Anak Jaem, Deputy Minister of Foreign Affairs, Malaysia, Tenth Meeting of the Council of Ministers of IOR-ARC, Sana'a, Yemen, 5 August 2010.

86 Charter of the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC), <http://iorarc.org/charter.aspx> (accessed 3 May 2013).

was to head the Secretariat for a term of three years renewable for one additional term. He/she would be assisted by Directors or experts on voluntary secondment from member states.⁸⁷

3.38 The Council of Ministers also highlighted, among other things, the following priorities:

- cooperating in the struggle against communicable diseases and natural disasters, and in meeting the challenges emanating from climate change;
- actively advancing project-driven and research oriented initiatives;
- supporting initiatives for combating piracy in the region;
- enhancing private sector involvement in the association in business, trade and economic cooperation; and
- lending greater support for the activities of the IOR-ARC Academic Group.⁸⁸

Eleventh meeting, 2011—six priority areas

3.39 The 2011 Council of Ministers welcomed back the Republic of Seychelles as a member. This meeting in Bengaluru brought together many of the themes that had been evolving over the life of IOR-ARC. At this time, members continued to voice their concerns about the menace of piracy in the region which, according to the meeting's communique, had assumed 'alarming proportions'. The meeting agreed that in this area the organisation could serve as 'an effective vehicle for sharing information, experience and best practice'.⁸⁹

3.40 The devastation caused by the 2004 tsunami and the most recent occurrence of cyclones, floods and other natural disasters as well as the threat of oil spills and marine pollution was also at the forefront of the meeting's consideration. In this regard, members endorsed the sharing of experiences and best practices through workshops and capacity building. They also recognised the importance of the fisheries and marine resources in the region and of deepening cooperation among members, including in the management and sustainable harvesting of fish stocks. Ministers were also of the view that consolidating cooperation under IOR-ARC would assist to combat illegal fishing and minimise the use of damaging fishing techniques. The meeting suggested that the IOR-ARC Fisheries Support Unit, set up under the aegis of the Sultanate of Oman, could function as a 'nodal institution to respond to the interests and requirements of member states'.⁹⁰

87 Charter of the Indian Ocean Association Co-operation (IOR-ARC).

88 Sana'a Communique, Tenth Meeting of the Council of Ministers of IOR-ARC, Sana'a, Yemen, 5 August 2010. Matters singles out tourism, marine pollution and ocean related disaster management, rising sea levels and fisheries—see H.E. Dr Abubaker Abdulla Al-Qirbi, Minister of Foreign Affairs, Republic of Yemen and Chair of IOR-ARC; Statement by Secretary to the Minister of Foreign Affairs of Thailand, Mr Chavanond Intarakomalyasut, Tenth Meeting of the Council of Ministers of IOR-ARC, Sana'a, Yemen, 5 August 2010.

89 Eleventh Meeting of the Council of Ministers of IOR-ARC Bengaluru communique.

90 Eleventh Meeting of the Council of Ministers of IOR-ARC Bengaluru communique.

3.41 The member states expressed a particular interest in infrastructure building and trade facilitation and, as underscored in previous meetings, the region's tourism potential as an attractive means for regional socio-economic growth and development. They were of the view that the whole IOR-ARC academic effort needed 'close attention with a recalibration of methodology and approach'. The meeting concluded:

We need to understand our region and our shared maritime domain better, we need to look at the development of technologies relevant to our peoples' needs. Meteorology and the study of the monsoons, marine biology and management of our coastal zones are all areas of relevance, so also are energy efficient and renewable energy technologies, capacity building in ICT, analytical studies on investment promotion etc.⁹¹

3.42 Member states recognised the value in cultural exchanges that promote people-to-people links and agreed to consider a new name for the organisation. India assumed the role of chair of the association and Australia became the vice-chair.

Twelfth meeting, 2012—fifteenth anniversary

3.43 In May 2012, the Government of Mauritius opened new 'state-of-the-art' facilities for the IOR-ARC Secretariat. It viewed the inauguration of the new premises as completing a process of rejuvenation started with the adoption of a new charter in 2010, the appointment of a 'seasoned diplomat', Ambassador K.V. Bhagirath, as the new Secretary-General and of India becoming the new chair.⁹² The Secretary-General stated that when he took charge, the Secretariat had been 'in search of a spark to spring it back into action'. In his view, during the first half of 2012 there were encouraging signs that the Secretariat had indeed sprang into action. In addition to moving into new premises, the Secretariat had organised a meeting on Culture, a Meeting of the Senior Officials of IOR-ARC and received a contribution of US\$1m from India.⁹³

3.44 Later that year at their annual council meeting, the Ministers' referred back to the six priority areas identified the previous year—maritime security and piracy; disaster risk reduction; trade and investment facilitation; fisheries management; academic and science and technology cooperation; tourism and cultural exchanges. They were of the view that the Bengaluru meeting had helped bring greater focus to the association's work and noted the number of useful cooperation initiatives being implemented in these areas.

3.45 A number of member states supported a regional initiative towards combating piracy along the waters of the Gulf of Aden.⁹⁴ Many looked to develop stronger cooperation in the field of education and disaster risk management. The meeting noted

91 Eleventh Meeting of the Council of Ministers of IOR-ARC Bengaluru communiqué.

92 Speech by the Hon Dr Arvin Boolell MP, Minister of Foreign Affairs, Regional Integration and International Trade, Mauritius, 7 May 2012.

93 Intervention by H.E. Mr Anund Priyay Neewoor, Secretary for Foreign Affairs, at the Handing Over Ceremony of India's Contribution to IOR-ARC Special Fund, 26 June 2012.

94 Statement by Hon Amb. Prof. Sam K. Ongeru, Minister for Foreign Affairs, Kenya, Twelfth Meeting of IOR-ARC, Gurgoan, India, 2 November 2012.

that enhanced connectivity could have 'a catalytic effect on economic integration by drastically reducing the costs of doing business'. In this context it recognised that the development of port and harbour infrastructure in the region assumed critical importance. The meeting directed the Working Group on Trade and Investment to 'explore the potential of cooperation in this sector, including investment in and upgrading of shipping infrastructure and logistic chains in the region'.

3.46 The meeting noted that IOR-ARC had developed valuable institutions including the Fisheries Support Unit, Maritime Transport Council and the regional Centre for Science and Technology Transfer. The Ministers wanted the institutions 'to develop into nodal centres of excellence and to network with other institutions in their respective fields in the region'.⁹⁵

Conclusion

3.47 Although from the beginning IOR-ARC member states were conscious of the need to proceed with small but steady steps, they increasingly became frustrated and disappointed that projects failed to deliver tangible results. Over an extended period, they highlighted the need for their association to have a clear sense of direction to guide its destiny. They argued that the organisation should focus on a small number of viable, practical, and key projects to be completed by the organisation so it could demonstrate progress and build confidence in its ability 'to get runs on the board'.⁹⁶ Member states accepted that they must strive for realistic and achievable results; act with decisiveness, greater focus and commitment; and make cooperation more concrete and the benefits more tangible.⁹⁷ In 2011, the member states nominated six priority areas of cooperation—maritime safety and security; trade and investment facilitation; fisheries management; disaster risk reduction; academic and science and technology; and tourism and cultural exchanges.⁹⁸

3.48 Member states also recognised that the tripartite approach of bringing together government, the private sector and academia was one of association's strengths. In particular, they understood that while the private sector was the engine of growth, greater interaction among the business communities was required.⁹⁹ The three

95 Twelfth Meeting of the Council of Ministers of IOR-ARC Gurgaon communiqué, 2 November 2012, paragraph 16.

96 Statement by Mr Paul Tighe, First Assistant Secretary, DFAT, Australia, Eighth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Tehran, 4 May 2008; Statement by H.E. T.M. Hamzah Thayeb, Head of Delegation of the Republic of Indonesia, Ninth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Sana'a, Republic of Yemen, 25 June 2009.

97 Statement by Mr Chavanond Intarakomalyasut, Secretary to the Minister of Foreign Affairs of Thailand, Tenth Meeting of the Council of Ministers of IOR-ARC, Sana'a, Yemen, 5 August 2010.

98 *Committee Hansard*, 17 August 2012, p. 3.

99 See for example, Statement by the Hon Hussain Bhaila Deputy Minister of Foreign Affairs, Sri Lanka, Ninth Meeting of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation, Sana'a, Republic of Yemen, 25 June 2009.

Working Groups—the Academic Group, the Business Forum and the Working Group on Trade and Investment—would be central to providing the incentive and direction needed for greater cooperation.

3.49 The association went through a renewal period when it amended its Charter and adopted a Plan of Action, but after fifteen years it was still endeavouring to lay a more substantial platform for cooperation. The tone of the 2012 Council of Ministers communique, however, was positive and conveyed a message of growing confidence and determination to strengthen institutions within IOR-ARC and their capacities. It referred to a number of useful cooperation initiatives that were being taken in each of the priority areas and drew attention to the work being done in the Fisheries Support Unit, Maritime Transport Council and the Regional Centre for Science and Technology Transfer. There was also talk of developing nodal centres of excellence.

3.50 The ministers emphasised the important role that the IOR-ARC Troika could have in coordinating cooperation through regular interaction among its members. The Secretariat, led by Ambassador K.V. Bhagirath, appeared to have engendered a clearer sense of purpose.

3.51 Australia as deputy chair and chair in waiting will be a part of the Troika and central to driving this cooperation. In the following chapter, the committee considers the potential for IOR-ARC under Australia's stewardship to realise its ambitions in the coming years.

Chapter 4

IOR-ARC

The Indian Ocean has become the focus of increasing strategic and political attention. Australia should be a pre-eminent country in the Indian Ocean region, but we've neglected it in favour of the Pacific. We lack a holistic Indian Ocean policy, despite the fact that we have the largest area of maritime jurisdiction in the IOR.¹

The Troika

4.1 India assumed the chair of IOR-ARC in 2011 and is to retain that position until 2013 when it hands over the reins to Australia. Indonesia will then take over from Australia in 2015. A number of witnesses agreed with the view that the troika of India, Australia and Indonesia will provide six years of strong leadership and opportunities for them to discuss useful initiatives for pursuing their 'common economic and strategic objectives within the region'.² Having reflected on the optimistic launch of IOR-ARC in 1997 and then traced its faltering growth, the committee in this chapter considers the possible factors behind the association's failure to thrive and then considers its future prospects.

Profile and achievements

4.2 Despite almost 16 years of talks, workshops and meetings and its impressive membership, including influential countries with observer status, IOR-ARC remains a little-known and fairly uninspiring organisation. Indeed, on occasion representatives attending IOR-ARC meetings have urged member states to work harder at projecting the association's profile not only outside the region but within their own membership.

4.3 Professor Dennis Rumley, Indian Ocean Research Group, noted that IOR-ARC, which started out as an economic cooperation grouping, remains a concept and, in his experience, few Indian Ocean inhabitants, including most Australians, would have heard of the acronym.³

4.4 Although a founding member of IOR-ARC, Australia's level of interest in, and commitment to driving the organisation toward greater cooperation, has been tepid. According to Major General John Hartley, Future Directions International, Australia has tended to look to the north—East Asia, Southeast Asia and across the Pacific—and traditionally not paid a great deal of attention to the Indian Ocean rim. He stated further that even when Australia has given the Indian Ocean a good deal of

1 Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, Australian Strategic Policy Institute, March 2010.

2 See for example, DFAT, *Committee Hansard*, 17 August 2012, p. 3 and *Committee Hansard*, 17 August 2012, p. 27.

3 *Submission 6*, pp. 8–9 and *Committee Hansard*, 2 October 2012, p. 3.

notice, it has 'waxed and waned over time'.⁴ Dr Sam Bateman and Dr Anthony Bergin wrote that the Indian Ocean was 'our neglected ocean'.⁵ Mr Bryan Clark, Australian Chamber of Commerce and Industry (ACCI), informed the committee that there was very strong interest in IOR-ARC but that part of the problem was that the government had 'not necessarily promoted it as a region'. He explained:

The Asia-Pacific is a commonly spoken of term. We have APEC, the East Asia Summit and a lot of institutional arrangements which give a media profile to our general relationships in Asia, but the same sort of dialogue does not go on with the Indian Ocean.⁶

4.5 Even Australia's former Foreign Minister, the Hon Kevin Rudd, conceded that at times Australia had been less than attentive to the organisation. At the 2011 Council of Ministers meeting, he acknowledged that he was the first Australian foreign minister to attend the gathering in 15 years. He then told the assembled member states:

...I'm not here to preach a lesson. I'm here to confess sins and then suggest a way forward.⁷

4.6 The lack of familiarity with IOR-ARC became manifestly evident during the committee's inquiry. For example the representative from the AFP had no knowledge of the organisation.⁸ Dr Brendan Taylor, Strategic and Defence Studies Centre, who participated in the committee's roundtable on the Indian Ocean rim, acknowledged that, though he had been studying regional architecture for about a decade, he was embarrassed to say that he had never heard of IOR-ARC before the committee's hearing.⁹ Such statements are not a reflection on the officers but on the failure of the association as a whole and Australia in particular to promote the region and IOR-ARC. Even the recent Asian Century White Paper displayed a blind spot when it came to the Indian Ocean and its regional association—IOR-ARC. Mr Clark, from the Australian Chamber of Commerce and Industry noted that there was discussion on Asia through the Asian white century paper, but the discussion still had a heavy emphasis around China and India as single countries rather than, perhaps, the Indian Ocean rim as a region of focus.¹⁰

4 *Committee Hansard*, 2 October 2012, p. 30. The Asia Research Centre, Murdoch University also noted that Australian policymakers, media and academics had long neglected the Indian Ocean region. *Submission 36*, p. [1].

5 Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, Australian Strategic Policy Institute, March 2010, p. 9.

6 *Committee Hansard*, 5 December 2012, p. 30.

7 Speech at the IOR-ARC Council of Ministers Meeting, 15 November 2011.

8 *Committee Hansard*, 22 March 2013, p. 10.

9 *Committee Hansard*, 17 August 2012, p. 43.

10 *Committee Hansard*, 5 December 2012, p. 30.

4.7 Professor Rumley observed that the extent of ignorance was not just within Australia but among partners affiliated with the association.¹¹ He observed that at the 2011 meeting in Bangalore the representative from Japan had no idea at all about why he was there or what IOR-ARC is or does. Another dialogue partner—from the UK—was equally in the dark about the association. This lack of awareness may well stem from the association's overall lacklustre performance.

4.8 Importantly, those knowledgeable about the association were not impressed with its achievements to date. Dr Shahar Hameiri, Asia Research Centre, was fairly pessimistic about the IOR-ARC's prospects as a regional institution: a sentiment shared by numerous different observers.¹² Dr Andrew Phillips observed that the association had rarely lived up to modest expectations while Professor Rumley accepted that its actual impact had been relatively small.¹³ The Asia Research Centre, Murdoch University, doubted whether the association could achieve effective international governance of issues affecting the region. In its assessment, the prospects of such an achievement were 'currently very low'.¹⁴

4.9 Member states also despaired of the organisation's inability to gain traction and for many years had been searching for ways to inject some vitality into the association's activities.¹⁵

Forces hindering a regional organisation

4.10 Witnesses produced a number of reasons for IOR-ARC's inability to make headway in developing a framework for regional cooperation. Most centred on the contention that Indian Ocean rim countries as a whole do not yet have a strong unifying objective: that they have little in common except bordering the Indian Ocean.¹⁶ Major General Hartley noted that the Indian Ocean region tended to be much more a geographical than a political region.¹⁷ Professor MacIntyre informed the committee that there were subsections around the Indian Ocean linked to each other and some connected across the ocean, but 'not much is shared among all of the countries around that rim'.¹⁸ He explained that people in the region see relationships in a different way: that while there are connections growing across the rim, they 'are seen very much through their bilateral prism'.¹⁹ Dr Phillips spoke of the temptation to try to

11 *Committee Hansard*, 2 October 2012, p. 9.

12 *Committee Hansard*, 2 October 2012, p. 11.

13 *Committee Hansard*, 2 October 2012, p. 4.

14 *Committee Hansard*, 17 August 2012, pp. 42–43 and *Committee Hansard*, 17 August 2012, p. 43 and *Submission 36*, p. 2.

15 See previous chapter, paragraphs 2.35–2.45.

16 See for example, Stephen Howes in ANU College of Asia and the Pacific Collective, *Submission 29*, p. 12.

17 *Committee Hansard*, 2 October 2012, p. 33.

18 *Committee Hansard*, 17 August 2012, p. 26.

19 *Committee Hansard*, 17 August 2012, p. 26.

impose architectural solutions even when there are doubts about whether a region exists.²⁰ Furthermore, the countries in the Indian Ocean rim are widely dispersed and while they share the ocean, this vast expanse of water also separates many of the countries.

Diversity

4.11 At IOR-ARC's very inception, member states conceded that the disparities between them would be a major obstacle to forming an effective and strong regional cooperative grouping. Indeed, diversity among the Indian Ocean rim countries is stark and wide-ranging—culture, religion, ethnicity, demography, population, trade interests, economic development, size of economy, per capita income and political systems.²¹ For example, India has a population around 1.2 billion people and Indonesia over 235 million in contrast to Mauritius with a population of almost 1.3 million, Djibouti with 800,000, Comoros just over 700,000 and Maldives with 300,000.²² Five countries have a GDP per capita of \$20,000 or more while six have a GDP per capita of between \$5,000 and \$16,000. Three economies (India, Australia and Indonesia) dominate the region and account for 63 per cent of the total GDP of IOR-ARC.²³

4.12 The differences cut across any number of measures—ease of doing business, human development and worldwide governance indicators—with countries achieving performance scores ranging from the very highest to the very lowest.²⁴ The region houses both politically and socially stable countries while others are at the other end of the scale and in critical danger of becoming failed states. Indeed, some of the poorest and most troubled countries are located in the Indian Ocean rim.²⁵ At the moment, Somalia is rated as no 1 on the failed states index with Yemen at no 8 and Kenya at 16. With such a broad spread of values and interests, development challenges and political and regulatory regimes, the difficulty for IOR-ARC is to

20 *Committee Hansard*, 17 August 2012, p. 44.

21 See for example, Professor Raghendra Jha, *Submission 4*, p. 1, Professor Dennis Rumley, *Submission 6*, p. 3, Department of Resources, Energy and Tourism, *Submission 15*, p. 4; Government of Western Australia, *Submission 35*, p. [3], NSW Government, *Submission 20*, p. 5. See also Drs Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, Australian Strategic Policy Institute, March 2010, p. 14 and Dr DeSilva-Ranasinghe, *Committee Hansard*, 22 March 2013, p. 21. DFAT stated simply that 'the Indian Ocean rim does not evince a developed sense of pan-regional identity', see *Submission 29*, pp. 6 and 24–27.

22 *Submission 30*, p. 28.

23 *Submission 20*, p. 5.

24 For example, Ease of doing business—Singapore no. 1, Australia no. 10, Malaysia no. 12 and Mauritius no. 19 through to Mozambique no. 146, Comoros no. 158, Timor Leste no. 169 and Djibouti no. 171 out of 185 countries; Human Development Index—Australia no. 2, Singapore no. 18, United Arab Emirates no. 41, Seychelles no. 47, Malaysia no. 64 through to Yemen no. 160, Djibouti no. 164, no. Comoros 169 and Mozambique at 185 out of 186 countries.

25 See for example, Dr Sandy Gordon, *Submission 7*, p. 2.

develop a shared network of priorities: to forge a regional identity around a compelling sense of common purpose.²⁶

4.13 As a regional association, IOR-ARC not only has to find a rallying cause for its members, but manage issues that divide or separate them. For example, the Asia Research Centre noted that 'sovereignty claims driven by natural resource interests exacerbate the problems of institutionalising international governance in the IOR.'²⁷

Relevance

4.14 Without obvious common ground or mutual interests, members of IOR-ARC, if they are to invest time and resources in the organisation, need to be convinced that the organisation offers them some advantage. Thus, to succeed as a regional based cooperative grouping, the organisation has to be relevant. Professor Peter Drysdale argued that when IOR-ARC was set up, it had the same problems as exist today:

It is based on a nice conception, but the substantial interests in it are not there. It does not mean that there are not substantial interests across it and around it in various ways...but they are not there in the association that we are trying to construct.²⁸

4.15 For example, the geopolitical orientation of many Indian Ocean regional states tends to be away from the region.²⁹ Professor Rumley cited the pre-eminence of domestic issues noting that one of the disappointments of IOR-ARC has been South Africa's apparent lack of enthusiasm because of its domestic situation and because of its own role, as it sees it, within Africa itself.³⁰

4.16 Moreover, one of IOR-ARC's key objectives is to explore all possibilities and avenues for trade liberalisation. Dr Hameiri suggested, however, that one reason for his reservations about the success of IOR-ARC stem from this issue of trade liberalisation. In his view, this agenda has run into difficulty all over the world. He explained that although trade liberalisation was moving forward in some way, it was doing so through 'various bilateral, multilateral and minilateral trade agreements that are very specific in what they are trying to achieve'. He argued that multilateral trade liberalisation has 'run aground not just in the Indian Ocean region'. He noted:

We could say the same about APEC, and of course the multilateral WTO system has not actually progressed very much in the last 10 years...I do not think that IOR-ARC would be going much further than a lot of these other organisations that are far more advanced in that respect. What we see instead is the proliferation of free trade agreements on a multilateral or a

26 See for example, *Committee Hansard*, 17 August 2012, p. 4.

27 The Asia Research Centre, Murdoch University, *Submission 36*, p. [2].

28 *Committee Hansard*, 17 August 2012, p. 30.

29 'Editorial Essay, research agendas for the Indian Ocean Region', *Journal of the Indian Ocean Region*, vol. 6, no. 1, June 2010. See also Major General Hartley, who spoke of the need to identify shared concerns but of the difficulty finding areas that are of common interest to all countries in the region, *Committee Hansard*, 2 October 2012, p. 33.

30 *Committee Hansard*, 2 October 2012, p. 6.

kind of minilateral basis, which in our view tend to have a far more regulatory nature than previous free trade agreements that we have seen in the past.³¹

4.17 He did not think that IOR-ARC could make much further progress.³²

Other regional or subregional groupings

4.18 Also, countries in the region do not have a tradition of coming together as a group to promote regional issues. Professor Rumley referred to a lack of groundwork in regional collaboration among Indian Ocean rim countries with most of the cooperation occurring at the sub-regional level.³³ In this regard, countries in the Indian Ocean rim already belong to subregional and larger regional groupings. They include South Asian Association for Regional Cooperation (SAARC), South African Development Community (SADC), Gulf Cooperation Council (GCC), Association of Southeast Asian Nations (ASEAN), ASEAN Regional Forum (ARF), the East Asia Summit (EAS) and Asia Pacific Economic Cooperation (APEC). There are also organisations with an issue-specific focus such as the Indian Ocean Tuna Commission. In many cases the groupings appear to be the result of a natural coalescence of neighbours with similar interests or of like-minded countries prepared to expend time, effort and money to support common goals and participate in shared activities.

4.19 The interests and objectives of these various organisations overlap to some degree with those of IOR-ARC.³⁴ Some of these organisations already figure prominently in the way governments calculate how they will pursue their interests. According to Dr Hameiri, it is hard to see a wide Indian Ocean organisation coming in to replace these organisations, so that in terms of regional organisations, the prospects are 'not particularly strong'.³⁵

4.20 Major Gen. Hartley likewise referred to separate political entities, such as the GCC or the African Union that have their own internal attitudes and outlooks. For some countries, those institutions are 'more important and relevant than the IOR-ARC'.³⁶ The Asia Research Centre, Murdoch University, also formed the view that in the presence of alternative regional associations such as ASEAN and the African Union, an Indian Ocean organisation with 'real governance capacities is unlikely to take root easily'.³⁷ It noted further that the emergence of a diverse variety of issue-specific, ad hoc modes of regional governance was more likely than the

31 *Committee Hansard*, 2 October 2012, p. 11.

32 *Committee Hansard*, 2 October 2012, p. 16.

33 *Committee Hansard*, 2 October 2012, p. 6.

34 See for example, *Submission 26*, p. 4.

35 *Committee Hansard*, 2 October 2012, p. 11.

36 *Committee Hansard*, 2 October 2012, p. 33.

37 Asia Research Centre, Murdoch University, *Submission 36*, p. 2.

advent of powerful regional institutions.³⁸ Indeed, it noted that this situation had already occurred particularly within non-threatening security matters such as irregular migration, environmental degradation and piracy. While appreciating the useful role that IOR-ARC could have in the region, Telstra noted the many international bodies serve the same purpose across different geographies in which the Australian Government participates including APEC to ASEAN. It then noted that:

The challenge for Australian companies such as Telstra is to justify the allocation of resources to support such activity in a meaningful way, for example, through participation in the IOR-ARC Business forum.³⁹

4.21 As noted by Professor Rumley there is also the choice between bilateralism or multilateralism.⁴⁰ Clearly, the challenge for IOR-ARC is to make itself relevant.

Membership

4.22 Major General Hartley suggested that the IOR-ARC probably fails, to a certain extent, because of its membership, which currently excludes Pakistan. He indicated that it is difficult to imagine an Indian Ocean entity that does not include Pakistan, a major country in terms of population, and also Saudi Arabia. He noted that there may be some question about whether Saudi Arabia can be classified as an Indian Ocean country but argued that the Saudis see themselves very much as belonging to the region.⁴¹ In his view, 'without those two countries being present, the IOR-ARC has a certain weakness'.⁴² Dr Hameiri likewise pointed out that Pakistan is not a member of IOR-ARC.

4.23 Professor Rumley also cited membership and the uncertainty about whether IOR-ARC should be an open or closed regionalism. He noted that certain states, such as Pakistan, are excluded for political reasons and other states are included. Even the nature of the process, which is consensus, means that if the United States wants to become a dialogue partner Iran can potentially say no because of the consensus basis of the organisation. So changing the membership is an issue of governance.⁴³ (The US has obtained observer status.) In the same context of membership conflicts, Professor Rumley referred to the exclusion of certain agenda items—'you cannot talk about security and...we dare not talk about Pakistan, and let us not say anything about Iran'.⁴⁴

38 Asia Research Centre, Murdoch University, *Submission 36*, p. 2.

39 *Submission 23*, p. 11.

40 *Committee Hansard*, 2 October 2012, p. 6.

41 *Committee Hansard*, 2 October 2012, p. 30.

42 *Committee Hansard*, 2 October 2012, p. 32.

43 *Committee Hansard*, 2 October 2012, p. 6.

44 *Committee Hansard*, 2 October 2012, p. 6.

Leadership

4.24 The absence of powerful leaders is another reason suggested for IOR-ARC's failure to galvanise the region into cooperative action. For example, Dr Hameiri argued:

There is no power in the Indian Ocean region within the IOR membership or even within the parties involved or interested in this part of the world—there is no state—that has the ability to underpin a regional order in the sense that the United States has done in East Asia through its alliance system. India certainly has not got the capacity to do that. Also, its leadership is limited by disputes with Pakistan.⁴⁵

4.25 ACCI noted that IOR-ARC leadership in the past lacked the capacity to realise the opportunities for the region.⁴⁶ Indeed, Mr Clark told the committee that ACCI had hoped that IOR-ARC might have been more than it is, 'but on reflection it has not been run by some of the major economies'.⁴⁷ The Asia Research Centre, Murdoch University argued that there was 'no power in the region with the ability and interest to enforce a regional association'.⁴⁸

Resourcing

4.26 Active participation in, and support for, a regional organisation such as IOR-ARC requires commitment on the part of its members including funds to help the organisation carry out its work. Professor Rumley referred to resource commitment noting that 'if you expect very low-income states to participate fully in an IOR-ARC you are asking a lot'. He noted that some cannot afford to 'function their own state let alone being regional states as well, so that is a major issue and not just for Australia'.⁴⁹ He referred to the fisheries research unit in Oman, but observed that it does not really have the regional support that perhaps the Omanis think it should have.⁵⁰

4.27 Lack of resources not only places constraints on the ability of member states to participate in or to fund IOR-ARC activities but poor funding limits the ability of the Secretariat to serve the association adequately. The matter of resourcing the secretariat has been a long-running concern within the association and remains a major drawback. Mr Clark observed that the association has perhaps languished and failed to realise its potential because its secretariat is in Mauritius, has not been well funded and a number of its members have not held the association in high regard.⁵¹

45 *Committee Hansard*, 2 October 2012, p. 12.

46 *Submission 26*, p. 5.

47 *Committee Hansard*, 5 December 2012, pp. 32–33.

48 *Submission 36*, p. 2.

49 *Committee Hansard*, 2 October 2012, p. 6.

50 *Committee Hansard*, 2 October 2012, p. 5.

51 *Committee Hansard*, 5 December 2012, p. 36.

4.28 Based on Ken McPhearson's evaluation of IOR-ARC, Professor Rumley listed a number of other factors holding IOR-ARC back from developing into an effective regional organisation. They included a vague charter; conflicting visions of what IOR-ARC is meant to be about; a weak commitment of member states; and an unclear system of governance. The committee has also mentioned the region's diversity, competition with other subregional or larger regional organisations, the apparent lack of drive or leadership and the difficulty finding an issue that could galvanise the countries on the Indian Ocean rim. The totality of these factors undercut IOR-ARC's viability as a regional body.

Forces favouring a regional organisation

4.29 While there are numerous factors holding IOR-ARC back from achieving its objectives and creating common ground for regional economic co-operation, there are also positive forces with the potential to overcome these constraints.

4.30 Ms Grincer, Department of State, Western Australian Government, noted that the Indian Ocean rim is an area of great influence and importance with the potential to produce an ASEAN or an APEC. She looked at the composition of the region including countries with substantial growth and other opportunities that are also located in major regional groupings—Singapore and Indonesia from south-east Asia; India from South Asia; United Arab Emirates from the Middle East; and South Africa from the African countries. She then explained that there is also a third tier of developing countries:

In that mix there is a real opportunity to work together to achieve things and to put forward projects to be funded from within the IOR-ARC group.⁵²

4.31 There are also powerful countries among those with observer status. Ms Grincer noted that in 2011, China, as a guest member, committed several million dollars towards the operations of IOR-ARC. He noted that this amount was much more than Australia had committed to the grouping of which it is the deputy chair. In her view:

There is an opportunity there to help shape it and grow it so that it becomes very effective.⁵³

4.32 Dr Hameiri thought that if anything of real value were to come out of IOR-ARC, it would be around bringing interested parties together to discuss issues of common concern.⁵⁴

Common ground

4.33 The committee has highlighted the great diversity in the Indian Ocean rim but, as Drs Bateman and Bergin recognised, there were also similarities. They noted that:

52 *Committee Hansard*, 2 October 2012, p. 21.

53 *Committee Hansard*, 2 October 2012, p. 21.

54 *Committee Hansard*, 2 October 2012, p. 16.

All IOR countries enjoy a tropical or temperate climate and tend to have similar fauna and flora, ecology and types of natural disasters, especially tropical storms and drought. They have similar endowments of natural resources, including hydrocarbons. Some have large exclusive economic zones that are rich in fish.

Also much of the world's trade in energy crosses the Indian Ocean.⁵⁵

4.34 Major General Hartley conceded that it was very difficult to find areas of common interest to all countries in the region but referred to security of the lines of communication, which is important for most of the countries.⁵⁶ Professor Rumley agreed that it was a big ask to develop a regional association, but argued that if 'we shy away from tasks that are too big then we may as well pack up our kit and go home'. Although he would not underestimate the difficulties establishing a regional cooperation organisation, in his view, it was a challenge that needed to be taken up, suggesting further that:

...because there are so many issues of common concern around the ocean itself and in the ocean, under the ocean and all the rest of it, it is essential that we at least try to do that.⁵⁷

4.35 Professor Rumley acknowledged that identifying key priorities was perhaps the way to go and that DFAT had attempted to pinpoint some such areas in which collaboration could take place—for example, the fisheries area.⁵⁸

The ocean itself

4.36 The committee has noted the lack of a unifying force in the region capable of mobilising the countries in the region to join forces under a common cause. Countries throughout the Indian Ocean rim, however, depend on marine resources and thus have a deep and shared interest in the sustainable development of these resources. They recognise that maintaining the integrity of the regional environment is a most important common concern.⁵⁹ Indeed, Professor MacIntyre noted that the ocean itself and its management is the thing that connects the countries on the rim.⁶⁰ For example, Indian Ocean littoral states share an interest in the ocean as an important breeding ground for climatic events that have a profound effect over the El Nino and La Nina events.⁶¹ They also have a vested interest in tsunami warning systems, the ecological health of coastal zones and ocean biodiversity, the need to protect vital fish stocks and the responsible exploitation of the rich seabed.

55 Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, Australian Strategic Policy Institute, March 2010, p. 2.

56 *Committee Hansard*, 2 October 2012, p. 33.

57 *Committee Hansard*, 2 October 2012, p. 4.

58 *Committee Hansard*, 2 October 2012, p. 5.

59 See for example, Professor Rumley, *Submission 6*, Appendix 2, p. 2.

60 *Committee Hansard*, 17 August 2012, p. 26.

61 See for example, Dr Sandy Gordon, *Submission 7*, p. 6.

4.37 Professor Drysdale agreed with the view that the most productive thing for IOR-ARC would be to focus on the ocean itself: its management, the eco-systems and the handling of environmental disaster scenarios which are important to the littoral states around the ocean.⁶² In this regard, Australia recognises that the countries around the Indian Ocean 'share a truly great resource':

There is a common responsibility to care and manage this resource to ensure that countries develop the resources of the Indian Ocean in a manner compatible with the principles of sustainable development. There is also a need to harness the resources of the ocean in a way that does not inflict irresponsible damage on the marine environment.⁶³

4.38 There is also the question of trade routes and their security.⁶⁴ The Indian Ocean ranks amongst the busiest trading thoroughfares for global trade linking major world centres and, as such, is critical for international maritime long-haul cargo. It is in the interest of all rim countries to cooperate in ensuring that the region remains stable and provides a safe passage for cargo and other ships.⁶⁵ In particular, the ocean will continue to be a vital means for transporting the world's energy sources and thus security and protection of sea lanes and associated choke points is of paramount importance to the region.⁶⁶ Clearly, the Indian Ocean itself has the potential to be the unifying element needed to give IOR-ARC the focus and incentive to become an effective regional organisation. For Australia, in particular, the Indian Ocean is of growing economic importance:

Australia is increasing its reliance on imported crude and petroleum products to meet growing demand, partly as a result of declining domestic oil reserves. This leaves Australia increasingly dependent for supplies on long and vulnerable sea lanes, many of which pass from the geopolitically unstable Middle East through the Indian Ocean.⁶⁷

4.39 The IOR-ARC has identified security, disaster risk management and fisheries management among its six priority areas.

4.40 Overall, the International Editorial Board for the Journal of the Indian Ocean Region concluded that, given its regional and global social, environment, geopolitical

62 *Committee Hansard*, 17 August 2012, p. 43.

63 *Submission 29*, p. 54.

64 See for example, Professor MacIntyre, *Committee Hansard*, 17 August 2012, p. 26.

65 See for example, 'Editorial Essay, research agendas for the Indian Ocean Region', *Journal of the Indian Ocean Region*, vol. 6, no. 1, June 2010. See also Dr Sandy Gordon, *Submission 7*, p. 17.

66 See for example, *Submission 26*, p. 8.

67 *Submission 5*, p. 2. Dr Sam Bateman observed similarly the Australia has 'a large stake in the protection and preservation of the maritime environment in adjacent oceans and seas'. *Submission 10*, p. 2.

and economic importance, the very existence of the Indian Ocean 'should be a key catalyst for collaborative interest in research and policy-making'.⁶⁸

4.41 While the Indian Ocean and matters associated with the management of marine resources and the safe passage of ships through the region is one area where all countries around the ocean have a common interest, there are also others areas where the countries could benefit from close cooperation. For example, all have a significant interest in establishing an environmental security agenda, which addresses basic survival matters, for the region. They include food, water and resource security which affects all member states and therefore are regional and shared problems 'with the potential for promoting a peaceful and extremely necessary dialogue'.⁶⁹

Membership

4.42 The committee has noted that Pakistan and Saudi Arabia are not members of the IOR-ARC. Some viewed their absence as a weakness. Even so, as noted by Mr Michael Shoebridge, Department of Defence, the IOR-ARC's 20 members include key states such as India, Indonesia, Iran, the UAE and South Africa, who will be 'influential shapers of the Indian Ocean security environment'.⁷⁰ The committee agrees that the membership at the moment provides a solid enough basis on which to expand the association.

People-to-people links

4.43 Although countries across the region lack strong connections, there are some historically deep and more recent emerging and significant relationships.⁷¹ India and East Africa and India and South Africa have a long history of migration but less so to other parts of the Indian Ocean rim. Even then, there has been some migration in the past between India and South-East Asia. Professor Jha observed:

India has a comparative advantage in terms of human-to-human contacts—family contacts, business contacts...—in the western part of the Indian Ocean Rim countries, and Australia has more of a comparative advantage in the more eastern part, to the east of India. So there is a natural complementarity between the two.⁷²

4.44 Over the past decade significant numbers of people from the region have settled in Australia. According to DFAT, 2006 statistics record that approximately 615,000 Australian residents had been born in Indian Ocean rim countries, an increase of around 480,000 in 2001 representing a growth of over 28 per cent. As at 30 June

68 'Editorial Essay, research agendas for the Indian Ocean Region', *Journal of the Indian Ocean Region*, vol. 6, no. 1, June 2010, pp. 22–23.

69 'Editorial Essay, research agendas for the Indian Ocean Region', *Journal of the Indian Ocean Region*, vol. 6, no. 1, June 2010, p. 17.

70 *Committee Hansard*, 6 December 2012, p. 26.

71 See for example, Dr Phillips, *Committee Hansard*, 17 August 2012, p. 27.

72 Professor Jha, *Committee Hansard*, 17 August 2012, p. 27.

2010, over 1 million of the Australian Estimated Resident Population had been born in the top 12 Indian Ocean rim countries.⁷³

4.45 The Government of Western Australia reported that settlers from South Africa accounted for the largest share of migrants to the state followed by India and Malaysia.⁷⁴ The NSW Government noted that, based on 2006 census figures, NSW was home to over 200,000 people born in the Indian Ocean rim region, which represented one third of the immigrants to Australia from this region.⁷⁵

4.46 The 2011 census showed that the most common countries of birth differed according to when migrants arrived in Australia. For longer-standing migrants (those who arrived before 2007) almost a quarter were born in the United Kingdom. The pattern, however, has changed for recent arrivals (those who arrived between 2007 and census night in 2011) with India being the leading birthplace for this group (13%). Between 2001 and 2011, the number of India born residents in Australia increased by up to 200,000. As at the 2011 census, 5.6% of Australian residents born overseas came from India (295,400), 2.8% from Africa (145,700) and 2.2% from Malaysia (116,200).⁷⁶

4.47 The number of student visa holders from the Indian Ocean rim countries also demonstrates another area where critical people-to-people links are forged between Australia and the region. In 2012, in excess of 50,000 Indian students in Australia held student visas, over 15,200 Malaysian and 11,400 Indonesian students and more than 11,800 from Thailand.⁷⁷ Myriad networks are also developing between Australian and Indian Ocean rim research institutes and especially with Indian scientists collaborating on joint projects focused, for example, on the Indian Ocean. (See chapter 9 for more details).

Opportunities—Troika

4.48 Professor Rumley noted that IOR-ARC has not been a success but appeared to be 'in a revival phase', which he attributed in part to the efforts of India and Australia.⁷⁸ Dr Phillips noted that one of the great advantages with IOR-ARC at the moment was the sequencing of the position of chair—India, 2011-12; Australia, 2013-14; Indonesia, 2015-16—and the possibility to use IOR-ARC as a vehicle to leverage strategic relationships important to Australia. In his view, this arrangement—three democracies with very serious maritime concerns—provided Australia with 'a

73 *Submission 30*, p. 44.

74 *Submission 35*, p. 9.

75 *Submission 20*, p. 11.

76 Australian Bureau of Statistics, 2071.0—Reflecting a Nation: Stories from the 2011 Census, 2012–2013, <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/2071.0main+features902012-2013>.

77 *Submission 30*, p. 46.

78 *Submission 6*, pp. 8–9.

very wonderful opportunity' to use IOR-ARC as a basis for building that trilateral relationship.⁷⁹ He explained:

Its real value may be less as a basis for building some kind of regional security architecture or regional cooperative architecture...But the real opportunity there would be to potentially forge stronger trilateral cooperation through the vehicle of operating through IOR-ARC.⁸⁰

4.49 Ms Sonia Grincer, Western Australian Government, who has attended IOR-ARC meetings in an observer capacity, agreed with the view that IOR-ARC has 'a long way to go until it hits its straps'. She believed, however, that since India had taken over as chair, with Australia as the deputy chair, there had been greater willingness and commitment. Having observed the difference in just two years, she could see scope for the association to gain momentum.⁸¹ Her colleague, Mr Giles Nunis, similarly noted that these three G20 nations were the biggest economies in IOR-ARC and that, if the association were to be revitalised, it was up to them to be proactive and lead the way. He concluded that 'IOR-ARC's future depends on how Australia harnesses the window of opportunity'.⁸²

4.50 ACCI likewise suggested that Australia should take the leadership role very seriously and 'attempt to drive an ambitious advancement of the agenda for this group'.⁸³ Mr Clark, ACCI, informed the committee that his organisation considered that there was promise ahead, with India as the chair and Australia as vice-chair and with Australia rotating into the chair at the end of 2013, followed by Indonesia. He informed the committee that ACCI had been trying to encourage the government to make sure that there was strong momentum as it took on chair of IOR-ARC. He recognised that Australia has very strong linkages with Indonesia.⁸⁴ ACCI would like to see Australia take up the reins and a leading role in reinvigorating the organisation broadly, so that over the next 12 months:⁸⁵

...there is a ramp-up of activity—we would encourage that—and that we use our opportunity as the chair for two years to host increased dialogue, inbound trade missions from the region into Australia, to have broader ambition for it and by the time Australia has handed it over that maybe there will also be some stronger institutional bonds.⁸⁶

4.51 Telstra suggested that Australia's forthcoming role as chair of the IOR-ARC provides a chance to develop strategies together with the Australian business

79 *Committee Hansard*, 17 August 2012, pp. 42–43.

80 *Committee Hansard*, 17 August 2012, pp. 42–43.

81 *Committee Hansard*, 2 October 2012, p. 21.

82 *Committee Hansard*, 2 October 2012, p. 19.

83 *Submission 26*, p. 5.

84 *Committee Hansard*, 5 December 2012, p. 30.

85 *Committee Hansard*, 5 December 2012, p. 36.

86 *Committee Hansard*, 5 December 2012, pp. 32–33.

community and other sectors such as arts and education, to make the best use of the forum.⁸⁷ Dr Phillips also noted Australia's pending leadership of IOR-ARC and the 'outstanding and time sensitive opportunity' for it to promote the development of a 'more effective regional security architecture'.⁸⁸

Collaboration with India

4.52 From Dr David Brewster's perspective, the primary value of IOR-ARC for Australia was providing an opportunity to work with India—the only forum available for it to do so'. He suggested that as long as Australia can be seen as supportive of India as a regional leader, IOR-ARC could be of 'huge value to Australia'.⁸⁹

4.53 Dr Auriol Weigold thought that IOR-ARC presented an excellent chance for Australia 'to focus on becoming something that India can see is more important' and for Australia to work together with India. She noted:

Don't forget IOR-ARC last time had 'grand plans' and they all fell away because of a lack of interest. This attempt at revival should be given every chance to work. India is engaged very deeply with Indonesia at the moment, and...we should follow on in there. I think a prime role for Australia in leading IOR-ARC is to establish our credentials in India a bit more. The bilateral relationship has been a one-step-forward, two-steps-back event for a long time now, and I see this as a good opportunity—a great opportunity, in fact.⁹⁰

4.54 Professor Andrew MacIntyre, ANU, found the principal pay-off for Australia from IOR-ARC and Australia's upcoming role as chair would be the chance to do something with India at a government to government level. He spoke of the importance of engaging in 'appropriately consultative dialogue' with India well in advance. In his view, 'if the Indians do not want to play ball, then I guess the association slides down my list—at least for me'.⁹¹

4.55 AusAID recognised that India is critical to the relationship of IOR-ARC, especially as the current chair. It noted the importance of Australia thinking about how it will engage with India in development cooperation terms as well as in the much broader relationship that Australia has in trade and investment, scientific cooperation and a whole lot of other arrangements.⁹²

4.56 Mr Mark Pierce, DFAT, stated that when Australia becomes chair in November, it wants to extend that range a bit—India as the past chair of IOR-ARC, Australia for the next two years and, after that, Indonesia. Australia wants to set up a

87 *Submission 23*, p. 11.

88 *Submission 13*, p. 2.

89 *Committee Hansard*, 17 August 2012, p. 42.

90 *Committee Hansard*, 17 August 2012, p. 43.

91 *Committee Hansard*, 17 August 2012, p. 44.

92 *Committee Hansard*, 6 December 2012, p. 9.

sort of troika arrangement where it can take advantage of advice and guidance not just from the Indians but from the Indonesians as well.⁹³ DFAT observed:

We will have six consecutive years of large, powerful, dynamic economies managing IOR-ARC. While we are in the chair, we want to use that troika arrangement to discuss immediate IOR-ARC business and a wide range of other issues as well which are of interest to us and Indonesia. Are there issues in maritime security we can pick up running through the maritime security forum the Indians are going to organise later in the year? There have also been proposals from Singapore for another forum. Are there issues about what we do together in the Indian Ocean?⁹⁴

4.57 DFAT noted that it has a number of plans working up to November, but all depend on effective cooperation with India. It noted that there are big economies around the rim of the Indian Ocean—Australia, Indonesia, India and South Africa, but DFAT always think about the agenda of work—the work program—as a collaborative effort with India to begin with.⁹⁵

4.58 ACCI understood that the larger economies in IOR-ARC now occupied a dominant position and would be able to provide greater impetus and a stronger agenda for the association. It held reservations, however, about capitalising on this opportunity. Mr Clark explained that the anticipated momentum had not necessarily happened. For example, ACCI had hoped that the most recent meeting in India would have been 'more of a success'. Mr Clark reported that in the end, the Indian side did not necessarily place the emphasis on it that ACCI had hoped for. He noted further that the Australian Government 'is not entirely focused on the IOR-ARC and the opportunities which might come from it'.⁹⁶

Working with like-minded countries in the region

4.59 The committee has noted that the various sub regional groups and the larger regional groupings may well serve the interests of individual countries in the Indian Ocean rim better than IOR-ARC. The existence of these grouping, however, does not necessarily mean they are rivals and compete with IOR-ARC: that IOR-ARC has no future as a regional association. IOR-ARC's challenge is to find ways to complement, support or augment their objectives while establishing its own relevance. Indeed, there may be activities that IOR-ARC is better suited to take over.

4.60 Dr Taylor took the view that rather than working through a number of these very institutionalised, formal groupings Australia should look for particular areas of pressing concern and then try to work with like-minded countries to address those functional issues and cooperate on those. He gave the region's response to the Indian Ocean tsunami as an example of effective collaboration. Thus, according to Dr Taylor:

93 *Committee Hansard*, 22 March 2013. p. 6.

94 *Committee Hansard*, 22 March 2013. p. 6.

95 *Committee Hansard*, 22 March 2013. p. 7.

96 *Committee Hansard*, 5 December 2012, p. 32.

...in a very practical and pragmatic way, make the group fit the issue, get together with those who are interested in cooperating on that particular issue, rather than try to work with other existing groups that may not necessarily have that same interest or degree of impetus going forward, even if that means those groupings are temporary and fleeting and, once the issue has been addressed in some way, they then melt away.⁹⁷

4.61 ACCI used existing trade arrangements as an example of prior agreements that 'should lend themselves to the development of an Indian Ocean regional trade agreement'. He referred to 'perhaps using the step wise precedent of the Trans-pacific partnership agreement which had allowed an initial 'nucleus of interested countries to begin negotiations with other parties coming in as the discussions matured'.⁹⁸

Greater involvement of NGOs

4.62 Professor Rumley recognised that IOR-ARC held regular meetings, such as the council of ministers meetings, but in his view there needed to be 'a much greater grassroots involvement of NGOs and others in the process of identifying areas in which collaboration could actually take place'. He believed that there was 'a great will for greater collaboration' and some states around the region, not in IOR-ARC, that would like to be in IOR-ARC and should be encouraged to do so.⁹⁹ The committee has drawn attention to the growing diaspora of Indians, Africans and Malaysians in Australia—fertile ground for growing strong people-to-people links across the ocean.

Conclusion

4.63 There are factors that work against the IOR-ARC becoming a successful and effective regional organisation. The lack of a unifying force due in large measure to the wide range of diversity among its membership is the most obvious. The committee has also mentioned other challenges confronting IOR-ARC—competing subregional and regional organisations that may appear to have greater attraction, gaps in the association's membership and a lack of leadership and commitment reflected in the poor resourcing of the association's secretariat.

4.64 Even so, the committee has noted the potential within the region to overcome such difficulties: that indeed despite their diversity the countries in the Indian Ocean share mutual interest and common purposes. The question before the committee is whether it is worthwhile for the members of IOR-ARC, and in particular Australia, to invest time and resources in the association. In the following chapter, the committee explores the possibilities ahead for IOR-ARC.

97 *Committee Hansard*, 17 August 2012, p. 43.

98 *Submission 26*, p. 4.

99 *Committee Hansard*, 2 October 2012, p. 4.

Chapter 5

IOR-ARC's prospects

If the association is to be revitalised, it is up to these nations [Australia, India, Indonesia] to be proactive and lead the way. IOR-ARC's future depends on how Australia harnesses this window of opportunity.¹

5.1 IOR-ARC held great promise when it was first envisaged in the 1990s and on its launch in 1997. The association has, however, failed to gain traction and despite the continuous urging of its members has not been able to register any significant achievements. It has a low profile, at times invisible, both internationally and within its own region.

5.2 While there are factors working against IOR-ARC's success, there are also positive forces that could assist the association realise its potential. In this chapter, the committee looks at the range of views on whether member countries, particularly Australia, should try to revitalise, reform or replace the association or simply for the moment abandon the concept of an Indian Ocean regional cooperation forum.

Australia's role in IOR-ARC

5.3 A number of witnesses would like Australia to do more to reinvigorate IOR-ARC and urged the Australian Government to devote much more attention to the association. For example, the Western Australia Government suggested that the Federal Government should be taking the lead in building momentum and championing issues that would be non-controversial and have broad support with the association.² It proposed that the Government use IOR-ARC to encourage initiatives that promote cooperation and goodwill, build confidence, trust and stability and foster regional beneficial economic engagement and development with practical measures.³

5.4 Mr Nunis recognised that Australia was a small nation compared to the population of Asia and by applying only one or two strategies, it would limit its capability to take advantage of the potential for substantial investment opportunities. Thus in his view, IOR-ARC should be part of Australia's plan to capitalise on global business developments. He argued that the association could add value whether it would be significant or substantial was a case of 'what you invest is what you get out of it'. According to Mr Nunis, the Western Australian Government had made a substantial investment in the region in order to develop trade relationships. He added, however, that it was literally the tip of the iceberg:

There is so much more that can be done and so much more that we need to understand from here looking into the Asian region and the Indian Ocean Rim, particularly in Africa. We simply just do not know. The more we can

1 Western Australian Government, *Submission 35*, p. 2.

2 Mr Nunis, *Committee Hansard*, 2 October 2012, p. 19.

3 Mr Nunis, *Committee Hansard*, 2 October 2012, p. 19.

apply different strategies in order to get that better understanding, get those relations right and build that level of trust and integrity the better it will be and the more beneficial for us going forward. Going forward, I do not think there is a wrong answer.⁴

5.5 The Government of NSW was also among a number of witnesses urging the Australian Government to increase its focus on the region by supporting the IOR-ARC.⁵ It suggested that:

The initial emphasis should be on strengthening people-to-people links and support for capacity building. At the same time, the longer-term potential of the region to develop into a regional trading block, similar to APEC, should be recognised. There are also security issues that could form the basis of region-wide treaties/agreements.⁶

5.6 Professor Rumley referred to the suggestion raised by Drs Bateman and Bergman that Australia could develop greater linkages with Indonesia in the eastern Indian Ocean. In his view, Australia would probably get better short-term returns from those kinds of identification of priorities, but that the 'concept of maritime regions ocean wide' was also 'potentially of long-term benefit':

In other words, ... let's strengthen bilateral linkages, let's identify priorities which we can build further but let's also do a regional wide thing as well, if we can, and that comes back to the challenge...of resources. In the end, we might be then pushed back to one and two rather than it being ocean wide.⁷

5.7 According to Professor Jha, there were 'substantial transnational public goods to be picked up' in areas such as arriving at a common framework for energy or natural resources related exports for the entire region. He stated further:

So, even if IOR does not exist today, my submission is that it needs to be strengthened and brought into place. People realise they have mutual complementarities...The agenda should be pushed forward. Australia is going to become the chair of IOR, and I am sure that there will be a lot more discussion on this.⁸

5.8 Professor Rumley thought that there was the political will to make IOR-ARC work and for this reason was optimistic about the association. He noted that India and Australia were committed to making it a success and a number of other states, particularly in the Gulf, would like to participate more actively. Oman and Indonesia are two very active states.⁹ Professor Rumley stated that before India took the chair of IOR-ARC, the association was 'one of the few, if not the only, regional organisations in the world whose membership was declining'. For example, the Seychelles left the

4 *Committee Hansard*, 2 October 2012, p. 24.

5 *Submission 20*, p. 2.

6 *Submission 20*, pp. 2–3.

7 *Committee Hansard*, 2 October 2012, p. 5.

8 *Committee Hansard*, 17 August 2012, p. 27.

9 *Committee Hansard*, 2 October 2012, p. 9.

association, though it has since rejoined. Indeed, only recently Comoros became a member and the US is now an observer. In Professor Rumley's view:

There is a will to increase the membership from the outside of the organisation. There is a will within and a will without. The key is going to be resources in the end. If it is going to fail, it will fail because of lack of resources, not because of political will.¹⁰

5.9 In response to a question about Australia exploring bilateral relationships with different countries, as opposed to a holistic approach with the Indian Ocean rim itself, Professor Rumley thought that Australia should not discount one or the other but do both. In his view, Australia does not place enough importance on developing its relationship with India, which he described as 'totally underdeveloped'.¹¹ He stated:

Even at the IOR-ARC meeting in December, we are not giving the importance to that that I think we should be. There is a certain ambivalence...even now around the region about what Australia's real intentions with regard to the region and with regard to India are. We need to develop stronger links with the African states. I know we have done that in recent years for a whole variety of political and diplomatic reasons, but trade with Africa is highly underdeveloped,...we need to develop stronger links with Africa, India and all of the states of the region.¹²

5.10 Professor MacIntyre suggested that modesty and pragmatism and the 'more connectivity and the more collective engagement' we can foster and nurture, the better. On the other hand, resources are not unlimited; time is not unlimited and Australia has to make choices about where effort goes. He would not put IOR-ARC in the top three or in the top five priorities but thinks that the association is worth pursuing as a long-run investment. He reasoned:

...we can be interacting with the countries around the rim multilaterally and bilaterally through...a number of other regional and extraregional forums. So I would not think about this as your only bet. It is worth making a push on, but I would say a modest push. Any number of grand plans have been launched in footprints of this sort and have just evaporated.¹³

5.11 He suggested that Australia look for two or three players around the region that 'are serious and try and really work with them'.¹⁴

5.12 The members of the JIOR International Editorial Board were most optimistic and hoped that 'a renewed IOR-ARC imbued with a wider vision, a broader regional membership and a firmer commitment can function as one among many platforms for regional cooperation'. It referred to the important endeavour of developing regional

10 *Committee Hansard*, 2 October 2012, p. 9.

11 *Committee Hansard*, 2 October 2012, p. 5.

12 *Committee Hansard*, 2 October 2012, p. 6.

13 *Committee Hansard*, 17 August 2012, p. 42.

14 *Committee Hansard*, 17 August 2012, p. 42.

policies aimed at creating just, peaceful and resilient localities, communities and regions, and in order to maximise all dimensions of security.¹⁵

5.13 The Future Directions International recognised the importance of having a suitable multilateral regional institution that successfully engages all regional countries and key external stakeholders to facilitate cooperation across the range of issues in the Indian Ocean rim. Although its CEO, Major General Hartley, recognised the difficulties finding a common purpose, he believed that there was a role for an IOR-ARC type organisation. Even so, he had queries about whether the association was the right one or had the right responsibilities and roles. He asked that if not, was there a suitable alternative that could 'realise common objectives in a way that would give a practical and useful outcome'.¹⁶ On balance, he was not sure whether IOR-ARC was quite the right organisation at this stage.¹⁷

5.14 Major Gen. Hartley surmised that from small things great things grow—'if there is a very definite and deliberate policy to follow that approach through, something may come out of it'. He sensed, however, that it would be very useful to stand back and do an overall assessment of what Australia wants out of the region and ask, 'What are we capable of producing that can actually meet those outcomes?' But, according to Major Hartley, he did 'not see that happening'.¹⁸ The Future Directions International recommended:

Expand or replace IOR-ARC while Australia occupies the role of chair, to make it a more inclusive, acceptable, relevant and effective Indian Ocean Region multilateral institution capable of addressing important non-traditional security threats, such as piracy.¹⁹

5.15 Mr Clark argued that IOR-ARC is, at the moment anyway, the only institutional framework for the region, so 'we need to work with it rather than see something else develop over the top of it. Some focus at all would be good'.²⁰ While ACCI urged the Australian Government to 'champion a strong and ambitious development of the Indian Ocean rim regional economy through the IOR-ARC in the first instance', it appreciated that the organisation might not succeed. Thus, it suggested further that should IOR-ARC not be suitable, Australia should develop other regional groupings of like-minded and interested countries to progress Australia's interests in the region.²¹

15 'Editorial Essay, research agendas for the Indian Ocean Region', *Journal of the Indian Ocean Region*, vol. 6, no. 1, June 2010, p. 23.

16 *Committee Hansard*, 2 October 2012, p. 33.

17 *Committee Hansard*, 2 October 2012, p. 33.

18 *Committee Hansard*, 2 October 2012, p. 32.

19 *Submission 12*, p. 4.

20 *Committee Hansard*, 5 December 2012, p. 36.

21 *Submission 26*, p. 5.

5.16 Dr Hameiri was also uncertain about the extent to which IOR-ARC could achieve its objectives. He agreed that it was always good to have some place or some forum where people could gather and discuss matters. Even so, he formed the view that IOR-ARC could 'probably not' become the most influential forum for dealing with a wide range of very different issues. He was not saying that the association should be dropped and forgotten, but 'we should be very realistic about what we can attain from this'.

Vision for the region

5.17 Dr Taylor observed that regions do not just exist out there—they are 'political constructs and they carry political meaning'. He argued that:

If we were to work towards advancing a particular concept of region or an understanding of region, it would be important for Australia to be very clear about what the objectives for doing so are and also what some of the consequences, both intended and unintended, of that might be.²²

5.18 The Special Adviser to the Australia-Africa Mining Industry Group, Mr Jeff Hart, noted that since 1987, Indian Ocean studies had been taken up by a number of academic institutions in Western Australia. He explained:

We have, therefore, been gazing out at the Indian Ocean, particularly from Perth, for quite some time and thinking about what Australia's interests are, without ever having got quite to the point of determining what those interests are, perhaps beyond feeling the need to deploy significant naval assets along our western seaboard.²³

5.19 Mr Hart also questioned the Government's commitment to regional cooperation in the IOR, in particular, Australia's involvement in and support for the IOR-ARC. He told the committee he would be surprised if Australia were investing much time or resources in the association, yet, he noted, that 'such a regional organisation could give Australia the opportunity to compete for influence'.²⁴

5.20 Professor Drysdale suggested that to do something about the management of the Indian Ocean in a way that delivers outcomes requires 'planning now; you cannot wait until you take the chair up to do that.' He noted the early planning was most likely to produce 'really positive interest and positive cooperation'. In his view, Australia should continue to have that focus. He added that Australia 'have had it accidentally or in an ad hoc way thus far, but it should be systematic in the engagement of these states':²⁵

Later on, you might also try, if it is relevant at the time, to take up one of the issues we were talking about that would engage the states of Africa with India, Indonesia and us in a discussion of the energy security or resource

22 *Committee Hansard*, 17 August 2012, p. 31.

23 *Committee Hansard*, 5 December 2012, p. 21.

24 Mr Jeff Hart, *Committee Hansard*, 5 December 2012, p. 22.

25 *Committee Hansard*, 17 August 2012, p. 43.

security issue but focus it specifically on the development aspects of that trade, the infrastructure around it and how it fits into a global system as an important object of interest for them and for us.²⁶

5.21 According to Professor Drysdale, it was possible to develop more intense bilateral conversations with both the African states and with India, which could be useful as well.²⁷

Views of government departments

Austrade

5.22 Austrade's Mr David Landers informed the committee that with Australia assuming the chair of IOR-ARC in November 2013 there was an opportunity to use the commercially focused activities associated with meetings of IOR-ARC to help promote deeper Australian business links with markets in the Indian Ocean rim.²⁸ When asked, however, whether a plan was in place to help achieve objectives during that period, to take advantage of the opportunity to develop closer links in the region, Mr Landers was not aware of any specific plan.²⁹ His colleague, Ms Philippa Dawson explained that Austrade had attended some initial meetings but it was at the early stages of planning.³⁰

Australian Federal Police

5.23 The AFP informed the committee that, to date, it had 'not had any involvement in the IOR-ARC or any interdepartmental committees relating to the IOR'. It explained further that it 'would like to be involved in any future IOR-ARC interdepartmental committees' and would discuss AFP's involvement with DFAT.³¹

AusAID

5.24 Mr Paul Nichols stated the AusAID's expectations for the future would be whether IOR-ARC, as a regional institution, or other regional bodies emerge in the near or distant future—whether those organisations have the capacity to deliver real results, real outcomes, for poverty and for development. He observed that in East Asia, organisations such as the East Asia Summit, APEC, ASEAN and other bodies become 'an engine for change and development cooperation'. AusAID then swings in behind them and uses those mechanisms to deliver part of its aid program. He explained that that position had not yet been reached in the Indian Ocean.

IOR-ARC is not an agency that has any implementation capacity and at this point does not have the political level of cooperation...

26 *Committee Hansard*, 17 August 2012, p. 43.

27 *Committee Hansard*, 17 August 2012, p. 43.

28 *Committee Hansard*, 5 December 2012, p. 4.

29 *Committee Hansard*, 5 December 2012, p. 4.

30 *Committee Hansard*, 5 December 2012, p. 4.

31 Answer to written question on notice no 4.

5.25 Even so, he noted that as IOR-ARC was the 'only kind of body that captures all of those member countries', it was important for Australia to play a role and be well positioned to take advantage of the opportunity to achieve results when it occurs. AusAID's strategy had been 'to support, make sure that we are sending positive messages and engage'. AusAID recognised the need to deliver real outcomes through bilateral relationships 'until things change'.³²

Resources, Energy and Tourism

5.26 Ms Tania Constable, Department of Resources, Energy and Tourism, noted that the department struggled with the diversity in the region and how it could 'make a significant contribution to that whole region'.³³ Even so, she was able to nominate trade investment and energy security as two important areas in which Australia should engage the region.

DFAT

5.27 DFAT informed the committee that while it had no illusions about the impact on regional cooperation of the disparities involved, they do not necessarily stop cooperation or the generation of useful ideas. It noted:

Some of the most constructive and active members of IOR-ARC are not necessarily the biggest or wealthiest among us.³⁴

5.28 In this regard, Mr Kayzad Namdarian, DFAT, saw IOR-ARC as a useful forum that had brought all the countries together allowing them 'to talk through things and the ways forward'. He explained:

Diversity is always something to overcome, and I think through this organisation you can build a sense of community and habits of cooperation. So I think it has been a wonderful step for the region, and we are keen to revitalise it.³⁵

Future plans

5.29 In cooperation with India and other countries in the Indian Ocean rim, Australia is seeking to 'develop a common set of interests, values and norms to guide future engagement'.³⁶ It plans to do so over time and incrementally, 'taking small, practical steps towards greater regional cooperation'.³⁷ DFAT told the committee that it had done a lot of preparing for taking over the chair of IOR-ARC at the Council of Ministers' Meeting proposed for Perth in November 2013. It had had talks with the Government of India about the work program they would pursue between the meeting

32 *Committee Hansard*, 6 December 2012, p. 9.

33 *Committee Hansard*, 17 August 2012, p. 23.

34 *Committee Hansard*, 17 August 2012, p. 4.

35 *Committee Hansard*, 17 August 2012, p. 5.

36 *Submission 30*, p. 6.

37 *Submission 30*, p. 6.

in Gurgaon in November 2012, and that projected for Perth. DFAT had also had a lot of discussions with other agencies.³⁸

5.30 With Australia assuming the chair of IOR-ARC, DFAT is concentrating on examples of practical co-operation and is keen to put more effort into the priority areas. DFAT informed the committee that it was deliberately starting small, in order to get 'practical runs on the board':³⁹

We are interested in the expansion of the IOR-ARC agenda into what we would call soft security issues, of which piracy is the most prominent but not the only one. Another one...is disaster risk mitigation. One obvious but compelling common interest is the network of tsunami buoys which are in the Indian Ocean. Another area is the state of the ocean itself—acidification of the ocean, dead spots in the ocean.⁴⁰

5.31 More specifically, DFAT identified a number of Australia's priority activities, with included:

- organising a new workshop for experts from IOR-ARC countries in ocean forecasting to meet, build capacity, progress, validate and apply Indian Ocean Forecasting Systems (Australia is currently delivering a A\$2 million CSIRO-managed 'seasonal climate forecasting food security project');⁴¹
- addressing climate variability—an initiative to strengthen adaptation to climate variability, help to evaluate capacity among IOR-ARC members to identify, develop and implement appropriate adaptations based on common understanding of the impacts of climate variability—there are plans to hold a meeting and workshop for interested IOR-ARC experts and officials on strengthening adaptation to climate variability and climate change—the plan is to host that in December in India, working closely with India and other IOR-ARC country members;⁴²
- holding a course in maritime regulation and enforcement and maritime security for officials working in this area;
- undertaking an Indian Ocean Port State Control Capacity Development Program—to improve the application of national Port State Control procedures in the Indian Ocean rim—will involve members affiliated with the Indian Ocean Memorandum of Understanding on Port State Control; and
- building closer cooperation in disaster risk management—would like to host (or co-host) a meeting for officials from IOR-ARC National Disaster Management Offices.

38 *Committee Hansard*, 22 March 2013, p. 2.

39 *Committee Hansard*, 17 August 2012, p. 4.

40 *Committee Hansard*, 17 August 2012, p. 4.

41 *Submission 29*, p. 55.

42 *Committee Hansard*, 22 March 2013, p. 2.

5.32 DFAT also explained that one of its priorities was to renovate the image of the organisation by renaming it IORA—Indian Ocean Rim Association. There may also be an accompanying logo change, or 'a tweak to the logo'.⁴³ Overall, DFAT was keen 'to enhance working methods and levels of cooperation within the organisation, institutional arrangements that would allow officials and ministers in dialogues to discuss things'. It informed the committee that it was considering organising a foreign ministers retreat, which has not been done in IOR-ARC.

5.33 In addition DFAT was looking at ways to improve dialogue and cooperation between members and the six dialogue partners in IOR-ARC. Finally it was interested in supporting the development of academic-to-academic and business-to-business cooperation, especially how business would feed into IOR-ARC trade facilitation policy.⁴⁴

5.34 DFAT provided the following practical examples of what it had done to build habits of cooperation to bring the regional experts and officials together on these themes in priority areas.⁴⁵

- hosted the trade officials trade policy workshop meeting in May 2012; and
- worked with customs in India on organising in Mumbai a customs trade facilitation workshop.

5.35 The activities focused on capacity development, which involves cross-pollination of skills and expertise in the Indian Ocean space.⁴⁶ DFAT explained that it does not want to repeat that workshop, but rather to build on what has been done and to fine tune Australia's engagement in practical areas of capacity development in the trade facilitation space.

5.36 Other countries also have initiatives planned for later in 2013 and which DFAT is keen to help lift the level of engagement with IOR-ARC countries including:

- a maritime security seminar that India has proposed later in the year for IOR-ARC.
- an economic and business conference planned to be held in Mauritius in July, which involves commerce and trade ministers and IOR-ARC business chambers.⁴⁷

5.37 DFAT explained:

Our interests—the whole range of strategic and economic interests that Australia has in the Indian Ocean also give us an interest and an incentive in trying to pull together practical regional cooperation.⁴⁸

43 *Committee Hansard*, 22 March 2013, p. 3.

44 *Committee Hansard*, 22 March 2013, p. 3.

45 *Committee Hansard*, 22 March 2013, p. 2.

46 *Committee Hansard*, 22 March 2013, p. 2.

47 *Committee Hansard*, 22 March 2013, p. 2.

5.38 DFAT drew attention to the least developed countries in IOR-ARC and informed the committee that it facilitates further cooperation, collaboration and support for them, including Yemen and Madagascar.⁴⁹

Lessons from the Asia Pacific

5.39 IOR-ARC is not the only regional association that has struggled during its early life to gain momentum. The Asia Pacific Economic Cooperation (APEC) emerged as a concept in the mid-1960s, slowly gained acceptance and by the late 1980s had taken hold and eventually was launched in 1989. But even then it laboured to make headway and only by slow and steady steps was able to build itself into a strong and effective forum for economic cooperation.

5.40 APEC affords some important lessons for IOR-ARC even though its membership is made up of a very different collection of countries. The first is to do with the level of representation. In 1992, the then Australian Prime Minister, the Hon Paul Keating believed that periodic heads of government meetings based on APEC membership should be held. He believed that such high-level gatherings would inject some political horsepower into APEC. This meeting of heads of state has since become a high-profile annual gathering.

5.41 The second lesson from APEC is the close links that APEC endeavoured to forge with the business community. It established an eminent persons group and Pacific Business Forum, members of which were able to draw on their experience and networks in the business community to attract greater input from the private sector.

5.42 It should also be noted that APEC, through the brokerage of South Korea, was able to manage the politically difficult matter of allowing Chinese Taipei to participate in APEC. The admission of the three Chinese economies—the People's Republic of China, Hong Kong and Chinese Taipei increased APEC's economic significance substantially.⁵⁰

Conclusion

5.43 The committee notes that while many witnesses doubted that IOR-ARC could be a success, some were cautiously optimistic for the association's future prospects, particularly under the collaborative leadership troika of India, Australia and Indonesia. Even those who held strong reservations about whether IOR-ARC could ever achieve its objectives were reluctant to advocate its abandonment.

5.44 From its inception IOR-ARC has been endeavouring to 'get runs on the board'. It certainly has the vision and the annual meeting of ministers clearly shows that the association is not short of ideas, but it seems that the association is simply unable to execute its plans.

48 *Committee Hansard*, 22 March 2013, p. 3.

49 *Committee Hansard*, 22 March 2013, p. 3.

50 For a full account of the origins and development of APEC, see Senate Foreign Affairs, Defence and Trade References Committee, *Australia and APEC*, July 2000, pp. 5–20.

5.45 The committee's concern is that with Australia taking over the chair, once again ministers will come together replete with ideas, many put forward by Australia, only for these initiatives to stall. Clearly the association needs to harness the enthusiasm evident at the ministers meeting and then sustain it.

5.46 In this regard the committee, drawing on the experiences of APEC, makes a number of recommendations intended to help IOR-ARC build momentum and not allow it to dissipate. They deal with: striving for high level representation at IOR-ARC meetings, taking strong and positive steps to involve business; and strengthening membership.

Recommendation 1

The committee recommends that:

- **the Australia Government lead by example and ensure that its representation at IOR-ARC Council of Ministers' Meetings is always at ministerial level;**
- **the Australian Government commit additional resources to the IOR-ARC Secretariat and encourage other member states to be more generous in the resources they make available;**
- **the Australian Government promote the profile of IOR-ARC by making reference to the activities of the organisation whenever appropriate;**
- **the Prime Minister of Australia open the 2013 IOR-ARC Council of Ministers' Meeting in Perth;**
- **the Australian Government advocate that the heads of government of the Indian Ocean rim countries hold periodic meetings to discuss matters affecting IOR-ARC; and**
- **the Australian Government should encourage countries with observer status at IOR-ARC to send high-ranking representatives to the meeting.**

Recommendation 2

The committee recommends that the Australian Government as chair of IOR-ARC:

- **encourage IOR-ARC to strengthen its links with the business community in the Indian Ocean by considering establishing an Eminent Persons Group made up of leading business people throughout the region;**
- **use its influence to involve Trade Ministers as mainstream participants in IOR-ARC meetings;**
- **ensure that the contribution of the smaller countries to the work of IOR-ARC, such as Mauritius which houses the Secretariat, is given prominence; and**
- **pursue the notion mentioned in previous meetings of establishing 'nodes of excellence' (later recommendations expand on this recommendation).**

Recommendation 3

The committee recommends that, respecting IOR-ARC's charter and the views of other member countries, the Australia Government work with member states to look at broadening the membership to include other key Indian Ocean countries, such as Pakistan and Saudi Arabia.

5.47 Part two of the committee's report outlines the work already being done by Australia in the region with regards to disaster management, risk mitigation, climate change, food security, and conservation. This work, already successful in producing concrete and practical results, may provide the footings on which to build regional cooperation.

Part II

Disaster risk reduction and development assistance

For many years, countries in the Indian Ocean rim have been coming together to work cooperatively across a range of activities, agencies and organisations. Sometimes, a small group of like-minded countries have banded together for mutual benefit. In other cases, a larger collection of countries have entered into collaborative enterprises to pursue a common purpose. In part II of the report, the committee looks at the nature and breadth of Australian cooperative activity in the region in the following areas:

- Disaster mitigation and management;
- Climate change;
- food security including the sustainable management of fisheries;
- research and development; and
- mining for development.

The committee looks at the links and associations involving Australia that exist or are being built in the region and whether there is scope for improvement.

Chapter 6

Natural disasters and climate change

Major disasters such as the Indian Ocean tsunami and the Great East Japan earthquake and tsunami have underscored for the international community the importance of disaster risk reduction...¹

6.1 Indian Ocean rim countries are all too familiar with natural disasters—earthquakes, tsunamis, cyclones, floods due to torrential monsoons, volcanic eruptions and landslides.² For some time they have recognised the mutual benefits to be realised from cooperation in the area of disaster mitigation and management. They are also aware of the potential for changes in climate to create environmental, economic and social problems that require a regional approach. As discussed in Chapter 3, IOR-ARC has, on a number of occasions, identified disaster risk reduction as a key interest common all member countries. In 2010, it also referred to climate change as a priority consideration.

6.2 In this chapter, the committee looks at the collaborative efforts of countries in the Indian Ocean rim to mitigate and manage disasters and to understand the changes taking place in the region's climate. It looks specifically at Australia's contribution.

Background

6.3 The Indian Ocean rim is particularly vulnerable to natural disasters. The region has an extensive number of islands, highly exposed to cyclones and tsunamis. Many countries bordering the ocean have long coastlines, many with high density populations living in low lying areas susceptible to flooding, such as parts of India and Bangladesh. Some countries, including Indonesia, are prone to specific disasters. Indonesia has the largest number of active volcanoes in the world and is located in the 'ring of fire', the name given to areas on the edge of tectonic plates, the movement of which can cause earthquakes and volcanic eruptions. Indeed, approximately 10 per cent of the world's recorded seismic activity has occurred in the Indonesia archipelago.³

Disaster risk reduction

6.4 A number of natural disasters have exposed the region's lack of readiness or preparedness to minimise the risk from natural disasters. A 2007 UNESCO report gave the example of Mozambique, one of the world's poorest nations, which suffers from periodic cyclone damage and flooding. The report described how in 2000, after a

1 *Submission 30*, p. 59.

2 See paragraphs 3.23 and 3.40.

3 Prema-chandra Athukorala and Budy P. Resosudarmo, 'The Indian Ocean Tsunami: Economic Impact, Disaster Management and Lessons', ANU, revision of papers presented at the Asian Economic Panel Conference, Keio University, Tokyo, 6–7 March 2005, p. 8.

warning about likely abnormally high rainfall, Mozambique sought aid funds of US\$2.7 million to commence preparation and mitigation activities—the country received less than half the amount of aid required for appropriate mitigation measures. When the rains finally arrived, Mozambique took the brunt of the worst flood in living memory—700 people were killed; 650,000 people were displaced and 4.5 million were affected. The disaster erased the country's economic progress—the report quoted aid workers who said that the flood waters 'caused more destruction than the civil war itself'.⁴ This event clearly showed the importance of disaster prevention and mitigation as the UNESCO report highlighted:

...once a disaster has occurred, it is often painfully evident with the benefit of hindsight that an ounce of prevention would have been much better than a pound of cure.⁵

6.5 The Indian Ocean tsunami, which struck on 26 December 2004, causing widespread devastation and claiming the lives of over 220,000 people also revealed that many of the countries of the Indian Ocean rim were tragically unprepared.⁶ For example, in Sumatra, one of the areas hardest hit by the tsunami, there was 'practically no warning and little preparedness for responding'.⁷ Although scientists registered the massive undersea earthquake off Sumatra which caused the tsunami, no communication mechanism existed to provide advance warning of the tsunami. UNESCO noted that:

Had an alert system, similar to that already operating in the Pacific Ocean been in place, many of the more than 240,000 people killed or missing in the Indian Ocean disaster would have had time to escape to higher ground.⁸

6.6 Once the tsunami had passed, however, the global relief and recovery operation was immediate and massive. For example, foreign militaries from 11 countries eventually deployed to Indonesia coordinated by the Indonesian military. With Indonesian permission, Australian Defence Forces (ADF) flew C130 transport planes carrying aid from Jakarta and Madan to Banda Aceh and removed the injured from Aceh. It deployed medical teams to the region and brought water purification equipment to supply drinking water. Singapore set up a mobile air traffic control tower at Banda Aceh and Madan airports. The United States sent an aircraft carrier and hospital ship from which its military ran relief operations; the United Nations (UN) dispatched a Disaster Assessment and Coordination Team; and the UN Office

4 United Nations Educational Scientific, and Cultural Organization, *Disaster Preparedness and Mitigation UNESCO's Role*, 2007, p. 45.

5 United Nations Educational Scientific, and Cultural Organization, *Disaster Preparedness and Mitigation UNESCO'S Role*, 2007, p. 45.

6 *Submission 30*, p. 23.

7 Reiner Huber et al, *The Indian Ocean Tsunami: a case study investigation by NATO RTO SAS-065 Part Two: the case of Aceh and North Sumatra*, March 2008, p. 2, http://www.dodccrp.org/files/case_studies/Tsunami_case_study.pdf (accessed 3 May 2013).

8 United Nations Educational Scientific, and Cultural Organization, *Disaster Preparedness and Mitigation UNESCO'S Role*, 2007, p. 23.

for the Coordination of Humanitarian Affairs (OCHA) established a Humanitarian Information Centre.

6.7 Despite the concerted effort, important lessons were learnt from this international effort, including the need for better coordination especially between militaries and international Non-Government Organisations (NGOs) and between International NGOs and local NGOs. There was also an identified need for improved dissemination of information by national governments to other governments.

6.8 A painstaking period of rebuilding followed the immediate aftermath. Again this was an international effort and again lessons were to be learnt. For example, a NATO report found:

It took nearly nine months of negotiation just for the government and the aid agencies to agree to a building code setting out the standard measurements and requirements for new homes.⁹

Problems with communication continued even throughout this reconstruction phase.¹⁰

Summary

6.9 The floods in Mozambique and the 2004 tsunami not only galvanised the international community into action but highlighted the importance of disaster risk reduction and the need for greater awareness and cooperation when it comes to managing disasters. The committee used these two examples to highlight that:

- prevention or mitigation of the effects of a disaster is of paramount importance;
- natural disasters can overwhelm the resources of the affected country which will often require outside assistance from numerous overseas countries and multilateral organisations;
- cooperation and coordination in both relief and recovery is critical between the government of the affected country and with those providing assistance and also between the numerous agencies providing assistance;
- timeliness in responding is essential; and
- respect for the affected country's pride is necessary.

6.10 Although the international community generally responds to a major natural disaster, regional organisations have a major role to play in disaster risk mitigation. A recent examination of regional organisations in disaster management suggested that in terms of disaster response, regional mechanisms 'may not only be able to respond more quickly than international ones, but their intervention may also be politically

9 Reiner Huber et al, *The Indian Ocean Tsunami: a case study investigation by NATO RTO SAS-065 Part Two: the case of Aceh and North Sumatra*, March 2008, p. 5, http://www.dodccrp.org/files/case_studies/Tsunami_case_study.pdf (accessed 3 May 2013).

10 Reiner Huber et al, *The Indian Ocean Tsunami: a case study investigation by NATO RTO SAS-065 Part Two: the case of Aceh and North Sumatra*, March 2008, p. 3, http://www.dodccrp.org/files/case_studies/Tsunami_case_study.pdf (accessed 3 May 2013).

more acceptable'. They have 'developed innovative and effective forums of regional collaboration that could serve as models for other regions'.¹¹ It cited the work of researchers in this field who found that regional organisations are:

...particularly well-equipped to carry out today's threat management functions. They have solid information and expertise on their regions, inherently tailor their responses to the regional realities, and can get on the ground fast. ROs [regional organizations] are also innately compelled to continue their engagement and monitoring of the scene when the other actors depart. And having reshaped their policies and plans over the years to meet newly emerging challenges, ROs have a record of responsiveness and institutional flexibility.¹²

6.11 This study of 13 regional organisations noted that the Indian Ocean as an entity does not have a recognised regional association to cover natural disasters. It noted further that there are organisations (SADC, Asian Disaster Reduction Center, SAARC and ASEAN) that included some Indian Ocean countries but not one that could be characterised as an Indian Ocean organisation.

6.12 Despite the lack of a strong regional disaster reduction and management organisation, the countries in the Indian Ocean have taken important steps to reduce the risks from natural disasters.

Australia's contribution

6.13 Australia is well placed to help the region establish solid risk mitigation practices—in addition to renowned scientific and research expertise, Australia's situation as a country with significant coastal assets means that it shares with other Indian Ocean rim countries a firsthand understanding of the effect of extreme weather and tidal events.

6.14 For example, during its visit to the Pilbara the committee heard of the effective cyclone warning system that provides adequate warning to the region to prepare for the damaging effects of wind and rain. The Port Hedland Port Authority explained that the quick response following such warnings enables the harbour to be cleared and assets secured before the cyclone strikes. The committee was also

11 Elizabeth Ferris and Daniel Petz, *In the Neighbourhood: the growing role of regional organizations in disaster risk management*, The Brookings Institution, London School of Economics, Project on Internal Displacement, February 2013, p. 3, http://www.brookings.edu/~media/research/files/reports/2013/02/regional%20organizations%20disasters%20ferris/regional_organizations_disaster_feb2013_ferris_petz.pdf (accessed 3 May 2013).

12 Elizabeth Ferris and Daniel Petz, *In the Neighbourhood: the growing role of regional organizations in disaster risk management*, The Brookings Institution, London School of Economics, Project on Internal Displacement, February 2013, p. 6, http://www.brookings.edu/~media/research/files/reports/2013/02/regional%20organizations%20disasters%20ferris/regional_organizations_disaster_feb2013_ferris_petz.pdf (accessed 3 May 2013).

informed about the strict building code that applies to the region to ensure that constructions are better prepared to withstand the effects of cyclonic winds.¹³



Committee Chair Senator Eggleston at the control tower, Port Hedland Port Authority with Councillor Bill Dziombak and Mr Jon Giles, Landside Operations, Port Hedland Port Authority.

Tsunami Warning System

6.15 DFAT's submission noted that disaster preparedness such as for a tsunami was a regional concern for the Indian Ocean rim.¹⁴ It explained that there was 'substantial cooperation in the region on tsunami warning systems' led by the UNESCO Intergovernmental Oceanographic Commission (IOC) Intergovernmental Coordination Group for the Indian Ocean Tsunami Warning and Mitigation System. This group was formally established in 2005. At its first meeting, members welcomed Australia's 'generous offer' to support the Secretariat and provide continuing financial

13 Notes from committee's visit to the Pilbara.

14 *Submission 30*, p. 23.

and other assistance for the Secretariat. Australia, India and Indonesia currently chair this group with its Secretariat located in UNESCO's IOC Perth Office. The warning system is intended to be a coordinated network of national systems and capacities that would form part of a global network of early-warning systems for all ocean-related hazards.¹⁵ The group coordinates and facilitates development and operational implementation of tsunami warnings and associated disaster mitigation. Capacity constraints, however, were recognised as an area needing attention.¹⁶ The resolution establishing the IOTWS noted:

IOC shall develop a comprehensive programme of capacity-building on tsunami protection for the Indian Ocean, in order to assist all countries of the region, including the coastal African countries and Middle-Eastern countries, to have the capacity to protect their populations.¹⁷

6.16 In terms of regional cooperation, Mr Piece, DFAT, stated that 'One obvious but compelling common interest is the network of tsunami buoys which are in the Indian Ocean.'¹⁸ Geoscience Australia received funding in 2005-06 of \$21 million over four years to implement the Australian Tsunami Warning System (ATWS). This initiative is a national effort involving Geoscience Australia, the Australian Bureau of Meteorology and Emergency Management Australia, and provides a comprehensive tsunami warning system.¹⁹ It is intended to contribute to an Indian Ocean tsunami warning system and to integrate with the existing Pacific Tsunami Center, run by the US in order to facilitate warnings for the south-west Pacific region. From 2009-10, a further \$4.7 million per annum was allocated for ongoing operations.²⁰

6.17 The Bureau of Meteorology Australia maintained that collaboration between Australia and Indian Ocean rim countries is necessary for an effective tsunami warning system, as the strength of the system depends on all components working in harmony. The Bureau described the collaboration:

The countries fund their own contributions (apart from funding by aid agencies from various countries) to the overall Indian Ocean Tsunami Warning and Mitigation System. This ranges from sharing seismic data, coastal sea level data and deep ocean buoy data as well as warning information, communications systems and community impacts.²¹

6.18 Dr Ray Canterford of the Bureau of Meteorology noted that vandalism of the tsunami monitoring buoys had been a concern. He argued that 'strong national

15 http://www.ioc-tsunami.org/images/IOTWS/Resolution-XXIII_12.pdf (accessed 16 May 2013).

16 <http://unesdoc.unesco.org/images/0014/001445/144508e.pdf>

17 http://www.ioc-tsunami.org/images/IOTWS/Resolution-XXIII_12.pdf (accessed 16 May 2013).

18 *Committee Hansard*, 17 August 2012, p. 4.

19 Dr Barnicoat, *Committee Hansard*, 6 December 2012, p. 19.

20 Dr Barnicoat, *Committee Hansard*, 6 December 2012, p. 19.

21 Bureau of Meteorology, answers to questions on notice (public hearing, 6 December 2012, Canberra), pp. 2–3.

legislation and awareness programs are required to act as deterrents for this type of activity.²²

The Australia-Indonesia Facility for Disaster Reduction

6.19 Australia has also established strong bilateral links with some countries in the Indian Ocean rim to assist them to improve their resilience and response to the effects of natural disasters. For example, the Australia-Indonesia Facility for Disaster Reduction (AIFDR) is a joint initiative between Australia and Indonesia which was announced in November 2008. Together, AusAID and the Indonesian Disaster Management Agency implement the AIFDR. Its aim is to strengthen national and local capacity in disaster risk reduction in Indonesia and the region. Examples of the facility's activities include:

- helping the Indonesian Government establish a real time earthquake impact estimation system that enables rapid estimates of the number of people potentially affected in an earthquake; and
- supporting the development of training packages on the fundamentals of disaster risk management that are being delivered to disaster managers (primarily Indonesian officials at the national and sub-national level) across Indonesia.²³

6.20 Under this initiative, Australia has provided specialist staff and financial assistance worth \$67 million over five years to 2013, with Indonesia providing counterpart staff, services and support arrangements.²⁴ AusAID also noted that the AIFDR works closely with Geoscience Australia, host of the Australian Tsunami Warning System, on a range of natural disaster scientific models, including tsunami.²⁵

6.21 In 2010, AusAID reported that the partnership between Australia and Indonesia was starting 'to support and influence regional disaster management priorities in particular through support to the ASEAN Agreement on Disaster Management and Emergency Response'.²⁶ An Independent Progress Review of the AIFDR was undertaken in 2012. It found that opportunities existed to use information from the supervision of significant activities to inform disaster risk reduction and disaster management policy dialogue not only between Australia and Indonesia but with multilateral relationships. While the review cited the Global Fund for Disaster Risk Reduction (GFDRR), ASEAN and APEC, the committee would also suggest

22 *Committee Hansard*, 6 December 2012, p. 20.

23 AusAID, answers to questions on notice (public hearing, 6 December 2012, Canberra), p. 12.

24 AusAID, answers to questions on notice (public hearing, 6 December 2012, Canberra), p. 12.

25 AusAID, answers to questions on notice (public hearing, 6 December 2012, Canberra), p. 12.

26 AusAID, *Annual Program Performance Report, Indonesia, 2010*, July 2011, p. 36, <http://www.ausaid.gov.au/Publications/Documents/indonesia-development-cooperation-report-2010.pdf> (accessed 16 May 2013).

encouraging such dialogue and information sharing within IOR-ARC.²⁷ The review stated further that lessons from field activities 'provide strong evidence to support policy dialogue and can be used to advance disaster risk reduction and related issues such as food security, vulnerability and disaster response.'²⁸

Disaster risk reduction assistance

6.22 Scientific research about climate and seismological activity enables reasonably accurate prediction of extreme weather or tidal events. Key to disaster prevention is the timely communication of scientific monitoring results to emergency services, government, and media. For less developed countries, however, preparation for extreme natural events also requires infrastructure and capacity development.

6.23 AusAID provides a number of Indian Ocean rim countries with disaster risk reduction support. In 2010-11, Bangladesh, Burma, Indonesia, India, Kenya, Pakistan, Somalia and Timor-Leste received Australian assistance. For example, DFAT informed the committee that AusAID was supporting a School Reconstruction Program in West Java and West Sumatra, Indonesia, in response to the two major earthquakes that struck Indonesia in September 2009.²⁹

6.24 The findings of the 2012 independent progress review of the AIFDR has broader relevance for these numerous bilateral programs. It reported that AusAID had:

...clearly assigned donor communication and harmonisation roles and responsibilities to AIFDR but little has been done to systematically implement these functions and communicate lessons learned to other AusAID sectoral programs.³⁰

6.25 Noting that AusAID supports disaster risk reduction in a number of Indian Ocean rim countries, the committee believes that AusAID should consider looking at ways to ensure that work in one sector informs activity in related sectors. The committee attaches particular importance to ensuring that improvements derived from activity in one area not only flow across sectors but across country programs. This sharing of knowledge and experience gained from development assistance in one program to other AusAID country programs in the Indian Ocean rim may help to develop a regional approach of mutual advantage to all programs. It may well identify areas where collaboration would be of most benefit and indeed provide a foundation

27 *Australia Indonesia Facility for Disaster Reduction*, Independent Progress Review, p. 29, <http://ausaid.gov.au/countries/eastasia/indonesia/Documents/aifdr-ipr-ipm.pdf> (accessed 16 May 2013).

28 *Australia Indonesia Facility for Disaster Reduction*, Independent Progress Review, p. 29, <http://ausaid.gov.au/countries/eastasia/indonesia/Documents/aifdr-ipr-ipm.pdf> (accessed 16 May 2013).

29 *Submission 30*, p. 59.

30 *Australia Indonesia Facility for Disaster Reduction*, Independent Progress Review, p. 25, <http://ausaid.gov.au/countries/eastasia/indonesia/Documents/aifdr-ipr-ipm.pdf> (accessed 16 May 2013).

for other countries to become part of a network contributing to development especially in areas such as disaster risk reduction and food security (as discussed later).

Summary

6.26 The committee recognises that Australia collaborates with several countries in the Indian Ocean rim in regard to disaster mitigation and, in some cases, Australia leads in terms of scientific and research skills and expertise. Australia also provides bilateral assistance to a number of Indian Ocean rim countries to help them reduce the risks from natural disasters.

6.27 The committee fully supports and applauds the Australian Government for investing resources in disaster risk reduction. The contribution that Australia has made to the Group for the Indian Ocean Tsunami Warning and Mitigation System is commendable and the committee urges the Australian Government to continue its support for this and similar initiatives.

6.28 Drawing on the findings of the 2012 review of AIFDR, the committee highlights the potential for Australia to build on the work it is already doing with Indonesia in disaster risk reduction to inform its other bilateral programs and, indeed, an Indian Ocean rim regional approach. It notes the importance of:

- developing stronger links with, and better communication and coordination between Australia's country programs in the region that are also engaged in disaster risk reduction and related areas such as climate change and food security;
- developing stronger links with, and better communication and coordination between AusAID development personnel and technical personnel from other government agencies that are partners in assisting countries in the region with their disaster risk reduction; and
- encouraging a regional approach to disaster risk reduction that builds on Australia's experience in assisting a number of Indian Ocean rim countries.

Climate change and disaster mitigation initiatives

6.29 There is growing recognition that climate change will exacerbate the effects of natural disasters: that their frequency and intensity is expected to increase.³¹ In its submission, DFAT explained the ways climate change and environmental degradation are affecting the Indian Ocean rim:

Sea level rises and climatic variations may also lead to coastal submersion as well as degradation of coral and patch reefs on the continental shelf. Coastal population pressures and increasing exploitation of coastal resources have led to coastal degradation. Large parts of African (and Indian Ocean rim) coastlines are already slowly being impacted. For some

31 Australian Civil-Military Centre, 'ACMC funds new study on regional approaches to disaster management', 5 April 2013, <http://acmc.gov.au/2013/04/acmc-funds-new-study-on-regional-approaches-to-disaster-management/> (accessed 3 May 2013).

Indian Ocean states, such as the Maldives, this represents a major concern.³²

6.30 In its submission, the Western Australia Government argued that climate change 'is a significant challenge for the region, with many countries in the Indian Ocean rim likely to be affected by extreme climatic events, such as droughts, floods and cyclones.' The submission noted that cooperation should be encouraged to put in place warning systems along with mitigation and adaptation strategies.³³

6.31 The Defence White Paper 2013 also indicated that climate change and accompanying changes in weather patterns would likely lead to more extreme weather events and increase the 'demand for humanitarian assistance, disaster relief and stabilisation operations over coming decades.'³⁴

Developing countries and climate change

6.32 A number of countries in the region are particularly concerned about changes to climate including South Africa, a major player in climate change negotiations, and Maldives, which is worried about the future effects of climate change, especially sea level rises. DFAT cited other countries troubled by the prospects of changing climate, including Mozambique, Mauritius, Comoros and Bangladesh. It also referred to Seychelles, which is a strong advocate for the climate change concerns of small island states and is a leading member of the Alliance of Small Island States.³⁵

6.33 All these countries are developing and Maldives, Mauritius, Comoros and Seychelles are members of the Alliance of Small Island States. In this regard, DFAT informed the committee that the Australian Government consulted closely with Indian Ocean rim members of the Alliance in negotiations under the UN Framework Convention on Climate Change. Through the International Climate Change Adaptation Initiative, Australia provided support to assist developing countries, particularly the small island states and least developed countries, adapt to the effects of climate change. DFAT stated that Australia's assistance is 'focused on timely, practical initiatives that are integrated with wider development programs'.³⁶

6.34 Clearly, developing nations have very limited resources to deal with the detrimental effects of climate change. AusAID recognised the increasing threat that natural disasters pose to countries achieving their development goals. It observed that disaster risk reduction and climate change adaptation are now being integrated into aid initiatives in Africa to reduce vulnerability and build resilience at both the country and community level.³⁷ For example, Australia co-operates closely with the Maldives to address climate change and provided A\$5 million 2011-12 to assist with human

32 *Submission 30*, p. 23.

33 *Submission 35*, p. 11.

34 Department of Defence, *Defence White Paper 2013*, paragraph 2.75, pp. 18–19.

35 *Submission 30*, pp. 60–61.

36 *Submission 30*, p. 57.

37 AusAID, answers to questions on notice (public hearing, 6 December 2012, Canberra), p. 12.

resource development and climate change. Australia also provides assistance to Bangladesh.³⁸

IOR-ARC and disaster risk reduction

6.35 Australia identified climate change and adaptation as areas of current and potential collaboration within IOR-ARC. DFAT noted that, as part of IOR-ARC, Australia 'may have further opportunities to work with member states to pursue targeted development outcomes, including in areas such as climate change adaptation'.³⁹

6.36 Members of IOR-ARC often call on the association to implement practical initiatives that will make a difference. With regard to climate change, the committee notes that a workshop with participants from the Western Indian Ocean recognised that monitoring of climate change impacts was important but that some types of monitoring could be expensive. To understand the effects of climate change on resources, they identified the need for 'improved data and information tools', including tools to collect baseline data and to monitor the health of ecosystems and changes in climate. In their view, 'it would be helpful to have standardized monitoring methodologies within the region'.⁴⁰

6.37 The committee believes that IOR-ARC has a significant contribution to make in areas such as standardisation as noted above. In this regard, the committee also refers back to observations made about delays in reconstruction work in Indonesia after the 2004 tsunami because of negotiations over building codes. Improvements in these concrete, sensible areas of potential regional cooperation are not high profile but they are practical and of great benefit.

Conclusion

6.38 The committee commends the efforts of those agencies working on the Tsunami Warning System. The committee believes that such a system not only works on the level of disaster mitigation, it also facilitates people to people connection between countries and allows an exchange of information and expertise.

6.39 The committee believes that there is much more to be done in the region on disaster risk reduction and climate change adaptation and that IOR-ARC has an important role in both highlighting the achievements so far and in underscoring the need for strengthened collaboration. The committee is particularly aware of the vulnerability of many developing countries in the region to the devastating effects of natural disasters and climate change and importantly of their lack of capacity to manage such events. The committee supports strongly Australia's work with the Alliance of Small Island States and urges it not only to continue to do so but to give

38 *Submission 30*, p. 66.

39 *Submission 30*, p. 54.

40 Adaptation Partners, 'Western Indian Ocean Climate Change Workshop for Coastal and Marine Protected Areas', Cape Town, South Africa, February 2012, <http://www.adaptationpartnership.org/blog/activities> (accessed 3 May 2013).

greater emphasis to its work with the small islands states in the Indian Ocean to ensure that their interests are represented in international fora.

6.40 Australia and Indonesia are the future chairs of the IOR-ARC. Both countries have forged an effective partnership through the AIFDR to help Indonesia with its disaster risk reduction. The committee believes that this partnership provides a solid platform from which the region as a whole could benefit.

Chapter 7

Food Security

'With a world population projected to rise from 6.8 billion in 2010 to over 9 billion by 2050, the world is facing around a 70 per cent increase in food demand...'¹

Background

7.1 DFAT submitted that 'sustainable development and food security, in particular of fish and marine resources, is a core priority specifically for Indian Ocean African and Island states'.² In this chapter, the committee looks at Australia's development assistance to the region with a particular focus on food security.

Australia's ODA to the Indian Ocean rim

7.2 Generally, Australia's Official Development Assistance (ODA) to the region is on a bilateral basis. The table of Australia's ODA to the region provides an indication of the funding that Australia provides to countries in the region. Australia has set priority areas for each recipient. Education is a priority area for Indonesia, Bangladesh, Pakistan and Sri Lanka, health is important in Australia's funding to Indonesia, Bangladesh Pakistan and Tanzania. Food security is also a feature of Australia's funding particularly to countries in Africa.

Food Security in the Indian Ocean rim

7.3 CSIRO reported that farmers in Indian Ocean rim countries face 'a multitude of problems to sustain crop productivity with grain yields stagnant over the past decade and particularly rice production suffering unusually large variations'. Many of the problems are associated with climate variability with, for example, delays in summer monsoons and heavy rains during harvest causing crop failures and food shortages.³ CSIRO noted:

Climate change is beginning to affect agricultural productivity through shifts in rainfall patterns, changing temperature regimes and increased climate variability as well as climatic extremes. Farmers in South Asia report they are observing these changes and that their historic weather

1 CSIRO, *Submission 11*, p. 4.

2 *Submission 30*, p. 22.

3 CSIRO, 'Can seasonal climate forecasts improve food security in Indian Ocean Rim countries in a variable and changing climate?', National Research Flagships, Climate Adaptation, www.aisaid.gov.au/countries/southasia/swa-regional/documents/csiro-scf-factsheet.docx (accessed 3 May 2013).

knowledge and experience are progressively less useful in the agricultural planning process.⁴

Australian Bilateral Overseas Development Assistance to the Indian Ocean rim⁵

Region	Country	2011-12 \$A million
South-East Asia	Burma	47.6
	Indonesia	558.1
	Timor-Leste	123.7
	<i>East Asia Regional Program</i>	<i>108</i>
South Asia	Bangladesh	92
	India	25
	Maldives	5
	Pakistan	92.8
	Sri Lanka	43.5
	<i>South Asia Regional Program</i>	<i>25</i>
Middle East	n/a	
Africa	Kenya	30.9
	Madagascar	0.05
	Mauritius	1.4
	Mozambique	15.2
	South Africa	5.5
	Tanzania	7.8
Total		1,185.55

7.4 DFAT's submission states that between 2009–10 and 2011–12 Australia will have provided over \$839 million for bilateral and global food security efforts.⁶ AusAID provided examples of how this funding for global food security assists the Indian Ocean rim region.

- In sub-Saharan Africa, the Australian Centre for International Agricultural Research (ACIAR) and CSIRO work to build the capacity of African regional

4 CSIRO, 'Can seasonal climate forecasts improve food security in Indian Ocean Rim countries in a variable and changing climate?', National Research Flagships, Climate Adaptation, www.ausaid.gov.au/countries/southasia/swa-regional/documents/csiro-scf-factsheet.docx (accessed 3 May 2013).

5 DFAT, *Submission 30*, p. 66. Note: These figures are approximates, based on allocations for 2011-12 figures in millions. AusAID's development assistance to Africa is framed by key sectors and regions of focus, with some bilateral support to select countries. (75 per cent of the Africa program is delivered through partners.)

6 *Submission 30*, p. 59.

organisations, including new ways of farming, building scientific innovation, and distribution of information and expertise to smallholder farmers.

- In Kenya working through the UK Department for International Development to build measures for resistance to drought for subsistence farmers.
- In South Asia, AusAID works through ACIAR and CSIRO to conduct work on improved use of water resources, irrigation systems, farming methods and seed varieties.⁷

7.5 AusAID also invests in global food security funds which work at government level to develop improved agricultural policies for the distribution of seeds, technology and dissemination of better farming methodologies. In addition, Australia is assisting countries outside the rim to help with their food security. For example, in Zimbabwe Australia's contribution on food security is concerned with how supplies from farm to factory are organised, and making the supply chain work effectively to benefit the population.⁸

7.6 DFAT outlined the hope that Australia has of using the opportunity afforded by becoming chair of IOR-ARC to work with IOR-ARC member countries to pursue 'targeted development outcomes' in areas such as climate change and sustainable fisheries.⁹

CSIRO

7.7 Under an AusAID funded program, CSIRO will partner with universities, government and non-government agencies in Australia, India and Sri Lanka in a new IOR-ARC initiative that 'aims to enhance food security in the Indian Ocean rim by reducing agricultural production risks associated with a variable and changing climate.'¹⁰ CSIRO noted that collaboration on food security with Indian Ocean rim countries can be useful to Australia in that countries like sub-Saharan Africa and parts of South and South-East Asia have agriculture systems similar to Australia.¹¹ DFAT similarly observed that this CSIRO-managed seasonal climate forecasting food security project may present Australia with other opportunities to work with IOR-ARC members 'to pursue targeted development outcomes, including in areas such as sustainable fisheries and climate change adaption'.¹²

7 Ms Rauter, AusAID, *Committee Hansard*, 6 December 2012, pp. 8–9.

8 Ms Rauter, AusAID, *Committee Hansard*, 6 December 2012, p. 7.

9 *Submission 30*, p. 55.

10 CSIRO, 'Can seasonal climate forecasts improve food security in Indian Ocean Rim countries in a variable and changing climate?', National Research Flagships, Climate Adaption, www.ausaid.gov.au/countries/southasia/swa-regional/documents/csiro-scf-factsheet.docx (accessed 3 May 2013).

11 *Submission 11*, p. 4.

12 *Submission 30*, p. 55.

ACIAR

7.8 ACIAR, which specialises in agricultural research, is also working in the area of food security. Its role is 'to work with developing countries...to provide agriculture, fisheries and forestry research partnerships'.¹³ Food security is a key concern in ACIAR's agricultural research in the Indian Ocean rim where it is part of AusAID's overall aid approach. ACIAR noted in its submission that they 'believe there is a much wider ramification in terms of the benefits improved food security can have in the region politically, socially and economically.'¹⁴

Collaboration

7.9 ACIAR is a member of the Consultative Group on International Agricultural Research (CGIAR) which comprises 15 international agriculture research centres, and it is on the fund council, which is the overarching body of that group of fifteen. ACIAR participates in terms of funding but also in terms of partnerships with a number of those centres in providing research to a wide range of developing countries. Dr Hearn of ACIAR informed the committee that the 'centres form one of the biggest multilateral networks of international agricultural research in the world.'¹⁵

7.10 In relation to cooperation in the Indian Ocean rim, Dr Hearn noted that ACIAR is part of the decision making process of CGIAR and many Indian Ocean rim countries would have a CGIAR presence so there is an effective network.¹⁶

Fisheries management

7.11 The fishery industry is a key economic sector in the Indian Ocean rim and one of the most significant renewable resources that Indian Ocean countries have to secure food supplies, maintain livelihoods and assist with economic growth. As a central economic sector, fisheries in the Indian Ocean contribute significantly to the Gross Domestic Product of member states. DFAT noted that the Food and Agriculture Organisation (FAO) estimates that 200 million Africans rely on fish for nutrition, 10 million for income.¹⁷

7.12 According to DFAT, 25 of the Indian Ocean rim's 35 coastal states are developing countries and as such fisheries are a critical source of animal protein and central to alleviating poverty and creating employment.¹⁸ DFAT noted that island states have little land for crops and hence food security is a central concern for them.

7.13 DFAT reported that the Indian Ocean fisheries produce 'around a third of the world's tuna which is estimated to be worth three billion dollars annually, and include

13 Dr Hearn, ACIAR, *Committee Hansard*, 6 December 2012, p. 10.

14 Dr Hearn, ACIAR, *Committee Hansard*, 6 December 2012, p. 10.

15 *Committee Hansard*, 6 December 2012, p. 11.

16 *Committee Hansard*, 6 December 2012, p. 11.

17 *Submission 30*, p. 22–23.

18 See for example, DFAT, *Submission 30*, p. 58.

the valuable Southern blue fin tuna fishery'.¹⁹ It noted that tuna is of particular importance for livelihoods and food security for people in the region, with 'half the tuna caught in the Indian Ocean by small vessels in the waters off coastal states'.²⁰ DFAT informed the committee that if managed well, fisheries resources hold significant economic development potential. According to the FAO, some coastal nations could increase their Gross National Product (GNP) up to 5 per cent with more effective fisheries regulation.²¹

Australia's contribution

7.14 Australia recognises the central role of fisheries in 'regional food security and as a sustainable source of economic development for the coastal states in the region'. For example, the Department of Agriculture, Fisheries and Forestry (DAFF) noted that 'further development of artisanal—that is local scale and small-scale—commercial fisheries is important for regional employment'. It explained that as such:

...the department's engagement seeks to enhance and protect the sovereign rights of coastal states, including Australia, thereby providing opportunities for further development of fisheries within sustainable limits by those coastal states.²²

7.15 DAFF explained that the key aspect of the department's engagement in the Indian Ocean rim is its work on fisheries cooperation:

Australia's priority when engaging in international fisheries issues is to work with other nations for the long-term sustainability of highly migratory straddling fish—that is, fish that cross borders—and shared fisheries resources important to Australia, and to meet our international obligations.²³

7.16 Australia is engaged with a number of regional fisheries management organisations to:

- ensure the sustainable management of shared fisheries resources through the adoption and implementation of appropriate fisheries management measures;
- secure access to migratory, high seas, straddling and shared fish stocks for Australia; and
- enhance regional and food security through fisheries-based economic growth.²⁴

7.17 Australia is a member of the Indian Ocean Tuna Commission (IOTC) and signatory to the Southern Indian Ocean Fisheries Agreement (SIOFA). DFAT did not

19 *Submission 30*, pp. 22–23.

20 *Submission 30*, pp. 22–23.

21 *Submission 30*, pp. 22–23.

22 Mr Thompson, DAFF, *Committee Hansard*, 22 March 2013, p. 24.

23 Mr Thompson, DAFF, *Committee Hansard*, 22 March 2013, p. 24.

24 DFAT, *Submission 30*, p. 58.

refer to the Fisheries Support Unit, though it was mentioned in the IOR-ARC 2011 Communiqué.

Indian Ocean Tuna Commission

7.18 DAFF leads Australia's engagement in the Indian Ocean Tuna Commission. The Commission is responsible for conservation and long-term sustainable use of tuna and tuna-like species in the Indian Ocean and adjacent seas. The Commission is established under the FAO.²⁵ DAFF explained that the Indian Ocean Tuna Commission as the main fisheries body in the region:

... has a vast number of members from right across that region—anyone who touches the border, plus countries that have historically fished in the region. So we end up with countries like Korea, Japan, the EU and China also being participants.²⁶

7.19 According to DAFF, however, the interests of the major fishing nations outside the region—Korea, Japan, the EU and China—'end up being quite different to those of the coastal states'. It stated that they are only interested in commercial fishing, which then creates 'a lot of tensions, and, with large memberships, things move slowly'.²⁷

Southern Indian Ocean Fisheries Agreement (SIOFA)

7.20 The Southern Indian Ocean Fisheries Agreement (SIOFA) is a regional regime intended to ensure the long-term conservation and sustainable use of fishery resources other than tuna in the high seas areas of the Indian Ocean. The Agreement establishes a mechanism to manage non-highly migratory species in the southern Indian Ocean rim region. Australia deposited an instrument of ratification to the Agreement on 23 March 2012.²⁸ Presently only three Indian Ocean countries have signed the agreement—Australia, Mauritius and Seychelles.²⁹

Fisheries Support Unit

7.21 The Fisheries Support Unit was established as a coordinating body under IOR-ARC in 2004 and is hosted by the Sultanate of Oman. The Fisheries Support Unit aims to encourage coastal state engagement on fisheries issues, with a particular focus on increasing their capacity to implement responsible conservation and management practices.³⁰

25 *Submission 40*, p. 1.

26 Mr Thompson, DAFF, *Committee Hansard*, 22 March 2013, p. 24.

27 Mr Thompson, DAFF, *Committee Hansard*, 22 March 2013, p. 24.

28 DAFF, *Submission 40*, p. 3.

29 Food and Agriculture Organization of the United Nations (FAO), 'Regional Fishery Bodies Summary Descriptions, South Indian Ocean Fisheries Agreement (SIOFA)', <http://www.fao.org/fishery/rfb/siofa/en> (accessed 3 May 2013).

30 DAFF, *Submission 40*, p. 3.

7.22 The Unit is one of IOR-ARC's flagship projects. Its aims are to engender greater cooperation among member states; to share experience, consolidate and mobilize resources and improve fish trade activities; and promote sustainable fisheries practice. The unit recognises that the challenge is 'to grow and sustain this important industry and to propose solutions to the threats facing the industry, namely, illegal and over-fishing, the depletion of stocks and pollution of the Indian Ocean, to name just a few'.³¹ The Consulate-General of the Sultanate of Oman's submission identified three key priority areas for IOR-ARC in regards to fisheries management:

- study of coastal and offshore tuna resources with special reference to Oman;
- study of migration and genetic characterisation of the shared stock of kingfish in GCC waters; and
- biodiversity in the seas of Oman off Oman.³²

7.23 Professor Rumley noted that the fisheries research unit 'does not really have the regional support that perhaps the Omanis think it should have'.³³

Commission for the Conservation of Southern Bluefin Tuna

7.24 Since 1994, the Commission for the Conservation of Southern Bluefin Tuna has been the global manager of the southern bluefin tuna. Commission decisions are taken by consensus and are binding on Australia. In the past, the Commission has struggled to conserve and manage the global southern bluefin tuna fishery effectively and, until recently, disputes between its members and disagreement over the status of the stock have impeded its efforts to address overfishing of the resource.³⁴

Capacity constraints

7.25 DFAT acknowledged that the Indian Ocean rim region 'is mindful of the need to ensure sufficient fish for domestic consumption (fish continues to provide a significant source of protein to many people)'. It noted, however, that environmental degradation and climate change place additional pressures on crop production, which makes the problem of food security acute.³⁵ It also drew attention to the increased activity in fishing in the Indian Ocean:

In addition to traditional fishing vessels from Japan, Taiwan and South Korea, domestic fleets in Indian Ocean coastal states, particularly Indonesia, are expanding and European vessels are entering the Indian Ocean following the depletion of Atlantic Ocean fish stocks.³⁶

31 IOR-ARC, Fisheries Support Unit, <http://www.iorarc.org/projects/flagship-projects/fisheries-support-unit.aspx>, (accessed 25 April 2013).

32 *Submission 25*, p. 2.

33 *Committee Hansard*, 2 October 2012, p. 5.

34 *Submission 40*, p. 4.

35 *Submission 30*, p. 23.

36 *Submission 30*, pp. 22–23.

7.26 There is also the problem with illegal fishing. In this regard, DFAT observed that many developing states 'lack the resources to patrol their waters effectively to guard against IUU [illegal, undeclared and unregulated] fishing',³⁷ explaining:

...there is a security dimension to the fisheries issue because they believe that they are unable effectively to police and to control their own EEZs [Exclusive Economic Zones]. There is substantially more discussion of soft security issues in IOR-ARC than there was a few years ago.³⁸

7.27 The editorial essay attached to the submission from the Professor Rumley, also noted that weaknesses in the region in terms of surveillance and policing of broad maritime claims. It suggested that this gap in capacity means that marine resources, especially fisheries, are under threat from illegal fishing activities by unscrupulous foreign fishers.³⁹ DAFF similarly noted the capacity constraints and governance and skills level that frustrate the efforts of the developing countries in the region to protect their fish reserves. It referred to their:

- inability to manage and regulate their own fisheries;
- difficulty in retaining data on fish population and catches and on being able to keep track of the foreign boats operating in the area; and
- limitations in applying new measures.⁴⁰

7.28 DAFF explained that the coastal states are resistant to introduce more measures to improve fisheries management because 'they know it will be very hard for them to implement them' and they do not want to be found in breach of international rules.⁴¹ In DAFF's view, further cooperation in the Indian Ocean 'could certainly help build capacity in the whole area of fisheries management and the capacity to report on fisheries and implement the measures that people agree to'.⁴² It suggested that:

Any work through the new Indian Ocean bodies that can help build capacity, skills and governance levels will contribute to better fisheries management.⁴³

7.29 Drs Bateman and Bergin argued that fisheries management and marine scientific research should receive greater attention as part of our region-wide efforts.⁴⁴

37 *Submission 30*, p. 23.

38 Mr Pierce, DFAT, *Committee Hansard*, 22 March 2013, p. 5.

39 Indian Ocean Research Group (IORG), *Supplementary Submission 6B*, p. 14.

40 Mr Thomson, DAFF, *Committee Hansard*, 22 March 2013 p. 27.

41 Mr Thomson, DAFF, *Committee Hansard*, 22 March 2013 p. 27.

42 Mr Thomson, DAFF, *Committee Hansard*, 22 March 2013 p. 27.

43 Mr Thomson, DAFF, *Committee Hansard*, 22 March 2013 p. 27.

44 Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, Australian Strategic Policy Institute, March 2010, p. 4.

Broader security matters

7.30 Depleted fishing stocks also has broader implications for the security of the Indian Ocean. Dr Bateman noted that the prime causes of piracy around the world are the same as for criminal activity generally—lack of economic opportunity, employment, and effective policing. He argued that a further factor, linked to contemporary piracy off the Horn of Africa and in Southeast Asia, has been the decline in fish stocks and overfishing, particularly by commercial interests.⁴⁵

7.31 AusAID noted that part of the \$4.3 million assistance to date which it has provided to assist with counter-piracy measures has gone to improve food security in the region. It is funding activities in Kenya, Tanzania and Somalia linked to better food security and agricultural production. The aim is to assist in providing 'job opportunities for people so that they do not see piracy as their only job option'.⁴⁶

Conclusion

7.32 Clearly, rising demand for fish, climate change, overfishing, and an influx of fishers from outside the region are placing increased pressure on fish stocks in the Indian Ocean and underscore the need for sustainable management and tighter controls over unregulated fishing.

7.33 The committee notes Australia's active membership in a number of fisheries management organisations associated with the Indian Ocean. Developing countries in the region are also members but the committee is aware that their voices may be drowned out by the larger fishing nations outside the region whose interests are commercial fishing. The committee can see an important role for Australia to continue to advocate for and support the smaller countries in the region to ensure that organisations such as the IOTC take account of their concerns. There may also be a role for IOR-ARC to have a stronger presence in such organisations.

Recommendation 4

The committee recommends that the Australian Government:

- **increase its support for the smaller developing countries in the Indian Ocean rim to assist them develop the capacity to monitor, control and regulate fishing activities in their waters;**
- **provide greater assistance and increase efforts to help the smaller developing countries represent their interests in international fora such as the IOTC; and**
- **through the Troika—India, Australia and Indonesia—encourage the larger and more developed countries to collaborate and collectively spearhead active engagement in promoting the health of marine life in**

45 Sam Bateman, 'Background paper for the Perth Counter-Piracy Conference', *Special Report Issue 47—Calming troubled waters: global and regional strategies for countering piracy*, pp. 10–11.

46 Ms Rauter, AusAID, *Committee Hansard*, 6 December 2012, p. 6.

the Ocean; to assist the smaller developing countries to protect their fish stocks from over exploitation; and to grow their fishing industry in a sustainable way.

Chapter 8

Mining for development

The continental African Indian Ocean states are resources rich, and their commodities boom is just beginning....significant oil and gas finds in the coastal region are likely to increase its strategic importance and fuel economic growth in years to come.¹

8.1 Australia has 'a clear and vital interest in the prosperity and stability of the Indian Ocean'.² A number of Indian Ocean littoral states, however, are classified as Low Human Development countries, including Kenya, Bangladesh, Myanmar, Madagascar, Tanzania, Yemen, Comoros and Mozambique. To give an indication of their level of human development: 43.4 per cent of Kenya's population live below the poverty line; in Bangladesh the figure is 43.3 per cent; in Mozambique, 59.6 per cent; in Tanzania, 67.9 per cent; and in Myanmar, 81.3 per cent. Indeed, countries such as Tanzania, Mozambique and Madagascar are listed among the world's 'least developed countries'. South Africa is categorised as a medium human development country with a ranking of 121 from 186 countries, sharing this position with Indonesia. India is also in this medium development classification with a rank of 136.³

8.2 Although in the category of medium to low development, a number of these emerging or developing countries are resource rich. Australia recognises that the mining sector in these countries can make a valuable contribution to reducing poverty, accelerating their human development and economic growth, and supporting progress towards their Millennium Development Goals.

8.3 Australia's has significant mining interests in a number of Indian Ocean rim countries, many of which confront considerable social and economic problems. In this chapter, the committee considers the work that Australia does in the Indian Ocean rim to assist countries fulfil their potential using the mining sector as an example. Its focus is on the African countries bordering the Indian Ocean.

Helping resource-rich countries

8.4 While mining can help a country realise its social and economic potential, the extent to which the exploitation of mineral endowments drives development depends on their management. Thus, if poorly managed the benefits from mining may come at a cost of limiting economic and social progress for developing countries in the

1 DFAT, *Submission 30*, p. 25.

2 DFAT, *Submission 30*, p. 101.

3 The Human Development Index measures development by combining indicators of life expectancy, educational attainment and income into a composite human development index—the HDI. The 2013 Report underscored the message that economic growth alone does not automatically translate into human development progress.

region.⁴ The Australian Government recognises that the mining sector in resource rich but economically poor countries, such as Africa, could unlock significant socioeconomic benefits, reduce poverty and support progress toward the MDGs.⁵ It observed, however, that:

...the extent to which these benefits are achieved depends heavily upon how countries meet the institutional and policy challenges that come with mineral resource wealth.⁶

8.5 AusAID noted that 'converting mining into sustainable development is challenging'. It explained:

Countries can experience economic instability as a result of volatile prices and inflation. In countries where poor transparency and institutional capacity enables corruption, mining can present lucrative opportunities to enrich powerful elites. In some cases, waterways can be affected by mining and ecosystems can be negatively affected. An influx of migrant and foreign workers can create complex social impacts.⁷

8.6 Numerous reports have recognised the enormous benefits to be gained by African countries from their mineral resources. In Tanzania, gold exports account for more than a third of total exports of goods and services and Mozambique has experienced a boost in coal production from the 'first mega coal mining project that came on line in 2011'.⁸ South Africa is a major exporter of gold, platinum and chromium and a number of other metallic minerals. In 2010, total primary mineral sales exports accounted for 35.9 per cent of South Africa's total merchandise exports.⁹ The reports also draw attention to the importance of ensuring that mining contributes to local, national and regional development: that it brings with it longer term growth

4 AusAID, 'An Effective Aid Program for Australia: Making a real difference—Delivering real results', http://www.aisaid.gov.au/publications/pages/5621_9774_1073_3040_2380.aspx, (accessed 6 May 2013).

5 AusAID, *Mining for Development in Africa*, p. 4, <http://www.aisaid.gov.au/countries/ame/Documents/aisaid-mining-brochure-english.pdf> (accessed 15 April 2013).

6 AusAID, *Mining for Development in Africa*, p. 4, <http://www.aisaid.gov.au/countries/ame/Documents/aisaid-mining-brochure-english.pdf> (accessed 15 April 2013).

7 AusAID, 'Mining for Development: Why we give aid for mining for development', <http://www.aisaid.gov.au/aidissues/mining/Pages/why-aid.aspx>, (accessed 6 May 2013).

8 Hamid R. Davoodi (ed), *The East African Community After Ten Years: Deepening Integration*, IMF, 2012, p. 39; African Economic Outlook, <http://www.africaneconomicoutlook.org/en/countries/southern-africa/mozambique/> (accessed 25 April 2013).

9 South Africa, Chamber of Mines, www.chamberofmines.org.za (accessed 15 April 2013).

and socio-economic development.¹⁰ For example, AusAID argued that 'Well managed, the mining sector could contribute substantially to growth and progress towards the MDGs in Africa.'¹¹ A 2011 report noted that:

Africa faces numerous entry barriers and a dearth of capacity. Yet fundamentally, Africa has to shift focus from simply mineral extraction to much broader developmental imperatives in which mineral policy integrates with development policy.¹²

8.7 Africa has taken definite steps toward developing guidelines for the use of its natural resources to transform the continent's social and economic development. The African Union adopted the 'African Mining Vision' (AMV) in February 2009. Its long term goal is to create circumstances that support a 'transparent, equitable and optimal exploitation of Africa's mineral resources to underpin broad-based sustainable growth and socio-economic development'. One of its main objectives is to achieve:

A sustainable and well-governed mining sector that effectively garners and deploys resource rents and that is safe, healthy, gender & ethnically inclusive, environmentally friendly, socially responsible and appreciated by surrounding communities.¹³

8.8 While Africa now has a long term vision for the responsible mining of its mineral resources, the capacity of individual countries to implement measures that could 'transform' their social and economic development may be lacking.

Mining for Development initiative

8.9 As a world leader in the mining sector, Australia is well positioned to provide assistance to Africa countries to help them manage the industry through improving their resource governance and better regulatory framework. It can provide assistance to help strengthen revenue transparency, support improved partner government regulatory frameworks and social and environment safeguards and maximise

10 International Study Group Report on Africa's Mineral Regimes, *Minerals and Africa's Development*, Economic Commission for Africa and African Union, November 2011, http://www.africaminingvision.org/amv_resources/AMV/ISG%20Report_eng.pdf (accessed 15 April 2013) and Hamid R. Davoodi (ed), *The East African Community After Ten Years: Deepening Integration*, IMF, 2012, p. 39 and Ousman Gajigo et al, *Gold Mining in Africa: Maximising Economic Returns for Countries*, African Development Bank Group, Working Paper Series no. 147, March 2012.

11 AusAID, *Looking west: Australia's strategic approach to aid in Africa 2011–2015*, December 2010, p. 14.

12 International Study Group Report on Africa's Mineral Regimes, *Minerals and Africa's Development*, Economic Commission for Africa and African Union, November 2011, p. xii, http://www.africaminingvision.org/amv_resources/AMV/ISG%20Report_eng.pdf (accessed 15 April 2013).

13 International Study Group Report on Africa's Mineral Regimes, *Minerals and Africa's Development*, Economic Commission for Africa and African Union, November 2011, p. 18, http://www.africaminingvision.org/amv_resources/AMV/ISG%20Report_eng.pdf (accessed 15 April 2013).

economic opportunities.¹⁴ As part of its assistance package, during the 2011 Commonwealth Heads of Government Meeting the Australian Government announced that \$127 million would go towards the 'Mining for Development' initiative. This measure is central to the Government's engagement with mining companies in developing countries, and is administered by AusAID. It is intended to draw on expertise from across government, industry and academia in Australia to help developing countries in Africa, Asia-Pacific and Latin America address mining-related challenges.

8.10 The initiative was to include Africa as an initial priority area, with other regions to follow.¹⁵ The aim of 'Mining for Development' was to ensure:

...resource-rich developing countries use opportunities generated by mining to create much needed education and job opportunities for some of the world's most vulnerable people. Well-governed mining, gas and petroleum sectors can not only help reduce poverty but also reduce a developing country's dependency on aid.¹⁶

8.11 Ms Lisa Rauter, AusAID, described this engagement with mining companies in Africa as a multi-faceted initiative that would provide an understanding of the skill gaps within Africa and the opportunities for local procurement.¹⁷

International Mining for Development Centre

8.12 The International Mining for Development Centre, based in the University of Western Australia's Energy and Mineral Institute, is the centrepiece of the initiative. It commenced operation in October 2011 and works in partnership with the University of Queensland's Sustainable Minerals Institute.¹⁸ According to the Prime Minister:

The first-class expertise on offer at both of these universities will mean this new centre will be a valuable resource for developing countries around the globe.¹⁹

14 See AusAID, *Mining for Development in Africa*, <http://www.ausaid.gov.au/countries/ame/Documents/ausaid-mining-brochure-english.pdf> (accessed 15 April 2013).

15 Prime Minister of Australia, the Hon Julia Gillard MP, 'Launch of Australian Mining Initiative', 25 October 2011, <http://www.pm.gov.au/press-office/launch-australian-mining-initiative> (accessed 6 May 2013).

16 Prime Minister of Australia, the Hon Julia Gillard MP, 'Launch of Australian Mining Initiative', 25 October 2011, <http://www.pm.gov.au/press-office/launch-australian-mining-initiative> (accessed 6 May 2013).

17 Ms Lisa Rauter, *Committee Hansard*, 6 December 2012, p. 3.

18 International Mining for Development Centre, 'IM4DC supports developing nations', <http://im4dc.org/> (accessed 6 May 2013).

19 Prime Minister of Australia, the Hon Julia Gillard MP, 'Launch of Australian Mining Initiative', 25 October 2011, <http://www.pm.gov.au/press-office/launch-australian-mining-initiative> (accessed 6 May 2013).

8.13 AusAID informed the committee that the Centre's role was to develop networks between African senior officials and other people in the private sector and NGOs. It would help to improve the understanding of mining regulation and mining governance by conducting short courses or bringing people to Australia on study tours so they could learn from Australia's state governments about regulatory policies, occupational health and safety and environmental management. Also, they would engage with some of the Western Australian and Queensland mining companies in order to gain a better understanding of the challenges created by, and facing, the mining industry and to find solutions.²⁰ By increasing the skills level of key personnel in government, universities, research institutions and civil society, the centre aims to help African countries to improve:

- policies and practices in the governance and management of extractive industries and their interactions with society and the environment;
- legislative frameworks; and
- knowledge of a country's resources base.²¹

It also hopes to enable countries to continue to build local capacity in minerals governance and mining.²²

8.14 A number of partnerships come under AusAID's Mining for Development banner. According to AusAID:²³

- The Australia Africa Partnerships Facility (AAPF)...provides African governments with the knowledge, skills and systems to better manage their resource wealth.
- The Extractive Industries Technical Advisory Facility (EI-TAF) is a World Bank multi-donor facility that provides short-term, rapid assistance to developing countries to help them understand, negotiate and analyse the complex financial, legal, environmental and related technical aspects of mining agreements, thereby reducing the risk of costly or politically difficult remediation at later stages.
- The Topical Trust Fund on Managing Natural Resource Wealth (MNRW) delivers technical assistance in the areas of macroeconomic policy, revenue collection, statistical management, fiscal regulation and investment strategies for natural resource assets in developing countries rich in oil, gas and minerals.

20 Ms Lisa Rauter, *Committee Hansard*, 6 December 2012, p. 4.

21 International Mining for Development Centre, 'IM4DC supports developing nations', <http://im4dc.org/> (accessed 6 May 2013).

22 International Mining for Development Centre, 'IM4DC supports developing nations', <http://im4dc.org/> (accessed 6 May 2013).

23 AusAID, 'Mining for development' <http://www.aisaid.gov.au/aidissues/mining/Pages/home.aspx> (accessed 6 May 2013).

- Governance Partnership Facility (GPF) is a flagship governance engagement activity for the World Bank supported by four countries. The objective is to improve governance and anti-corruption outcomes in developing countries, through rigorous and systematic country-level approaches.
- Natural Resource Charter (NRC) is a series of economic principles for governments and societies on how to sustainably manage the opportunities created by natural resources.

8.15 Additionally, Mining for Development provides funds for the mining study awards (masters and short courses offered by Australian Universities), and assistance to the African Minerals Development Centre (an African mining research centre).²⁴

8.16 Several submissions mentioned the Mining for Development initiative as a positive way to engage corporate mining interests in important development issues. For example, the West Australian Department of Premier and the Cabinet made the following observation about the initiative and its positive impact in the developing world; particularly the potential opportunities for West Australian interests to be involved:

Australia (AusAID and governmental relations) and Australian resource companies can play a significant role in helping improve these conditions. Western Australia has know-how that could be useful in developing the economies of African mining economy.²⁵

8.17 Mr Jeff Hart, AAMIG²⁶, acknowledged successes in the Government's approach in Africa, particularly when it came to the promotion of development issues, particularly the involvement of AusAID.

What we have seen in the last five years is the development of synergy with the AusAID programs rolling out in Africa, the Mining for Development initiative and the private sector as well. We got the attention of Africa in a number of ways...²⁷

8.18 According to Mr Hart, people from Africa come out to Australia because they 'believe that there is something here for them to learn'. They also come because they know that the programs and activities are relevant and ones in which their people can be involved'. In summary, he stated that the programs are of 'substance' and everyone works together.²⁸

24 Ms Lisa Rauter, AusAID, *Committee Hansard*, 6 December 2012, p. 4.

25 West Australian Department of the Premier and Cabinet, *Submission 35*, p. 9.

26 Australia-Africa Mining Industry Group.

27 Mr Jeff Hart, Australia-Africa Mining Industry Group, *Committee Hansard*, 5 December 2012, p. 24.

28 Mr Jeff Hart, Australia-Africa Mining Industry Group, *Committee Hansard*, 5 December 2012, p. 25.

Extractive Industries Transparency Initiative (EITI)

8.19 Australia is also providing support to the Extractive Industries Transparency Initiative (EITI). The initiative aims for better transparency through companies publishing their payments and governments disclosing their receipts from those companies. By doing so, it seeks to promote better governance in countries rich in oil, gas and minerals and reduce the risk of diversion or misappropriation of funds generated by the development of a country's extractive industry resources. The EITI works through the joint co-operation of governments, private sector companies and civil society groups.

8.20 Of the African countries on the Indian Ocean rim, Tanzania and Mozambique are EITI compliant countries and Madagascar is a candidate country (suspended).²⁹ Although Australia supports the initiative and encourages other countries to join, it is not yet officially registered as a compliant country.

8.21 It should be noted that, although AusAID supports EITI abroad through its aid program, Australia is yet to sign up to implement EITI domestically. It has, however, launched an EITI pilot and agreed to host the biennial EITI Global Conference in May 2013.³⁰ When Australia announced its decision to pilot the EITI, the EITI Chair, Claire Short, stated that Australians were 'now taking further steps to practice what they preach'.³¹

8.22 At the May 2013 Global Conference in Sydney, the Minister for Resources and Energy, the Hon Gary Gray MP, took the opportunity to acknowledge the EITI as 'a frontline initiative greatly assisting emerging economies and opening markets, particularly in Africa.' He noted that Africa was a 'continent of opportunity' and that Australia wanted to assist countries in the journey toward a 'fairer and more efficient distribution of natural resource wealth'.³²

8.23 The minister referred to Australia's EITI pilot program. He noted that a full systems analysis of Australia's transparency framework including existing governance and probity arrangements would need to be undertaken. According to the minister, this approach was a defining feature of the Australian EITI Pilot and proving to be valuable. In his view, the approach was 'highly compatible with the new EITI Standard that includes provision for more contextual information and consideration of domestic conditions'. He informed the conference that he was awaiting the Pilot's

29 EITI, 'EITI Countries', <http://eiti.org/countries> (accessed 6 May 2013).

30 EITI, 'Australia to pilot the EITI', 27 October 2011, <http://eiti.org/news-events/australia-pilot-eiti> (accessed 1 May 2013).

31 EITI, 'Australia to pilot the EITI', 27 October 2011, <http://eiti.org/news-events/australia-pilot-eiti> and EITI conference 2013 in Sydney, <http://eiti.org/news-events/australia-host-eiti-conference-2013> (accessed 1 May 2013).

32 Minister for Resources and Energy, the Hon Gary Gray MP, Address to the 6th Global Conference of the Extractive Industries Transparency Initiative, Sydney, 23 May 2013, <http://minister.ret.gov.au/MediaCentre/Speeches/Pages/6th-Global-Conference-EITI.aspx> (accessed 28 May 2013).

results and a multi-stake holder group report to government early in 2014 when the debate could 'be more meaningfully addressed'.³³

8.24 The committee recognises the need for transparency in the exploitation of Africa's extractive industries and of the importance of Australia strengthening its advocacy for countries to become EITI compliant and leading by example.

Africa down under

8.25 Austrade has organised an 'Africa Down Under' conference annually for the past ten years. It is held in Perth and is now the largest mining conference in Australia and the second-largest mining conference focused on Africa in the world, after the Mining Indaba in Cape Town.³⁴

8.26 Although Africa Down Under is primarily a trade-based conference, AusAID takes the opportunity to meet mining companies while they are in Perth. According to Ms Rauter, by engaging with mining companies through forums such as this conference or the Mining Indaba conference, AusAID can start a conversation about 'some of their corporate social responsibility initiatives'. AusAID can also help link companies with local NGOs or Australian NGOs operating in Africa 'in the hope that they can work towards the priorities and needs of particular communities'.³⁵ Officers from AusAID converse with delegates in order to understand some of the regulatory barriers that they face. The agency is then better placed to work with African governments to improve regulatory environments to achieve consistency in the way that businesses are able to operate in Africa. The talks also cover matters such as improved occupational health and safety standards, environmental management and concerns that affect community development—making sure that some of the revenue is being reinvested in development.³⁶

Collaboration

8.27 Some of the challenges Australia faces in regards to resource discovery and utilisation are shared by Indian Ocean rim countries. Therefore, the commonalities also provide opportunities for collaboration between CSIRO and Indian Ocean rim organisations to develop new approaches and technology for the future use of minerals.³⁷

33 Minister for Resources and Energy, the Hon Gary Gray MP, Address to the 6th Global Conference of the Extractive Industries Transparency Initiative, Sydney, 23 May 2013, <http://minister.ret.gov.au/MediaCentre/Speeches/Pages/6th-Global-Conference-EITI.aspx> (accessed 28 May 2013).

34 Ms Sonia Grincer, Department of State Development WA, *Committee Hansard*, 2 October 2012, p. 25 and Mr Jeff Hart, Australia-Africa Mining Industry Group, *Committee Hansard*, 5 December 2012, p. 21.

35 *Committee Hansard*, 6 December 2012, p. 3.

36 Ms Rauter, AusAID, *Committee Hansard*, 6 December 2012, p. 3.

37 CSIRO, *Submission 11*, p. 7.

8.28 Over many years, the CSIRO has developed considerable expertise and experience in research associated with the entire minerals value chain, from exploration to metal production and manufacturing. The research targets 'safe, efficient, clean mining, mineral processing and metal production operations which are all global requirements'.³⁸

8.29 As an example of this collaboration, CSIRO receives funding from the Australia-India Strategic Research Fund, which is run by the Department of Industry, Innovation, Science, Research and Tertiary Education, and is focused specifically on India. It has carried out a number of collaborative projects with Indian partners with money from the fund. This work 'can often be taken to other markets as well, including other areas around the Indian Ocean Rim'.³⁹ Ms Liz Yuncken, CSIRO, mentioned one project on mining that CSIRO was doing with one of the CSIR India institutes, 'looking at how mines are constructed to make them safer for the people who are working in the mines and to make them more efficient'.⁴⁰

Clean energy

8.30 The Northern Territory Government drew attention to the opportunities for increased NT clean energy exports—liquid natural gas and uranium—the Indian Ocean rim. The government noted further that there were also opportunities for increased collaboration between the NT and the Indian Ocean rim in green energy and technology research and development and commercialisation.⁴¹ CSIRO is also undertaking research in securing an energy future. It noted that:

In many Indian Ocean Rim countries, population growth and urbanisation are increasing pressures on electricity supply, as well as increasing the greenhouse gas emissions from energy sources as more energy is used by upwardly-mobile populations. Conversely, many population groups in these countries have limited or unreliable access to energy, which limits their ability to improve their living conditions.⁴²

8.31 In this regard, CSIRO is conducting work to develop efficient and low emission coal technologies for energy generation that could be exported to coal-producing Indian Ocean rim countries such as India, Indonesia and South Africa. In its view, the research has the potential 'to reduce global greenhouse emissions and increase energy production efficiency'. CSIRO is in the process of negotiating a collaboration agreement with the Central Mine Planning & Design Institute (CMPDI) Limited in India (a subsidiary of Coal India).⁴³

38 CSIRO, *Submission 11*, p. 7.

39 Mrs Bell, CSIRO, *Committee Hansard*, 5 December 2012, p. 16.

40 *Committee Hansard*, 5 December 2012, p. 16.

41 *Submission 28*, p. 1.

42 *Submission 11*, p. 6.

43 *Submission 11*, p. 6.

8.32 CSIRO is also developing new technologies for oil and gas exploration and production and collaboration with Indian Ocean rim partners is underway, such as Petronas in Malaysia. It is collaborating with the Energy Resources Institute of India (TERI) 'to assist with the low-emissions electrification of rural areas in India through the exploration of mini-grids as a way to allow greater penetration of renewable energy in electricity networks while remaining completely portable across all generation methods, now and into the future'.⁴⁴

8.33 Finally, CSIRO is working in rural India to improve food quality and storage life by developing solar cooling facilities that provide refrigeration in areas with no electricity supply. According to CSIRO, this \$1 million AusAID-funded project is intended 'to assist India to minimise the 30 per cent of agricultural production that currently goes to waste due to lack of refrigeration'. As well as solar cooling technology, CSIRO is investigating using waste heat from biomass gasification/gas engine technology that is being developed in rural Indian regions. CSIRO noted that both projects have application in rural and remote areas of Australia, and would reap benefits for Australia as well.⁴⁵

Conclusion

8.34 Australia has extensive experience and expertise in all aspects of mining and is allowing that knowledge to be used by countries in the Indian Ocean rim to their advantage. The success of the 'Africa Down Under' conference is testament to the high regard in which Australia's mining industry is held.

8.35 AusAID is leveraging off this body of knowledge to better target the assistance it provides to developing countries so that their mining industries can help to alleviate poverty, create employment and overall contribute to their development goals. The committee also acknowledges the work of the CSIRO especially in the promotion of the use of clean energy. It draws attention especially to the projects in rural India involving the development of low-emissions electrification through the exploration of mini-grids and of solar cooling facilities.

8.36 The practical application of the results of such research across the region showcases the quality of research undertaken in the region and the benefits of collaboration. The committee recommends that the Australian Government should give much greater prominence to such research and should ensure that funding for this type of research continues and opportunities for broader application in the region are expanded.

8.37 The committee recognises that currently Australia is undertaking an *Extractive Industries Transparency Initiative* (EITI) pilot program.

44 *Submission 11*, pp. 6–7.

45 *Submission 11*, pp. 6–7.

Chapter 9

Scientific research and technology development

The countries of the Indian Ocean rim also share a truly great resource: the Indian Ocean itself. There is a common responsibility to care and manage this resource...in a manner compatible with the principles of sustainable development.¹

Research and the Indian Ocean rim

9.1 The committee has noted that the great unifying force in the Indian Ocean rim is the ocean itself including its coasts—the climate, oceanography, marine life—the character of which affects trade, tourism, fisheries, and many other aspects of life for countries on the rim.

9.2 The committee has touched on activities in the Indian Ocean rim that involve scientific research and improved technology, including the Indian Ocean Tsunami Warning and Mitigation System and Australia's work with Indonesia on establishing a real time earthquake impact estimation system. It has also mentioned programs that involve institutions such as CSIRO and ACIAR that are collaborating with overseas organisations to help build more resilient communities in the region through improved ways of farming, fishing and water use. Importantly, CSIRO is working on practical applications of new technologies in India—solar cooling facilities for refrigeration in areas without electricity. CSIRO is also engaged in collaborative work with Indian Ocean rim partners particularly in developing new technologies for oil and gas exploration and production. The committee has mentioned the establishment of the International Mining for Development Centre in the University of Western Australia's Energy and Mineral Institute.

9.3 In this chapter, the committee recognises the essential role that scientific research—whether seismology, oceanography, meteorology, climate change science, land use and marine biology—has in the region and the links between the various and many research activities in the Indian Ocean rim.

Role of research in Indian Ocean rim

9.4 There are many associations and organisations that focus on a particular aspect of the Indian Ocean. Indeed, a number of the IOR-ARC's flagship projects tie directly in with marine activity—Maritime Transport Council and the Fisheries Support Unit (FSU). The work of a number of other projects such as the Regional Centre for Science and Transfer of Technology (RCSTT), the University Student Mobility Program for the Indian Ocean rim region and the Tourism Feasibility Study Project may have direct relevance and feed into the activities of other projects concerned solely with scientific research and technology development.

1 DFAT, *Submission 30*, p. 55.

9.5 At their 2011 meeting, the members of IOR-ARC, however, agreed with the view that the whole IOR-ARC academic effort needed 'close attention with a recalibration of methodology and approach'. As noted in chapter 3, at the last IOR-ARC ministerial meeting, participants highlighted the need for a better understanding of the region's shared domain. They spoke of meteorology, the study of monsoons, marine biology and management of the coastal zones.²

9.6 Clearly, countries in the region recognise the importance of, and the need for, more and better research. Drs Bateman and Bergin explained that the 'unique oceanographic and tectonic features of the Indian Ocean help to explain the Indian Ocean rim's relatively high incidence of natural disasters and hazards'. But, in their view:

Despite the benefits of better oceanographic knowledge of the IOR, it remains under-researched compared with other oceans.³

9.7 They noted that there have been several attempts during the past twenty years or so to manage the diversity of the Indian Ocean rim, exploit common interests and build cooperative frameworks, but progress had been difficult. For example, they concluded that the relative paucity of comprehensive oceanographic research in the Indian Ocean was partly a consequence of the political sensitivities and difficulties that have inhibited more general cooperation in the region.⁴

IOR-ARC and scientific research

9.8 DFAT also recognised that scientific knowledge about the Indian Ocean was a uniting interest for all Indian Ocean rim countries. In its submission, DFAT enumerated Australia's areas of current and potential collaboration within IOR-ARC which included science cooperation as a key priority.⁵ IOR-ARC has identified key areas of medium to long term interest, including: research and management, aquaculture, energy, protection of the environment and agriculture. The committee has referred to some of the IOR-ARC's flagship projects such as the Regional Centre for Science and Transfer of Technology and the Fisheries Support Unit.

Regional Centre for Science and Transfer of Technology for IOR-ARC

9.9 Proposed by the Islamic Republic of Iran, the Regional Centre for Science and Transfer of Technology for IOR-ARC was inaugurated on 28th October 2008 after the Council of Ministers Meeting in 2008. The Centre has held numerous workshops and exhibitions. For example the Regional Expert Meeting/Training Workshop on 'Monitoring Global Environmental Changes through the Application of Remote

2 Eleventh Meeting of the Council of Ministers of IOR-ARC Bengaluru communiqué and see paragraph 3.41 of committee's report.

3 Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, Australian Strategic Policy Institute, March 2010, p. 3.

4 Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, Australian Strategic Policy Institute, March 2010, p. 13.

5 *Submission 30*, p. 55.

Sensing for OIC [Organisation of Islamic Cooperation] and IOR-ARC Member Countries', (2010). The meeting was jointly organized by the IOR-ARC RCSTT, the Iranian Research Organization for Science and Technology, and the Islamic Development Bank. Ten participants from IOR-ARC Member States including Bangladesh, Sri Lanka, Thailand, Yemen, Tanzania, Indonesia, Malaysia and Oman and several participants from Islamic Republic of Iran attended the workshop.⁶

Fisheries Support Unit

9.10 The Fisheries Support Unit, discussed in the previous chapter, has held a number of meetings including a workshop in January 2011 on Fisheries Biology and Stock Assessment. DAFF informed the committee that it 'is also increasingly engaging through the unit and with Oman would co-chair a meeting of the FSU in February 2013 in Muscat, Oman. The objective of the meeting was to identify fisheries issues of mutual interest to Indian Ocean rim countries and set a strategic work plan for the organisation.⁷

9.11 The committee has noted, however, Professor Rumley's observation about the level of support for the Unit.⁸

University Mobility in the Indian Ocean Region Programme

9.12 The University Mobility in the Indian Ocean Region (UMIOR) programme was established in June 2000. At the first general conference held in July 2001, participants from fourteen Member States of IOR-ARC agreed to launch a new university student and staff mobility programme for the region.⁹

9.13 Professor Rumley advised the committee that the UMIOR Scheme is one means of providing collaborative training and capacity development. He noted that India has been working through IOR-ARC to try to revive the UMIOR Scheme—he believed that it was an area in which, during its time as IOR-ARC chair, Australia could promote. While the Scheme could be highly beneficial in facilitating the exchange of expertise in agriculture, education and service technology, Dr Rumley believed that it had faltered due to a lack of resources allocated through IOR-ARC.¹⁰

The committee asked other witnesses if they were aware of the UMIOR scheme, but in general the response was in the negative.

9.14 While IOR-ARC recognises the importance of collaboration and research, and has talked about developing nodal centres of excellence, its flagship projects do not have the regional or international standing approaching such a status.

6 IOR-ARC, 'RCSTT', <http://www.iorarc.org/projects/flagship-projects/rcstt.aspx> (accessed 6 May 2013).

7 DAFF, *Submission 40*, p. 4.

8 *Committee Hansard*, 2 October 2012, p. 5.

9 IOR-ARC, 'UMIOR', <http://www.iorarc.org/projects/flagship-projects/umior.aspx> (accessed 6 May 2013).

10 *Committee Hansard*, 2 October 2012, p. 5.

Australia's contribution

9.15 The preceding chapters have provided some indications of the type and nature of research and technology development being undertaken in the region and Australia's contribution.

9.16 Marine research has particular significance for Australia as it has one of the largest ocean territories in the world. The ocean dictates Australia's climate and weather, generates employment, provides food and resources, and offers lifestyle and recreational opportunities. Australia's ocean territory contributes nearly \$40 billion to Australia's economy each year through a variety of industries, such as tourism, offshore oil and gas, aquaculture, commercial and recreational fishing, and shipping.¹¹

9.17 In recognition of the importance of the Indian Ocean, the Australian Government announced that it would provide \$1.3 million (including \$1.1 million from AusAID) to support initiatives that include improving ocean forecasting, strengthening adaptation to climate variability and developing capacity in marine and fisheries management.¹² The former Parliamentary Secretary for Foreign Affairs in November 2012 explained that these initiatives would:

...help Indian Ocean countries address the common and intersecting challenges of food and water security, maritime safety, healthy oceans, changing climate, economic integration, and disaster preparedness.¹³

9.18 As noted previously, although countries in the region recognise the importance of research and development focused on the particular needs of the region, there is scope and, indeed, the imperative to do more.

CSIRO

9.19 The CSIRO highlighted the importance of sharing scientific knowledge about the Indian Ocean, including its physical, biological, chemical and geological properties, with neighbouring countries. In its view, this scientific collaboration is critical for the safe, efficient and sustainable use of marine wealth as well as for climate-sensitive terrestrial industries. It would help scientists:

- predict and prepare for global climate change;

11 CSIRO, *Submission 11*, p. 8.

12 AusAID, 'Australia working to increase sustainability and regional cooperation in the Indian Ocean', 6 November 2012, <http://www.ausaid.gov.au/HotTopics/Pages/Display.aspx?QID=862> (accessed 6 May 2013).

13 Australian Parliamentary Secretary for Pacific Island Affairs, Parliamentary Secretary for Foreign Affairs, the Hon Richard Marles MP, 'Australia commits to supporting Indian Ocean sustainability', Media release, 3 November 2012, http://ministers.dfat.gov.au/marles/releases/2012/rm_mr_121103.html; and AusAID, 'Australia working to increase sustainability and regional cooperation in the Indian Ocean', 6 November 2012, <http://www.ausaid.gov.au/HotTopics/Pages/Display.aspx?QID=862> (accessed 6 May 2013).

- support defence, offshore engineering, shipping, ecosystem conservation and management, search and rescue, environmental disaster response and more; and
- conserve Australia's marine biodiversity, which would lead to triple-bottom-line benefits for the nation.¹⁴

9.20 CSIRO cited its involvement in the Australia-New Zealand Integrated Ocean Drilling Program Consortium (ANZIC). Through ANZIC, Australian researchers are members of the Integrated Ocean Drilling Program (IODP), the world's largest geoscientific collaboration, involving 27 countries, including countries such as France, Germany, Japan, New Zealand, UK and the US, with India and Australia taking a particular interest.¹⁵

9.21 Importantly, an Indian Ocean IODP workshop in Goa in 2011 noted that there had been no scientific ocean drilling in the Indian Ocean for almost a decade and that a major gap existed in the understanding of global geoscientific processes. Initiated by Australian and Indian scientists, the program aims to improve existing proposals, build new ones and initiate international scientific alliances for strong drilling proposals. Participants in the workshop 'stressed the importance of the Indian Ocean in the planned new phase of scientific ocean drilling.'¹⁶ They noted that 'Numerous global science problems remain to be addressed here, with a better understanding of the Asian monsoon high on the list'.¹⁷ The IODP plans to focus on the Indian Ocean basin in 2014. CSIRO, Australian universities and Indian institutions will work through ANZIC and Indian agencies to generate high quality Indian Ocean drilling proposals, addressing global scientific issues.¹⁸

9.22 The CSIRO also cited other significant research collaboration interests in the Indian Ocean rim, including bilateral connections with India, Indonesia, Malaysia and Singapore, and multilateral connections with East Africa and roles in several international commissions.¹⁹ For example, the CSIRO is a member of the Global Research Alliance (GRA), a group of nine applied research organisations (four from the Indian Ocean rim), which draws on over 60,000 experts from a range of disciplines. The GRA includes as members CSIR (South Africa), CSIR (India) and SIRIM Berhad (Malaysia). Its aim is 'to generate and implement appropriate,

14 CSIRO, *Submission 11*, p. 9.

15 The Integrated Ocean Drilling Program (IODP) is an international research organization that conducts seagoing expeditions to study the history of the Earth recorded in sediments and rocks beneath the seafloor.

16 Integrated Ocean Drilling Program, *Detailed Report on International Workshop on Scientific Drilling in the Indian Ocean*, Goa, India, 17–18 October 2011, p. 2.

17 Integrated Ocean Drilling Program, *Detailed Report on International Workshop on Scientific Drilling in the Indian Ocean*, Goa, India, 17–18 October 2011, p. 2.

18 *Submission 11*, pp. 6–7.

19 *Submission 11*, p. 2.

affordable and sustainable solutions to global challenges through the delivery of inclusive science and technology'.²⁰

9.23 According to the CSIRO, many benefits derive from collaboration between researchers cross the region including:

- stronger relationships with international research organisations;
- capacity strengthening opportunities for CSIRO staff by accessing international talent and complementary science capabilities;
- improved networks to address issues of regional and global significance;
- access to important science infrastructure; and
- further maximisation of the impact of CSIRO's world class technologies and systems research.²¹



The Solar Observatory near the Learmonth RAAF base is a joint US-Australia centre. The observations made here are used in both military and civilian applications. The committee was able to see this example of scientific research based on the Indian Ocean rim during its visit to the Pilbara region.

20 *Submission 11, p. 2.*

21 *Submission 11, p. 2.*

9.24 Australia is helping to build these institutional links across the Indian Ocean rim in diverse sectors. The committee has considered work in the areas of disaster risk reduction, climate change and food security. It has referred to the activities of Geoscience Australia, ACIAR, CSIRO and DAFF. But there are numerous other agencies engaged in research and capacity building in the region, including the Australian Federal Police.

Australian Federal Police

9.25 The Australian Federal Police (AFP) informed the committee that it received \$4.8 million to assist in the development of the application of forensic science in Africa. This program forms part of the Australian Government's 'Increasing Australia's Law Enforcement Presence and Strengthening the rule of law in Africa New Policy Initiative'.²²

9.26 As part of this initiative, the AFP co-hosted with the Victorian Institute of Forensic Medicine (VIFM) an 'African Forum on Forensic Pathology' in Botswana in 2010. Planned and delivered by VIFM, this forum was attended by 35 representatives from 13 African countries and international bodies such as the International Committee of the Red Cross, the International Criminal Court, the World Health Organisation and the United Nations Office on Drugs and Crime. The AFP funded this forum at a cost of \$173 000. As a result of this event, the African Network of Forensic Medicine (ANFM) was established.²³ Since then another two meetings have been held.

9.27 The second forum was held in Uganda in March 2012 with VIFM involved in its planning and delivery and the AFP providing \$130,000 in funding. Approximately 50 delegates attended the three day event, plus two days of workshops, from 11 African countries. During this meeting, the ANFM Committee voted to formally create the African Society of Forensic Medicine (ASFM). According to the AFP, the ASFM is run by an Executive Committee of seven members from Botswana, Namibia, South Africa, Uganda and Kenya with the Chairperson and Secretariat hosted in Nigeria. The society has been registered as a legal entity in Uganda and has its own website.

9.28 The third gathering was an ASFM event hosted in South Africa in March 2013 with the AFP providing \$90,000 in funding on behalf of the ASFM Executive Committee who took ownership for the delivery of this forum. The event was the largest held to date with 80 participants representing close to half of all African nations including Liberia, Tunisia, Senegal, Lesotho and Kenya. The forum aimed to set minimum standards for forensic medicine practice across the entire region.²⁴

9.29 The AFP informed the committee that with the completion of the AFP's initiative as at 30 June 2013 funding to support the 4th ASFM Forum was being

22 AFP, answer to written question on notice no. 2.

23 AFP, answer to written question on notice no. 2.

24 AFP, answer to written question on notice no. 2.

sought from other international partners.²⁵ It was hoped that the African Union (AU) may have a presence at this forum. It also noted:

In addition to providing funding of the ASFM forums the AFP...sponsored and hosted three Executive Committee members to attend the Australian and New Zealand Forensic Science Society's (ANZFSS) 21st International Symposium in Hobart in September 2012. This provided the committee members an opportunity to experience a world class gathering of forensic professionals in preparation for their own forum as well as an insight into the best practices in forensic medicine.²⁶

9.30 The AFP has also provided ongoing mentoring and advice on society governance issues, particularly throughout 2012/13. This example from the AFP provides some insight into the wide range of capacity building and research activities in which Australia is engaged with countries of the Indian Ocean rim.

Academic group—new centre in Western Australia

9.31 Professor Rumley spoke of 'the need to revive an Australian national tertiary focus for Indian Ocean social science and natural science studies and research'. In his view, there was considerable support not only within but outside of Australia for financial support for such a venture. He mentioned locating a new centre in Western Australia. He believed that research centred on the Indian Ocean was 'potentially a very important issue'. He observed that a stage had been reached 'where there are things happening both on the science side in Western Australia with an ocean emphasis'.²⁷ Professor Rumley informed the committee that:

At the University of Western Australia there is a new Oceans Institute, which is a science base organisation at the moment. There is enormous scope to revive in a more concrete way with appropriate support an Indian Ocean social science and humanities arm of that in Western Australia.²⁸

9.32 Drs Bateman and Bergin also advocated for the re-establishment of an academic centre of excellence for Indian Ocean studies at a Western Australian University.²⁹

9.33 The committee notes the Government's commitment to developing Asia-capable institutions, as outlined in the Asian Century White Paper, and suggests that stronger engagement with the Indian Ocean rim countries through research and scientific endeavour would complement this aim.

25 AFP, answer to written question on notice no. 2.

26 AFP, answer to written question on notice no. 2.

27 *Committee Hansard*, 2 October 2012, p. 3.

28 *Committee Hansard*, 2 October 2012, p. 3.

29 Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, Australian Strategic Policy Institute, March 2010, p. 60.

Conclusion

9.34 IOR-ARC has identified disaster risk reduction, fisheries management and academic and science and technology as priority areas. Clearly, much scientific and research work is being done in specific areas in and around the Indian Ocean rim and often by specialist institutes. The Indian Ocean IODP program is an example of an international collaborative effort with both Australian and Indian scientists taking a predominant interest. In this case, although the Indian Ocean is the focus of the research, those engaged in the research reach beyond Indian Ocean rim countries.

9.35 There is no doubt, however, that scientific research on the Indian Ocean needs much greater attention. The results of this research could lead to improved understanding of climate, to a reduction in the devastating effects of natural disasters; to more productive land use, better management of the region's marine life and more efficient use of energy.

9.36 The committee agrees with Professor Rumley, Dr Bateman and Dr Bergin's suggestion about reviving an Australian national tertiary focus for Indian Ocean social and natural science in Western Australia. The committee believes that an important component of such a centre of excellence would be to have a strong research stream that is able to link into the work being done on the more practical application of science and technology research such as the collaborative work between the CSIRO and their counterparts in India. Indeed, the committee believes that the great strength of such a centre in Western Australia would be its ability to become part of a regional network of centres exchanging knowledge and sharing in the benefits deriving from research being undertaken in the many institutes already operating in the region. It would be part of a regional effort to consolidate, strengthen and expand on the collaborative research taking place—to recognise, work alongside and support projects such as the FSU and the University Mobility in the Indian Ocean program. Engagement with the private sector would also be crucial especially tapping into, and being part of, the research and innovation that is happening in Western Australia in particular in the mining sector. Further, the committee understands that there is an opportunity for collaboration between institutions in Australia. For example, the Indo-Pacific Governance Research Centre at the University of Adelaide would be one institution which could work in cooperation with an Institute for Indian Ocean Research located in Western Australia.

Recommendation 5

The committee recommends that the Australian Government consider establishing an Institute for Indian Ocean Research in a Western Australian University.

9.37 The committee believes that, with adequate promotion (both within the region and in Australia) and leadership, Australia as chair of IOR-ARC is in a good position to renew the push for connecting Indian Ocean rim countries through research and sharing of expertise.

Recommendation 6

The committee recommends that DFAT work with other agencies to make an audit of research projects which already have country to country links. Further, the committee recommends that DFAT engage with Australian universities and the research community to find ways in which to link Australian institutions to Indian Ocean rim institutions.

Part III

Defence and security in the Indian Ocean rim, including counter piracy and port state control

The Indian Ocean has long been of central importance to trade; DFAT described the security of the Indian Ocean shipping lanes as 'vital to both Australia's economic interests and the energy security of the wider region, due to the centrality of the Indian Ocean's maritime trade routes to the energy security of many Asian states.'^{*}

In their article 'Our western front: Australia and the Indian Ocean', Drs Bateman and Bergin argued that the threats and risks in the Indian Ocean rim are extensive and varied—including: maritime security concerns (risks of interstate or intrastate conflict; threats to good order at sea, such as maritime terrorism, piracy, people smuggling and illegal fishing).^{**}

Part 3 of the committee's report examines the strategic significance and key defence and security issues of the Indian Ocean rim.

^{*} DFAT, *Submission 30*, p. 6.

^{**} Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, Australian Strategic Policy Institute, March 2010, p. 3.

Chapter 10

Defence and security in the Indian Ocean

The convergence of...strategic and economic interests is driving major Asian powers, such as China, Japan, South Korea and India, to increase their security presence in the region.¹

Strategic significance of the Indian Ocean rim

10.1 The Department of Defence's (Defence) submission identified the Indian Ocean as being of 'critical importance as a global trading thoroughfare'. The 2009 Defence White Paper determined that the Indian Ocean would continue to grow in significance with Asian states relying on the sea trade routes for transportation of resources.² Mr Michael Shoebridge, Defence, elaborated on this point noting that China, Japan, South Korea and India are all reliant on sea lane access to the Middle East and Africa in order to service their energy needs.³

10.2 DFAT also highlighted on the extent of the Asian countries' reliance on the Indian Ocean for transport of energy and resources noting that 'the Indian Ocean, in its totality, carries around one third of the bulk cargo traffic and around two thirds of the world's maritime oil shipment'.⁴

10.3 The reliance on secure sea transportation routes places great strategic significance on the Indian Ocean rim choke points such as the Strait of Hormuz and Malacca.⁵ DFAT drew attention to the extent of trade through these choke points:

- the Strait of Hormuz carried roughly 35 per cent of all seaborne traded oil, or almost 20 per cent of oil traded worldwide in 2011;
- some estimates put the proportion of global and regional trade (by volume) shipped annually through the Strait of Malacca at around 40 per cent and 80 per cent, respectively;
- by some estimates the Mozambique Channel carries an estimated 30 per cent of the world's oil supplies; and
- an estimated 20 per cent of total world trade passes through Bab-el-Mandeb (Gulf of Aden).⁶

1 Mr Shoebridge, Department of Defence, *Committee Hansard*, 6 December 2012, p. 25.

2 *Submission 5B*, p. 1.

3 *Committee Hansard*, 6 December 2012, p. 25.

4 *Submission 30*, p. 16.

5 Mr Shoebridge, Department of Defence, *Committee Hansard*, 6 December 2012, p. 25.

6 *Submission 30*, p. 16.

10.4 With trade a major part of Indian Ocean maritime traffic, the most significant security threats are those that affect merchant vessels—in particular piracy and terrorism. Other associated problems include drug trafficking and arms trafficking.⁷

Significance for Australia

10.5 Drs Bateman, Bergin and Russell Trood argued that despite the importance of the Indian Ocean for Australia's strategic and security interests, 'Australia often forgets that it is a three-ocean country.' They stated:

[Australia] rediscovers the Indian Ocean at roughly fifteen year intervals: in the late 1970s and early 1980s when the Soviet Union moved into Afghanistan, and again in the mid-1990s when Australia took a leading role in attempting build cooperation across the IOR.⁸

10.6 The Defence White Paper 2013 identified the Indian Ocean as a vital strategic interest for Australia—in particular protection of the sea lanes crossing the region from piracy. It stated that the key to regional stability was Australia's partnership with India and its other relationships with emerging naval powers in the region.⁹

10.7 The Defence White Paper 2013 emphasised the concept of the 'Indo-Pacific', a region defined as an arc from India through to the Pacific Ocean. It listed 'the continued rise of China, the increasing economic and strategic weight of East Asia, and the emergence of India as a global power as key trends developing the Indian Ocean as an area of strategic significance. In its assessment, 'In aggregate, these trends are shaping the emergence of the Indo-Pacific as a single strategic arc.'¹⁰ The paper described Australia's strategic interest in the Indian Ocean:

Australia's Indian Ocean coastline is longer than those bounded by the Pacific or Southern Oceans. Australia is responding to the rise of the Indian Ocean region as an area of global strategic significance, and as an integral part of the Indo-Pacific strategic system. The security of its waters, and the trade which flows through them, is important to global, regional and Australian strategic interests. [T]he Indian Ocean is surpassing the Atlantic and Pacific oceans as the world's busiest trade corridor.¹¹

Counter-terrorism

10.8 Mr Sergei DeSilva-Ranasinghe, a defence analyst, pointed out the scale of counter-terrorism cooperation within the Indian Ocean rim, noting:

7 Department of Defence, *Submission 5B*, p. 1.

8 Drs Bateman, Bergin and Trood, *Submission 21*, p. 3.

9 Department of Defence, *Defence White Paper 2013*, paragraph 3.22, p. 26.

10 Department of Defence, *Defence White Paper 2013*, paragraph 1.12, p. 2.

11 Department of Defence, *Defence White Paper 2013*, paragraph 6.64, p. 65.

Some 11 of Australia's 17 bilateral counter-terrorism MOUs [Memoranda of Understanding] have been signed with Indian Ocean-region countries. Australia's engagement in the Iraq and Afghanistan Wars again entailed significant ADF logistic support across the Indian Ocean. Both before and after these wars the ADF has been required to mount longstanding maritime operations in the ocean directly, particularly through the RAN's participation in sanctions enforcement, terrorist interdiction, anti-piracy and counter-people smuggling operations. The ADF also continues to support Australia's widening economic and diplomatic ties with Africa, bilateral defence co-operation with Pakistan, and nascent but expanding bilateral strategic linkages with India.¹²

10.9 The AFP elaborated on Australia's work in capacity building in the region—particularly of neighbouring countries to combat counter-terrorism. Governance instruments such as Memoranda of Understanding (MoUs) form the basis of the AFP's police-to-police assistance to countries such as Indonesia, India and Timor-Leste. The AFP currently has agreements and MoUs with 20 countries in the Indian Ocean rim and neighbouring regions. On average, the objectives of an MoU are wide-ranging and include:

...promoting police cooperation (to assist in combatting transnational organised crime), information exchange and access to information, provisions for joint activities or operations and the provision of training and professional development.¹³

Naval presence in the Indian Ocean rim

10.10 Mr DeSilva-Ranasinghe observed that the Indian Ocean had recently seen the expansion of naval influence of countries such as Pakistan, India and Iran. He noted that 'Iran's naval chief has actually gone on record...claiming the Malacca Strait, right up to Aden, as being a triangle of influence for Iran's war ships to operate in'.¹⁴ Mr DeSilva-Ranasinghe argued that these comments by Iran, and Pakistan's 'look east' policy, were creating a new dynamic in the region. He explained that Pakistan was engaging 'their naval forces...in military or navy-to-navy diplomacy with countries like Malaysia and Brunei'.¹⁵

Growing influence of China—US pivot in the Indian Ocean rim

10.11 Mr Shoebridge noted that both China and India were working to modernise their navies and maintain a presence in the region—a move driven by the need to

12 *Submission 42*, p. 5.

13 AFP, answers to questions on notice, question 3, p. 4.

14 *Committee Hansard*, 22 March 2013, p. 18.

15 *Committee Hansard*, 22 March 2013, p. 18.

secure sea lines for resource transportation and which recognised the growing significance of the Indian Ocean.¹⁶

10.12 Defence believes that strategic competition between the US, China and India is likely to shape the security environment in the Indian Ocean out to 2030.¹⁷ Mr Shoebridge noted that the broader regional architecture in the Indian Ocean remains 'immature' and contrasted this situation with the development of 'multiple fora in the Indo-Pacific as a means to resolve disputes, tensions and conflict points'.¹⁸ Mr Shoebridge told the committee that Defence was also 'contributing to multilateral initiatives in the region' and would look to expand this agenda:

Together with the Department of Foreign Affairs and Trade, we are supporting the development of the Indian Ocean regional architecture, such as the Indian Ocean Naval Symposium and the Indian Ocean Rim Association for Regional Cooperation. The IOR-ARC's 20 members, for example, include key states such as India, Indonesia, Iran, the UAE and South Africa, who will be influential shapers of the Indian Ocean security environment.¹⁹

10.13 A contrary view was expressed by Mr Sergei DeSilva-Ranasinghe. While he agreed that China was an emerging economic power in the Indian Ocean rim region, he argued that China's naval ambitions had been exaggerated. Mr DeSilva-Ranasinghe submitted that China's naval presence in the region is quite light and focused more on its support of counter piracy measures than on creating a so-called 'string of pearls' strategy. This strategy refers to the Chinese purported plan to set up a series of ports in friendly countries along the Indian Ocean's northern seaboard.²⁰ Mr DeSilva-Ranasinghe contended that the 'string of pearls' theory could be debunked on two counts: firstly, that no country would want to invest in so many bases so quickly, particularly given the cost, and secondly that such expansion would bring China into conflict with India:

In fact, if they were to go down that track they would be courting potentially conflict or a very serious change in the dynamic of their relationship to one of confrontation. There is no indicator that any of those countries intend to pursue such a policy with India, especially a rising and more military capable India.²¹

16 *Committee Hansard*, 6 December 2012, p. 25.

17 *Submission 5B*, p. 4.

18 *Committee Hansard*, 6 December 2012, p. 26.

19 *Committee Hansard*, 6 December 2012, p. 26.

20 See for example, Robert D. Kaplan, 'Centre Stage for the Twenty-first Century: Power Plays in the Indian Ocean', *Foreign Affairs*, vol. 88, issue 2, March/April 2009.

21 *Committee Hansard*, 22 March 2013, pp. 21–22.

India's growing significance

10.14 Both Defence and DFAT noted the growing significance of India as a naval power and influence in the Indian Ocean rim.²² In particular, Defence noted that India had recently been engaged in a naval modernisation program that would increase its maritime capacity in the region significantly.²³ Further:

In December 2001, India's Chief of Navy announced plans to build infrastructure in four Indian Ocean island groups to enhance maritime surveillance and forward operating capabilities in the region, enhancing its existing military presence in the Andaman and Nicobar islands.²⁴

10.15 Australia has recently worked to enhance its relationship with India, both in terms of trade and political ties, and in strengthening its bilateral security relationship.²⁵ Defence noted that:

During the Minister for Defence's visit to India in December 2011 he visited Headquarters Western Naval Command in Mumbai, and agreed with his Indian counterpart to establish annual Defence Policy Talks as well as a bilateral 1.5 track defence strategic dialogue, as well as to work towards a formal bilateral maritime exercise.²⁶

10.16 The Defence White Paper explained that the strategic engagement between Australia and India has included high-level visits, exchanges and dialogue and cooperation across activities such as ship visits and professional exchanges. The navy to navy relationship with Indian was seen as particularly important with the White Paper noting that both countries would work towards establishing a formal bilateral maritime exercise.²⁷

Indian Ocean Naval Symposium

10.17 The Indian Ocean Naval Symposium (IONS) is an example of a regional response to growing concerns about security matters in the Indian Ocean rim. It is a voluntary initiative, formed with the assistance of India in 2008. The symposium aims to increase maritime co-operation among the navies of the India Ocean region littoral states and provides a forum for discussion of regional maritime issues. Discussions at

22 *Submission 5B* and *Submission 30*.

23 *Submission 5B*, p. 3.

24 *Submission 5B*, p. 3.

25 See for example, 'Prime Minister to make state visit to India', *Media release*, 11 October 2012, <http://www.pm.gov.au/press-office/prime-minister-make-state-visit-india> (accessed 7 May 2013); DFAT, 'Australia-India Comprehensive Economic Cooperation Agreement negotiations', <http://www.dfat.gov.au/fta/aifta/> (accessed 7 May 2013); and *Australia in the Asian Century White Paper*, October 2012, pp. 74, 230.

26 *Submission 5B*, p. 4.

27 Department of Defence, *Defence White Paper 2013*, paragraph 6.68, p. 65.

their workshops and seminars cover a range of threats to the security of the Indian Ocean and its coastal areas including piracy, people smuggling, narcotic trafficking, gun running and illegal, unreported and unregulated fishing. They also consider topics such as humanitarian assistance and disaster relief operations in the region. Meetings are held every two years and various seminars and workshops held each year. IONS Chair and Secretariat are rotated every two years—South Africa is the current Chair and will transfer responsibility to Australia in 2014 at the Conclave of Chiefs.²⁸

10.18 IONS has 35 member countries—this list includes all 20 members of IOR-ARC, as well as three IOR-ARC dialogue partners (France, Egypt and Japan).²⁹ Twelve countries are members of both IONS and the Combined Maritime Forces, a multi-national naval partnership led by the US to promote maritime security.³⁰ Six members of IOR-ARC participate in the Combined Maritime Forces, as well as four IOR-ARC dialogue partners. Pakistan and Saudi Arabia, while both members of IONS and the Combined Maritime Forces, are not members of IOR-ARC. Importantly, both Pakistan and India participate in the symposiums.

10.19 Regional architecture, including forums for defence dialogue, is central to bolstering Australia's relations with other countries in the region. Defence noted that Australia supports the development of regional multinational architecture in furtherance of this aim and explained the benefits of Australia's involvement with IONS:

[T]he Indian Ocean Naval Symposium (IONS) brings together Chiefs of Navy from twenty-six states...[and] provides a consultative forum for discussion of maritime security issues...Australia will host the IONS Conclave of Chiefs in Perth during 2014.³¹

10.20 Mr Shoebridge, Defence, described IONS as:

...the only real forum in the Indian Ocean that has a broad range of participants where we can build those habits of cooperation. A strong focus that it has, given the regional security environment, is around piracy—and there we have been able to build those kinds of habits of cooperation out of the very diverse set of navies that have been operating there. So there are some useful lessons out of that for the other participants in the naval symposium.³²

28 *Submission 30*, p. 50.

29 Indian Ocean Naval Symposium, 'Members' Country', http://ions.gov.in/?q=member_country (accessed 6 May 2013). IOR-ARC dialogue partners China, United Kingdom and United States of America are not members of IONS.

30 Combined Maritime Forces, 'About CMF', <http://combinedmaritimeforces.com/about/> (accessed 6 May 2013).

31 *Submission 5B*, p. 4.

32 *Committee Hansard*, 6 December 2012, p. 29.

10.21 Mr Shoebridge observed that IONS has been essentially about dialogue between littoral states and sharing lessons learnt. He explained that it was Australia's intention as Chair of IONS in 2014 to use the symposium structure to examine some practical matters—namely counter-piracy measures.³³ Defence advised the committee that 368 delegates had attended the 2012 IONS Chiefs' Conclave in South Africa in 2012 and that a similar number was planned for the 2014 conclave to be held in Perth.³⁴ In its submission, DFAT noted that India's recognition of the threat to its maritime and trading interests posed by piracy was key to India's drive for the formation of the Indian Ocean Naval Symposium (IONS) in 2008.³⁵

10.22 Mr Sergei DeSilva-Ranasinghe spoke of the benefits of IONS as a regional forum for the development of networks between navies in the Indian Ocean rim. He observed that from his own research, he believed that the forum had so far been effective in building a trans-Indian Ocean partnership.³⁶

Bilateral versus multilateral approaches to defence and security in the Indian Ocean rim

10.23 Australia's current policy perspectives on defence, strategic security and soft security approaches are based on bilateral relationships and single issue sub-regional groups (for example piracy). The committee believes that the diversity of challenges in the region prevents development of a strategy for the region as a whole, encompassing all the countries of the Indian Ocean rim. Mr Shoebridge advised the committee that:

The Australian Defence Force and the broader Defence organisation have a critical role in supporting Australia's interests in the Indian Ocean region and capitalising on these strategic opportunities. We are moving to establish stronger foundations for long-term defence partnerships in the Indian Ocean region. Our engagement initiatives are underpinned by the understanding of the importance for countries with an interest in Indian Ocean security to secure their interests collectively rather than individually. While the security architecture and broader regional architecture remains immature in this environment, our legacy of building relationships in the region and also our commitment to this collaborative approach to security we think puts us in a good position to help shape that environment.³⁷

10.24 Defence acknowledged that multilateral engagement could yield benefits, provided common interests were identified and momentum and agreement achieved. However it is clear that Defence values bilateral engagement, with Mr Shoebridge

33 *Committee Hansard*, 6 December 2012, p. 29.

34 Defence, answers to questions on notice (public hearing 6 December 2012), question 3, p. 4.

35 *Submission 30*, p. 21.

36 *Committee Hansard*, 22 March 2013, p. 19.

37 *Committee Hansard*, 6 December 2012, p. 26.

noting that 'you can often have a deeper dialogue bilaterally than you can have in a broader multilateral forum'. He observed that '[o]ur strong direction is to strengthen multilateral fora and engagement but recognise that a lot of that has to be on the foundation of close bilateral engagement and relationships'.³⁸

10.25 For example, the Defence White Paper 2013 cited the Defence Cooperation Arrangement, signed in September 2012, between Australia and Indonesia. This agreement provides a formal framework for 'practical defence cooperation under the Lombok Treaty'.³⁹ According to the White Paper, Australia will use the agreement to develop options for expanding the current program of maritime, counter-terrorism, peacekeeping, humanitarian assistance and disaster relief cooperation.⁴⁰

10.26 Nevertheless, the committee sees significant benefits for future defence and security policy development for government to focus on the challenges in the Indian Ocean rim. The committee supports any strategic policy work being done to examine synergies and opportunities for cooperation in the region, particularly with a view to the role Australia can play in promoting cooperation and security in the Indian Ocean rim. The committee would be encouraged to see Defence, in future publications, promote the practical engagement it has in leading multilateral engagement in the Indian Ocean rim. The committee is all too aware that statements of support do not result in tangible habits of cooperation between countries.

Security risks to Australia's North West—protection of infrastructure

10.27 With the second largest coastline bordering the Indian Ocean, Australia also has a focus on domestic security, including protection of Australia's external territories—Cocos (Keeling) Islands and Christmas Island.

10.28 Drs Bateman, Bergin and Trood contend that, in the past, assessments of the strategic security issues in the North West of Australia have reflected a view that this part of the continent was 'remote with relatively little national infrastructure'.⁴¹ However they noted that this view does not take into account the major strategic importance of offshore oil and gas infrastructure for Australia's prosperity and security.⁴² Drs Bateman, Bergin and Trood maintain that defence facilities in the North West are limited and that defence activity has decreased in the area:

The 'bare' air bases at Learmonth (about 1200 kilometres from Perth) and Curtin (about 1000 kilometres from Darwin) are rarely activated...Operations of the Army Reserve regional force surveillance in the Pilbara and Kimberly regions have been reduced due to budgetary

38 *Committee Hansard*, 6 December 2012, p. 27.

39 Department of Defence, *Defence White Paper 2013*, paragraph 6.30, p. 59.

40 Department of Defence, *Defence White Paper 2013*, paragraph 6.30, p. 59.

41 Drs Bateman, Bergin and Trood, *Submission 21*, p. 8.

42 Drs Bateman, Bergin and Trood, *Submission 21*, p. 8.

restrictions (Dodd 2009). There is not a naval base between Perth and Darwin. It is over 3000 kilometres from Perth to Darwin, and the ADF could be slow in responding to an offshore contingency in the Pilbara region.⁴³

10.29 Defence acknowledged the importance of the offshore resource exploitation in Australia's North West, noting further that Australia is the world's fastest growing liquefied natural gas (LNG) exporter.⁴⁴ Mr Shoebridge advised the committee of the result of work done by the Defence Force Posture Review, released in May 2012, in regards to defence work in the North West of Australia:

The ADF posture review released in May and assessed there is a greater level of Australian Defence Force activity in the northern approaches than realised. Under the review's recommendation, Defence is also improving relationships with stakeholders in the north and north-west, including greater engagement with industry and community representatives. The Defence Force is also enhancing its familiarity with and preparedness for operations in the north-west through more exercises and greater assessments to improve infrastructure.⁴⁵

10.30 On 7 June 2012, the then Inspector of Transport Security, Mr Mick Palmer, presented his report on Offshore Oil and Gas Resource Sector Security to the Minister for Infrastructure and Transport. The report found that, generally, Australia is considered a low-risk location for investment, with good security and supply reliability. However the report noted that the oil and gas industry is changing and 'Australia increasingly has a range of characteristics within its operating environment that are likely to heighten security implications in the future'. Further, in the Australian environment, 'security planning is a relatively new priority with Australian-based management positions in company security being only reasonably recently introduced'.⁴⁶

10.31 The report recognised that responding to future security threats is a challenge for industry, government, and the defence forces, noting:

While within Victoria and Western Australia relevant state police engage on a regular basis in joint exercises with industry on near-shore offshore facilities, it is understood that no Commonwealth agency has participated in such exercise since about 2004.

Although the reasons are well known and understood, ADF exercises on or in the vicinity of offshore facilities, as occurred in the Bass Strait during the

43 Bateman, Bergin and Trood, *Submission 21*, p. 8.

44 *Submission 5B*, p. 2.

45 *Committee Hansard*, 6 December 2012, p. 25.

46 Office of the Inspector of Transport Security, *Offshore Oil and Gas Resources Sector Security Inquiry*, 2012, p. 2.

1980s, have rarely been conducted in recent years, either in the Bass Strait or in Australia's North West Shelf region.⁴⁷

10.32 Defence disputed the observations made by the Office of Inspector of Transport Security that no Commonwealth agency had participated in exercises in the North West since 2004, but did accept that there had been a reduction of activity, explaining the 'well known and understood' reasons:

Defence has conducted training events on Offshore Energy Installations (OEI) since 2004, though the frequency of the training has reduced as a result of the number of factors, including the following:

- (a) The cost to industry of conducting training of this nature on their installations when factors such as economic, indemnity and workplace health and safety issues are taken into consideration;
- (b) The reduction in the National CT [counter terrorism] Committee Whole-of-Government CT exercise program that has led to fewer large scale CT exercises;
- (c) High ADF operational tempo impacting the availability of supporting air and maritime platforms; and
- (d) Difficulty in scheduling mutually suitable times for training between the ADF and industry.

As a result, smaller training events such as discussion exercises and OEI platform familiarisations have been conducted in the interim. Resourcing and location of bases are planning factors that are considered when planning CT exercises, but are not a primary consideration.⁴⁸

47 Office of the Inspector of Transport Security, *Offshore Oil and Gas Resources Sector Security Inquiry*, 2012, p. 3.

48 Defence, answers to questions on notice (public hearing 6 December 2012), question 6, pp. 20-21.



LNG tankers at Port Dampier, Western Australia.

Committee's visit to Pilbara region

10.33 Between 21 and 24 April 2013, the committee visited the Pilbara region—including Karratha, Exmouth, Dampier and Port Hedland—and was able to view firsthand the complex policy issues facing the region. Through conversations with community and industry representatives, the committee gained a valuable insight into the grassroots view of the region's future challenges.

10.34 The committee heard from a number of industry and community representatives that there was a feeling in the area that Defence did not view the region as a security priority. They felt that there was a need for more patrols, and an increased visible Defence presence. While they acknowledged that the risk of a terrorist or other hostile attack was low, they noted that the consequences would be extreme.⁴⁹ These views were also expressed through the media by the chief executive of the Pilbara Regional Council, Mr Tony Friday. Mr Friday expressed his concerns to the ABC: '[t]he reality nowadays is that any threat, either sovereign or terrorist, is

49 Information obtained during site visit in the Pilbara region.

much more likely to come from the north or west, yet a lot of the defence assets are positioned on the east coast'.⁵⁰

10.35 Comments to the media by Mr Warren Pearce of the Chamber of Minerals and Energy (CME) reinforced the view regarding threat level. In a statement to the ABC, Mr Pearce said:

All those companies undertake a risk management process when they begin their projects. The Western Australian coast is quite low risk compared to other nations and continents, so there's not really a high risk profile for the area. That said, they look at the defence presence in the Pilbara now and think it could certainly be increased and there could be a greater role for defence organisations.⁵¹

10.36 As it made site visits in the region and speaking to industry representatives, the committee found that not all of industry shared the same view of the threat level. Several resource groups in the region referred to good relationships with Defence, the AFP and the Western Australian State Police and were comfortable with the Defence presence in the region. All those to whom the committee spoke to regarding the Office of Inspector Transport Security's report on Offshore Oil and Gas Resource Security praised the report and agreed with its approach.

ADF presence and security risks in the North West

10.37 The committee has before it a number of conflicting points of view on the security risks and defence presence in the North West. In summary, the main groups are:

- community representatives (including local government);
- industry;
- state government; and
- federal government departments and agencies (including Defence, Department of Infrastructure and Transport, Office of Inspector of Transport Security, Australian Federal Police).

50 Gian De Poloni, 'Senators check out lack of defence s in the Pilbara', ABC News, <http://www.abc.net.au/news/2013-04-23/senators-check-out-lack-of-defences-in-the-pilbara/4647234> (accessed 3 May 2013).

51 Gian De Poloni, 'Senators check out lack of defence s in the Pilbara', ABC News, <http://www.abc.net.au/news/2013-04-23/senators-check-out-lack-of-defences-in-the-pilbara/4647234> (accessed 3 May 2013).



Mr John Verbeek (Shire of Roebourne), Mr John Lally (Karratha and District Chamber of Commerce and Industry), Senator David Fawcett, Councillor Bill Dziombak (Town of Port Hedland), Senator Helen Kroger, Chair – Senator Alan Eggleston, Mr Tony Friday (Pilbara Regional Council), Senator Mark Bishop, Mr David Parker (Apache Energy Pty Ltd) at Karratha.

10.38 As noted above, the committee found that industry views varied regarding the risk level and whether the current defence presence was adequate. Mr Mick Palmer, former Inspector of Transport Security, spoke of the close cooperation received from industry in the North West in his inquiry into offshore oil and gas resource security:

I think the oil and gas industry takes the issue of safety and security risk extremely seriously. With the Montara and Macondo incidents in the recent history of the oil and gas industry, obviously from a safety point of view they are acutely focused on the importance of risk mitigation and prevention. During the oil and gas security inquiry, they were deeply engaged in the inquiry process from the start. They supported the process in all its dimensions, it is fair to say. There was very open contact and communication between us. They provided one of their senior people, Mr Bill Forbes, who is now vice-president with Woodside, as the industry representative to assist the inquiry team. He did not help draft the report, if you like, but he facilitated all of our inquiries and he travelled with us overseas as well as here. There is no doubt about the genuine nature of their commitment to identify their own risks, identify their own areas of

vulnerability, move to address them and further improve the security arrangements to mitigate the chances of anything serious happening that might affect their business. They are business driven, obviously, but it is a very serious attitude to security that they bring to the table.⁵²

10.39 Representatives from the Department of State Development, Western Australian Government, expressed some frustration with regard to inquiries and reports conducted into infrastructure security in the North West of the state. They noted that while the Western Australian Government had provided much input about security and infrastructure issues, it had received no response to its concerns from the federal departments conducting reviews and inquiries:

We are consulted frequently on infrastructure. We continue to make numerous submissions around the types of infrastructure that are important for the state. So the short answer to that is, yes, we were consulted. From those government departments that we make submissions to, feedback and response is very limited in return.⁵³

10.40 The committee believes that there is a concern in the communities of the North West that Defence is not a visible presence and encourages Defence to take note of such concerns and increase community engagement in the area.

Australian Federal Police

10.41 The AFP were asked if they had made any studies similar to that of the Office of Inspector of Transport Security on the offshore oil and gas resource security risks.⁵⁴ The AFP has not done so—it stated that it relies on the work done by the Australian Security Intelligence Organisation, Office of Transport Security and the Attorney-General's department.⁵⁵

10.42 The AFP's annual report lists the principal locations of the AFP in the west and north as being in Perth and Darwin.⁵⁶ The committee heard from community representatives in the Pilbara that there was little to no AFP presence in the area (although the committee notes that the AFP are co-located with Defence at the Harold E. Holt facility near Exmouth). The committee heard from the Pilbara Regiment Commanding Officer, Lieutenant Colonel Saad Omari, that Defence in the Pilbara works with the AFP and the WA Police in regards to gathering intelligence in the area.⁵⁷

52 *Committee Hansard*, 22 March 2013, pp. 12–13.

53 *Committee Hansard*, 2 October 2012, p. 27.

54 *Committee Hansard*, 22 March 2013, p. 8.

55 AFP, answers to questions on notice (public hearing 22 March 2013), question 1, p. 1.

56 Australian Federal Police, *Annual Report 2011-12*, p. iv, <http://www.afp.gov.au/media-centre/publications/~media/afp/pdf/a/afp-annual-report-2011-2012.ashx> (accessed 6 May 2013).

57 Information obtained during site visit in the Pilbara region.

Australian Defence Force

10.43 As noted above, the Inspector of Transport Security was of the view that there was a need for increased visibility of Defence in the North West. Most community and industry representatives to whom the committee spoke during its visit to the Pilbara were supportive of a greater Defence presence in the area.⁵⁸

10.44 It should be noted that Defence has a regiment stationed in the North West with its headquarters based in Karratha. The Pilbara Regiment is an infantry unit and one of the three Regional Force Surveillance Units in the northern area of Australia. According to Defence it is responsible for 'an area of 1.3 million square kilometres from Port Hedland to Carnarvon in Western Australia, and from the coast to the border with the Northern Territory; being approximately one-sixth of the total Australia mass.'⁵⁹

10.45 The Pilbara Regiment Commanding Officer informed the committee that the regiment's role is primarily surveillance, reconnaissance, and community engagement. He explained that a key challenge for the regiment was the recruitment of reserve personnel—a task made difficult by the small population, 12 hour shifts worked in industry, and problems with release of staff from work for reserve exercises and training. While the Regiment works closely with industry, the conduct of the Regiment's exercises can be restricted as companies can be reluctant to release staff.⁶⁰

10.46 The committee also visited RAAF Base Learmonth, a base close to the Learmonth Airport, the main airport for Exmouth. The committee toured the facility and received evidence regarding the condition of some parts of the base.

10.47 The committee is pleased to note the government's response to the Defence Force Posture Review in the Defence White Paper 2013, in particular the undertaking to:

- prioritise resources to upgrade Royal Australian Air Force bases Tindal and Learmonth to enhance KC-30 air-to-air refuelling tanker operations and Cocos (Keeling) Islands airfield facilities to support maritime surveillance aircraft; [and]
- proceed with programmed airfield upgrades to support Joint Strike Fighter operations at Royal Australian Air Force bases Darwin, Tindal, Williamtown, Amberley, Edinburgh, Townsville, Learmonth, Curtin and Scherger.⁶¹

58 Information obtained during site visit in the Pilbara region.

59 Australian Army website, <http://www.army.gov.au/Who-we-are/Divisions-and-Brigades/Forces-Command/6th-Brigade/Pilbara-Regiment>, (accessed 6 May 2013).

60 Information obtained during site visit in the Pilbara region.

61 Department of Defence, *Defence White Paper 2013*, paragraph 5.42, p. 50.



Committee Chair – Senator Alan Eggleston and Senator David Fawcett with (from left) LTCOL Saad Omari (Commanding Officer Pilbara Regiment), and officers from the Pilbara Regiment.

10.48 The practical difficulties for Defence engagement in the North West were also highlighted, for example, at Supplementary Budget Estimates 2012-13. In response to a question regarding whether he had had taken a group of senior officers to the North West as intended, General Hurley stated:

We were planning to take the chiefs of staff committee up to the Pilbara area next month, about 12 November. I have decided to take them down to Perth as a whole. The vice chief will continue up to the Pilbara region to engage up there but in Perth we will engage with industry business leadership that is involved in the Pilbara region and that then links in with the AUSMIN, the Australia-US Ministerial Consultations meeting, which is on the next day. Firstly, for one reason it was getting particularly practically difficult to get me and others in the right place to do both activities. Secondly, there was some cost involved with going to the Pilbara that, frankly, I did not want to pay to use service aircraft to access airfields and so forth, so I have split the task and got the vice chief to go up there. We will relook at it but it really conflicted with a number of activities that came up that week.⁶²

62 *Committee Hansard*, Supplementary Budget Estimates, 17 October 2012, p. 47. Mr Shoebridge, in evidence to the committee in December 2012, believed that the Chiefs of Services Committee had in fact been to Karratha and not remained only in Perth, *Committee Hansard*, 6 December 2012, p. 31.

10.49 The committee was also interested in Defence's interaction with local industries and those concerned with national security. Asked about Defence's partnership with industry in the North West and the coordination with other security agencies, Mr Shoebridge advised the committee that while Defence works with industry, Defence (at least in Canberra) see security as primarily a company's obligation:

...from a Defence perspective it certainly is the case that companies have obligations for the safe operation of their own facilities. That includes things like evacuation planning, shutdown procedures, and thinking about how they can move people on and off those installations as they need to. We know the companies undertake that planning. We have expanded our Australian Maritime Defence Council to include representation from the Australian Petroleum Production and Exploration Association to make that closer connection. We are also in discussions with Attorney-General's and, as a result of Mick Palmer's review, with major companies about their plans for their own safety and the security of that offshore infrastructure. Our [counter terrorism] exercising and training on various rigs involves that kind of discussion and collaboration.⁶³

10.50 Mr Shoebridge also provided advice to the committee about the Defence presence in the North West. He observed that the Defence Force Posture Review had made the point that there was a considerable Defence presence in the North West as a result of Operation Resolute—Defence's contribution to border security and offshore surveillance.⁶⁴ However Mr Shoebridge did concede that the Review had concluded that although there was 'a lot of presence...it has not been made terribly visible to the population or the installation operators'.⁶⁵

10.51 In answers to questions taken on notice, Defence particularly emphasised Exercise PYTHON which was conducted in April 2013 out of Perth as being a key exercise to increase awareness of the security challenges of the North West. Exercise PYTHON was a desk top activity with industry executives and federal and state government involvement.⁶⁶ During Budget Estimates in June⁶⁷, Air Marshal Mark Binskin provided more detail regarding Exercise PYTHON. The Exercise was whole-of-government and included Defence, the AFP, Border Protection Command, and the Attorney-General's Department. Representatives from the state police and Western Australian Government attended; as did representatives from between 10 to 12 resource companies. In the course of the day-long table top exercise, or command post exercise, participants ran through a number of scenarios which involved vignettes of potential threats. Air Marshal Binskin explained:

63 *Committee Hansard*, 6 December 2012, p. 28.

64 *Committee Hansard*, 6 December 2012, p. 31.

65 *Committee Hansard*, 6 December 2012, p. 31.

66 Defence, answers to questions on notice (public hearing 6 December 2012), p. 1.

67 Estimates Hansard 3 June 2013 pp. 85–86.

We went right through the command and control that would be involved in response to any of those scenarios. I think it demonstrated to the companies that it is a complex environment in that respect. But it did go through and demonstrate to them that we know who has the responsibility at various stages of any operation or who has jurisdiction at any stage through that.⁶⁸

10.52 Defence also informed the committee that it planned and conducted liaison, exercise and engagement activities throughout the year in the region. Defence believed that these activities demonstrated that there was an active defence presence in the area. It noted further that:

Specific planning is under way to develop a joint activity in the 2014 training year to build on current single Service activities. This exercise will incorporate platforms and force elements from all three Services and the US Marine Rotational Force-Darwin.⁶⁹

10.53 In addition, Defence noted that Defence and Border Protection Command representatives attend bi-annual meetings of the Oil and Gas Security Forum (led by the Department of Infrastructure and Transport).⁷⁰ Defence indicated that it was seeking to expand membership of the Australian Maritime Defence Council, a body established in 1982 whose expanded remit creates a forum for cooperation between government, industry and Defence on maritime and shipping issues.⁷¹

Department of Infrastructure and Transport, Office of Inspector of Transport Security

10.54 In evidence to the committee on 21 March 2013, Mr Mick Palmer advised the committee that while he had met with the Defence Force Posture Review members, and raised issues identified in his report with CDF, the Defence Force Posture Review group had independently come to similar conclusions to the OITS report.⁷² The committee notes the Defence has advised that it has been consulted on the government response to the OITS report and that it will factor issues raised in the report, as well as those in the Defence Force Posture Review, in the 2013 Defence White Paper.⁷³

10.55 The committee notes in particular that the OITS Report raised the issue of coordination between agencies in the event of a security incident. It put the concerns of the WA Government to Mr Palmer regarding the lack of feedback on their submissions regarding security and infrastructure matters (see paragraph 10.40). He

68 Senate Foreign Affairs, Defence and Trade Legislation Committee, *Committee Hansard*, Estimates, 3 June 2013 pp. 85–86.

69 Department of Defence, *Defence White Paper 2013*, paragraph 5.33, p. 49.

70 Defence, answers to questions on notice (public hearing 6 December 2012), p. 19.

71 Andrew Forbes, 'Australian Maritime Defence Council', *Semaphore*, October 2011, <http://www.navy.gov.au/media-room/publications/semaphore-october-2011-1> (accessed 6 May 2013).

72 *Committee Hansard*, 22 March 2013, p. 13.

73 Defence, answers to questions on notice (public hearing 6 December 2012), p. 21.

noted that sometimes there was tension between state and federal governments—competing priorities and concerns—and that this had been evident in the preparation of the OITS Report. In Mr Palmer opinion, it was fair to say that sometimes agencies were unclear about exactly who would be in charge and immediately responsible for given issues.⁷⁴ Mr Palmer advised that while oil and gas companies were often in daily contact with local police and had security preparations in hand:

Some uncertainty exists between the state and federal agencies as to exactly who would call the shots if the situation changed and federal support was needed and who would pay the bill for such federal assistance that might be given. It was those sorts of issues that we identified going through which are challenging for everybody.⁷⁵

10.56 In Budget Estimates in June 2013, Air Marshal Mark Binskin maintained that Exercise PYTHON had helped to raise awareness of the jurisdictions involved in managing response to a security incident and the coordination between those jurisdictions. He explained:

But it is complex. It gets to a point where you might have a ship that is out there. It is a ship until the time it attaches itself to the seabed inside the Continental Shelf, and now it is considered a fixed facility, so it is a different jurisdiction. If a terrorist were to take that boat, for example, while it was a ship, it would be under one jurisdiction. The minute it attaches itself to the Continental Shelf, it is against another jurisdiction. So it is quite complex, but we are across that complexity, and it is exercised.⁷⁶

10.57 Air Marshal Binskin assured the committee that participants in the table top Exercise PYTHON understood their first points of contact in the event of a security incident.⁷⁷ Although he did note that one product of the discussions during Exercise PYTHON was that more communication was needed.⁷⁸

10.58 The remoteness and isolation of the region is a further security issue for the oil and gas installations in the North West. On its visit to the Pilbara, the committee was able to get a sense of community concerns about being cut off from the rest of mainstream Australia. Mr Palmer advised the committee that this area was not a place where many government agencies reside and that both police and defence personnel numbers are small.⁷⁹

74 *Committee Hansard*, 22 March 2013, p. 13.

75 *Committee Hansard*, 22 March 2013, p. 13.

76 Senate Foreign Affairs, Defence and Trade Legislation Committee, *Committee Hansard*, Budget Estimates, 3 June 2013, p. 86.

77 Senate Foreign Affairs, Defence and Trade Legislation Committee, *Committee Hansard*, Budget Estimates, 3 June 2013, p. 86.

78 Senate Foreign Affairs, Defence and Trade Legislation Committee, *Committee Hansard*, Budget Estimates, 3 June 2013, p. 86.

79 *Committee Hansard*, 22 March 2013, p. 13.



The committee was able to see, from a charter flight, the scale of resource activity in the Pilbara region and the isolation of many industry projects.

10.59 Mr Paul Retter, Executive Director of the Office of Transport Security, Department of Infrastructure and Transport, noted that this issue of responsibility and coordination of agencies was a matter currently before government to consider in its response to the OITS report. Mr Retter believed that while there will always be concern from industry about the presence of security in the region, the size of the area makes it certain that there would be reasonable delays in responding to an incident. Mr Retter noted that:

...there are well laid-out procedures in terms of the Commonwealth assets that would respond, but there are also issues around where the state has responsibility for response within their boundaries. There are also procedures that they can follow should they believe that it is beyond their capacity to deal with.⁸⁰

Conclusion

10.60 The evidence to this inquiry has clearly demonstrated that the Indian Ocean rim is significant for Australia's defence policy and hence the committee is encouraged by the priority given to the Indian Ocean rim in the Defence White Paper.

80 *Committee Hansard*, 22 March 2013, p. 16.

2013. However the committee is concerned about the security issues in the North West of Australia, particularly after the committee was able to view for itself some of the industry installations in the area. It notes in particular Mr Palmer's comments regarding the uncertainty around agencies coordinating in the event of a security incident and believes that finding a solution to this issue should be a priority in the government response to the OITS report.

10.61 The committee is concerned that while the Pilbara Regiment is working to increase community awareness and encourage recruitment, Defence as an organisation does not view the North West region as a priority. The committee understands the resourcing implications, and appreciates that Defence is participating in whole-of-government work to ensure that security is adequate for the natural resource-rich region. Nonetheless, the committee is disappointed that the evidence provided by Defence to the inquiry placed a heavy reliance on a desk top exercise. The committee is encouraged to hear, from evidence during Budget Estimates in June 2013 that Defence work is being undertaken planning a larger, more visible exercise in the North West itself in 2014.

10.62 The committee commends the work done by the Office of Inspector of Transport Security (OITS) on the report into Offshore Oil and Gas Resource Security Inquiry. It is a comprehensive report and the committee looks forward to seeing a similarly comprehensive response from government in the near future, particularly in regards to the issues identified in the report about coordination between agencies, state and federal, in the event of an incident at a facility in the North West.

10.63 In this regard, the committee is encouraged by the reference to a renewed focus on the North West in the Defence White Paper 2013, especially the planned joint activity in 2014 which is to incorporate platforms and force elements from the three Services.⁸¹

10.64 The committee will be interested to follow the progress Defence makes in the conduct of exercises in the North West and in promoting a visible Defence presence in the area.

Recommendation 7

The committee recommends that the AFP consider greater community engagement in the North West region to increase the understanding of its role and reassure the community that the security of the region is a priority.

Recommendation 8

The committee recommends that Defence make it an urgent priority to focus on the defence of the North West. The committee encourages Defence to increase its

81 Department of Defence, *Defence White Paper 2013*, paragraph 5.33, p. 49.

cooperation with industry in order to find creative solutions to the challenges which currently prevent larger exercises and affect reserve recruitment.

Recommendation 9

The committee recommends that Defence examine the possibility of making the 2014 planned Defence exercise in the North West a larger, more visible exercise in the region—as a means of providing reassurance to industry and actively engaging the community. In particular, the committee encourages the RAN to examine ways in which it can increase visibility in the area and raise community and business awareness of its activities in the North West of Australia.

Recommendation 10

The committee recommends that in its work on the government response to the OITS Report, the Department of Infrastructure and Transport consider including strategies for community engagement. The committee strongly believes that local government and relevant state agencies have a role to play in educating community and industry about the role of various security agencies and can help to provide reassurance to the community that security of the North West is a priority for government.



Ships line the horizon, Port Hedland port.

Piracy

10.65 Countries both within and outside the Indian Ocean rim are deeply concerned about piracy particularly off the coast of Somalia, which threatens not only the peace and stability of that country, but 'regional and international security as well'. A report to the Security Council described Somali maritime piracy as 'a form of money-driven, clan-based, transnational organized crime' which posed a threat to global shipping but was also a humanitarian tragedy for hijacked seafarers and kidnapped hostages, their families and employers.⁸² In the following section, the committee considers the international and regional response to piracy in the Indian Ocean, the implications that piracy has for Australia and its contribution to combating such activity.

Prevalence of piracy in the Indian Ocean

10.66 As mentioned earlier in this the committee's report,⁸³ piracy is a significant problem in the Indian Ocean rim and has been raised at discussions in IOR-ARC with a view to encouraging collaboration and sharing of lessons learnt amongst member countries. DFAT noted in its submission that the issue of piracy was also raised at IONS in 2008.⁸⁴

10.67 The Office of Inspector Transport Security also conducted an inquiry into international piracy and robbery at sea. The report defined piracy as:

Piracy in accordance with Article 101 of the United Nations Convention on the Law of the Sea (UNCLOS) is defined as:

- (1) Any illegal acts of violence or detention, or any act of depredation, committed for private ends by the crew or passengers of a private ship or private aircraft, and directed:
 - a. On the high seas, against another ship or persons or property on board such ship.
 - b. Against a ship, persons or property in a place outside the jurisdiction of any State.
- (2) Any act of voluntary participation in the operation of a ship or of an aircraft with knowledge of facts making it a pirate ship or aircraft, and
- (3) Any act of inciting or of intentionally facilitating an act described in subparagraph (a) or (b).⁸⁵

82 United Nations, Security Council, 'Report on Somalia of the Monitoring Group on Somalia and Eritrea pursuant to Security Council resolution 2002 (2011)', S/2012/544, 13 July 2012, paragraph 38.

83 Part I in relation to IOR-ARC and Part II.

84 *Submission 30*, p. 22.

85 OITS, *International Piracy and Armed Robbery at Sea Security Inquiry Report*, April 2010, p. xiv.

Effect of piracy

10.68 Dr Sam Bateman noted that the prime causes of piracy around the world were the same as the common causes of criminal activity generally—lack of economic opportunity, employment, and effective policing. A further factor, linked to contemporary piracy off the Horn of Africa and in Southeast Asia, has been the decline in fish stocks and overfishing, particularly by commercial interests.⁸⁶ DFAT identified Somalia as 'Africa's most pressing peace, security and humanitarian issue' and noted that '[t]he crisis in Somalia has consequences beyond its borders, including as the primary source of piracy in the Indian Ocean'.⁸⁷

Global piracy—actual and attempted attacks 2006 to June 2012⁸⁸

Location	2006	2007	2008	2009	2010	2011	Jan-Jun 2012
Southeast Asia	87	78	65	68	113	101	48
Indian subcontinent	53	30	23	30	28	16	10
Americas	29	21	14	37	40	25	9
Horn of Africa	20	44	111	218	219	237	69
West Africa/ Gulf of Guinea	25	49	56	47	38	52	32
Other Africa	16	27	22	7	4	5	9
Rest of World	9	14	2	3	3	3	0
Total	239	263	293	410	445	439	177

Source: International Maritime Bureau (IMB) Piracy Reports

Notes: 1. Horn of Africa includes attacks in the Gulf of Aden, Red Sea, Arabian Sea, and Indian Ocean and off Oman and Somalia—those carried out by Somali pirates.

2. Gulf of Guinea includes Cameroon, Congo, Democratic Republic of Congo, Equatorial Guinea, Ghana, Guinea, Ivory Coast, Nigeria and Togo.

10.69 DFAT outlined in its submission the effect of piracy on trade, stating that in 2011 the estimated economic cost of piracy was between US\$6.6 and 6.9 billion. This cost includes ransoms, insurance, security equipment, guards, re-routing, prosecutions

86 Dr Sam Bateman, 'Background paper for the Perth Counter-Piracy Conference', *Special Report Issue 47—Calming troubled waters: global and regional strategies for countering piracy*, pp. 10–11.

87 *Submission 30*, p. 9.

88 Dr Sam Bateman, 'Background paper for the Perth Counter-Piracy Conference', *Special Report Issue 47—Calming troubled waters: global and regional strategies for countering piracy*, p. 8.

and military operations.⁸⁹ DRET noted that in relation to commodity trade on routes through the Indian Ocean, Australian suppliers have low-level concerns, however:

...in the future with the steady increase in Australian foreign direct investment (FDI) into IOR resources provinces, particularly in eastern Africa and South East Asia. Investments in production in Africa and South East Asia is likely to be intended to service Australia's traditional markets in Asia, which will then require transport across the Indian Ocean. Dependent on the value of these cargoes, they could become a lucrative target for piracy, similar to current LNG shipments from Nigeria.⁹⁰

10.70 The Consulate-General of the Sultanate of Oman also drew the committee's attention to its concerns about security in the Indian Ocean, stating that the increase in piracy and terrorism, particularly in the Gulf of Aden, had significantly affected the traffic of ships in the region.⁹¹ This in turn has had a detrimental economic impact on the economies of countries whose main industries are maritime industries. It should also be noted that piracy not only poses a threat to the safety of ships transiting the Ocean but to many other activities. For example, only one of the four highly ranked Indian Ocean scientific sea drilling proposals under the Indian Ocean Drilling Program is feasible because of piracy.⁹²

Combating piracy in the Indian Ocean

10.71 The United Nations Office on Drugs and Crime (UNODC) Report provides some encouragement, noting that with international attention and sustained resource contribution by more than 30 states since 2008, piracy has begun to decline:

The frequency of attacks has dropped considerably, with a 54-per-cent reduction in incidents in the first half of 2012 compared with the previous year, and there was only one attack in the third quarter of 2012, the lowest level for the third quarter of the year recorded since 2008. Somalia has elected its first permanent central Government since the start of the civil war, which is a hopeful sign for improved stability and prospects for development across the country.⁹³

10.72 Indeed, the international community has dedicated substantial resources, political, military, intelligence and financial, to combating piracy. Three large international forces—NATO, European Union Naval Force and the Combined Maritime Forces/Task Force 151—and numerous independent, national missions have

89 *Submission 30*, p. 20.

90 *Submission 15*, p. 13.

91 *Submission 25*, p. 3.

92 Integrated Ocean Drilling Program, *Detailed Report on International Workshop on Scientific Drilling in the Indian Ocean*, Goa, India, 17–18 October 2011.

93 UNODC Commission on Crime Prevention and Criminal Justice, 'Report of the Executive Director on combating the problem of transnational organized crime committed at sea', 15 February 2013, Document No. E/CN.15/2013/17, pp. 4–5.

been engaged in maritime counter piracy off Somalia.⁹⁴ However the UNODC report noted that these achievements were fragile and sustained support was needed if the region was to build on them.⁹⁵

Australia's contribution counter-piracy measures

10.73 Australia has a key role in anti-piracy initiatives in the Indian Ocean, hosting an international counter-piracy conference in Perth in 2012,⁹⁶ participating in a multi-national taskforce,⁹⁷ and providing aid funding of \$2.3 million to assist counter-piracy efforts and support for the UNODC Counter-Piracy Programme.⁹⁸

10.74 In a paper on the importance of the Indian Ocean, the Defence Minister, the Hon Stephen Smith MP commented:

The Australian maritime contribution is deployed to the US-led Combined Maritime Forces, which patrols more than 2.5 million square miles of international waters to counter terrorism, prevent piracy and reduce the illegal trafficking of people and drugs. That contribution, along with our maritime partners will be responsible for conducting maritime security operations in the Gulf of Aden, Gulf of Oman, the Arabian Sea, Red Sea and the Indian Ocean. These operations help develop and maintain maritime security and promote stability and prosperity.⁹⁹

10.75 The Defence Minister also noted that Australia hosted a Forum on Indian Ocean Piracy in the margins of the Commonwealth Heads of Government Meeting in October 2011. Following from this event, a Counter-Piracy Conference (an Australian Strategic Policy Institute event) was held in Perth in July 2012.¹⁰⁰

10.76 During this conference, the Hon Warren Snowdon MP, Minister for Veterans' Affairs (on behalf of the Minister for Defence), outlined Australia's contribution to counter both the symptoms and the causes of piracy in the region:

- the Royal Australian Navy (RAN) contributes a frigate to the Combined Maritime Forces (CMF), which is flexibly cross-tasked between the counter-

94 United Nations, Security Council, 'Report on Somalia of the Monitoring Group on Somalia and Eritrea pursuant to Security Council resolution 2002 (2011)', S/2012/544, 13 July 2012, paragraph 47.

95 UNODC Commission on Crime Prevention and Criminal Justice, 'Report of the Executive Director on combating the problem of transnational organized crime committed at sea', 15 February 2013, Document No. E/CN.15/2013/17, pp. 4–5.

96 Department of Defence, *Submission 5B*, p. 4.

97 Department of Defence, *Submission 5B*, p. 4 and Mr Shoebridge, Department of Defence, *Committee Hansard*, 6 December 2012, p. 26.

98 DFAT, *Submission 30*, p. 22.

99 *Submission 5A*, p. 6.

100 *Submission 5A*, p. 8.

terrorism, counter-piracy and Gulf maritime security task forces which form the CMF;

- as a member of the United Nations Contact Group working off Somalia, Australia contributes to the legal and operation working groups, and the Shared Awareness and Deconfliction group which assists in coordinating the CMF, NATO and EU counter-piracy efforts;
- the ADF has had a member seconded to the UN Office for West Africa to contribute to maritime security and counter-piracy capacity building work; and
- the RAN seconds officers to the UK-led Maritime Trade Operations cell in Dubai, providing liaison and coordination for ships travelling in that region.¹⁰¹

10.77 The CMF is a naval partnership of 27 countries which promotes security and stability in the Indian Ocean which encompasses some of the world's key shipping lanes.¹⁰² The CMF is led by the US and consists of three principle taskforces: CTF-150 (maritime security and counter-terrorism); CTF-151 (counter piracy); and CTF-152 (Arabian Gulf security and cooperation).¹⁰³

10.78 Ms Watt, DFAT, noted that the shipping industry was also focusing on reducing the number of hijackings and taking more responsibility for security on vessels. She explained that there was a lot more recognition and analysis of the types of factors that put ships at risk—older, run-down vessels which are easier targets for pirates—and the need for shipping companies to take more action to keep those slower, more vulnerable vessels out of high-risk areas.¹⁰⁴

Building local capacity

10.79 While the adoption of best management practices by the shipping industry and more effective international counter-piracy naval operations have lowered the number of successful hijackings, major obstacles in the judicial and legal areas undermine this success. In November 2012, the Security Council noted the limited capacity and the deficiencies in domestic legislation 'to facilitate custody and prosecution of suspected pirates after their capture'. It reported that this situation had 'hindered more robust international action against the pirates off the coast of Somalia' and too often 'led to pirates being released without facing justice'. The Security Council underlined the

101 'Paper presented by Warren Snowdon MP, on behalf of Stephen Smith, Minister for Defence to the Perth Counter-Piracy Conference' 16 July 2012, <http://www.minister.defence.gov.au/2012/07/16/paper-presented-by-warren-snowdon-mp-on-behalf-of-stephen-smith-minister-for-defence-to-the-perth-counter-piracy-conference/> (accessed 8 May 2013).

102 Combined Maritime Forces, 'About CMF', <http://combinedmaritimeforces.com/about/> (accessed 6 May 2013).

103 *Submission 30*, p. 23.

104 *Committee Hansard*, 17 August 2012, p. 6.

importance of continuing to enhance the 'collection, preservation and transmission to competent authorities of evidence of acts of piracy and armed robbery at sea off the coast of Somalia'.¹⁰⁵

10.80 In this regard, Australia is contributing to longer term projects on land designed to reduce piracy in the Indian Ocean—the building of better governance and policing, investigative capacity and prosecutorial capacity.¹⁰⁶ Mr Rauter, AusAID, informed the committee that Australian assistance to combat piracy in the Indian Ocean to date equated to approximately \$4.3 million with an additional \$2 million committed earlier in 2012. He explained that the payments have gone mostly to the UN Office on Drugs and Crime, which works with governments in Somalia, Seychelles, Mauritius, Kenya and Tanzania to:

- increase the capacity of those governments to prosecute pirates;
- have a prison system to be able to safely and securely house people who are prosecuted; and
- improve their ability to undertake maritime surveillance to detect piracy.¹⁰⁷

10.81 The AFP provides personnel to the UN counter-piracy efforts through the United Nations Office on Drugs and Crime (UNODC) in accordance with the AFP's international engagement priorities and in support of regional capacity building. UNODC has a Programme on Countering Maritime Piracy in the Horn of Africa—AFP personnel contribute to the planning, development, organisation and coordination of the Programme and related UNODC activities.¹⁰⁸

10.82 The committee has referred to the third prong in the multinational efforts to combat terrorism by providing aid to Somalia, Kenya and Tanzania in the areas of food security and agricultural production so that people have job opportunities and do not see 'piracy as their only job option'.¹⁰⁹

Conclusion

10.83 Many countries rely on the Indian Ocean as a maritime route for trade, energy and resource security. The evidence presented to the committee demonstrates the detrimental effect piracy has on stability and security in the Indian Ocean rim, and on the maritime transport hub that the ocean provides. Piracy not only affects maritime security—it can also be a deterrent for investment in offshore infrastructure, and disrupt activity such as important scientific research.

105 United Nations, Security Council, Resolution 2077 (2012), 21 November 2012, p. 3.

106 *Committee Hansard*, 17 August 2012, p. 6.

107 *Committee Hansard*, 6 December 2012, p. 7.

108 *Submission 41*, p. 3. See also Mr Rauter, *Committee Hansard*, 6 December 2012, p. 7.

109 *Committee Hansard*, 6 December 2012, p. 7.

10.84 However, some encouragement can be drawn from the fact that the cooperation of the Indian Ocean rim countries on combating piracy has had some effect—the number of piracy attacks in the region has dropped. As described in this chapter, the substantial resources and coordinated operations conducted by countries in the Indian Ocean rim, including Australia, have started to improve the situation in countries from which piracy emanates. But as the UNODC notes, the improvement is fragile and requires continued efforts to be sustainable over time.

10.85 The committee notes the effect piracy has on the stability and security of the India Ocean region and commends the efforts being made by Australia to counter piracy.

Chapter 11

Port state control

As a major shipping nation with a highly effective Port State Control regime in our own ports, Australia should now play a leading role in making Port State Control more effective in the Indian Ocean Region.¹

11.1 The Indian Ocean is a vast natural resource providing livelihood for people living around the ocean as well as for distant nations seeking to exploit the resources especially fish stock. It is also a vital thoroughfare carrying 80 per cent of the world's seaborne trade in oil.² Thus, the movement and activities of ships in the Indian Ocean is of interest to individual countries and the region as a whole. Countries bordering the Indian Ocean have particular concerns about the management of the ocean.

11.2 Each nation bordering or located within the Indian Ocean has the sovereign right to exercise control over all ships including foreign flagged vessels operating within its waters. Port state control is one way that a country can exert its authority to prevent or reduce incidences at sea that may harm the sustainability of marine resources or interfere with the transport routes through the region. In this chapter, the committee considers port state control in the Indian Ocean rim as a means of exercising effective control over illegal activities such as piracy and practices that could pose a threat to the health of the ocean and the sustainability of its resources.

Background to regional port state control regimes

11.3 Countries in the Indian Ocean rim have a strong incentive to impose robust port state control measures on foreign ships in order to ensure safe practices and to minimise the likelihood of their engagement in criminal activities in their offshore waters. There are, however, disincentives. Associate Professor Ted L. McDorman explained that ports compete vigorously in terms of costs and services for international shipping business, thus:

Strict environmental requirements and safety standards applied to visiting vessels could increase the cost of transportation and make a port less competitive.³

11.4 But, according to Associate Professor McDorman, the increasing concern about substandard vessels traversing the oceans of the world has created a demand for

1 Dr Sam Bateman, *Submission 10*, p. 7.

2 See for example, Sergi DeSilva-Ranasinghe, *Fact Sheet: the Indian Ocean Region and Australia's National Interests, Strategic Analysis Paper, Future Directions International*, 29 May 2012.

3 Ted L. McDorman, 'Regional Port State Control Agreements: Some issues of international Law', *Ocean and Coastal Law Journal*, vol. 5, 2000, p. 207.

cooperative or regional approaches to encourage port states to enhance enforcement of marine pollution and vessel safety laws against visiting vessels.⁴

Substandard ships

11.5 Substandard ships are vessels that 'fail to meet the required standards of safety and seamanship in relevant international conventions' and pose risks to maritime security, the marine environment and the lives of their crew.⁵ According to Dr Sam Bateman substandard vessels are more likely to be:

- involved in accidents at sea leading to loss of life and pollution of the marine environment;
- involved in illegal activities at sea, including trafficking in destabilizing military equipment and narcotics; and
- successfully attacked by pirates.⁶

11.6 As an example, Professor McDorman cited the shipping disaster involving the super tanker *Exxon Valdez* in March 1989, which ran aground in Alaska's Prince William Sound. The accident caused a massive oil spill and subsequent oil slick that spread over 3,000 square miles and onto over 350 miles of beaches in one of the most pristine areas of the country.⁷

11.7 Such accidents, which created an awareness of the need to regulate or manage substandard ships and their activities, resulted in the adoption of regional arrangements for port state control.

11.8 According to Dr Bateman, a Port State Control (PSC) regime is the major means of ensuring that international standards of ship safety and security are maintained. The regime is intended to prevent substandard ships from threatening maritime safety and security and posing unacceptable risks to the marine environment and to the lives of the seafarers that crew them.⁸ The key objective of each inspecting authority under a PSC regime is to apply a uniform set of standards.

Memoranda of understanding

11.9 Memoranda of Understanding or MoUs on port state control have been signed covering all of the world's oceans. The first, the Europe and the North Atlantic MoU (Paris MoU), was adopted in 1982 following a serious oil spill off the coast of

4 Ted L. McDorman, 'Regional Port State Control Agreements: Some issues of international Law', *Ocean and Coastal Law Journal*, vol. 5, 2000, p. 207.

5 Dr Sam Bateman, *Submission 10*, p. 3.

6 Dr Sam Bateman, *Submission 10*, p. 4.

7 Ted L. McDorman, 'Regional Port State Control Agreements: Some issues of international Law', *Ocean and Coastal Law Journal*, vol. 5, 2000, p. 208 and Samuel K. Skinner, Secretary, Department of Transportation and William K. Reilly Administrator, Environmental Protection Agency, *The Exxon Valdez Oil Spill, A Report to the President*, prepared by the National Response Team, May 1989, p. 1.

8 Dr Sam Bateman, *Submission 10*, p. 3.

Brittany, France, in 1978 when the *VLCC Amoco Cadiz* ran aground. This incident led to the adoption of a strengthened earlier proposed MoU. It took another decade before other regions signed up to a MoU—Asia and the Pacific (Tokyo MoU); Latin America (Acuerdo de Viña del Mar); Caribbean (Caribbean MoU); West and Central Africa (Abuja MoU); the Black Sea region (Black Sea MoU); the Mediterranean (Mediterranean MoU); the Indian Ocean (Indian Ocean MoU); and the Riyadh MoU, which covers the Gulf region.⁹ The Indian Ocean MoU was not signed until the second half of the 1990s.

Indian Ocean Memorandum of Understanding

11.10 In June 1998, on the invitation of the Government of South Africa, the maritime authorities from 15 Indian Ocean regional countries signed an Indian Ocean MoU on port state control for the region. The MoU allowed for an interim period of two years before its full function and implementation. It was kept open for signature until 22 January 1999. At the first session of the Port State Control Committee held in Goa in January 1999, Australia signed the acceptance of the MoU.¹⁰

11.11 The Indian Ocean MoU was based on the understanding that all countries have the sovereign right 'to inspect ships visiting their ports to ensure they meet International Maritime Organization (IMO) requirements regarding safety and marine pollution prevention standards and experience'. It also recognised that port state control works best when it is organised on a regional basis.¹¹ The MoU's objective was to ensure 'effective action by the port States concerned to prevent the operation of substandard ships while harmonizing inspections and strengthening co-operation'.¹² It was also intended to encourage the exchange of information:

...so that ships which have been inspected by one port State and found to be complying with all safety and marine pollution prevention rules are not subject to too frequent inspections, while ships presenting a hazard and those ships which have been reported by another port State as having deficiencies which need to be rectified will be targeted.¹³

11.12 As of December 2012, sixteen countries had become parties to the Memorandum—Australia, Bangladesh, Comoros, Eritrea, France (La Reunion Island), India, Iran, Kenya, Maldives, Mauritius, Oman, Sri Lanka, South Africa, Sudan,

9 IMO, 'Port State Controls', <http://www.imo.org/OurWork/Safety/Implementation/Pages/PortStateControl.aspx> (accessed 6 May 2013) and *Submission 10*, p. 5.

10 AMSA, *Port State Control Report 1999, Australia*, March 2000, p. 5.

11 Memorandum of Understanding on Port State Control in the Indian Ocean, http://www.imo.org/blast/mainframe.asp?topic_id=475&doc_id=1328 (accessed 6 May 2013), Australia, Bangladesh, Djibouti, Eritrea, India, Iran, Kenya, Maldives, Mauritius, Mozambique, Myanmar, Oman, Sechelles, South Africa, Sri Lanka, Tanzania and Yemen.

12 Memorandum of Understanding on Port State Control in the Indian Ocean, http://www.imo.org/blast/mainframe.asp?topic_id=475&doc_id=1328.

13 Memorandum of Understanding on Port State Control in the Indian Ocean, http://www.imo.org/blast/mainframe.asp?topic_id=475&doc_id=1328.

Tanzania and Yemen.¹⁴ Currently, the Australian Maritime Safety Authority (AMSA) is Australia's lead agency in engagement with the IMO Maritime Safety Committee on PSC measures and safety of vessels in the Indian Ocean.¹⁵

11.13 Professor Bateman suggested that the Indian Ocean PSC regime was not working as effectively as it should. He cited the Panama-flag bulk carrier *Rak*, laden with 60,000 tonnes of coal, which sank inexplicably off Mumbai in August 2011 leading potentially to a major ecological disaster. He explained:

The *Rak* was old, having been built in 1984 with a poor PSC record having been detained once in 2010 for serious safety deficiencies. Shipping accidents, such as this, tend to carry very high economic costs, due to the large asset values and the high operational risks associated with shipping, particularly the risks associated with a marine pollution incident.¹⁶

11.14 He explained further the reasons for the Indian Ocean MoU being 'clearly less effective than the Paris and Tokyo MoUs':

Some important shipping countries in the region (e.g. Pakistan, Madagascar, Myanmar and the Seychelles) are not parties to the MOU, and of the fifteen parties, four (Bangladesh, Eritrea, Maldives and Oman) did not report any inspection activity in 2010. Inspection rates are low, and just over half the total inspections reported by the MOU for the region in 2011 (2795 out of 5513) were carried out by Australia.¹⁷

11.15 This pattern of low inspections by some countries continued into 2012. Statistics for that year show that of the current 16 members, Bangladesh, Comoros, Eritrea, Maldives, Sri Lanka and the Sudan did not conduct inspections. Oman inspected 4 ships with Mauritius and Tanzania carrying out just 2 inspections each.¹⁸

Piracy

11.16 Substandard ships may also be more susceptible to 'maritime predations'.¹⁹ Member States of IOR-ARC have for a number of years expressed concerns about the incidences of piracy occurring in the region. Indeed, in 2009, 2010 and again in 2011, grave concerns were expressed about the growing instances of piracy with terms being used such as 'alarming phenomenon' and the menace of piracy reaching 'alarming

14 The Black Sea MoU, Equasis, Ethiopia, West & Central Africa MoU, the International Maritime Organisation, International Labour Organisation, Tokyo MoU, United States Coast Guard and the Riyadh MoU participate in the Memorandum as observers. Indian Ocean Memorandum of Understanding on Port State Control, *Annual Report 2012*, p. 2.

15 DRET, *Committee Hansard*, 22 March 2013, p. 15.

16 Dr Sam Bateman, *Submission 10*, p. 3.

17 Dr Sam Bateman, *Submission 10*, p. 6.

18 Indian Ocean Memorandum of Understanding on Port State Control, *Annual Report 2012*, p. 12.

19 Euan Graham, 'Shipping glut portends piracy', RSIS Commentaries, 7 October 2011, p. 2.

proportions'. The IOR-ARC has identified 'maritime security and piracy' as one of its six priority areas.²⁰

11.17 Although, the number of ships reporting attacks by Somali pirates fell in 2012 to its lowest level since 2009, the International Maritime Bureau warned seafarers to remain vigilant in the high-risk waters around Somalia, the Gulf of Aden and the Red Sea. In the first nine months of 2012, there were 70 Somali attacks compared with 199 for the corresponding period in 2011.²¹

11.18 Pirates are able to exploit the vulnerabilities of substandard ships. As an example, Dr Bateman cited the hijacking of a general cargo ship *Rak Afrikana*, by Somali pirates in April 2010 in the Indian Ocean which sank 11 months later, a few hours after being released. According to Dr Bateman, this 30-year old vessel was relatively small of 5992 gross registered tonnage, very slow with an operational speed reportedly as low as 6.5 knots and was of an age when most vessels would have already been scrapped. He noted that, while sub-standard ships were 'more likely to be hijacked than quality vessels', 'well-operated and maintained vessels may be expected to follow the best management practice guideline to avoid attacks'.²² To his mind, the *Rak Afrikana* was a substandard ship that should not have been operating in piracy-prone waters unless special, and costly, precautions had been taken. He referred to records that showed:

...the *Raf Afrikana* had not undergone a PSC inspection since 2005. This means that the ship must only have been trading to ports without effective PSC, such as those around the northeast Indian Ocean.²³

11.19 Dr Bateman noted further that the vessel was under a flag which was on the Paris MoU's 'black list' of flags with a high incidence of substandard ships.²⁴ Clearly, there is a role for port state measures to exercise an effective counter-piracy strategy. As noted earlier, Professor Bateman argued the Indian Ocean MoU is not as effective as it should be.²⁵

20 IOR-ARC, Twelfth Meeting of the Council of Ministers of IOR-ARC', *Gurgaon Communique*, p. 2.

21 International Chamber of Commerce, 'IMB reports drop in Somali piracy, but warns against complacency' October 2012, <http://www.icc-ccs.org/news/811-imb-reports-drop-in-somali-piracy-but-warns-against-complacency> (accessed 6 May 2013).

22 Sam Bateman, 'Sub-standard ships and human costs of piracy'. 2011, MaritimeSecurity.Asia, <http://maritimesecurity.asia/free-2/piracy-2/sub-standard-ships-and-human-costs-of-piracy-the-case-of-captain-prem-kumar-%e2%80%93-analysis/> (accessed 6 May 2013).

23 Sam Bateman, 'Sub-standard ships and human costs of piracy'. 2011, MaritimeSecurity.Asia, <http://maritimesecurity.asia/free-2/piracy-2/sub-standard-ships-and-human-costs-of-piracy-the-case-of-captain-prem-kumar-%e2%80%93-analysis/>.

24 Sam Bateman, 'Sub-standard ships and human costs of piracy'. 2011, MaritimeSecurity.Asia, <http://maritimesecurity.asia/free-2/piracy-2/sub-standard-ships-and-human-costs-of-piracy-the-case-of-captain-prem-kumar-%e2%80%93-analysis/>.

25 Dr Sam Bateman, *Submission 10*, p. 6.

Illegal, unreported and unregulated fishing

11.20 While countries in the Indian Ocean rim share worries about unsafe ships sailing through the region and marine pollution through inappropriate practices, they also have other common concerns about activities including illegal, unreported and unregulated (IUU) fishing.

11.21 Over recent decades there has been mounting international concern about IUU fishing and its serious consequences for the sustainability of fisheries. International and regional organisations now appreciate that IUU fishing could lead to the collapse of a fishery or severely impede efforts to rebuild depleted stocks.²⁶ As with the prevention of marine accidents and piracy, PSC measures are seen as a means of stemming or blocking the flow of IUU-caught fish. In 2009, the United Nations General Assembly recognised the need for States—individually and through regional fisheries management organisations—'to implement effective port State measures'.²⁷ A recent international workshop concluded:

The international community expects that port State measures, if used in conjunction with catch documentation schemes, will have the potential to be one of the most cost-effective and efficient means of combating IUU fishing.²⁸

11.22 A number of Indian Ocean rim countries have consistently expressed concerns about IUU fishing and the need for a broad collective effort. Indeed, in 2011 member states of IOR-ARC noted that consolidating cooperation under the association would assist in the fight against illegal fishing and minimise the use of damaging fishing techniques.²⁹

11.23 Currently there are a number of organisations that are concerned specifically with promoting the effective management of fish stocks in the Indian Ocean rim—the Indian Ocean Commission (IOC), the Indian Ocean Tuna Commission (IOTC) and the South West Indian Ocean Fisheries Commission.³⁰ Their members are becoming increasingly aware of the central role of port state measures in combating IUU fishing. They appreciate the value of achieving harmony across the region and of placing a greater emphasis on port state measures as a vital part of the monitoring, control and surveillance tool kit.

11.24 For example a 2007 meeting of the FAO, IOC and IOTC recognised that the regional adoption of harmonised and complementary port state measures would be a

26 See for example, FAO/APFIC Regional Workshop to Support the implementation of the 2009 FAO Port State Measures Agreement, April 2012.

27 United Nations General Assembly, GA/10899, 4 December 2009.

28 FAO/APFIC Regional Workshop to Support the implementation of the 2009 FAO Port State Measures Agreement, April 2012.

29 See chapter 3 of this report, paragraph 3.40.

30 Food and Agriculture Organization of the United Nations, *Reports of the IOC/FAO/IOTC Symposium and Workshop to Strengthen Port State Measures in the Indian Ocean*, Port Louis, Mauritius, 18–22 June 2007, FAO Fisheries Report No. 844, p. 5.

major element in the fight against IUU fishing: that it would be an important means of 'freezing out' IUU fishing vessels.³¹ It highlighted the importance of harmonizing port state measures to tackle IUU fishing in the Indian Ocean and encouraged countries 'to strive to work together for this goal'.³²

11.25 A representative from the IOC stated that it was evident that the success of the model whereby the traditional regime of management of fisheries rested with the port state instead of the flag state depended essentially on:

...its application in a large enough area to make it difficult for a fishing vessel to sail to a neighbouring country which might apply a less constraining regime.

11.26 Clearly, for port state measures to work effectively, countries must cooperate and adhere to common standards. The IOC/FAO/IOTC workshop found that:

No single country can alone combat illegal fishing as fishing vessels which find one state having an effective port state control can move to other ports in the region. It is here that the close collaboration of all states is crucial and a determining factor to fight illegal, unreported and unregulated fishing.³³

11.27 As noted previously, the Indian Ocean MoU is a key mechanism for PSC in the Indian Ocean rim. Though as noted earlier, its overall effectiveness is undermined by significant gaps in its membership and the low rates of inspections carried out particularly by developing countries.

Limited resources

11.28 Dr Bateman believed that Australia could help to redress weaknesses in the Indian Ocean PSC regime. He noted that globally, there was scope for 'improving the effectiveness of the separate regional regimes, particularly the more poorly performing ones, such as the Indian Ocean MoU, and with enhancing the global collective ability to deal with sub-standard ships'.

11.29 He conceded that it was easy to suggest that 'PSC and the role of port states in the developing world should be strengthened to ensure greater compliance with minimum international standards and to help rid the oceans of sub-standard ships'. To his mind, however, the lack of capacity in many developing countries to establish an effective national maritime administration and provide the necessary highly skilled PSC inspectors could not be overlooked. He also noted the lack of resources in the IMO to monitor the effectiveness of PSC regimes.

31 Food and Agriculture Organization of the United Nations, *Reports of the IOC/FAO/IOTC Symposium and Workshop to Strengthen Port State Measures in the Indian Ocean*, Port Louis, Mauritius, 18–22 June 2007, FAO Fisheries Report No. 844, p. 5.

32 Food and Agriculture Organization of the United Nations, *Reports of the IOC/FAO/IOTC Symposium and Workshop to Strengthen Port State Measures in the Indian Ocean*, Port Louis, Mauritius, 18–22 June 2007, FAO Fisheries Report No. 844, p. 8.

33 Food and Agriculture Organization of the United Nations, *Reports of the IOC/FAO/IOTC Symposium and Workshop to Strengthen Port State Measures in the Indian Ocean*, Port Louis, Mauritius, 18–22 June 2007, FAO Fisheries Report No. 844, p. 31.

11.30 The Department of Agriculture, Fisheries and Forestry (DAFF) described IUU fishing as 'highly organised, mobile and elusive', which undermines the efforts of responsible countries to manage their fish stocks sustainably.³⁴ Applying port state controls requires each port state authority to carry out inspections of foreign fishing vessels in its port and of their gear, equipment and relevant documents to monitor compliance with measures.³⁵ But as Dr Bateman mentioned, the developing countries struggle to mount the resources required to implement monitoring, control and surveillance activities.³⁶

11.31 Some Indian Ocean rim countries themselves have also expressed deep concerns about their capacity to conserve and manage fish stocks in the region. For example, a number of members attending the 2012 committee meeting of the Indian Ocean MoU on Port State Control in Port Elizabeth, South Africa, reported continuing difficulty implementing the objectives of the MoU because of financial constraints limiting their access to training.

Capacity building

11.32 Mr Kayzad Namdarian, DFAT, noted that port state control was an example of capacity development in the Indian Ocean rim, as it involved 'cross-pollination of skills and expertise'. Mr Namdarian suggested that officials in the Indian Ocean MoU could work with those in the Tokyo MoU to share lessons learnt and build expertise.³⁷ Officials from DRET also saw PSC as a means of capacity building which could yield very practical results for the region. Mr Retter, DRET, noted that Australia works with many governments around the world, for example in the aviation sector, on assisting Australia's interests by improving security and security outcomes in overseas locations. He noted that similar discussions and work had occurred in regards to maritime issues and suggested:

[I]f the process where we take on the chairmanship of the IOR-ARC were to provide a vehicle for another discussion and perhaps opportunities to discuss further opportunities, then that is a mechanism that we would certainly see as being useful.³⁸

34 DAFF, *Overview: illegal, unreported and unregulated (IUU) fishing*, http://daff.gov.au/fisheries/iuu/overview_illegal_unreported_and_unregulated_iuu_fishing (accessed 6 May 2013).

35 Food and Agriculture Organization of the United Nations, *Reports of the IOC/FAO/IOTC Symposium and Workshop to Strengthen Port State Measures in the Indian Ocean*, Port Louis, Mauritius, 18–22 June 2007, FAO Fisheries Report No. 844, p. 30.

36 Dr Sam Bateman, *Submission 10*, p. 7.

37 DFAT, *Committee Hansard*, 22 March 2013, p. 2.

38 DRET, *Committee Hansard*, 22 March 2013, p. 14.

11.33 At the Indian Ocean MoU meeting in September 2012, AusAID provided \$250,000 to be used to build capacity for PSC in the Indian Ocean rim.³⁹

Conclusion

11.34 Port state control is an important measure to help reduce the risk posed to the health of the marine environment by substandard ships. It is also a means to address the problem of piracy and IUU fishing. Such control measures can only be effective if applied on a regional basis and consistently to the standards required. Although an agreement already exists for the Indian Ocean, there is clearly a role for IOR-ARC to support and encourage all countries, including non-members to sign the MoU and to assist the smaller developing countries to implement the PSC measures. It would certainly align with a number of the association's priority areas—marine safety and security, fisheries management and disaster risk reduction.

11.35 Although central to preventing unsafe ships plying Indian Ocean waters and to combating piracy and IUU fishing in the region, port state control is only one part of an effective management regime to reduce or eliminate these problems. Other important components include building the capacity of countries in the region to monitor, control and supervise activities under their jurisdiction; high quality scientific research in areas such as the preservation and conservation of fish stocks; and the dissemination of data through strong communication and information sharing regional networks. Australia's support of initiatives which promote these activities has been discussed in Part II of this report.

11.36 The committee notes there is much work being done in PSC by Australia and other countries in the Indian Ocean rim working through existing MoUs. From the evidence presented, however, it appears that more could be done—particularly in building capacity and encouraging other Indian Ocean rim countries to implement PSC measures.

Recommendation 11

The committee recommends that DFAT work with other departments, including DRET and DAFF, to prioritise progress on effective and consistent port state control measures in the Indian Ocean rim as part of Australia's plan for its upcoming chair of IOR-ARC.

11.37 The committee encourages the government to examine whether IOR-ARC may be a useful forum for facilitating and linking all the initiatives on PSC now underway across the Indian Ocean rim.

39 AMSA, 'Indian Ocean MoU Committee meets in South Africa, 18 September 2012, http://www.amsa.gov.au/about_amsa/Corporate_information/Recent_Events/2012/IndianOceanMOUCommitteemeetsinSouthAfrica.asp (accessed 6 May 2013).



Operations at Port Hedland Port Authority.

Part IV

Growing Australia in the Indian Ocean region – mineral exports, mining, trade and tourism

From the view of Australia's own assets, the Indian Ocean rim presents a number of opportunities and challenges:

- In mineral export terms, the Indian Ocean rim includes current and future markets, competition, and investment opportunities.
- Australia's trade relationship with the Indian Ocean rim was the subject of some discussion in evidence presented to the committee—particularly on how Australia could take the opportunity afforded by its time as chair of IOR-ARC to reassess its approach to trade in the region.
- When it comes to tourism, Australia can view the Indian Ocean rim as both a potential market (particularly those countries with a growing middle class) and competition (especially with Australia considered a long-haul destination). This situation is captured in Tourism Australia's 2020 white paper.

The committee examines these opportunities and challenges in the following chapters.

Chapter 12

Mineral Exports and Mining in the Indian Ocean rim

...however, mining is not simply about digging holes.¹

Introduction

12.1 A number of countries in the Indian Ocean rim are significant producers of major minerals, oil and/or gas. Iran is the world's fourth largest and the United Arab Emirates eighth largest producer of crude oil (Saudi Arabia is number 2). Australia is the largest producer of iron ore, zircon, rutile and bauxite, in the top three producers in the world of zinc, nickel, gold and uranium and a significant producer of hard coal and copper. Over the past decade Australia has held an average market share of 34 per cent of the global iron ore, 18 per cent of the global thermal and 58 per cent of metallurgical coal trade. Australia is expected to become the world's largest liquefied Natural Gas (LNG) exporter by 2016.² Indeed, Australia's trade of LNG is projected to quadruple.³

12.2 South Africa is the second largest producer of zircon and rutile and a major producer of gold, hard coal and iron ore. India is the third largest producer of iron ore and also a significant producer of zinc, hard coal, bauxite and crude oil. Indonesia is the second largest producer of nickel and a significant producer of crude oil, natural gas, hard coal, zircon and gold.⁴ In 2012, Malaysia and Indonesia were the world's second and third largest LNG exporters while Tanzania and Mozambique are rapidly emerging suppliers of this commodity.⁵

12.3 In this chapter, the committee outlines the nature and extent of Australia's trade interests in the Indian Ocean rim, as they relate to Australian commodities. The committee considers the nature of competition and synergies evident in the Indian Ocean rim, relative to Australia's mineral exports.

Australia's mineral exports to the Indian Ocean rim

12.4 Australia occupies a unique place in the Indian Ocean rim in regard to mineral resources and trade. Regions within Western Australia and the Northern Territory have vast quantities of mineral and energy wealth, and contain mining development and export hubs for a number of Australia's major extractive industry ventures.⁶ New

1 Australian Chamber of Commerce and Industry, *Submission 26*, p. 15.

2 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, p. vii.

3 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, p. vii.

4 Australian Bureau of Statistics, *Year Book Australia, 2012*, no. 1301.0, issued 24 May 2012, Table 18.29.

5 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, p. 27.

6 DRET, *Submission 15*, p. 10.

South Wales and Queensland are established and major exporters of coal. Assuming that robust demand from the emerging economies such as China and India continues, the volume of Australian mineral exports is expected to grow with iron ore, coal and LNG in particular projected to increase substantially.⁷ The main export markets for Australian minerals are in order of importance: China, Japan, India, South Korea, United Kingdom, Chinese Taipei, and Singapore.⁸

12.5 According to DRET, in 2011 Australia exported \$26.7 billion worth of resources and energy products—mostly metallurgical coal, petroleum, gold and copper—to a small number of Indian Ocean rim countries.⁹ India was the single largest Indian Ocean rim destination for both Australian fuel and minerals at \$9.5 billion (6 per cent of Australia's total fuel and mineral exports for that year) including \$7.2 billion of Australian coal and \$1.4 billion worth of copper ores and concentrates respectively.¹⁰ Singapore was the second largest destination for fuels and mineral exports in the Indian Ocean rim.

12.6 The three largest resource exports to the Indian Ocean rim from Australia are bituminous coal (metallurgical and thermal) (\$8.1 billion), crude petroleum oils (\$5 billion), and copper ores and concentrates (\$1.45 billion).

Iron ore

12.7 Australia and India are among the largest iron ore producers in the world, with Australia at no. 1 and India no. 3. South Africa is also a significant producer of iron ore but its production is only a fraction of Australia's and less than one quarter of India's.¹¹

12.8 The Bureau of Resources and Energy Economics reported that to 2025 China is expected to increase its consumption of iron ore to support expanding steel industries.¹² It noted that China's iron ore imports are projected to grow strongly from a relatively large base at an average annual rate of 4.5 per cent to reach 1,193 million tonnes in 2025. India has 'relatively large reserves of high quality iron ore and, despite projected strong growth in iron ore consumption, it is expected to remain a net exporter of iron ore over the short and medium term'.¹³ Even though India's substantial

7 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, p. 1.

8 Bureau of Resources and Energy Economics, *Resources and Energy Statistics*, Annual 2012, p.29.

9 *Submission 15*, pp. 4 and 8.

10 DFAT, *Submission 30*, p. 40.

11 Australian Bureau of Statistics, *Year Book Australia, 2012*, Table 18.29.

12 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, p. 26.

13 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, p. 26.

deposits of high quality iron ore will support the growth of India's iron and steel industry:

There is some uncertainty as to whether India's status as a net exporter of iron ore will continue through the second half of the outlook (to 2025). In particular, India's exports of iron ore will be negatively affected by government policy aimed at ensuring sufficient iron ore supply for domestic steel producers. Consequently, there is potential for India to become an importer of iron ore, particularly after 2020.¹⁴

12.9 Western Australia accounts for 97 per cent of Australia's iron ore production most of which is exported to Asia with China taking 70 per cent of Australia's iron ore exports and Japan and Korea importing most of the balance.¹⁵ The Pilbara region in north west Australia produces the bulk of iron ore. Indeed, during its visit to the Pilbara, the committee inspected the Rio Tinto site at Dampier Port located adjacent to the landside areas of the port. Here non-stop, trains up to 2.5 kilometres long deliver iron ore extracted from its 14 mines throughout the Pilbara. In a single day and under a highly automated system, 24 trains or so off-load the iron ore at the port ready for export.

12.10 Iron ore makes up about 50 per cent of the value of bulk exports leaving this port. In the past 12 months, 871 iron ore bulk carriers, some up to 246,000 gross registered tonnes, transited the port en route to destinations in the Asia-Pacific region.¹⁶

12.11 The iron ore also leaves Australia through Port Hedland and Cape Lambert.¹⁷ During the committee's visit to the Pilbara, it also toured Port Hedland, which is the world's largest bulk export port and continues to grow. In financial year 2011–2012, the Port Hedland Port Authority delivered a year of record-breaking activity by shipping 246.7 million tonnes, an increase of 23.9 per cent from the previous year. On one occasion, the port shipped 1.04 million tonnes in six vessels on a single tide—a 'landmark performance' giving further confidence that the target of achieving 495 million tonnes per annum is within sight.

12.12 Of the total of 246.7 million tonnes leaving the port, iron ore accounted for 238.9 million tonnes.¹⁸ The Port Hedland Authority informed the committee of the proposed developments in the harbour vicinity and the anticipated significant increases in the export of bulk commodities from the port.

14 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, p. 26.

15 Virginia Christie et al, 'The Iron Ore, Coal and Gas Sectors', in Reserve Bank of Australia, *Bulletin*, March Quarter 2011, p. 3.

16 Information obtained during site visit to Pilbara Region.

17 Virginia Christie et al, 'The Iron Ore, Coal and Gas Sectors', in Reserve Bank of Australia, *Bulletin*, March Quarter 2011, p. 3.

18 Information obtained during site visit to Pilbara Region and see also Port Hedland Port Authority, *Annual Report 2012*, p. 97.

12.13 The sheer amount and value of the exports leaving from the Pilbara highlight the importance of safe passage of these commodities through the Indian Ocean.



Iron ore being mixed prior to shipping.

Thermal coal

12.14 World demand for thermal coal is projected to increase based on the assumption that robust economic growth would continue in emerging economies particularly China and India. There are four major coal producers in the Indian Ocean rim. In world ranking for thermal coal: Indonesia rates no. 1; Australia no. 2; South Africa no. 5 and India no. 15. Currently, Australia, Indonesia, South America, Russia and Southern Africa dominate global exports of low-grade, or thermal coal. Although Australia, Indonesia and South Africa are Indian Ocean rim countries, the majority of global trade of this commodity does not pass through the Indian Ocean rim.¹⁹

12.15 Indonesia is expected to remain Australia's largest competitor in thermal coal markets due to its large reserves and its considerable freight advantage over Australian producers into Asian import markets.²⁰ In 2006, Indonesia exported more thermal

19 DRET, *Submission 15*.

20 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, pp. 37–38.

(low-grade) coal than Australia, making it the world's largest exporter of this resource.²¹ Given its geographic proximity to Australia, a developing relationship in terms of resource development and trade is a priority. South Africa's export of thermal coal is 'unlikely to pose a significant threat to Australia's market share'.²²

12.16 Although India produces thermal coal, most of its electricity demand and associated electricity generation capacity is located in coastal regions removed from the main coal producing regions, resulting in high transport costs.²³

Metallurgical or coking coal

12.17 Along with the United States and Canada, Australia is a dominant force in the global export of high-grade, metallurgical or coking coal. According to DRET, Australia currently accounts for over 50 per cent of the world trade in metallurgical coal.²⁴ Australia produces high quality metallurgical coal and substitutes for this grade of coal in steel production are very limited.²⁵

12.18 With regard to the production of metallurgical coal: Australia ranks no. 1 in world ranking; Indonesia no. 6; South Africa no. 8; and India no. 12. Around 80 per cent of Australia's metallurgical coal is exported.²⁶ The Bureau of Resources and Energy Economics noted that because of its geographic position, Australia has an advantage over other established exporters, such as the United States, Canada and the Russian Federation, in supplying metallurgical coal to rapidly developing Asian economies. Most of the coal production comes from New South Wales and Queensland and is exported through four ports along the east coast from Port Kembla in the south to Abbot Point north of Mackay in Queensland.²⁷

12.19 India has a large and growing demand for metallurgical coal. Although endowed with coal reserves, India has low capacity for coal production, due to internal infrastructure issues and a limited supply of high quality hard coking coal making the country highly reliant on imports.²⁸ In 2011, Australia exported 28.9 million tonnes of metallurgical coal to India, accounting for 22 per cent of all

21 Australian Coal Association, *Submission 18*, p. 4.

22 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, p. 38.

23 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, p. 19.

24 *Submission 15*, p. 7.

25 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, p. 57.

26 Virginia Christie et al, 'The Iron Ore, Coal and Gas Sectors', in Reserve Bank of Australia, *Bulletin*, March Quarter 2011, p. 4.

27 Virginia Christie et al, 'The Iron Ore, Coal and Gas Sectors', in Reserve Bank of Australia, *Bulletin*, March Quarter 2011, p. 5.

28 International Energy Agency, *World Energy Outlook 2011*, p. 431.

Australian exports of this product.²⁹ According to the Bureau of Resources and Energy Economics, India's projected increase in demand for metallurgical coal is expected to result in imports increasing at an average annual rate of 8.4 per cent, to reach 101 million tonnes by 2025.³⁰ The International Energy Agency recorded that coal accounted for nearly half the world's increase in energy consumption in the last decade, and that India was set to displace the US as the world's second largest coal consumer after China by 2025.³¹ Its forecast indicates that Indian imports of coal are expected to grow to about 56 million tonnes by 2016.³²

12.20 Australia would be expected to be favourably placed to meet much of this growth, although Mozambique, a major emerging coal-producing economy, would be expected to become a significant supplier to India by 2016.³³ Indeed, Mozambique is expected to emerge as a major competitor in the metallurgical coal export market along with the established and dominant exporters, the United States and Canada.³⁴ New projects are being developed in the northwest of Mozambique and projects recently completed or under construction are expected to support increased Mozambique's coal exports.³⁵ Major infrastructure is also expanding such as the ports of Beira and Maputo, which are currently under construction along with construction and upgrades to existing rail links.³⁶ The Australian Coal Association stated:

Australian policymakers should be alive to the fact that Mozambique is ideally located to export to Indian coal markets at low freight cost. In these circumstances it is hardly surprising that the Indian company, Jindal Steel and Power, has invested US\$250 million in its mine in the Changara district and expects to start exporting to India later this calendar year. The company expects to export 10 million tonnes per annum when the mine is fully developed.³⁷

12.21 Noting the rapid emergence of new competitors, the Australian Coal Association highlighted the importance 'of keeping Australia a competitive coal-exporting nation'.³⁸

29 DRET, *Submission 15*.

30 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, p. 24.

31 International Energy Agency, *World Energy Outlook 2011*, p. 353.

32 International Energy Agency, *Medium Term Coal Market Report 2011*, p. 114.

33 International Energy Agency, *Medium Term Coal Market Report 2011*, p. 82.

34 International Energy Agency, *Medium Term Coal Market Report 2011*, pp. 82–83.

35 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, p. 35.

36 International Energy Agency, *Medium-Term Coal Market Report 2011*, p. 93.

37 *Submission 18*, p. 4.

38 *Submission 18*, p. 4.

Summary

12.22 The Bureau of Resources and Energy Economics outlook to 2025 indicates that Australian exporters of thermal and metallurgical coal will face competition from a number of exporting countries including Indonesia which is anticipated to be Australia's main competitor for thermal coal exports. South Africa is a major exporter of coal, historically to Europe; however indications are that India is likely to emerge as a growth export market.³⁹ Mozambique is also a likely competitor. Even so Australia is expected to maintain its strong market share of metallurgical coal trade because of its quality.⁴⁰ There is no place for complacency, however, and as noted by the Australian Coal Association, Australia must continue to strive to maintain its competitiveness with the increasing number of contenders.

Gold and copper

12.23 Australia sells significant quantities of gold and copper to Indian Ocean rim countries. Exports to India, Singapore and Thailand alone make up 29 per cent (over \$7 billion) of this figure. Emerging economies in South East Asia and India also import a wide range of other Australian minerals reflecting rapid growth in their industrial development. For example, India matches Japan and trails China only in the volume of copper imported from Australia.⁴¹

Crude oil, Liquefied Petroleum Gas

12.24 Australia is as heavily dependent on certain mineral resource imports—notably oil and petroleum—as are many other countries in the region. Even though, Australia was a net importer of petroleum in 2010-11, it also exported a significant amount of crude oil and Liquefied Petroleum Gas (LPG).⁴² Much of Australia's LPG originates in the Indian Ocean adjacent to Australia's north and western coastlines. Similarly, much of Australia's LPG transits through the Indian Ocean rim, en route to export destinations, though only a very small amount of this resource is exported to Indian Ocean rim nations. China and Korea are the lead destinations although South East Asia and India are significant beneficiaries of Australian exports.⁴³

12.25 In recent years, Australia's oil production has fallen rapidly as the Bass Strait oil fields decline. Australia's production of petroleum liquids peaked in 2000 and has been steadily declining since then.⁴⁴ Australia's crude oil resources are only small by world standards and are being depleted at a faster rate than they are being replenished

39 DRET, *Submission 15*, p. 7.

40 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, pp. 33 and 51.

41 DRET, *Submission 15*, p. 8.

42 DRET, *Submission 15*, p. 9.

43 DRET, *Submission 15*, p. 9.

44 Australian Petroleum Production and Exploration Association, 'Oil and petroleum liquids', <http://www.appea.com.au/oil-a-gas-in-australia/oil.html> (accessed 6 May 2013).

by discovery.⁴⁵ Thus, without significant new discoveries of crude oil, or development of condensate and LPG resources associated with offshore gas resources, or other alternatives, Australia is likely to be increasingly dependent on imports for transport fuels.⁴⁶

LNG

12.26 The north west of Australia is also an important producer of Liquefied Natural Gas (LNG). Indeed, the largest proven gas reserves in Australia are located in the Carnarvon Basin in north west of Western Australia with the Browse Basin and Bonaparte Basin also having large reserves.⁴⁷ In recent years up to 20 million tonnes of Australian LNG per annum have been extracted, from the North West Shelf off the West Australian coastline and Darwin projects. LNG extraction is expanding rapidly with new projects in existing regions and Queensland expected to increase production to 81 million tonnes by 2017.⁴⁸ Ninety-six per cent of Australia's significant output of LNG is exported to North Asia—Japan, China, Korea and Taiwan.

12.27 Malaysia and Indonesia are two of the world's most significant LNG exporters serving the key markets of Japan, China, Taiwan and South Korea. Indonesia is a major competitor for Australian natural gas exports.⁴⁹ But, according to the Bureau of Resources and Energy Economics, they have relatively small reserves and over the past ten years their reserves to production ratio has been declining. It noted that this trend 'reflects an inability to add to existing gas reserves and relatively strong growth in domestic gas consumption'.⁵⁰ The Bureau's outlook also noted that Iran and Yemen have substantial reserves, but 'the perceived high likelihood of continued political volatility in the region is expected to constrain investment in LNG production capacity'.⁵¹ Mozambique and Tanzania are two emerging producers.⁵²

12.28 The Australian Petroleum Production and Exploration Association noted the potential supply competition from established producers such as Qatar, Yemen, Oman the United Arab Emirates, Malaysia, Brunei and Nigeria and from new entrants Nigeria, Angola and PNG. It also drew attention to the growing excitement about

45 Department of Resources, Energy and Tourism, Geoscience Australia, Australian Bureau of Agricultural and Resource Economics, *Australian Energy Resource Assessment*, 2010, p. 10.

46 Department of Resources, Energy and Tourism, Geoscience Australia, Australian Bureau of Agricultural and Resource Economics, *Australian Energy Resource Assessment*, 2010, p. 4.

47 Virginia Christie et al, 'The Iron Ore, Coal and Gas Sectors', in Reserve Bank of Australia, *Bulletin*, March Quarter 2011, p. 6.

48 DRET, *Submission 15*, p. 14.

49 Australian Coal Association, *Submission 18*, p. 89.

50 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, p. 47.

51 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, p. 51.

52 Bureau of Resources and Energy Economics, *Australian bulk commodity exports and infrastructure—outlook to 2025*, July 2012, p. 51.

recent large gas discoveries in Keyna, Mozambique and Tanzania. For example, an estimated 100 trillion cubic feet of recoverable gas reserves have been discovered in Mozambique and Tanzania since mid-2010. In addition, 'a whole new source of competition is emerging as access to different forms of unconventional gas increases'. It reported:

Shifts of this nature, the entry of new LNG producers in North America and East Africa, and the potential rise of unconventional gas in the longer term, could have significant implications for the Australian LNG industry's prospects. With Australia likely to become the largest LNG supplier to Asia accounting for around 35 per cent of the market by 2017...LNG buyers may seek to diversify their sources of supply and shift attention towards new projects.⁵³

12.29 Thus, Australia faces competition from numerous other sources even with a commodity where demand is strong, world-wide and increasing, for which Australia has an established, growing market, and is in a major expansion phase. These new developments mean that both government and industry must be vigilant about maintaining Australia's reputation as a secure, reliable and cost-effective supplier of LNG.



LNG tanker in the background; iron ore stored in piles in the foreground.

Uranium

12.30 Uranium is expected to become a major export commodity for Australia in coming years.⁵⁴ It is very much the sleeping giant of Australian export commodities, as extensive markets are expected to emerge in the Indian Ocean rim after 2020.⁵⁵ Asia has recently overtaken the US as the largest regional market for Australian uranium exports. Australia is well placed to benefit from growing demand due to proximity to growth markets and resource abundance. Market growth is forecast to occur in non-OECD countries and Australia has the largest supply of recoverable uranium resources in the world.⁵⁶

12.31 It should be noted that Australia's ability to meet market needs is dependent upon Government uranium mining and export policy. This has always been a controversial area in public policy, due to environmental and public health concerns over the safe use and disposal of uranium. The Australian Government is currently considering a change in policy to enable exports of Australian uranium to India, subject to negotiation and ratification of a bilateral safeguard agreement.⁵⁷ Mr Bryan Clark from the Australian Chamber of Commerce and Industry (ACCI), was of the view that supplying uranium to India would 'unlock a number of doors in our relationship with India' and would also assist India with a low-carbon technology.⁵⁸

12.32 Australia is also finalising a bilateral safeguard agreement with the United Arab Emirates (UAE) to supply uranium for future UAE energy needs. Vietnam, Malaysia, Bangladesh and Thailand have also stated their intentions to use nuclear energy.⁵⁹

Future growth

12.33 Many Indian Ocean rim countries are beginning to industrialise, resulting in an increased market for energy resources and metals.⁶⁰ DFAT noted that:

Many of the Indian Ocean rim economies continue to enjoy significant levels of growth. Rapid industrial development and increasingly affluent domestic markets are helping to fuel growing demand for Australia's resources and food exports. Australia's comparative and geographic advantages ensure it is well placed to continue to capitalise on these trends.⁶¹

54 *Submission 15*, p. 11.

55 *Submission 15*, p. 15.

56 *Submission 15*, p. 15.

57 *Submission 15*, p. 11.

58 *Committee Hansard*, 5 December 2012, p. 35.

59 *Submission 15*, p. 15.

60 Austrade, *Submission 19*, p. 95. See also Virginia Christie et al, 'The Iron Ore, Coal and Gas Sectors', in Reserve Bank of Australia, *Bulletin*, March Quarter 2011, p. 7.

61 *Submission 30*, p. 31.

12.34 Future Directions International also highlighted the increasing potential in the Indian Ocean rim, with its 'developing wealth, increasing population, evolving trade and shipping capabilities'.⁶² This rapid growth presented Australia with great opportunities and will continue to have an important place in Australia's future. Professor Raghendra Jha, from East Asia Bureau of Economic Research, noted that there is going to be 'a great push from India and several other countries for getting energy related resources', which is another area of potential complementarity. Australia, however, as a very significant producer and exporter of natural resources, will also face competition from Africa, where India has now started to invest quite heavily and, secondly, with Central Asia. There are important synergies and complementarities between developments in the Indian subcontinent and developments in Australia.⁶³

12.35 Overall, according to Future Directions International, the Kimberley and the Pilbara regions' strategic share of iron ore, gas, base metals and uranium means sustained growth and contribution to Australia's national GDP. This development is expected despite market volatilities and new competing sources of commodities. Putting the possibility of market volatilities aside, Indian Ocean economies were projected to continue to expand and demand more materials and energy supplies from Australia. Large and accessible known deposits will sustain current production levels for the coming decades with the potential to further extend supply through ongoing exploration and technological advances and investment.⁶⁴

12.36 Thus, while there are synergies with growing demand from the Indian Ocean rim, there are also Indian Ocean rim countries that compete with Australia in the export market.

Competition and investment opportunities

12.37 As stated earlier, many Indian Ocean rim countries will increase their consumption of resources exponentially in line with development. Austrade referred to a macro-economic trends forecast for the Indian Ocean rim identifying rapid growth in industrial and economic development, fostering associated growth in affluence and consumption.⁶⁵ It is this growth in consumption from the Indian Ocean rim that stands to benefit the Australian economy, particularly with regard to exports of mineral and energy resources. Opportunities will also be present in terms of foreign investment diversity, particularly with regard to Australian mining interests and associated industry.⁶⁶ However, these opportunities will be matched by intense competition around energy supply and demand.

62 *Submission 12*, p. 2.

63 *Committee Hansard*, 17 August 2012, p. 27.

64 Mr McHugh, Future Directions International, *Committee Hansard*, 2 October 2012, pp. 31–32.

65 *Submission 19*, p. 4.

66 *Submission 19*, p. 3.

12.38 Analysts forecast increased competition for Western Australia resources in the decades ahead as new competing sources of commodities emerge, particularly in Africa.⁶⁷ Although Australia is a major player in the region at the moment, in terms of resource exports and mining and extractive industry expertise, careful strategic planning is needed to consolidate and grow this position of strength for Australia's ongoing economic benefit. Specifically, in regard to Australia's coal exports, the Australian Coal Association noted:

The [Australian] trade sector is highly exposed to relentless competition and Australia cannot afford to be complacent, as it faces strong and increasing competition inside the Indian Ocean region from Indonesia, South Africa and Mozambique, and outside the region from Mongolia, Colombia, the USA and Canada (among others).⁶⁸

12.39 It is highly likely that Western Australia will continue as a leader in mining efficiency in the years ahead, with increased level of automation reducing manning levels and operating costs. The Western Australian mining sector, however, is predicated on Australia's comparatively low sovereign risk, and, as noted earlier, it is therefore vital Australia does all it can to protect its comparative advantage.⁶⁹

Services

12.40 The ACCI noted that mining is 'not simply about digging holes', but also creates demand for improved technology such as highly specialised mining equipment and services associated with mining.⁷⁰ According to ACCI, many Australian firms are diversifying into this area to attain 'a portion of the share market'. It stated:

Legal, accounting, project engineering, software and finance companies are all building specialist resource operations seeking resource skills and developing designing and producing hi-tech mining equipment and servicing support industries.⁷¹

12.41 The resource processing industry also 'demonstrates that there are positive downstream effects from increased mining activity'. Australian firms are responding to the growing demand for mining services and Australia is 'developing a cluster of internationally competitive firms based on mining services'.⁷² The Western Australia government informed the committee that a number of Western Australian resource companies are also active in developing resources and servicing mining activities in Indian Ocean rim countries—including servicing petroleum activities in Singapore or developing mines in Mozambique and Tanzania. This area opens up opportunities not only for the large mining companies but for small and medium enterprises. The

67 See for example, Future Directions International, *Submission 12*, p. 9.

68 *Submission 18*, p. 88.

69 Future Directions International, *Submission 12*, p. 9.

70 See *Submission 26*, p. 9.

71 *Submission 26*, p. 9.

72 *Submission 26*, p. 9.

Australian Export Finance and Insurance Corporation (EFIC) cited the example of Gasco Pty Ltd, an Australian combustion and processing engineering firm, which secured a US\$6.5 million contract to supply equipment to the Dolphin Energy Project in the United Arab Emirates. The contract required installing two fired heaters for the 240km Taweelah-Fujairah gas pipeline project which involves the production and processing of natural gas from offshore Qatar and transporting the processed gas by pipeline to the United Arab Emirates and Oman.⁷³ In respect of Africa, EFIC reported:

Africa contains 30% of the world's mineral reserves but only five per cent of the global mineral extraction budget is allocated to African projects. This provides great opportunity both for Africa, and Australia. More than 220 Australian resource companies have assets in Africa—200 of these are involved in mining. These companies account for 600 individual projects spread over 42 countries representing over \$20 billion of actual and prospective investment.⁷⁴

12.42 Mr Giles Nunis, from the Western Australian Department of State Development, noted that 70 per cent of Australian mining companies in West Perth operate in Africa, and that Australian mining companies are developing expertise in terms of mining services and mining development.⁷⁵ He mentioned that a lot of African companies seek mining services:

A lot of the issues they have to deal with in Africa are predominantly around sovereign risk issues in terms of investment, and we are certainly assisting African governments in looking at how this state of Western Australia has been able to provide greater security for larger investments over successive state governments. That is by way of state agreements and has been quite attractive for African countries to have a look at. When they get through that particular cycle, we think we can play a much larger role in Africa.⁷⁶

12.43 Mr Nunis noted that contact was mainly government department to government department. He explained:

The Department of Mines and Petroleum look at their regulatory regimes, the royalty structure, safety and how the mine plans are constructed by the industry, so we show examples of those. We frequently get involved in the development of the state agreements that we have within the state...what they are looking at is how they could potentially apply a similar regime over there. We give government-to-government advice. We say, 'These are the things that we do over here,' and they take those with them. What they do with them we are not quite sure yet, but we have not been drawn over

73 *Submission 37*, p. 7.

74 *Submission 37*, p. 10. See also the Hon Kevin Rudd, former Minister for Foreign Affairs, 'Building bridges between Africa and Australia, International Forum on Africa', University of Sydney, Speech, 13 May 2011, http://www.foreignminister.gov.au/speeches/2011/kr_sp_110513.html (accessed 8 May 2013).

75 *Committee Hansard*, 2 October 2012, p. 18.

76 *Committee Hansard*, 2 October 2012, p. 20.

there to give on-the-ground advice; they predominantly come here and seek that.⁷⁷

12.44 The committee notes that at their 2012 meeting, the Council of Ministers referred to enhanced connectivity that could have 'a catalytic effect on economic integration by drastically reducing the costs of doing business'. They recognised that the development of port and harbour infrastructure in the region assumed critical importance and directed the Working Group on Trade and Investment to 'explore the potential of cooperation in this sector, including investment in and upgrading of shipping infrastructure and logistic chains in the region' (see paragraph 3.45).

12.45 During its visit to the Pilbara region, the committee witnessed the benefits that are accruing from the rapid introduction of advanced technology not only in the actual extractions of minerals but in their transportation. Much of this technology is ground breaking. For example, the committee was told about the proposed advanced floating deck concept for Port Dampier, which involves installing a large pontoon deck at the end of the Dampier Cargo Wharf to provide additional berth capacity for offshore vessel tonnage. According to the Port Authority, the concept has 'attracted considerable interest from industry, suppliers and shipping agents'.⁷⁸ There is also the use of highly automated machinery to transport bulk commodities and of sophisticated software to facilitate the fast, safe, efficient movement of vessels in and out of the harbours with enormous potential to boost productivity. The committee even heard the term 'industry tourism' used to describe visitors coming to the Pilbara attracted by the mining and transportation expertise that the region showcases.

12.46 Having visited the two largest bulk export ports in the world and witnessed the use of advanced technology to improve the productivity of the ports, the committee believes that Australian expertise in this area could be the catalyst to which the ministers referred. In this regard, the committee found that the opportunities for Australian industry to build on the work being done in the Pilbara were yet untapped and extend well beyond the export of minerals to the complete range of services accompanying mining.

Africa

12.47 The pattern of energy supply and demand varies greatly across the Indian Ocean rim, from crude oil abundance and self-sufficiency in the Gulf to oil dependence in India and the opening of new reserves in Kenya.⁷⁹ Within Africa the scope of activity and development in mineral extraction is also very broad, with vast quantities of untapped mineral wealth attracting global interest from foreign mining companies. This international interest includes a large and growing Australian presence. With particular reference to Africa, Austrade surmised that:

77 *Committee Hansard*, 2 October 2012, p. 25.

78 Dampier Port Authority, *Annual Report 2012*, p. 8.

79 *Submission 19*, p. 5.

...most of these minerals still remain untapped due to inadequate knowledge on their status, economic viability and appropriate mining technologies...This sector will increasingly offer Australian firms opportunities in mineral exploration, mining software, mining processing technologies, mining equipment, engineering services, and mining education and training services.⁸⁰

Africa Down Under

12.48 Ms Sonia Grincer, Western Australia Department of State Development, referred to the Africa Down Under conference, which has been held annually in Perth for the past ten years. She noted that this Austrade event has 'grown exponentially—doubling each year' and is now the largest mining conference in Australia and the second-largest mining conference focused on Africa in the world, after the Mining Indaba in Cape Town.⁸¹ Ms Grincer explained that the attendees:

...usually travel with very substantial government delegations headed up by either a minister, a ministerial delegation, and a head of the department of mines et cetera, and the various bureaucrats that fall in behind. Then there is a great deal of interest on the part of Australian companies, most of which are Western Australian companies. That is the configuration of it. But I have seen an increasing number of private sector players from Africa coming across over the years.⁸²

12.49 According to Ms Grincer, 70 per cent of Australian companies in the resources sector are out of Western Australia and are involved in Africa. She explained that West Perth is considered a 'little Africa' for the mining sector, which is a growth industry. In her view, the companies have, by and large, been the drivers of building links with the African mining sector through their people-to-people contacts. She stated:

Our migrant population is an undervalued contributor to trade factors, not just in this discussion about the Indian Ocean rim countries...That is my first port of call. You need to look at the industry networks that are associated with those countries and engage with them. They are very important, very valuable and underestimated.⁸³

12.50 Dr Hameiri described the Africa Down Under conference as 'quite a substantial event', bringing together a lot of policymakers and business people from both Australia and various African states. He believed that the business community has 'a very powerful role' and that linkages were occurring on a more bilateral rather than on a multilateral level because the multilateral arrangement had been quite weak.⁸⁴

80 *Submission 19*, p. 5.

81 *Committee Hansard*, 5 December 2012, p. 21 and *Committee Hansard*, 2 October 2012, p. 25..

82 *Committee Hansard*, 2 October 2012, p. 25.

83 *Committee Hansard*, 2 October 2012, p. 27.

84 *Committee Hansard*, 2 October 2012, p. 13.

12.51 Mr Jeff Hart, AAMIG, pointed to the importance of initiatives such as the 'Africa Down Under Mining Conference'. He informed the committee that the 2012 conference attracted 28 African delegations including 18 African mining ministers and over 2,500 delegates in total.⁸⁵ There were 166 exhibitors and 'a full three day programme of top-notch speakers'. Mr Hart used the example of AAMIG's interaction with Puntland, in North-Eastern Somalia, to extrapolate the importance of the conference for its work. More generally, the Puntland example highlighted the synergies and complexities that exist in the interaction between corporate, state and international interests, in the context of Australia's engagement in mining in the Indian Ocean rim.

12.52 Puntland is an autonomous region with a fragile political history that continues to this day—its borders are still in dispute.⁸⁶ In late 2011, Mr Hart met with a delegate from Puntland Petroleum and Minerals agency to discuss the considerable mineral resources of the region: petroleum, iron-ore, gold, copper, tin, titanium and gemstones.⁸⁷ While the delegate noted the interest of individual Australian mining companies, he also referred to the presence of Chinese and Indian foreign direct investment mining interests active in the region.⁸⁸ According to Mr Hart, the delegate acknowledged the enormous importance of sustainable management of Puntland's mineral resource wealth for the long-term benefit of the region. The delegate also acknowledged the expertise and reputation of Australian mining companies, in that he 'would like to see more Australian Energy companies involved in the process'.⁸⁹ Mr Hart cited the delegate's attendance at the Africa Down Under conference, as critical to exposing Puntland, and potentially a number of similarly placed African regions and countries in the Horn of Africa, to the sustainable benefits of international investment.⁹⁰ He also emphasised the importance of this region strategically to Australia's ongoing international resource and security interests.

12.53 The organisers expect the conference in August 2013 to be far bigger than in 2012, 'consolidating our reputation as the best melting-pot for business conducted between the two continents'.⁹¹

Investment opportunities

12.54 The largest country recipients of Australian investment in the Indian Ocean rim resource and energy sector, in terms of the size of investments and the number of

85 *Committee Hansard*, 5 December 2012, p. 21.

86 BBC News, 'Puntland profile', <http://www.bbc.co.uk/news/world-africa-14114727> (accessed 6 May 2013).

87 *Committee Hansard*, 5 December 2012, p. 21.

88 *Committee Hansard*, 5 December 2012, p. 21.

89 *Committee Hansard*, 5 December 2012, p. 21.

90 *Committee Hansard*, 5 December 2012, p. 21.

91 Africa Down Under, 'About the conference', <http://www.africadownunderconference.com/> (accessed 6 May 2013).

companies involved, are South Africa, Indonesia and Tanzania.⁹² In Tanzania alone, at least 21 Australian companies are involved in 45 mining projects.⁹³ Austrade noted:

Australian firms will also see increasing opportunities to invest and innovate in these markets to capture improvements in resource (land, water, energy and food) productivity, as well as increasing supply of these goods from Australia.⁹⁴

12.55 Mr Hart sensed that the Australian mining sector, including medium-sized and so-called junior miners tend to go where they think there are opportunities. According to Mr Hart, historically Australian companies have had a lot of mining investment in Africa and now in Botswana on the east coast, and particularly countries such as Kenya where there are significant Australian interests. He argued that, while there are some important trading relationships including with South Africa, the mining sector was 'the first sector at the moment in terms of Australian economic interests in Africa'.⁹⁵

12.56 Like many who presented evidence to the inquiry, Mr Hart was firm in his view of the fundamental importance that mining industries would play in the development of Africa in the 21st century.⁹⁶ From an Australian perspective, AAMIG cited many examples of the importance of the sector. The Australian mining industries portfolio represented over 600 projects in 42 African nations and, according to Mr Hart, the potential that Africa offered Australia economically had only just begun to be realised. He understood that there were about 400 companies already active in the mining sector in Africa with more opportunities opening for Australia because it has good competitive advantages:

Apart from the potential of up to \$50 billion of Australian mining investment projects, existing or in the pipeline—and more than half of that is already firmly on the books—Africa, with a population of over 1 billion, already has a GDP of \$1.7 trillion, larger than India or Russia's. It is expected to grow by 6 per cent a year into the future, with consumer spending at double the OECD average. Australia will ignore Africa at its peril as the 21st century unfolds.⁹⁷

12.57 He added that the opportunities were not limited to mining but that clearly mining and mining services was 'one of the areas where we do have an extraordinary base to build on at the moment'.⁹⁸ According to Mr Hart:

92 *Submission 30*, p. 31.

93 *Submission 30*, p. 31.

94 *Submission 19*, p. 4.

95 *Committee Hansard*, 5 December 2012, pp. 22–23.

96 Africa Mining Vision, 'About AMV', <http://www.africaminingvision.org/about.html> (accessed 6 May 2013).

97 *Committee Hansard*, 5 December 2012, p. 21.

98 *Committee Hansard*, 5 December 2012, pp. 30–31.

So we need to be making sure that Australian firms are the ones who are able to grasp the opportunities earliest and set themselves up in the marketplace and be, as we would like to think anyway, ultimately the dominant players and the beneficiaries of development in the countries of our region.⁹⁹

12.58 Dr Shahar Hameiri noted the considerable potential with mining developments in Africa becoming operational mines and of the world-wide growing interest in investing in Africa.¹⁰⁰ He explained that this trend reflected the current very high price of key commodities: that when prices are very high, as they are now, business and governments develop 'initiatives to invest in areas that are far more expensive'. He cited the seabed resources in the Indian Ocean, which 'suddenly got a lot of interest from the Chinese government and the Indian government but also parts of Africa'.¹⁰¹ While opportunities abound in the Indian Ocean rim for Australian companies, especially those with much needed expertise in the mining and allied industries, there are downsides. EFIC noted that Australian exporters must manage 'additional political and country risks associated with some markets'. It stated that:

...there are challenges associated with operating in these developing countries, particularly for those placing significant investment in resource projects which can be subject to challenges such as political instability or civil unrest.¹⁰²

Partnerships and Synergies

12.59 The nature of competition in the Indian Ocean rim has previously been discussed in this chapter, as it relates to Australia's mineral resource exports. In a general sense, submissions have indicated the importance of Australia's mineral export trade in the Indian Ocean rim, linking this trade to Australia's ongoing economic prospects. In terms of competition, Australia's abundant stock in a number of resource sectors has been noted but even then competitors are emerging.¹⁰³ A consistent theme is that Australia needed to be mindful of the fact that emerging resource producers in the Indian Ocean rim should be seen as export competitors, in addition to being export markets.

Corporate Interests

12.60 By way of relevant summary, Australian Coal Association's recommendations relating to mineral exports and strategy synergies included:

- ensuring regional energy issues are high on the agenda of the IOR-ARC;

99 *Committee Hansard*, 5 December 2012, p. 31.

100 *Committee Hansard*, 2 October 2012, p. 13.

101 *Committee Hansard*, 2 October 2012, p. 14.

102 *Submission 37*, p. 10.

103 *Submission 15*, p. 7.

- using other relevant bodies such as the commonwealth of nations, the Australia-India Framework Dialogue and the Australia-India Energy and Minerals Forum to pursue open trade and regional security; and
- forming a subcommittee of the Council of Australian Governments to encourage intergovernmental cooperation and consistency on Indian Ocean policies.¹⁰⁴

12.61 Speaking on behalf of the AAMIG, Mr Hart suggested that the Australian Government's mining interests would be served by doing 'more in engaging actively with the private sector'.¹⁰⁵ The AAMIG, Australia-Africa Business Council and the Australian Uranium Association are just a few examples of organisations that have an active and valid contribution to make to this discourse.

12.62 There is evidence before the committee to suggest that specific synergies are operating between Australia's mining interests and general engagement in the Indian Ocean rim. There are less concrete examples of broader cooperative synergies between government departments and agencies, and corporate and non-government operatives, that incorporate the Indian Ocean rim as a region. This approach is particularly apparent in relation to strategic high-level outcomes that are Indian Ocean rim region-specific, relating to mining and resource extraction and trade. Indeed, the committee's consideration of mining activities in the Indian Ocean rim has been determined largely by its bilateral nature or in the case of Africa with the focus on a subregion that includes countries not within the Indian Ocean rim. The IOR-ARC makes no mention of mining as one of its priority areas though mining could be included under trade and investment.

Energy security:

12.63 Mr Nunis spoke of the security implications and concerns in Western Australia, as the state with significant mining and energy projects, including multibillion-dollar resource projects, that underpin the state and national economy. The Woodside LNG projects of Pluto and North-West Shelf, and the Wheatstone and Gorgon projects, exemplify the state's strong track record implementing such large scale projects all of which add up to more than \$167 billion.¹⁰⁶

Sea transport security

12.64 The level of commodity trade through the Indian Ocean sea routes for Australian producers is likely to increase in line with Australian foreign direct investment in Indian Ocean rim resource provinces, particularly Eastern Africa and South East Asia.¹⁰⁷ As noted in the previous chapter, the Indian Ocean is a major

104 *Submission 18*, p. 87.

105 Mr Jeff Hart, *Committee Hansard*, 5 December 2012, p. 22. The Australia-Africa Mining Industry Group (AAMIG) is a member-based organisation, drawing membership from over 100 companies, <http://aamig.com/category/member-profiles/> (accessed 6 May 2013).

106 *Committee Hansard*, 2 October 2012, p. 18.

107 *Submission 18*, p. 1.

transit route for Australian import and export trade, within and external to the Indian Ocean rim.¹⁰⁸ These shipping routes connect Europe, East Africa, East Asia and Australia and with the economic expansion of Asia, the Indian Ocean rim becomes more important to global trade, especially energy trade.¹⁰⁹

12.65 The importance of the Indian Ocean rim for Australia's coal interests should not be understated. Australia is the largest seaborne exporter of coal in the world, accounting for 4 per cent of global production of this resource.¹¹⁰ Australia's export trade of this resource generated over \$48 billion in revenue in 2011-12.¹¹¹ The Australian Coal Association notes:

The oceans—particularly the Western Pacific and Indian Ocean—provide the essential highway which sustains this trade and contributes to Australia's economic wellbeing.¹¹²

12.66 The Australian Coal Association noted in regard to the Indian Ocean that 'any major disruption to these sea lines of communication would have a significant impact on every Australian's standard of living'.¹¹³

12.67 While security risks are present for all shipped energy commodities, these risks are magnified for class 7 goods such as uranium. Indian Ocean transit routes pose significant risks from issues such as piracy and terrorism.¹¹⁴ Both matters of security in the North West and of the Indian Ocean sea lanes were discussed in chapter 10.

Conclusion

12.68 The committee has identified the many opportunities available to Australia to capitalize on its already highly successful mining industry, including in the services sectors accompanying mining activity.

108 Austrade, *Submission 19*, p. 3.

109 Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, Australian Strategic Policy Institute, March 2010, p. 12.

110 *Submission 18*, p. 1.

111 Bureau of Resources and Energy Economics, *Resources and Energy Quarterly*, December 2012, p. 76.

112 *Submission 18*, p. 1.

113 *Submission 18*, p. 1.

114 *Submission 15*, p. 13.

Recommendation 12

The committee recommends that ministers attending the Council of Ministers' Meeting in Perth or their representative be invited to visit the Pilbara as part of a delegation to see the work being done at Dampier Port and Port Hedland to improve the ports' productivity.

Recommendation 13

The committee recommends that DFAT work with other federal government departments, as well as state and territory governments, on strengthening government consultation with groups such as AAMIG, the Australian Coal Association, and the Australia-Africa Business Council. The committee notes that while Africa Down Under has been successful in generating discussion, more concrete measures are needed to ensure that the input of groups working with industry and African countries is captured in policy making.

Chapter 13

Trade, free trade agreements and tourism in the Indian Ocean rim

The Indian Ocean rim is made up of a number of countries whose point of similarity is primarily geographic...What can draw the region together is a focus on the flow of goods and services across the Indian Ocean itself and the economic benefit that follows.¹

Australia's trade in the Indian Ocean rim

13.1 In its submission, DFAT summarises the importance of the Indian Ocean rim by noting the centrality of the Indian Ocean's sea trade routes to energy and resource security for many countries:

Much of the world's trade in energy crosses the Indian Ocean region, which also includes a large proportion of oil, iron ore, tin, bauxite, gold, diamonds, manganese, uranium, chromium and hydrocarbons. Many countries in the region will also be increasing their consumption of these resources in the future.²

13.2 In addition to the above, it is estimated that in total the Indian Ocean carries around two thirds of the world's oil shipments. In fact the countries of the Indian Ocean region hold over half the world's resources of crude oil, one fifth of coal supplies, and 40 per cent of natural gas.³ As noted in previous chapters, with the emphasis on security of sea-borne trade in the Indian Ocean rim, piracy and naval power are key concerns. Likewise the eco, adventure, and maritime tourism industry, particularly important for smaller countries in the Indian Ocean, is also affected by piracy.

13.3 Submissions emphasize that the Indian Ocean rim is of significant economic and strategic significance to Australia. Approximately one third of Australia's exports originate from Western Australia.⁴ Five of Australia's major trading partners—India, Singapore, Thailand, Malaysia and Indonesia—are located in the Indian Ocean rim.⁵ Submissions also note that the strategic importance of the Indian Ocean rim is likely

1 DRET, *Submission 15*, p. 5.

2 *Submission 30*, p. 6.

3 *Submission 30*, p. 16.

4 Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, Australian Strategic Policy Institute, March 2010, p. 12.

5 DFAT website, 'Trade Performance at a Glance', <http://www.dfat.gov.au/publications/trade/trade-at-a-glance-2011.html#sect02>, (accessed 11 June 2013).

to increase substantially into the future. The countries of the Indian Ocean rim are Australia's neighbours, trade and security partners. Much of the world's trade in energy resources and major minerals passes through the Indian Ocean rim, including oil, iron ore, tin, bauxite, gold diamonds, manganese, uranium, chromium and hydrocarbons.⁶

13.4 DFAT noted that Australia trades with all Indian Ocean rim countries—'Australia's total merchandise trade with Indian Ocean rim countries was around \$90 billion in 2011. This was up from around \$84.4 billion in 2010 and \$78.7 billion in 2009, representing growth of around 15 per cent over this two year period.'⁷ DFAT identified India, Singapore, Thailand, Malaysia and Indonesia as key Indian Ocean markets for Australia.⁸ The following tables show the extent of Australia's merchandise exports and imports to the Indian Ocean rim countries are taken from the DFAT submission.

13.5 Although not a littoral Indian Ocean rim country, China recurs throughout submissions as a key influence on the Indian Ocean rim countries. China's growth and its demand for resources makes it a large market for all Indian Ocean rim resource mining countries, including Australia.

13.6 In the 2012-13 Budget, the Australian Government provided \$52.6 million over five years to boost DFAT's overseas network from 95 to 97 posts. One of the new posts will be in Dakar, Senegal. Funding will also be provided to increase Australia's international diplomatic presence. Budget Paper No.2 explained that 'this increase in Australia's presence will support trade, investment and diplomacy in key locations around the world.'⁹

13.7 The DRET's submission explained that:

[M]ultilateral engagement on energy will become ever more important as our energy markets become increasingly linked and or integrated into the global energy system. This has occurred for oil and is becoming increasingly so for gas. In an increasingly global market it will be important for Australia to understand its international influence and the implication of emerging trends such as global energy diversification, shifting energy demand-supply patterns, increasing adoption of new clean energy policies.¹⁰

6 *Submission 30*, p. 6.

7 *Submission 30*, p. 34.

8 *Submission 30*, p. 34.

9 *Budget Paper No.2: Budget Measures 2012-13*, 'Department of Foreign Affairs and Trade', p.161.

10 *Submission 15*, p.16.

Table (extract): Australia's Exports to Indian Ocean rim countries¹¹¹²

Country	CY2009 A\$000	CY2010 A\$000	CY2011 A\$000	Major exports
Bangladesh	409,232	582,102	578,934	Wheat, Cotton
India	14,472,829	16,424,865	15,264,974	Coal, Gold, Copper
Indonesia	4,139,364	4,491,439	5,398,180	Wheat, Crude Petroleum
Iran	594,830	168,366	150,449	Meat, Medicaments
Malaysia	3,129,503	3,638,633	4,491,205	Copper, Crude Petroleum
Oman	374,803	477,387	417,804	Motor Vehicles, Wheat, Milk
Pakistan	527,717	540,141	413,798	Vegetables, Cotton, Coal
Singapore	5,360,208	4,853,132	6,399,208	Crude Petroleum, Gold
South Africa	1,496,366	1,803,219	1,644,409	Coal, Medicaments
Thailand	4,235,545	5,854,660	6,758,680	Gold, Crude Petroleum
United Arab Emirates	2,107,569	2,146,929	2,247,297	Motor Vehicles, Meat
IOR Total	38,014,226	42,297,118	45,084,031	
Total	196,560,596	231,160,964	262,448,427	
per cent of Total	19%	18%	17%	

11 Based on ABS data on the DFAT STARS database, consistent with catalogue number 5368.0

12 DFAT, *Submission 30*, p. 35.

Table (extract): Australia's Imports from Indian Ocean rim countries¹³¹⁴

Country	CY2009 A\$000	CY2010 A\$000	CY2011 A\$000	Major Imports
Bangladesh	147,961	143,191	244,366	Clothing, Linen
Burma (Myanmar)	25,628	15,701	12,894	Fish, Clothing
India	2,031,097	1,973,533	2,234,681	Pearls, Gems, Jewellery
Indonesia	4,558,750	5,320,572	5,906,363	Petroleum, Gold
Iran	50,133	184,982	63,240	Propane , Butane
Kenya	11,525	18,190	13,072	Vegetables, Coffee
Malaysia	7,553,074	9,099,318	8,546,121	Petroleum, Electronics
Oman	97,230	35,045	61,887	Fertilisers, Plastics
Pakistan	162,939	162,526	172,625	Linen, Clothing, Rice
Singapore	11,173,403	10,619,608	14,166,035	Petroleum
South Africa	912,652	1,102,767	841,349	Motor Vehicles, Iron
Thailand	11,627,179	11,004,716	8,444,105	Motor Vehicles, Gold
United Arab Emirates	2,146,767	2,229,536	4,133,040	Petroleum, Propane
IOR Total	40,627,159	42,057,086	44,998,313	
Total	200,604,101	210,065,035	227,106,890	
per cent of Total	20%	20%	20%	

13 Based on ABS data on the DFAT STARS database, consistent with catalogue number 5368.0

14 DFAT, *Submission 30*, p. 36.

13.8 As the extracted tables above demonstrate, Australia's trade in the Indian Ocean rim region is varied—ranging from resource commodities and motor vehicles to agricultural produce. The Western Australian government advised the committee that they see the Middle East in particular as an important growth area for agricultural produce export. As a result, the Western Australian government has a trade office which looks after the Middle East and the North African region.¹⁵

13.9 DFAT nominated the United Arab Emirates as Australia's largest merchandise trading partner in the Middle East, with two-way trade valued at \$A6.4 billion in 2011. DFAT noted that merchandise trade with Iran has decreased since the late 1990s, largely due to the impact of UN Security Council mandated and Australian autonomous sanctions.¹⁶

13.10 DFAT's submission described the Gulf Cooperation Council (comprising Bahrain, Kuwait, Qatar, Oman, Saudi Arabia and the United Arab Emirates) as an important economic partner. Two-way merchandise trade with the Gulf Cooperation Council in 2011 was valued at \$A11 billion. DFAT lists Australia's main exports to the Gulf Cooperation Council as 'passenger motor vehicles, meat (excluding beef), barley and live animals.'¹⁷¹⁸

Commodities trade

13.11 Both DFAT and the DRET identified the Indian Ocean rim as the area of majority of Australia's resource trade. DRET describes Australia's commodities trade relationship with the Indian Ocean rim as falling into four broad categories:¹⁹

- Trade with South East Asian nations as part of their ongoing industrial development, including export of crude petroleum and importation of crude and refined petroleum products.
- Commodity exports to the very large and rapidly developing Indian economy, with significant potential for growth across a wide range of products.
- Competition with the Middle East and South East Asia in LNG production.
- Competition with minerals and coal production in Africa, however there are also significant opportunities for Australian firms in African investment in the commodities sector.²⁰

15 Mr Nunis, *Committee Hansard*, 2 October 2012, p. 19.

16 *Submission 30*, p. 32.

17 *Submission 30*, p. 33.

18 For detailed examination of the issues surrounding Australia's live animal exports, see the Senate Standing Committee on Rural Affairs and Transport's report '*Animal welfare standards in Australia's live export markets*'.

19 For discussion on resources, minerals, synergies and competition in the region, see Chapter 12.



Port Hedland Port—on the left salt stacked for shipping is moved with a bulldozer; on the right ships enter the port for loading.

13.12 During the visit to the Pilbara region, committee members were able to view for themselves the scale of Australia's resource exports from the North West and the significance of this region to Australia's trade with the Indian Ocean rim. Issues specific to mining and resources were outlined in the previous chapter.

Education, tourism and export of services

13.13 DFAT also identified key Indian Ocean rim countries for Australian trade in services. It noted that although the statistics available on service trade for Indian Ocean rim members were limited, it had figures for the countries identified in the tables extracted below.²¹

20 *Submission 15*, p. 5.

21 *Submission 30*, p. 37. DFAT cited its source as *ABS catalogue 5368.0.55.003 International Trade in Goods and Services, Australia*.

Australia's services exports to selected Indian Ocean rim countries

Country	2008-09 A\$million	2009-10 A\$million	2010-11 A\$million
India	3,406	3,556	2,501
Indonesia	1,269	1,616	1,227
Malaysia	1,626	1,576	1,665
Singapore	3,184	2,698	2,823
South Africa	448	448	397
Thailand	1,013	1,038	978
Total	52,948	52,011	50,570

Australia's services imports from selected Indian Ocean rim countries

Country	2008-09 A\$million	2009-10 A\$million	2010-11 A\$million
India	746	615	691
Indonesia	1,269	1,616	2,065
Malaysia	1,011	1,043	1,242
Singapore	4,277	3,289	3,724
South Africa	409	406	401
Thailand	2,007	2,152	2,036
Imports	56,328	53,388	57,360

13.14 The ACCI also noted the importance of movement of people between countries, particularly in context of the export of services. ACCI argued in its submission that one of the biggest challenges in the trade in services was the effect of 'behind-the-border' restrictions:

- lack of recognition of cross border qualifications;
- restrictions on rights to practice;
- constrains on commercial presence;
- poor quality intellectual property rules; and
- protections and tax rules.²²

²² Submission 26, p. 15.

13.15 The ACCI argued in its submission for resources to be dedicated to:

- a detailed analysis of 'impediments to our services exports to the Indian Ocean Rim region';
- conduct work to overcome any barriers identified; and
- promote what ACCI marks as Australia's two biggest services export income earners: tourism and education.²³

13.16 The below extract from a table in DFAT's submission, goes to highlight the point made by ACCI that education services are an important and growing sector for Australia, particularly given the market provided by growth in Indian Ocean rim countries such as India. It pointed out that India was our second largest services export market, worth 2.5 billion, with the largest categories in education-related travel.²⁴

13.17 Austrade noted in its submission that there was a growing demand in the Indian Ocean rim for services that will address education, training and skills gaps—'for example, the Indian Government's stated aim of skilling 500 million people by 2020'.²⁵ Austrade believes that Australia has a role in providing education services to the countries of the Indian Ocean rim.

13.18 The Western Australian government advised in their submission that in 2011, enrolments from Indian Ocean rim countries accounted for over a third of international student enrolments in Western Australia. The main countries from which these enrolments were drawn were: India, Malaysia, Singapore, Indonesia and Thailand.²⁶ Further, the Western Australian government noted that an increasing number of students from the Middle East are now coming to study in Western Australia.²⁷

13.19 DFAT too noted that the United Arab Emirates is emerging as an important market for Australian education, financial, health and construction related export services.²⁸ Further, the Gulf Cooperation Council is similarly becoming a growing market for export of Australian services.²⁹

23 *Submission 26*, p. 15.

24 *Submission 30*, p. 37.

25 Austrade, *Submission 19*, p. 7.

26 *Submission 35*, p. 7.

27 Mr Nunis, *Committee Hansard*, 2 October 2012, p. 19.

28 *Submission 30*, p. 32.

29 *Submission 30*, p. 33.

Table (extract): Student visa holders from Indian Ocean rim countries³⁰

Country	As at 30 June 2009	As at 30 June 2010	As at 30 June 2011
Bangladesh	5460	5001	4636
Burma (Myanmar)	630	808	738
India	92490	79699	50103
Indonesia	11570	12080	11402
Iran	1670	2175	2447
Kenya	1580	1618	1430
Malaysia	15920	16130	15203
Mauritius	4870	4046	2641
Oman	460	484	430
Pakistan	4770	5436	6276
Singapore	5050	5184	4911
South Africa	770	898	856
Sri Lanka	7580	6864	5496
Thailand	13460	13147	11805
United Arab Emirates	610	998	829
Total IOR	167620	155315	119920
Total	386266	382716	332709
Per cent of total	43%	41%	36%

Foundations, Councils and Institutes—people-to-people links

13.20 DFAT explained in its submission that a vital part of Australia's relationship with other Indian Ocean rim countries is the people-to-people links built by 'Australians working, living and travelling abroad, or the people of the Indian Ocean rim doing the same in Australia.'³¹

For instance, people-to-people links with some countries have benefited from the strong growth of direct air links (such as the UAE) , a large

30 'Student Visa Holders Present in Australia', Department of Immigration and Citizenship, <http://www.immi.gov.au/media/statistics/statistical-info/temp-entrants/students.htm>

31 *Submission 30*, p. 44.

number of expatriate in Australia or expatriate Australians living and working in the country (such as India), or when Australians work and volunteer in areas such as education, mining, business, missionary work and tourism (such as Tanzania).³²

13.21 A key part of maintaining and building on people-to-people links is the foundations, councils and institutes. Of the ten foundations, councils and institutes supported by DFAT, there are five that promote links to countries in the Indian Ocean rim:

- Australia-India Council (established in 1992 in response to a recommendation by the Senate Standing Committee on Foreign Affairs, Defence and Trade)
- Australia-Indonesia Institute (established in 1989)
- Australia-Malaysia Institute (established in 2005)
- Australia-Thailand Institute (established in 2005)
- Council for Australia-Arab Relations (established in 2003)

13.22 The above councils and institutes promote bilateral relations between Australia and their focus country; raise awareness and understanding between the peoples of the two countries; and create people-to-people, business-to-business and institution-to-institution links.

13.23 On 20 March 2013, the former Parliamentary Secretary for Foreign Affairs, Richard Marles MP, launched the report by the Australia-India Institute on security, stability and sustainability in the Indian Ocean. Asked about how the conclusions reached in the report might affect government consideration of the use of IOR-ARC as a forum for developing relations with India and Indonesia, DFAT responded in writing:

The report does not represent government policy and is intended as a contribution to debate. We welcome debate about the future directions of Australian policy in the Indian Ocean region. Like other reports, analysis and judgments contained in the report may be drawn on in regional and bilateral discussions on Indian Ocean regional security.³³

Australia's approach to trade in the Indian Ocean rim

13.24 DFAT described Australia's approach to free trade agreements in the Indian Ocean rim:

Australia supports complementary approaches to regional and bilateral Free Trade Agreements (FTAs) to expand liberalisation to as many parties as possible on a non-discriminatory basis that supports the multilateral system. Consistent with the Government's April 2011 trade policy statement, in

32 *Submission 30*, p. 44.

33 DFAT, answers to questions on notice (public hearing 22 March 2013), p. 1.

negotiations with trading partners Australia advocates comprehensive, high quality, truly liberalising bilateral and regional FTAs that do not detract from, but support, the multilateral trading system. Australia's FTAs promote stronger trade and commercial ties between participating countries, and create opportunities for Australian exporters and investors to expand their business into key markets.³⁴

13.25 Further to the aim described in DFAT's submission, Australia has free trade agreements with three Indian Ocean rim countries: Malaysia, Singapore, and Thailand. Free trade agreements presently under negotiation with Indian Ocean rim countries include: the Australian-Gulf Cooperation Council Free Trade Agreement, the Australia-India Comprehensive Economic Cooperation Agreement, and the Indonesia-Australia Comprehensive Economic Partnership Agreement.³⁵ The growing number of free trade agreements with Indian Ocean rim countries is evidence of the growth in markets in the region.

13.26 Some submitters disagreed with DFAT's approach to trade. The Australian Chamber of Commerce and Industry are proponents of a greater focus on the Indian Ocean rim and on regional trade agreements. Mr Clark told the committee that ACCI was concerned about the government's current focus on the Asia-Pacific, the 'eastern and northern aspects of Australia's trade rather than the western and northern aspects'. ACCI believes that although much has been achieved with bilateral trade agreements, the possibility of regional agreements needs to be explored, particular in the Indian Ocean.³⁶

13.27 Telstra's submission outlined the concerns it had with the way in which DFAT conducts free trade agreement negotiation—in particular, Telstra argued that free trade agreements such as that with Thailand are incomplete because they do not include telecommunications:

Foreign investors face significant barriers to entering telecommunications services markets of key Indian Ocean countries such as India. Bilateral trade agreements offer one path towards addressing these restrictions, however the agreements must be genuinely liberalising, by eliminating or substantially reducing barriers to trade. Australia's Free Trade Agreement with Thailand falls short of this test because it does not include a telecommunications services chapter and undertakings to add commitments on telecommunications services in the Thailand-Australia Free Trade Agreement have not been fulfilled.³⁷

34 *Submission 30*, p. 38.

35 DFAT website, 'Australia's Trade Agreements', <http://www.dfat.gov.au/fta/> (accessed 6 May 2013).

36 *Committee Hansard*, 5 December 2012, p. 29.

37 *Submission 23*, p. 2.

13.28 DRET's submission noted that '[f]or tourism to date FTAs have had limited impact on tourism outcomes for Australia with aviation services the most relevant area for tourism in most agreements'.³⁸

Austrade

13.29 Austrade lists its value-adding capability to Australian mining interests in the Indian Ocean rim region as:

- the ability to identify and access business opportunities in Indian Ocean rim markets;
- providing advice on doing business in these markets;
- networks of key decision makers, customers and contacts;
- market information and insight; and
- the ability to leverage the 'badge of government' for the benefit of Australia.³⁹

13.30 Specifically, Austrade will continue to provide targeted trade facilitation and development activities across those markets, where:

- language and business culture, as well as genuine security concerns and perceptions of doing business can prove a barrier;
- there is less openness of regulatory frameworks and transparency of business processes—governance, transparency and business ethics are all issues across the Indian Ocean rim;
- there are difficulties assessing distribution channels and commercial connections; and
- the value of the 'badge of government' is highest.⁴⁰

13.31 Austrade currently has 181 staff based in Indian Ocean rim countries; of these, 21 are Australia-based staff posted overseas, and 160 are overseas employed staff.⁴¹ The majority of these staff are in South-East Asia (82), followed by South Asia (60), Middle-East (32) and finally Sub-Saharan Africa (7).⁴² Given the growing Australian investment in resources in African countries, the committee is concerned that Austrade, and indeed DFAT, have so few posts on the continent.

13.32 Submissions have also noted Australia's involvement in this competitive marketplace as not exclusively defined by bilateral trade arrangements, but

38 *Submission 15*, p. 22.

39 *Submission 19*, p. 6.

40 *Submission 19*, p. 6.

41 *Submission 19*, p. 8.

42 *Submission 19*, p. 8.

increasingly by more complex Foreign Direct Investment (FDI) activities.⁴³ Increasingly, FDI is fundamental to international competition, and Australian companies and interests are becoming a larger and more influential presence in this space, along with many larger and more dominant global entities.⁴⁴

13.33 On this issue, the Western Australian Department of Premier and Cabinet noted:

- Australian direct investment to countries in the Indian Ocean rim totalled more than \$15 billion in 2010, in particular to countries like Singapore (\$7 billion direct investment abroad from Australia), Malaysia and Indonesia (\$3 billion each).
- Direct investments from the region to Australia totalled more than \$25 billion, chiefly from Singapore (\$19 billion direct investment in Australia in 2010), Malaysia (\$4 billion) and South Africa (\$2 billion).⁴⁵

13.34 Mr Nunis, Western Australian Government, advised the committee that the Western Australian Government has, in his view, the most extensive trade offices in the Indian Ocean rim out of all of the states—he listed offices in Dubai, India, Japan, Korea, the UK, China, Indonesia and Singapore and noted that the West Australian government was keen to establish a trade office in Africa.⁴⁶

13.35 While Mr Nunis maintained that the Western Australian Government did work with DFAT and Austrade, he noted some coordination problems:

When we talk about coordination, it is actually a little bit embarrassing out in those regions, because the same people—whether they are in business or government—are getting visits from people from Western Australia, visits from DFAT and visits from Austrade and then the Victorians send a delegation of 300 people to talk to them as well.⁴⁷

13.36 The committee put the comments from the Western Australian Government to Mr Landers, Austrade. Mr Landers believed that the coordination between Austrade and the state governments was very good—he explained that through the Senior Officials Trade and Investment Group (SOTIG), a deputy secretary level group which meets monthly, Austrade is having active discussions with the states. The committee notes however that SOTIG is a relatively new group—Mr Landers advised that it had been running for six months in December 2012. Mr Landers did maintain that SOTIG had been useful in terms of practical discussion, for example:

43 *Submission 19*, p. 7.

44 *Submission 30*, p. 31.

45 *Submission 35*, p. 10.

46 *Committee Hansard*, 2 October 2012, pp. 19–20.

47 *Committee Hansard*, 2 October 2012, p. 21.

We are having active discussions with each of the states around, for example, offering them the opportunity to place embedded business development managers into our network. India would be one of the first cabs off the rank, so to speak, where the South Australian government is looking quite seriously at having a representative work on their behalf out of our Mumbai office, although it is not a done deal yet.⁴⁸

Australia's key competitors in the Indian Ocean rim

13.37 The following paragraphs summarise the status of key Indian Ocean rim countries, in particular noting their relationship to Australia, and Australian mining interests in the region.

13.38 India is central to the Indian Ocean rim in several ways. It is located centrally to major transcontinental shipping routes. Already a major global hub for industry, economic forecasts predict further substantial growth and broad scale development within India, which will drive greater need for imported energy and mineral resources.⁴⁹ India's already vast requirements necessitate strong interests in Indian Ocean rim trade routes and in particular, energy security. India is actively involved in regional engagement, as current chair of the IOR-ARC. India is also instrumental in the forming the Indian Ocean Naval Symposium (IONS) to discuss regional security measures. Regional issues are also discussed through the East Asian Summit (EAS), SAARC, the Asian Regional Forum (ARF) and the G20.⁵⁰ Importantly, India is one of Australia's largest trade partners, with a growing need for resources. India is also very active in the Indian Ocean rim, and beyond, in terms of FDI activity.

13.39 Submissions are often silent regarding Australia's links or competition with South Africa, a country which is similar in climate to parts of Australia and is similarly rich in resources. South Africa is one of the most influential political nations in the Indian Ocean rim, and particularly within Africa. It is the only African country in the G20, giving it substantive presence in international negotiation. South Africa is also a substantial presence in the Indian Ocean rim because of its maritime security interests, making it well-placed to influence counter-piracy efforts in the region. South Africa is a major exporter of minerals with significant foreign investment interest across Africa in particular.⁵¹ South Africa competes directly with Australia as an exporter of mineral and energy resources.

13.40 South Africa cannot boast the same level of trade with Australia, as India. South Africa, however, is Australia's largest export and investment destination in Africa, with 28 per cent of Australia's total merchandise trade with Africa.⁵² Given

48 *Committee Hansard*, 5 December 2012, p. 5.

49 DFAT, *Submission 30*, p. 11.

50 DFAT, *Submission 30*, p. 11.

51 DFAT, *Submission 30*, p. 9.

52 DFAT, *Submission 30*, p. 31.

South Africa's prominence in the Indian Ocean rim both politically and economically, it is central to Australia's ongoing fortunes in the region, both as a trade partner and competitor.

13.41 The middle-eastern nations that are part of the Indian Ocean rim have significant interests in maritime security given the very high levels of energy exports and general trade from this region. As part of its regional engagement, Iran hosts the IOR-ARC Regional Centre for Science and Technology Transfer (RCSTT) which conducts research, provides training and liaises to assist member countries in developing disseminating, and acquiring new technologies.⁵³ (See chapter 9.)

13.42 Submissions have also been generally silent on the development of Australia's relationship with Indonesia. But as Indonesia develops a stable political and economic environment, opportunities will increase for Australia to work with its closest neighbour in a relationship other than aid and military assistance. In 2012, Indonesia foreign Minister noted that cooperation in the Indian Ocean as being amongst Indonesia's foreign policy priorities, noting Indonesia's intention to accord more attention to maritime cooperation in the Indian Ocean rim.⁵⁴ Along with Australia, South Africa and India, Indonesia holds influence as a political and economic operative as member nation of the G20.

Other international interests beyond the Indian Ocean rim

13.43 China's rapid growth and development has an impact across the entire Indian Ocean rim. China's trade relationships in, and beyond the region, are extensive, and the value of Chinese trade for individual Indian Ocean rim countries is very substantial. China's consumption of energy and mineral resources to support its development is integral to Australia's on-going economic fortunes. China is Australia's major export destination accounting for 22.4 per cent of all exports.⁵⁵ China is also one of the biggest participants in FDI in the Indian Ocean rim and globally.⁵⁶

13.44 The European Union (EU) has significant trade relationship with the Indian Ocean rim; in particular, since 2004 the EU has a 'strategic partnership' with India.⁵⁷ This partnership was reaffirmed in 2012 at the thirteenth annual India-EU summit, where leaders committed to cooperation on trade, trade security, energy, economic development, sustainable development, research and innovation.⁵⁸ Such agreements

53 *Submission 30*, p. 10.

54 *Submission 30*, p. 11.

55 DFAT, 'Trade Performance at a Glance', <http://www.dfat.gov.au/publications/trade/trade-at-a-glance-2011.html#sect02> (accessed 6 May 2013).

56 The World Bank, 'Foreign direct investment, net flows (BoP, current US\$)', <http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD> (accessed 6 May 2013).

57 *Submission 30*, p. 13.

58 *Submission 30*, p. 13.

are significant, as Australia negotiates its own trade alliances in the region, particularly considering valuable export markets such as India.

13.45 The United States maintains a strategic interest in the Indian Ocean rim manifesting in trade and maritime security and counter-terrorism measures. The US has a key bilateral engagement with India.⁵⁹

13.46 France, Japan, Russia, the Republic of Korea, and the United Kingdom, have all been identified in the DFAT submission, as being key foreign powers with substantive interests in the Indian Ocean rim.⁶⁰ These interests could stem from history in the case of France, which has territorial and military presence in the region. Like many developed nations, Japan has a heavy dependence on Middle Eastern Oil that transits the Indian Ocean rim. Russia has close ties to India in particular, cooperating on defence, space and nuclear energy. Korea is a growing presence due to strong trade commitments across the region. Like France, the UK has colonial ties to the region, and interests in seaborne passage of energy imports. The UK also maintains territorial assets in the Indian Ocean rim.⁶¹

IOR-ARC and trade

13.47 Mr Clark, ACCI, noted that his organisation had been involved with DFAT to assist with a business voice inside the IOR-ARC for perhaps more than a decade. He informed the committee that over that time, ACCI has been disappointed that not all that much has been achieved:

We have proposed a number of things, including a free trade agreement with the Indian Ocean Rim countries, which we would like to see advanced. Recognising that that may take some time, we have also suggested that a simple step forward might be the introduction of a card similar to the APEC travel card to assist businesses just to do the simple border crossing process a little more easily in that region and facilitate more business interaction.⁶²

13.48 DFAT advised the committee on 22 March 2013 that the introduction of a business card like the APEC Business Travel Card was a 'practical, useful trade-facilitating measure in the Indian Ocean'⁶³ which DFAT hoped could occur through the IOR-ARC. DFAT noted in its answers to question on notice that:

Currently, preliminary discussions have taken place among IOR-ARC trade officials about a feasibility study on whether or not a Business Travel Card

59 DFAT, *Submission 30*, p. 14.

60 DFAT, *Submission 30*, pp. 13–14.

61 DFAT, *Submission 30*, p. 14.

62 *Committee Hansard*, 5 December 2012, p. 29.

63 *Committee Hansard*, 22 March 2013, p. 3.

is a viable option for IOR-ARC member countries. Any future studies would require business consultation.⁶⁴

13.49 ACCI agreed with the idea of a business card, noting that the purpose of the scheme was to assist business take up opportunity by removing time and expense impediments.⁶⁵ ACCI believes that

A scheme such as this [APEC business travel card scheme] for the Indian Ocean Rim, perhaps modelled on the existing APEC card, would add immediate value to Australian businesses seeking to expedite business travel throughout the Indian Ocean Rim countries that wished to participate.⁶⁶

13.50 Mr Mark Pierce, DFAT, noted that in ACCI's submission to the committee, ACCI had suggested that the committee consider a preferential trade agreement in the region. Mr Pierce explained:

That is not on the government's agenda. That proposal also comes up regularly in the IOR-ARC. There is a constituency of members who would actively support the ACCI proposal. The government does not.⁶⁷

13.51 DFAT expanded on this statement in response to questions on notice from the committee:

Australia's position is that an IOR-ARC PTA [Preferential Trade Agreement] is not the most appropriate way to proceed with trade liberalisation within IOR-ARC. The heterogeneity of the membership of IOR-ARC is a challenge in this regard. Australia already has or is negotiating our own functional equivalent of preferential trading arrangements (that is, free trade agreements or existing Least Developed Countries preferential treatment) with around two-thirds of IOR-ARC countries. Australia already provides preferential treatment (i.e. no duties or quotas) for all exports from Least Developed Countries (LDCs) which includes IOR-ARC countries such as Bangladesh, Comoros, Madagascar, Mozambique, Tanzania and Yemen. Australia values the importance of ongoing trade facilitation among IOR-ARC countries and has organised programs in 2012 to further this objective. It continues to be an Australian priority area of cooperation in IOR-ARC.⁶⁸

13.52 In relation to the IOR-ARC, Telstra's submission noted that business would support, and sponsor, the IOR-ARC but only if the organisation and its work is given greater promotion:

64 DFAT, answers to questions on notice (public hearing 22 March 2013), p. 4.

65 *Submission 26*, p. 13.

66 *Submission 26*, p. 13.

67 *Committee Hansard*, 22 March 2013, p. 5.

68 DFAT, answers to questions on notice (public hearing 22 March 2013), p. 6.

The challenge for Australian companies such as Telstra is to justify the allocation of resources to support such activity in a meaningful way, for example through participation in the IOR-AC Business Forum.

13.53 Telstra suggested in its submission that Australia should use its opportunity as chair of IOR-ARC to work with the Australian business community (and other sectors such as arts and education) to promote IOR-ARC and help business connect with the association.⁶⁹

Conclusion

13.54 In Chapter 5, the committee discussed the ways in which Australia may engage with IOR-ARC as chair of the association—raised in part in this discussion was the engagement IOR-ARC has with the business community. The committee recommended that Australia as chair of IOR-ARC encourage the association to strengthen its links with the business community (see Recommendation 1).

13.55 The committee notes that complementary to this recommendation is DFAT's engagement with the Australian business in regards to IOR-ARC. DFAT noted in its answers to questions on notice that it had contacted the ACCI, the AIG and the BCA in 2011 to seek their engagement in IOR-ARC affairs—ACCI had attended through a representative to the IOR-ARC Business Forums in 2011 and 2012.⁷⁰

13.56 DFAT advised the committee that it continues to 'liaise with ACCI closely on IOR-ARC initiatives', noting that DFAT has in 2013 attended an internal ACCI international trade meeting to discuss IOR-ARC and that ACCI has spoken at an IOR-ARC inter-departmental committee meeting about business priorities and views.⁷¹

13.57 The committee feels that Australian business groups would benefit from a more formal structure for consultation with DFAT, particularly when Australia's role as chair of IOR-ARC begins in 2013. The committee notes Telstra's point above, and its own experience of some witnesses' lack of knowledge about IOR-ARC as valid reasons why the association needs more promotion within Australia.

Recommendation 14

The committee recommends that DFAT establish a formal and regular consultation panel in relation to IOR-ARC for Australian businesses and industry, with a broad representation from all sectors. This consultation panel should focus initially on:

69 *Submission 23*, p.11.

70 DFAT, answers to questions on notice (public hearing 22 March 2013), p. [4].

71 DFAT, answers to questions on notice (public hearing 22 March 2013), p. [4].

-
- **increasing Australian business and industry awareness of IOR-ARC and its activities; and**
 - **incorporating input from business and industry into Australia's planning for taking on chair of IOR-ARC.**

In due time, the focus of the panel can be extended to broader discussion of issues in the Indian Ocean rim.

Recommendation 15

The committee notes the role played by the foundations, institutes and councils in promoting business-to-business and people-to-people links with countries in the Indian Ocean rim. The committee recommends that DFAT coordinate a roundtable of Indian Ocean rim country foundations, institutes and councils. The roundtable should focus on:

- **ways to increase Australian community and business awareness of IOR-ARC and its activities; and**
- **any other relevant matters.**

Recommendation 16

The committee notes that currently there is no foundation, institute or council which covers the countries of Africa. The committee recommends that DFAT work with existing business and community groups to establish an appropriate organisation to enhance awareness and understanding between the peoples and institutions of Australia and the African countries.

13.58 Noting the comments above in regards to the Senior Officials Trade and Investment Group and the coordination between Austrade and the state and territory governments, the committee feels that while there is obviously much goodwill, more practical measures need to be taken to ensure efforts are not duplicated.

Recommendation 17

The committee sees significant benefit in improved coordination between the state and federal governments on the promotion of Australian business and trade in the Indian Ocean rim. The committee recommends that the Australian government create a Council of Australian Governments (COAG) Select Council to facilitate consultation and cooperation on trade and investment initiatives for the Indian Ocean rim.

The Indian Ocean Rim COAG Select Council would continue for the duration of Australia's role as chair of IOR-ARC, with the potential to be made a Standing Council.

The committee believes that the Select Council would ensure that coordination of efforts promoting Australia business in this growing region is a priority for both state and federal government.

Tourism

13.59 The Department of Resources, Energy and Tourism's (DRET) submission described the importance of tourism for the Australian economy, writing that tourism contributes \$34.6 billion in GDP, 2.5 per cent of Australia's total GDP (2010-11):

Tourism is Australia's largest services export earner, accounting for \$24 billion in exports in 2010-11, which equates to around eight per cent of total exports. The tourism industry employed over 500,000 Australians in 2010-11 (this is around one in every twenty employed Australians). Continued growth is expected for Australia's tourism industry, with total inbound economic value from tourism activity forecast to grow by 3.4 per cent each year between 2010 and 2020.⁷²

13.60 DRET also advised that Australia has strong bilateral tourism relationships with several Indian Ocean rim countries—particularly India, Indonesia, Malaysia, Thailand and Singapore. DRET predicted that tourism from India and Indonesia in particular is set to increase in coming years.⁷³ Ms Tania Constable, DRET, explained that the department 'engages with a number of Indian Ocean rim countries through other regional fora such as the East Asia Summit, APEC and the G20'.⁷⁴

13.61 Mr Nicholas Dowie, DRET, observed that Tourism Australia has offices in a number of regions in the Indian Ocean rim, including India, Malaysia and Singapore. Tourism Australia has identified these countries as having a high growth potential, along with the Middle East, UAE and Saudi Arabia due to their situation as financial hubs:

There is that degree of coherence there in terms of looking at those markets in the region in tourism potential and looking at putting resources in place to convert that potential into actual expenditure to assist the Australian economy.⁷⁵

13.62 Tourism Western Australia also noted that Indian Ocean rim countries are going to be important tourism markets in coming years—Western Australia's location puts it in a unique position to take advantage of growing tourism to Australia. Tourism Western Australia argues that provision of infrastructure, development of international air routes and ensuring opportunities for investment will be critical to meet the anticipated growth in demand from Indian Ocean rim markets.⁷⁶ Mr Dowie noted that:

[O]utwards to 2020 we are forecasting that the rise in tourism from South Africa will be an increase of 4.7 per cent over that period. So there is a strong growth forecast coming, largely from South Africa. That strength,

72 *Submission 15*, p. 17.

73 *Submission 15*, p. 17.

74 *Committee Hansard*, 17 August 2012, p. 14.

75 *Committee Hansard*, 17 August 2012, p. 23.

76 *Submission 3*, p. 2.

though, has certainly not yet been reflected in other African markets on the Indian Ocean Rim where, I guess with the exception of South Africa, most of those other markets in Africa are very firmly in the emerging class.⁷⁷

13.63 The table below is taken from the Tourism Western Australia submission and shows the forecast growth of tourism from key Indian Ocean rim market countries.⁷⁸

Source Market	Forecast Average Annual Growth Rate (2010 – 2020)
Singapore	2.5%
Malaysia	3.2%
Indonesia	7.5%
South Africa	4.7%
Thailand	4.4%
India	8.0%
Note: The above national forecasts are used as proxies for visitation growth to Western Australia.	
Source: Tourism Forecasting Committee, Forecast 2011 Issue 2.	

13.64 Reflecting the large predicted growth in tourism from India, Tourism Australia has developed a 2020 India strategic plan. The plan outlines the strategy to be used to promote the Australian tourism experience.⁷⁹

13.65 DRET identified competition with other Indian Ocean rim countries as a challenge for Australian tourism—for example South Africa (a strong competitor for tourism from Europe and the US), Singapore and Malaysia (competitors for Chinese tourism). As Australia is viewed as a long-haul destination for most markets, direct flights and other competition measures will be needed for Australia to compete effectively.⁸⁰

77 *Committee Hansard*, 17 August 2012, p. 17.

78 *Submission 3*, p. 3.

79 *Committee Hansard*, 17 August 2012, p. 21.

80 *Submission 15*, p. 17.



Red Dog statue, Karratha – the movie 'Red Dog' was filmed in Karratha and the story has generated Australia-wide interest in the area.

13.66 In its publication, *Tourism 2020*, Tourism Australia stated that the industry's aim was to grow substantially by 2020. DRET's submission noted that to achieve the aims of *Tourism 2020*, a large amount of foreign investment will be required. The whole-of-government Investment Attraction Program is in its infancy.⁸¹

In addition to playing an important role in supplying tourism visitors, IOR countries can also play a role in funding the development of tourism infrastructure needed to attract visitors of the future.⁸²

13.67 Mr Dowie told the committee that the industry needs to recognise that seven of the top 10 visitor markets for Australia are in Asia. The tourism industry needs to make sure that its employees have skillsets in place to meet this demand. Mr Dowie explained that the *Tourism 2020* strategy sets out the themes being worked through, in conjunction with state and territory governments that will help Australia to capitalise on these markets.⁸³ He outlined Tourism Australia's work to encourage investment:

81 *Submission 15*, p. 23.

82 *Submission 15*, p. 19.

83 *Committee Hansard*, 17 August 2012, pp. 21–22.

We have a broad focus in terms of what our marketing partners, Tourism Australia, are able to do. Tourism Australia promotes Australia as an investment destination throughout the region. In terms of the immediate focus, much of that is on China, where a lot of the growth is predicted to come from. China at this stage is our largest market by value and our third-largest market by visitors. By 2020 it is expected to be the largest for visitors by both volume and value.⁸⁴

13.68 Mr Dowie noted that earlier in 2012, Tourism Australia had released their India 2020 tourism plan. He also drew the committee's attention to developments since DRET had provided its submission to the inquiry:

[O]n 2 May 2012 Minister Ferguson announced a new investment partnership between Austrade, Tourism Australia and the Department of Resources, Energy and Tourism which, for the first time, now puts tourism front and centre of the government's broader investment attraction agenda to ensure that, consistent with the marketing campaign that we are putting forward to increase visitation to Australia, we now have a coordinated approach to attracting investment to ensure that we develop the product that will help drive visitation into the future. It is important that we have a whole-of-government approach working there...we have three agencies who have signed a memorandum of understanding to work together to facilitate that objective, so we are starting to see that coherence across government to ensuring that these particular markets are targeted for their investment potential.⁸⁵

13.69 DRET's submission noted the importance of direct air access in creating market access to Australian tourism, and explained that the Tourism Access Working Group had been formed to progress measures to secure market access. Mr Dowie explained that the working group has so far:

- completed a mapping paper setting out future priorities for government to consider in bilateral aviation negotiations;
- worked on measures to encourage international carriers to use airports outside the four major gateways—the airports of Brisbane, Sydney, Melbourne and Perth; and
- the group is working on a regional airports project identifying commercial barriers faced by regional airports in attracting direct international services⁸⁶

13.70 Ms Tania Constable advised the committee that many Asian and Middle Eastern airlines continue expanding aviation links with Australia, for example:

In the second quarter of 2012, AirAsia X commenced services to Sydney from Kuala Lumpur, while Scoot and SilkAir both launched inaugural

84 *Committee Hansard*, 17 August 2012, p. 18.

85 *Committee Hansard*, 17 August 2012, p. 23.

86 *Committee Hansard*, 17 August 2012, p. 22.

international services into Australia from Singapore. Emirates has announced that it will commence four direct services per week between Dubai and Adelaide from November 2012, with possible expansion to daily by February 2013, and the airline will add four direct services per week between Dubai and Perth from December 2012.⁸⁷

13.71 Ms Constable noted that the expansion of flight routes has helped to drive investment in the Australian accommodation sector and has already attracted interest from investors in Singapore, Malaysia and the Middle East.⁸⁸

13.72 Further, Ms Constable noted that an important element of ensuring Australian tourism products appeal to visitors from Indian Ocean rim countries is ensuring workers in the tourism industry have the right skills, including language. Ms Constable explained that the government has allocated \$48.5 million to a new Asia Marketing Fund—the fund will promote Australia in growing markets and encourage investment. Indian Ocean rim countries included under the fund are India, Indonesia, Singapore, Malaysia and Thailand.⁸⁹

13.73 To this end, as Mr Dowie outlined for the committee, the Labour and Skills Working Group operating under Tourism 2020 has a number of focuses relating to creating skillsets in the industry. The group has announced its intention to work with industry in creating a campaign to promote the sector to students. The group is also developing eight 'tourism employment plans' with one in each jurisdiction, to ensure the creation of the skills needed to meet existing and future market needs.⁹⁰

Conclusion

13.74 The committee notes the importance of tourism for the Australian economy. The committee has heard evidence that the Indian Ocean rim is a source of current and potential tourism markets, as well as competition, for Australia. Work undertaken to coordinate between Tourism Australia, DRET and the state and territory tourism bodies is encouraging—this coordination is essential if Australia is to have the skillsets and initiatives to attract the visitor numbers needed to meet the goals in the Tourism 2020 White Paper.

13.75 The committee notes the points raised by ACCI in regard to the need for consideration of what barriers there are to the continued growth of Australia's tourism and education sectors (paragraphs 13.10 and 13.11) and sees significant benefits in government working with industry to find ways to mitigate these barriers.

87 *Committee Hansard*, 17 August 2012, p. 14.

88 *Committee Hansard*, 17 August 2012, p. 14.

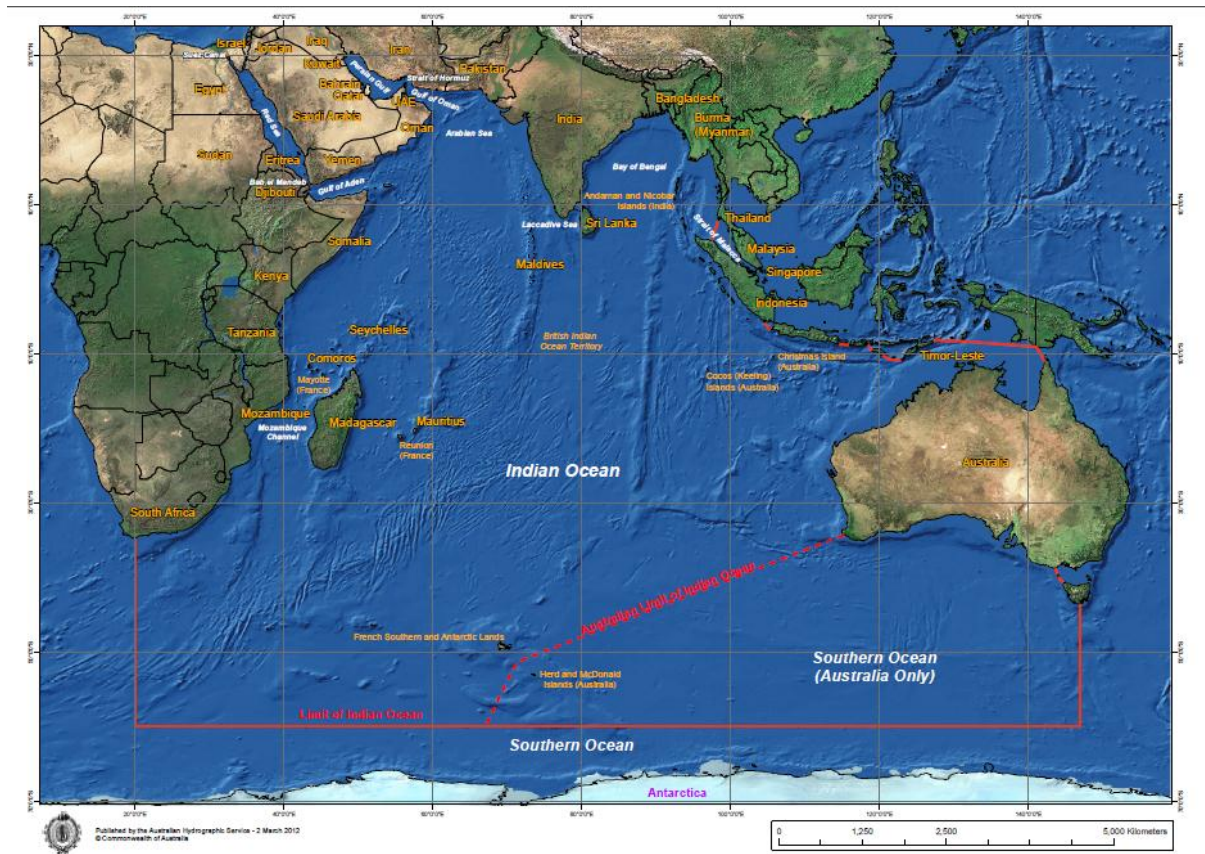
89 *Committee Hansard*, 17 August 2012, p. 14.

90 *Committee Hansard*, 17 August 2012, p. 22.

Chapter 14

Conclusions and Recommendations

We will often talk about Africa, we will talk about the Middle East and we will talk about South Asia or South-East Asia, but we will not talk about the Indian Ocean as a transnational partnership—a region that engages with each other.¹



Considering the Indian Ocean rim as a cohesive region

14.1 The committee has heard evidence on the lack of cohesive definition of the Indian Ocean rim as a region, as compared with the Asia-Pacific region. While some submitters saw the lack of regional definition as hampering attempts to structure Australia's approach to the region, others noted that the region can be divided into sub-region groups along geographic or interest lines. Australia may engage more effectively with these groups than creating policy for the wider region.

14.2 Several submitters described the difficulties in creating a cohesive definition of the Indian Ocean rim region. Dr Dennis Rumley noted in his submission that the number of countries counted as being part of the Indian Ocean region vary according to methodology used to consider the region.² DFAT too highlighted the difference

1 Mr DeSilva-Ranasinghe, *Committee Hansard*, 22 March 2013, p. 18.

2 Indian Ocean Research Group, *Submission 6*, pp. 5–6.

between the terms 'region' and 'rim' in its submission, and this was noted in Chapter 2 of this report.³

14.3 Dr Howes argued that the Indian Ocean rim is in fact not a natural region—its countries share only 'modest levels of genuine economic interconnectivity.' He maintained that while Australia has trade and aid priorities in various disparate parts of the region, it cannot work effectively with the region as a whole.⁴

14.4 Dr Rumley⁵ and the Asia Research Centre,⁶ argued that regions are 'constructions and are definite or delimited by governments, geographers, strategic analysts, historians, economists and others based on a particular common formal or functional criterion or set of criteria'.⁷

14.5 Dr Andrew Phillips commented that the Asia-Pacific is a normalised concept in our world view. This concept however gained traction only from the late 1960s onward.⁸ He was persuaded that Australia needs to consider how useful it may be to Australia's short to medium term objectives to encourage development of a concept of Indian Ocean rim region.⁹

14.6 In speculating why individuals companies and businesses had not responded to invitations to make submissions to the inquiry, Mr Clark, ACCI, noted that members he had spoken to had a strong interest in the inquiry. Mr Clark felt that business did not see the Indian Ocean rim as a region—he thought perhaps that the government had not promoted it in that light. As quoted in chapter 4:

'The Asia-Pacific' is a commonly spoken of term. We have APEC, the East Asia Summit and a lot of institutional arrangements which give a media profile to our general relationships in Asia, but the same sort of dialogue does not go on with the Indian Ocean.¹⁰

14.7 Dr Howes contended that Australia should use sub-regional groups as 'the Indian Ocean rim, as such, is not an appropriate target for sustained policy initiatives'.¹¹ The diversity of the countries in the Indian Ocean means that it is easier to categorise sub-regional groups based on single issues¹² than it is to define the region as a whole in the same way as the Asia-Pacific region.

3 *Submission 30*, pp. 7–8.

4 ANU College of Asia and the Pacific, *Submission 29*, p. 12.

5 Indian Ocean Research Group, *Submission 6*, p. 2.

6 Asia Research Centre, Murdoch University, *Submission 36*, p. 1.

7 Indian Ocean Research Group, *Submission 6*, p. 2.

8 *Committee Hansard*, 17 August 2012, p. 27.

9 *Committee Hansard*, 17 August 2012, p. 27.

10 *Committee Hansard*, 5 December 2012, p. 30.

11 ANU College of Asia and the Pacific, *Submission 29*, p. 3.

12 *Submission 6*, p.6.

14.8 As discussion in Part Two and Three shows, Australia engages sub-regional groups in relation to areas covered by fisheries management agreements; maritime security initiatives; mining and oceanography—with great success in building people-to-people links and facilitating the sharing of knowledge and expertise. The Tsunami Warning System is an excellent example of this coordination.

14.9 However there is reason to have the broader public discussion about the Indian Ocean rim as a region. For example, the committee noted in Chapter 10 of this report the conceptualisation in the Defence White Paper 2013 of the 'Indo-Pacific' as a 'single strategic arc'¹³—a recognition of the importance of considering the Indian Ocean and its significance to Australia and to the stability and security of the region overall.

14.10 Mr Clark suggested that, following the example of the discussion generated by the development of the Asian Century White Paper, public and business attention may be directed to the Indian Ocean rim through government encouraging wider discussion. He felt that the current emphasis was around single countries rather than starting to look at the region as a united whole.¹⁴

Committee view

14.11 The committee's report has highlighted the diversity of the countries of the Indian Ocean rim and the multiple ways in which these states can be categorised. This diversity and the lack of a single agreed definition of the 'Indian Ocean rim' have created a significant challenge for the development of policy, both from an Australian and a regional perspective. Australia's approach to trade in the Indian Ocean rim is largely bilateral; defence and strategic relations are based on single issue groupings; and aid to the region is predominately provided through individual country programs or multilateral partnerships through the auspices of the UN. Evidence gathered in relation to IOR-ARC demonstrates clearly that diversity in the region—both economic and political—has created inertia in the region's main organisation.

14.12 The Australian Government departments and agencies that provided evidence to the inquiry, on the whole, approach the Indian Ocean rim countries separately or through single issue sub-regional groups. In its submission, DFAT stated that the diversity of the countries included in the Indian Ocean rim poses challenges—notable in the discussion of multilateral trade cooperation in the region.¹⁵ It noted:

The nations of the Indian Ocean Rim, home to 2.3 billion people, are a ... vast array of cultural, political, religious and economic diversity...Some nations are modern, developed states while many are still in the process of development.¹⁶

13 Department of Defence, *Defence White Paper 2013*, paragraph 1.12, p. 2.

14 *Committee Hansard*, 5 December 2012, p. 30.

15 *Submission 30*, p. 56.

16 *Submission 30*, p.27.

14.13 Despite the challenges posed by the diversity of the Indian Ocean rim countries, the committee sees significant benefit in Australia working at a strategic policy level to promote the concept of an Indian Ocean rim. The committee feels that promoting the conceptualisation of the Indian Ocean rim as a distinct region will assist with the development of Australian policy and allow Australia to better coordinate efforts and connections already being made with sub-regional and issue specific groups.

14.14 The committee has articulated in its report that much of the interaction between Australia and other countries in the Indian Ocean rim occurs through specific activities—research, trade, mining, fisheries or military. However, at a higher level, there is no clear strategic policy providing a clear direction for Australian engagement with the region. The committee suspects that, as Drs Bateman, Bergin and Trood argue, this lack of broader policy is due to the fact that Australia as a nation only recognises the significance of the Indian Ocean rim intermittently.¹⁷

14.15 The committee heard from people in the North West region, particularly during its visit to the Pilbara, about concerns that Defence, and more broadly the Australian Government, was not paying sufficient attention to the security issues surrounding the resource sector and its critical infrastructure. Representatives from the Department of State Development, Western Australian Government, expressed some frustration with regard to inquiries and reports conducted into infrastructure security in the North West of the state. They noted that while the Western Australian Government had provided much input about security and infrastructure issues, it had received no response to its concerns.¹⁸

14.16 In the committee's view, the rise of Asia over the coming decades and the growth and development of the nations of the Indian Ocean rim will profoundly influence Australia's future. Australia needs to do more to engage with the Indian Ocean rim and in this context promote the nation's interests—security, economic and research.

14.17 Australia's upcoming role as chair of IOR-ARC will provide a valuable opportunity to focus domestic and international attention on the Indian Ocean rim. The Australian Government should maximise the potential benefits of this occasion to:

- invest in developing Australian understanding and awareness of the Indian Ocean rim;
- strengthen our security, trade, research and cultural links with our Indian Ocean rim neighbours; and
- establish and support institutional structures and mechanisms to support the common interests of Australian and Indian Ocean rim countries.

17 *Submission 21*, p. 2.

18 Mr Nunis, Department of State Development, WA Government, *Committee Hansard*, 2 October 2012, p. 27.

14.18 With the aim of encouraging public and government dialogue concerning the Indian Ocean rim, and placing Australia in a position to capitalise on the opportunities in the region, the committee has made the following recommendations.

Recommendation 1 (Chapter 5)

The committee recommends that:

- **the Australia Government lead by example and ensure that its representation at IOR-ARC Council of Ministers' Meetings' is always at ministerial level;**
- **the Australian Government commit additional resources to the IOR-ARC Secretariat and encourage other member states to be more generous in the resources they make available;**
- **the Australian Government promote the profile of IOR-ARC by making reference to the activities of the organisation whenever appropriate;**
- **the Prime Minister of Australia open the 2013 IOR-ARC Council of Ministers' Meeting in Perth;**
- **the Australian Government advocate that the heads of government of the Indian Ocean rim countries hold periodic meetings to discuss matters affecting IOR-ARC; and**
- **the Australian Government should encourage countries with observer status at IOR-ARC to send high-ranking representatives to the meeting.**

Recommendation 2 (Chapter 5)

The committee recommends that the Australian Government as chair of IOR-ARC:

- **encourage IOR-ARC to strengthen its links with the business community in the Indian Ocean by considering establishing an Eminent Persons Group made up of leading business people throughout the region;**
- **use its influence to involve Trade Ministers as mainstream participants in IOR-ARC meetings;**
- **ensure that the contribution of the smaller countries to the work of IOR-ARC, such as Mauritius which houses the Secretariat, is given prominence; and**
- **pursue the notion mentioned in previous meetings of establishing 'nodes of excellence' (later recommendations expand on this recommendation).**

Recommendation 3 (Chapter 5)

The committee recommends that, respecting IOR-ARC's charter and the views of other member countries, the Australia Government work with member states

to look at broadening the membership to include other key Indian Ocean countries, such as Pakistan and Saudi Arabia.

Recommendation 4 (Chapter 7)

The committee recommends that the Australian Government:

- **increase its support for the smaller developing countries in the Indian Ocean rim to assist them develop the capacity to monitor, control and regulate fishing activities in their waters;**
- **provide greater assistance and increase efforts to help the smaller developing countries represent their interests in international fora such as the IOTC; and**
- **through the Troika—India, Australia and Indonesia—encourage the larger and more developed countries to collaborate and collectively spearhead active engagement in promoting the health of marine life in the Ocean; to assist the smaller developing countries to protect their fish stocks from over exploitation; and to grow their fishing industry in a sustainable way.**

Recommendation 5 (Chapter 9)

The committee recommends that the Australian Government consider establishing an Institute for Indian Ocean Research in a Western Australian University.

Recommendation 6 (Chapter 9)

The committee recommends that DFAT work with other agencies to make an audit of research projects which already have country to country links. Further, the committee recommends that DFAT engage with Australian universities and the research community to find ways in which to link Australian institutions to Indian Ocean rim institutions.

Recommendation 7 (Chapter 10)

The committee recommends that the AFP consider greater community engagement in the North West region to increase the understanding of its role and reassure the community that the security of the region is a priority.

Recommendation 8 (Chapter 10)

The committee recommends that Defence make it an urgent priority to focus on the defence of the North West. The committee encourages Defence to increase its

cooperation with industry in order to find creative solutions to the challenges which currently prevent larger exercises and affect reserve recruitment.

Recommendation 9 (Chapter 10)

The committee recommends that Defence examine the possibility of making the 2014 planned Defence exercise in the North West a larger, more visible exercise in the region—as a means of providing reassurance to industry and actively engaging the community. In particular, the committee encourages the Royal Australian Navy to examine ways in which it can increase visibility in the area and raise community and business awareness of its activities in the North West of Australia.

Recommendation 10 (Chapter 10)

The committee recommends that in its work on the government response to the OITS Report, the Department of Infrastructure and Transport consider including strategies for community engagement. The committee strongly believes that local government and relevant state agencies have a role to play in educating community and industry about the role of various security agencies and can help to provide reassurance to the community that security of the North West is a priority for government.

Recommendation 11 (Chapter 11)

The committee recommends that DFAT work with other departments, including DRET and DAFF, to prioritise progress on effective and consistent port state control measures in the Indian Ocean rim as part of Australia's plan for its upcoming chair of IOR-ARC.

Recommendation 12 (Chapter 12)

The committee recommends that ministers attending the Council of Ministers' Meeting in Perth or their representative be invited to visit the Pilbara as part of a delegation to see the work being done at Dampier Port and Port Hedland to improve the ports' productivity.

Recommendation 13 (Chapter 12)

The committee recommends that DFAT work with other federal government departments, as well as state and territory governments, on strengthening government consultation with groups such as AAMIG, the Australian Coal Association, and the Australia-Africa Business Council. The committee notes that while Africa Down Under has been successful in generating discussion, more concrete measures are needed to ensure that the input of groups working with industry and African countries is captured in policy making.

Recommendation 14 (Chapter 13)

The committee recommends that DFAT establish a formal and regular consultation panel in relation to IOR-ARC for Australian businesses and industry, with a broad representation from all sectors. This consultation panel should focus initially on:

- **increasing Australian business and industry awareness of IOR-ARC and its activities; and**
- **incorporating input from business and industry into Australia's planning for taking on chair of IOR-ARC.**

In due time, the focus of the panel can be extended to broader discussion of issues in the Indian Ocean rim.

Recommendation 15 (Chapter 13)

The committee notes the role played by the foundations, institutes and councils in promoting business-to-business and people-to-people links with countries in the Indian Ocean rim. The committee recommends that DFAT coordinate a roundtable of Indian Ocean rim country foundations, institutes and councils. The roundtable should focus on:

- **ways to increase Australian community and business awareness of IOR-ARC and its activities; and**
- **any other relevant matters.**

Recommendation 16 (Chapter 13)

The committee notes that currently there is no foundation, institute or council which covers the countries of Africa. The committee recommends that DFAT work with existing business and community groups to establish an appropriate organisation to enhance awareness and understanding between the peoples and institutions of Australia and the African countries.

Recommendation 17 (Chapter 13)

The committee sees significant benefit in improved coordination between the state and federal governments on the promotion of Australian business and trade in the Indian Ocean rim. The committee recommends that the Australian government create a Council of Australian Governments (COAG) Select Council to facilitate consultation and cooperation on trade and investment initiatives for the Indian Ocean rim.

The Indian Ocean Rim COAG Select Council would continue for the duration of Australia's role as chair of IOR-ARC, with the potential to be made a Standing Council.

The committee believes that the Select Council would ensure that coordination of efforts promoting Australia business in this growing region is a priority for both state and federal government.

Senator Alan Eggleston

Chair

Senate Foreign Affairs, Defence and Trade References Committee

Dissenting Report by Senator Scott Ludlam

Australian Greens Senator for Western Australia

These dissenting remarks are restricted to citations or comments in the Committee's report that exaggerate the prospects of the uranium market in the Indian Ocean Region or which erroneously refer to nuclear as a clean energy source.

The Department of Resources and Energy falsely states that uranium is the "sleeping giant of Australian export commodities." While the indestructible optimism of the Department may have therapeutic value, it is simply not grounded in reality.

Uranium accounts for only 0.29 per cent of national export revenue and less than 0.015 per cent of Australian jobs in the decade to 2011. Further, companies like BHP and Cameco are mothballing their uranium projects.

The fact is that the nuclear industry has been badly shaken by the global financial crisis, its spiralling costs, the ongoing Fukushima disaster and overwhelming competition from renewable energy.

Market growth forecasts conjured by the Department project Asia outpacing the US for Australia's uranium. That forecast is predicated on selling uranium to states like India, a nuclear weapon state with an appalling track record on nuclear safety that produced its arsenal from a Canadian-supplied reactor it pledged to use only for 'peaceful purposes'.

While the Department describes Australia as "well placed to benefit" of such sales, the Indian people do not benefit. The Auditor General of India has condemned the Indian nuclear industry in part because there is no national policy on nuclear and radiation safety, and inspections, safety standards, emergency response plans, the supervision of licensing of nuclear sites, and the disposal of nuclear waste are all dangerously sub-standard.

Just eight years ago, K. Subrahmanyam, former head of the national security advisory board in India, said: '...it is to India's advantage to categorise as many power reactors as possible as civilian ones to be refuelled by imported uranium and conserve our native uranium fuel for weapons-grade plutonium production'. Australian uranium will benefit only India's nuclear weapons capacity.

In India, hundreds of thousands of men and women have mobilised in peaceful anti-nuclear protests - and they have been subject to severe, brutal repression from police. Five of the activists have been murdered since 2010 in the struggle against the nuclear industry in Koodankulam (Tamil Nadu), Jaitapur (Maharashtra) and Gorakhpur (Haryana).

The "benefits" described by the Department of Resources should not be countenanced when they will be gained from thrusting this material and technology upon unwilling communities at gunpoint.

The myth that Australian uranium in nuclear reactors would assist India with a low carbon technology is not credible when uranium mining, the building of nuclear power plants and their ongoing running are all carbon intensive, as is the storage of nuclear waste for up to 250,000 years in the case of plutonium.

The NT Government's reference to nuclear energy as clean is also absurd. Nuclear reactors routinely emit radiation as a normal part of their operation. Radiation is uniquely hazardous, persistent and indiscriminate, damaging our DNA which is passed on to future generations. Nuclear facilities are an obvious strategic or terrorist target – they turn conventional weapons into potential 'dirty bombs'. Accidents are a fact of life that no amount of engineering can completely overcome. Serious accidents at nuclear power plants can be catastrophic – potentially killing tens of thousands of people and rendering vast tracts of land uninhabitable for hundreds of years.

The only sustainable long term solution is to phase out the use of fossil fuels and phase in the use of renewable energy and energy efficiency technologies. Not only will this help to protect the climate and reduce the pollution and health effects of fossil fuels, it will also create independence for countries in the Indian Ocean Region currently reliant on fossil fuels from unstable areas such as the Middle East.

No one need be killed or injured for want of a wind turbine or solar panel and for this reason it is appropriate to call renewable energy peaceful and clean. Every country has abundant indigenous sources of their own renewable energy. The Indian Ocean Region has abundant solar radiation that could power solar thermal power plants, providing sustainable, reliable and independent energy. Australia providing that form of technology and assistance, rather than uranium, would provide tangible and material benefits to both Australia and the countries of the Indian Ocean Rim

Senator Scott Ludlam

Australian Greens

Appendix 1

Public submissions

- 1 Professor Ben Saul
- 2 Ms Carol O'Donnell
- 3 Tourism Western Australia
- 4 Professor Raghendra Jha
- 5 Department of Defence
 - 5A Supplementary Submission
 - 5B Supplementary Submission
- 6 Indian Ocean Research Group (IORG)
 - 6A Supplementary Submission
 - 6B Supplementary Submission
 - 6C Supplementary Submission
 - 6D Supplementary Submission
 - 6E Supplementary Submission
 - 6F Supplementary Submission
- 7 Dr Sandy Gordon
- 8 Australian Tamil Congress
- 9 Campaign for International Co-operation and Disarmament
- 10 Dr Sam Bateman
- 11 CSIRO
- 12 Future Directions International (FDI) Pty Ltd
- 13 Dr Andrew Phillips
- 14 Dr Auriol Weigold
- 15 Department of Resources, Energy and Tourism
- 16 Dr David Brewster
- 17 Professor Kaliappa Kalirajan
- 18 Australian Coal Association
- 19 Austrade

- 20 NSW Trade and Investment
- 21 Dr Sam Bateman, Dr Anthony Bergin and Professor Russell Trood
- 22 Mr Jason Beet
- 23 Telstra
- 24 Mr Nick Pastalatzis
- 25 Consulate-General of the Sultanate of Oman
- 26 Australian Chamber of Commerce and Industry
- 27 SA Chapter Australian Tamil Congress
- 28 Northern Territory Government
- 29 ANU College of Asia and the Pacific
- 30 Department of Foreign Affairs and Trade
- 31 Australian Centre for International Agricultural Research
- 32 Department of Infrastructure and Transport
- 33 Left intentionally blank
- 34 Ms Kristen Mulligan
- 35 Western Australian Department of the Premier and Cabinet
- 36 Asia Research Centre, Murdoch University
- 37 Export Finance and Insurance Corporation (EFIC)
- 38 Department of Regional Australia, Local Government, Arts and Sport
- 39 Confidential
- 40 Department of Agriculture, Fisheries and Forestry
- 41 Australian Federal Police
- 42 Mr Sergei DeSilva-Ranasinghe
- 43 Mr James Barns
- 44 Mr Tony Friday, Pilbara Regional Council
- 45 Confidential

Appendix 2

Public hearings and witnesses

Friday 17 August 2012—Canberra

Department of Foreign Affairs and Trade

BLOMFIELD, Mr William, Africa Branch

GORDON, Mr Ken, North Asia Goods Branch

LYNCH, Mr Bernard, Director, Iraq and Gulf States Section

NAMDARIAN, Mr Kayzad, South and Central Asia Branch

PIERCE, Mr Mark, South & Central Asia Branch

WATT, Ms Paula, Counter-Terrorism Branch

Department of Resources, Energy and Tourism

CONSTABLE, Ms Tania, Division Head, Resources Division

DOWIE, Mr Nicholas, General Manager, Tourism Policy Branch, Tourism Division

Roundtable Participants

BREWSTER, Dr David, Visiting Fellow, Strategic and Defence Studies Centre, Australian National University

DRYSDALE, Professor Peter David, Private capacity

JHA, Professor Raghendra, Private capacity

MacINTYRE, Professor Andrew James, Dean, College of Asia and the Pacific, Australian National University

PHILLIPS, Dr Andrew Bradley, Private capacity

TAYLOR, Dr Brendan Kevin, Head of Strategic and Defence Studies Centre, Australian National University

WEIGOLD, Dr Auriol, Private capacity

Tuesday 2 October 2012 – Perth

Indian Ocean Research Group

RUMLEY, Professor Dennis, Chair

Asia Research Centre, Murdoch University

HAMEIRI, Dr Shahar, Senior Lecturer and Research Fellow

Department of State Development, Western Australian Government

GRINCERI, Ms Sonia, Acting Director, International Trade and Investment

NUNIS, Mr Giles, Deputy Director General, Resources and Industry Development

Future Directions International

HARTLEY, Major General John, Institute Director and CEO

LUKE, Mr Leighton, Research Manager, Indian Ocean Research Programme

McHUGH, Mr Liam, Research Manager, Northern Australia & Energy Security Research Programmes

Chamber of Commerce and Industry of Western Australia

PEARSON, Mr James Hugo, Chief Executive

Wednesday 5 December 2012—Canberra***Austrade***

DAWSON, Ms Philippa, Group Manager, International Issues Branch

LANDERS, Mr David, General Manager, Growth and Emerging Markets

CSIRO

BELL, Mrs Juliet, Executive Manager, Global Engagement

YUNCKEN, Ms Liz, Europe, India and Middle East Adviser, International Development

Australia-Africa Mining Industry Group

HART, Mr Jeff, Special Adviser

Australian Chamber of Commerce and Industry

CLARK, Mr Bryan, Director, Trade and International Affairs

Thursday 6 December 2012—Canberra*AusAID*

NICHOLS, Mr Paul, Assistant Director-General

RAUTER, Ms Lisa, Assistant Director-General

Geoscience Australia

BARNICOAT, Dr Andrew, Chief, Minerals and Natural Hazards Division

JASKA, Mr Daniel, Section Leader, Australian Tsunami Warning System

Bureau of Meteorology

CANTERFORD, Dr Ray, Division Head (Services)

Australian Centre for International Agricultural Research

DIXON, Dr John, Principal Regional Coordinator, South Asia and Africa,

HEARN, Dr Simon Eric, Principal Adviser

Department of Defence

BIRRER, Mr Chris, Assistant Secretary, Major Powers and Global Interests

ROBERTS, Mr Frank, Head, Australian Defence Force Posture Review Implementation Team

SHOEBRIDGE, Mr Michael, First Assistant Secretary, Strategic Policy

Telstra

PERIES, Mr Kavan, General Manager, Planning and Development, Telstra International Group

Friday 22 March 2013—Canberra***Department of Foreign Affairs and Trade***

McCARTHY, Mr Adam, Assistant Secretary, Africa Branch

McCONVILLE, Mr Ian, Director, East, West and Regional Africa Section, Africa Branch

NAMDARIAN, Mr Kayzad, Acting Director, Indian Ocean Strategies Unit, South and Central Asia Branch

PIERCE, Mr Mark, Assistant Secretary, South and Central Asia Branch

SHANNON, Mr Peter, Assistant Secretary, Counter-Terrorism Branch

SUTIYONO, Ms Anna, Executive Officer, Counter-Terrorism Branch

Department of Infrastructure and Transport

DREEZER, Mr Steve, General Manager, Maritime, Identity and Surface Security Branch, Office of Transport Security

PALMER, Mr Michael John, Former Inspector of Transport Security

RETTTER, Mr Paul Bernard, Executive Director, Office of Transport Security

SWAIN, Mr Christopher, Director, Strategic Policy and Legislation

Australian Federal Police

RAISER, Commander Errol, Manager, Special References

SCOTT, Commander Alan, Manager, Australian Peace and Stability Operations Management Centre

WHOWELL, Mr Peter Jon, Manager, Government Relations

Department of Agriculture, Fisheries and Forestry

BUCHANAN, Ms Kelly, Director, International Fisheries Section, Sustainable Resource Management Division

THOMPSON, Mr Ian George, First Assistant Secretary, Sustainable Resource Management Division

Private capacity

DeSILVA-RANASINGHE, Mr Sergei

Appendix 3

Additional information, tabled documents, and answers to questions on notice

Answers to questions on notice

17 August 2012, Canberra

1. Department of Foreign Affairs and Trade - Answers to questions on notice
2. Department of Resources, Energy and Tourism - Answers to questions on notice
3. Department of Resources, Energy and Tourism - Attachment A - Summary of Tourism Australia's India Strategic Plan 2020
4. Department of Resources, Energy and Tourism - Attachment B - Tourism 2020
5. Department of Resources, Energy and Tourism - Attachment C - Mapping Australia's Tourism Aviation Priorities

5 December 2012, Canberra

1. CSIRO - Answers to Questions on notice
2. Austrade - Answers to questions on notice

6 December 2012, Canberra

1. Bureau of Meteorology - Answers to Questions on notice
2. AusAID - Answers to questions on notice
3. Department of Defence - Answers to questions on notice

22 March 2013, Canberra

1. Department of Foreign Affairs and Trade - Answers to questions on notice
2. Australian Federal Police – Answers to questions on notice

