

The member countries of ASEAN

It is the intention of this report to examine Australia's relations with the Association of South East Asian Nations (ASEAN) but it must be stated at the outset that the impact of these relations should in no way diminish the importance of Australia's long standing bilateral relations with the individual countries of the Association. The five countries, Indonesia, Malaysia, the Philippines, Singapore and Thailand which constitute ASEAN share a geographic proximity which permits a regional grouping. On that basis the grouping could include other countries in South East Asia but factors such as current ideological differences have defined its present membership.

The ASEAN countries share many common characteristics in their development which have formed their socio-economic structures but there are also diverse elements. Some of these matters are dealt with in the following sections covering briefly aspects of their historical background, social, economic and political characteristics, their bilateral relations with Australia, the emergence of ASEAN and its current role. These notes are intended as only a brief background to the more detailed consideration of 'Australia and ASEAN' that follows.

Early history

The South East Asian region in its early history was the focus of migration from the Asian mainland. First one group of Malays and then another settled what is now Malaysia and Indonesia and other nearby areas forcing the earlier inhabitants inland or onto other islands. About two thousand years ago the development of a sea route to China through the South East Asian archipelago brought Indian settlement which had a significant influence on the region. In key locations along the route there was evidence of significant Indian influence and when an alternative sea and land route was found across the Kra Isthmus this influence spread further in the region. Some of these centres grew into small kingdoms and imposed tolls on Indian and Chinese traders causing them to seek other routes. Indian religious, cultural and economic influence till the end of the 15th century was considerable in the region and impeded further large scale migration from the mainland. The cultural complexities of the region were added to by Arab traders and Islamic culture was spread by the Gujorati spice merchants following the commercial routes. The sea provided a commercial link and also served to extend religious and cultural influences in the region. By the end of the 15th century Muslim sea power dominated the area.

The European colonial period

The European penetration of South East Asia began in the 16th century when the Portuguese captured Malacca. They were followed by the Spanish who claimed the Philippines and the Dutch who settled in Java. In 1641 the Dutch took Malacca from the Portuguese. The British and French had been interested in the region but it was not until their involvement with the China trade in the late 18th century that they established a presence in the region.

The British with trade as their prime motive annexed Penang in 1786, Malacca in 1824 and established Singapore as the main trading port between India and China early in the 19th century. In 1841 the British established a presence in Sarawak and in 1846 a base was established at Labuan (in what is now Sabah) for trade, refuelling and operations against pirates. The ports of Hong Kong, Penang and Singapore were open to world trade and attracted merchants from India and China as settlers, something not permitted by the Dutch in Indonesia. With the discovery of tin by the Chinese on the Malay mainland the British turned their attention inland and a commodity export economy developed. The inland areas were opened up and plantations were established, including the cultivation of rubber, early this century. The British also established themselves in Borneo in 1881 and in Burma in 1886.

The French control of territory in the region began in 1859 with a base in the Mekong Delta and spread with the annexation of the southern provinces of Cochinchina, and the establishment of a protectorate in parts of Cambodia in 1863. Throughout these annexations by the British and the French Thailand retained its independence and it was a buffer between their respective territorial acquisitions.

The Dutch concentrated on the region bordering on the Java Sea and Banda Sea with a boundary agreement in 1893 limiting the Portuguese to the eastern half of Timor. The Spanish control of the Philippines continued with the promotion of export trade. They failed to effectively subjugate the Muslim population in Mindanao and by 1896 the Filipinos rose up against the Spanish to gain independence. This was achieved with American assistance but was shortlived when the Americans in turn colonised the country.

From the beginning of this century until the Japanese occupation in 1942 the colonial rulers maintained their territorial boundaries in the region. Boundaries were frequently determined by topographical considerations or political expediency and not recognising the traditional political or ethnic associations. Colonial rule with its rigid political forms and economic demands was not universally acceptable nor popular in the region. The advent of World War II brought the region under the political control of Japan by 1942 and even though the former colonial boundaries were restored in 1945 anti-colonial pressures had gathered momentum and independence movements were gaining strength.

The quest for independence accelerated after 1945 and by the end of 1957 only West Irian, British Borneo and Singapore remained under colonial administration. Thailand was never colonised, the Philippines negotiated independence peacefully in 1946 as did Malaysia in 1957 and Singapore became fully independent in 1965 when it was expelled from the Federation of Malaysia after a membership of two years. Indonesia, however, had to fight for its independence which was achieved in 1949.

Member country profiles

The formerly colonised member countries of ASEAN still exhibit in their socio-economic structures some legacies from the colonial period but also reveal styles of government and development which have evolved in the years since independence. The forms of government that have developed in the ASEAN countries are centralised and authoritarian and in Indonesia, the Philippines and Thailand involve active participation from the armed forces. A short summary of these features, including bilateral relations with Australia, is provided in the following section on the ASEAN member countries.

INDONESIA

The Indonesian archipelago is the world's largest island complex, consisting of some 3000 islands, stretching 5120 kilometres from east to west and 1760 kilometres from

north to south. The land area is 1 906 240 square kilometres. The islands vary in size and the terrain ranges from high mountains (the highest being Mt Kerinci, 3800 metres) to broad plains. In some areas the lowlands are tidal swamp not suitable for cultivation, in other areas there are fertile coastal lowlands and inland valleys. The vegetation is varied and ranges from alpine in the mountains to rain forests and swamp lands. While many areas are still covered by forests the widely practised 'slash and burn' system of agriculture has reduced forest cover in other areas. The climate for the greater part is maritime equatorial, with high temperatures and heavy rainfall. Indonesia is well endowed with natural resources. It has considerable oil. In 1979 oil production was 581.5 million barrels and reserves were estimated at 9.6 billion barrels. Oil exports to Australia in 1979-80 were valued at \$171 million. Oil, natural gas, mineral and timber reserves, offer potentially good prospects for economic development.

One of the major restraints in Indonesia's social and economic development is its large and burgeoning population. It is estimated that the population numbers 145 million with an annual increase of around 2.4% or more than 3 million people per year. An additional problem with the population is the imbalance of its distribution. The prime example is the island of Java which has 65.0% of the population but comprises only 7.0% of the country's land area. As a consequence land distribution is an immense problem, holdings are small and the number of landless families is increasing.

Ethnic and cultural diversity exists in the country with more than 360 distinct ethno-cultural and 250 linguistic groups within the indigenous population. The Javanese are the largest group with over 70 million, the Sundanese (25 million), Bataks (6 million), Buginese (5 million), as well as Minangkabu and Balinese. Chinese in Indonesia number about 3 million and there has over several centuries been considerable inter-marriage and assimilation. It is estimated that over half of Indonesia's Chinese are Indonesian citizens.

Indonesians are predominantly of the Islamic faith (90.0%) divided into two groups, the orthodox is rural based and the modernist is urban based. Christianity has a following of approximately 9 million people in Indonesia and they are represented in political, military, education and civil service ranks. Most of the Chinese in Indonesia are Christians.

The post-independence era

The immediate post-independence years were often turbulent and unsettled for a nation with a war-disrupted economy and great imbalances in the distribution of its population and resources. The period until 1965 was also dominated by growing disunity in the Government and the increasing central authority of President Sukarno, backed by the army. Under Sukarno's 'guided democracy' the Indonesian economy deteriorated further, prestigious projects and ideological campaigns were introduced to unify the people and distract them from the declining internal situation. A mass modernisation of the army was initiated and enormous external debts were accumulated.

Sukarno reached the pinnacle of his popularity when West Irian was 'regained' from the Dutch. A further military adventure, confrontation with Malaysia, did not meet with the same success internationally and Indonesia withdrew from the United Nations in 1965. The worsening internal situation and the international isolation which marked the latter years of the Sukarno period culminated with open conflict between the army and the Indonesian Communist Party in 1965. Before the clash the army's power base had been weakened while the Communist Party had expanded. The extent of the Communist Party's involvement in the attempted coup is the subject of debate but it was implicated. The coup was unsuccessful and the anti-communist

leaders in the army assumed control. Sukarno remained as President although with declining powers, and a massive anti-communist drive was implemented. By March 1967 Sukarno had for all practical purposes relinquished his governing powers and General Suharto was sworn in as acting President.

After President Suharto came into office the Communist Party was outlawed, confrontation with Malaysia ceased, Indonesia rejoined the United Nations and generally shifted to a less isolated stand in international relations. The excesses and extravagant programs of the 'guided democracy' era had bankrupted the economy, external debts were crippling and inflation was rampant. The Suharto Government has given priority to improving the economy and establishing orderly government. In 1969 a five-year development plan was introduced concentrating on agriculture and related industries. The second five-year plan was launched to develop labour-intensive industries and social and physical infrastructure.

The return to Indonesia from exports of oil led to a favourable balance of payments, assisted by a renewal of foreign investment confidence in the country. In early 1975 a serious setback occurred when the State owned oil company Pertamina could not meet its overseas borrowing commitments and debt obligations of over \$U.S.10 000 million. The Government intervened, some debts were repaid, others rescheduled and the company's operating ability was to a considerable degree restored.

The years of the Suharto Government have produced considerable achievements and have introduced a stability that was lacking in previous years. The President was re-elected in 1978 for another five-year term.

Bilateral relations with Australia

A bilateral relationship is not always easy to develop even when geographic proximity suggests that two countries, not hostile to each other, could readily achieve close ties. Indonesia and Australia have gradually developed an effective working relationship but it has been made that much harder because there was no common ideological, cultural, religious or racial base from which to begin.

Historically Australia's perception of the importance of secure and friendly neighbours to the near north was clearly demonstrated by the need to counter Japan's penetration of the region during World War II. Many Indonesians still recall the Australian presence during the war and appreciate Australia's support for the Indonesian independence movement. Since independence the relationship has developed gradually but not always without friction. During the Sukarno era relations fluctuated and were under strain over West Irian and the confrontation with Malaysia. Sukarno's association with China and the Soviet Union were viewed with concern and suspicion in Australia, though a workable diplomatic relationship was maintained. After the attempted coup in 1965 and the ending of confrontation with Malaysia the Australian-Indonesian relationship began to improve steadily.

When the Suharto Government came into office the pattern for the subsequent development of the relationship was established. After apprehensions over developments during the Sukarno era Australian Governments placed a high priority on improving relations, contacts at government and non-government levels were promoted including reciprocal visits by the respective Heads of Government. The high point of the relationship was reached by 1975 but when Indonesia initiated its military operations in East Timor in December of that year those actions produced a strong reaction from Australians. It is an issue which has adversely affected the relationship.

Although the two countries are at differing stages of development with differing styles of government there is growing co-operation in an increasing range of bilateral activities. Two-way trade is expanding at record levels, in 1978-79 exports to

Indonesia were \$217.6 million and imports \$99.2 million. The value of Australian investment in Indonesia is estimated at \$200 million. The Australian development assistance program in Indonesia is extensive in its range of activities and is the second largest Australian bilateral program after Papua New Guinea, amounting to \$294.8 million since its inception. Academic and cultural exchanges, through the cultural agreement, are promoted between the two countries. Tourism is another growing form of contact. Australia has had a modest defence co-operation program with Indonesia since 1968 which includes training, equipment, survey and mapping.

In recent years there has been a growing number of exchange visits at the parliamentary and officials levels aimed at developing more contacts between Australia and Indonesia. The Committee believes that exchanges at all levels of the respective communities should be encouraged and supported as they can contribute significantly to bilateral relations.

MALAYSIA

The Federation of Malaysia occupies two distinct regions, Peninsular Malaysia on the Asian mainland and the States of Sabah and Sarawak on the island of Borneo, separated from the mainland by the South China Sea. The total area is 330 435 square kilometres, consisting of Peninsular Malaysia, 131 588 square kilometres and the two off-shore States, 198 847 square kilometres.

A range of steep forest-covered mountains extends down the peninsular with coastal plains on the east and west sides. The two off-shore States have coastal plains rising to jungle-covered mountains inland. The climate is tropical with monsoon seasons and high annual rainfall. Malaysia is the world's largest exporter of tin, and agriculture is the predominant sector of the economy. Rubber contributes some 30.0% of export earnings and Malaysia is also a leading exporter of palm oil. The Government is actively encouraging industrial development and the manufacturing sector is growing rapidly.

The population of Malaysia was estimated in 1978 to be 12.9 million with 10.84 million on Peninsular Malaysia and 2.06 million in Sabah and Sarawak. The annual population growth rate is 2.7%. Malaysia is a multi-racial society. The Malays are the largest group, comprising 45.0% of the population, then the Chinese (35.0%), Indians (10.0%) and other non-Malay indigenous people make up the balance. The Malays are predominantly Muslims, while the Chinese adhere to a variety of religions, including Confucianism, Taoism, Buddhism and Christianity. Malay is the national and official language, whilst English is widely used in business circles and is a compulsory subject in all schools. The Chinese use a number of the dialects of their language, Indians speak Tamil or Malay and in Sabah and Sarawak a variety of native languages are spoken.

The development of the Federation

The Japanese occupation of Malaysia during World War II undermined British authority and the communist-led guerilla forces that had fought the Japanese continued to fight after the war. The twelve year 'Emergency' (1948-60) drew support from dissatisfied elements in the Chinese population in Malaya. Other Chinese joined with Malay and Indian leaders to form the Alliance Party which led the country to independence in 1957. In 1961 the then Prime Minister Tengku Abdul Rahman proposed a federation to include Singapore, Sarawak, North Borneo (now Sabah) and Brunei. The Federation of Malaysia was formed in 1963. Brunei refused to join, and after two years the membership of Singapore proved unworkable and it was expelled.

Malaysia is a constitutional monarchy with a Head of State (the Yang di-Pertuan Agong) who is elected every five years from among the nine Malay rulers. The Parliament has a bicameral system with 144 members of the House of Representatives and 48 members of the Senate. The Parliament has a term of five years. Apart from the residual problem of insurgent activity mounted by factions of the Malaysian Communist Party, Malaysia has a continuing history of inter-racial tensions. This flared into riots in 1969 which led to a two year suspension of the Constitution and Parliament.

Malaysia has a prosperous economy with efficient primary industries and a growing export-oriented manufacturing sector. A series of five-year plans have been implemented, the third to be completed in 1980.

In the early years of independence Malaysia's foreign policy was associated with Britain particularly during the confrontation period. Since 1970 Malaysia has been actively associated with non-alignment, regional co-operation through ASEAN, and the concept of a Zone of Peace, Freedom and Neutrality (ZOPFAN) in South East Asia. Malaysia is a member of the Commonwealth.

Bilateral relations with Australia

Australia's relations with Malaysia are based on long-established associations. Australian forces served there during World War II, the Emergency and the Indonesian confrontation period. The two countries have similar systems of government and a history of co-operation in a variety of fields including defence, development assistance, trade and recently refugee resettlement. Malaysia and Australia have shared a number of foreign policy interests. However in recent years Malaysia's foreign policy priorities have shifted and now include an active involvement in the non-aligned movement, ASEAN, ZOPFAN and the promotion of Islamic solidarity. Despite this relations remain close. Defence co-operation will remain an important element in the relationship, including the Australian airforce squadrons at Butterworth.

Economic issues have become an increasingly important aspect of the relationship. Bilateral trade has developed steadily. In 1978-79 Australian exports to Malaysia were valued at \$330.5 million and imports at \$152.6 million. Australia and Malaysia have a Trade Agreement dating back to 1958 and Australian investment in Malaysia, including retained earnings is estimated at \$150 million. Malaysia has been critical of certain Australian trade policies and practices, particularly protectionist measures in the textile, footwear and timber industries. The imbalance of trade between the two countries is another contentious issue.

Malaysia was one of the initial recipients of Australian development assistance and by the end of the 1979-80 financial year disbursements totalled \$63.1 million. While the development assistance program has never been a significant element in the bilateral relationship and the need for continuing assistance is diminishing, it has been of assistance to the Malaysian Government. The training program in particular has been a significant element and is one of the largest conducted by Australia. From its inception till 1979 a total of 2947 sponsored students from Malaysia had been trained in Australia. Project aid and technical assistance have in recent years been concentrated in the transportation field.

Another area of close contact between the two countries is training in Australia for private students from Malaysia and thousands of Malaysian students have studied at Australian educational institutions. There has been concern in the past in Malaysia over the large numbers of students that have not returned to Malaysia but the problems have been overcome. Australia also has a cultural agreement and a defence co-operation program with Malaysia.

While the nature of Australian-Malaysian relations has changed the relationship is friendly and close. Common concerns over the security and stability of the region

ensure that constant contacts are maintained on such matters as defence and refugee resettlement. Economic relations are now a dominant feature of the relationship.

THE PHILIPPINES

The Philippines archipelago consists of over 7000 islands with a total area of 300 400 square kilometres. There are eleven main islands which have about 95.0% of the total land area and population. Much of the land is mountainous with narrow coastal plains and the largest island Luzon has a central plain which is the most important agricultural area in the country. The Philippines has a tropical climate and lies in the typhoon belt.

Filipinos are predominantly of Malay stock with some Chinese, Spanish and American ancestry through intermarriage. The population is approaching 50 million with a growth rate of 2.8% per annum. Over 90.0% of the population are Christians, mainly Roman Catholics (83.0%), Protestants (9.0%), Muslims (3.0%) and the remainder Animist. The three main languages are Cebuano, Tagalog and Ilocano, in all some eighty-seven local languages and dialects are spoken. The official languages are Filipino (basically Tagalog), English and Spanish to a diminishing degree. Schooling is extensive and the Philippines has a literacy rate of over 75.0%, one of the highest in Asia.

Economic and political developments

The Philippines has considerable mineral resources, scope for increased agricultural production and a growing industrial sector. At present the country has a primarily agricultural economic base and the export trade is in coconut products, sugar, bananas, hemp and timber. Mining is increasing and the discovery of off-shore oil will alleviate the present total dependence on oil imports. Industrial development is progressing particularly in the labour intensive light manufacturing sector. There are unemployment and under-employment problems for the large labour force and trade deficits have also caused foreign exchange shortages. The economic performance of the country in the 1970s has shown progress but there is concern over the inflation rate, rising energy costs and international indebtedness.

After attaining independence in 1946 the Philippines adopted a presidential system of government modelled on the United States. Close ties were maintained with the United States and to a degree continue today. Internal dissent has existed in the Philippines since independence, mainly from the Muslims in the south and the communist-inspired Huks, demanding among other things, land reform. The Huks have been relatively subdued and dispersed, but the Muslims seeking regional autonomy continue to divert government resources and attention. Since 1972 the Philippines has had martial law. In 1978 an interim National Assembly (200 members) was elected and President Marcos is both President and Prime Minister, ruling by Presidential decree. There are critics of the Government in the Philippines, including religious leaders and Filipinos overseas who oppose the present system.

The present foreign policy of the Philippines places less emphasis on a close alliance with the United States and more on closer regional links. Wider international associations have also been established including some East European countries, China and the Soviet Union during the mid-1970s. Relations with Japan are important as they are with the United States, the other major trading partner. Within ASEAN the Philippines' relations with the other members have been cordial except for the Philippines' claim to Sabah which caused a dispute with Malaysia. The claim is no longer emphasised but it has not been withdrawn.

Bilateral relations with Australia

After close contacts during World War II the bilateral relationship remained low key for the next two decades. Australia's immediate post-war immigration policy created considerable resentment in the Philippines. During the 1970s the relationship developed, trade assumed greater importance and recent changes to Australia's immigration laws have enabled more Filipinos to settle in Australia. Closer relations have also been assisted by growing two-way tourism, increasing academic exchanges and the absence of language problems between the two countries. There are now about 10 000 Filipino settlers in Australia and over 700 students from the Philippines have trained under the Colombo Plan in Australia.

Trade between Australia and the Philippines has increased steadily and in 1978-79 amounted to \$242.7 million. Australian exports were \$165.8 million, imports from the Philippines were \$76.9 million. Australian investment in the Philippines, including retained earnings is estimated at \$30 million. In 1979 a double taxation agreement was signed and the bilateral Trade Agreement was ratified. A Nuclear Co-operation and Safeguards Agreement was signed in 1978 opening the way for negotiations for the supply of Australian uranium to the Philippines.

Australian development assistance to the Philippines focuses on agricultural development in remote and underdeveloped provinces. The two major projects in Zamboanga del Sur and Samar are Australia's largest integrated rural development projects. The Philippines has been allocated \$40 million of the Australian forward commitment of development assistance to ASEAN countries. Total disbursement of Australian development assistance to the Philippines amounted to \$48.7 million by 1979-80. Defence co-operation between the two countries has been mainly in the form of high-level visits, ship visits and training. Australia and the Philippines have a cultural agreement.

Aspects of the trading relationship have drawn criticism from the Philippines, particularly the imbalance of trade in Australia's favour and market access for its developing industries. In 1979 the Philippines joined other ASEAN countries in criticising the Australian International Civil Aviation Policy (ICAP). Overall contacts are increasing at many levels and are providing opportunities from which closer ties can be established.

SINGAPORE

Singapore is an island republic consisting of the main island and 54 small islands. The land area is 581.5 square kilometres with a tropical climate and a population around 2.5 million. It is a city state with little rural hinterland and the topography is undulating with a few low hills.

The population is composed of Chinese (76.0%), Malays (15.0%), Indians (7.0%), Eurasians and Europeans. The communities consist of a number of ethnic groups, e.g. there are five distinct Chinese dialect groups and the Indian groups originate from a variety of places in India and Pakistan. The major languages are Chinese, Malay, Tamil and English and the country is officially acknowledged as multi-lingual. Some tension exists between the English language educated and the Chinese language educated population, the former being Western oriented and the latter regarding China as their cultural homeland.

Singapore has a young population and the Government's family planning programs have reduced the population growth rate to 1.3% per annum in a population of 2.5 million. The Government places emphasis on social services such as housing and urban developments for the people.

Economic and political developments

After Singapore's expulsion from the Malaysian Federation in 1965 the prospects for a small state without natural resources and serious unemployment problems were daunting. The following years witnessed the introduction of aggressive policies which achieved dynamic results and have provided the majority of Singaporeans with a high level of social and economic development. Singapore is the major entrepôt for the region and the mainstays of the economy are the manufacturing, trade and service sectors. A wide range of products is manufactured, including ships, electronic equipment, clothing, machinery and medical products. Recently emphasis has been placed on the petrochemical, electronic and aeronautical industries. Industrial development is heavily dependent on foreign investment and to remain viable Singapore needs to constantly devise means to attract outside capital.

The People's Action Party led by Prime Minister Lee Kuan Yew has been in government without any effective political opposition since self-government in 1959. Singapore is a republic and a member of the Commonwealth, the Parliament is unicameral with 69 elected members. The Parliament appoints a President as Head of State for a four-year term and the President appoints the Prime Minister.

As a small state in a populous region where Chinese are ethnically alien, good relations with its neighbours are of paramount importance to Singapore. It has adopted a foreign policy of neutrality and non-alignment believing that the dominance of one major power in the region is not in the best interests of the region. Although non-aligned it participates in military arrangements with Britain, Malaysia, Australia and New Zealand. Singapore has trading and diplomatic relations with a number of communist nations. It has established a working relationship with China without as yet entering into formal diplomatic links. In recent years the situation in Indo-China has been of major concern to Singapore and it shares ASEAN's suspicions of Vietnam's actions in the region.

Bilateral relations with Australia

After World War II Australia's relations with Singapore concentrated on defence considerations. The situation has altered and the emphasis is now on economic issues. Singapore is Australia's fourth largest trading partner in Asia, on a world basis it is the sixteenth largest export market and eleventh largest source of imports. In 1978-79 Australian exports to Singapore amounted to \$263.8 million and imports were \$277.7 million. Since 1976-77 Singapore has had a trading surplus with Australia. Australian investment in Singapore in 1978 was valued at \$30 million, excluding retained earnings. This figure is estimated to be much higher if retained earnings are included as there are 86 firms with Australian involvement operating manufacturing facilities there.

Australia's development assistance to Singapore totalled \$12.5 million by 1979-80 and amounts to around \$1 million annually. Defence co-operation program expenditure is at an annual average of \$600 000. In both fields the assistance is concentrated on training. Several thousand students from Singapore have studied in Australia both privately and under the Colombo Plan. A cultural agreement between Singapore and Australia has been in operation since 1975.

There is a history of co-operation between Australia and Singapore on strategic issues. However now economic matters are a major factor in the relationship and there has been some discord. Singapore along with its ASEAN partners has been critical of Australia's protectionist policies. One particular focus of disagreement was Australia's International Civil Aviation Policy. Singapore's reaction, supported by the ASEAN members, introduced considerable controversy and Australia was strongly criticised

over the policy. The dispute was resolved but whether the solution will continue to be to Singapore's satisfaction remains to be seen.

THAILAND

The country has four main geographic regions, central, northeast, north and south. The central region is rich in alluvial soil and well watered, including the main river, the Chao Phraya. The northeast is a large plateau, much of it infertile and subject to droughts and floods. The north occupies one quarter of the country, it is a region of mountains and fertile valleys. The south is a long sliver of rain forest covered land. Thailand in area is 512 820 square kilometres and the climate is tropical.

The four geographic regions also reflect cultural, linguistic and physical differences in the Thai people. The population, mainly of Thai stock, is over 44 million with an annual growth rate of 2.8%. The largest minority group is the Chinese (3 million) who are integrated into the community. In the southern region there are about 1 million Malay speaking Muslims. In the north there are approximately 300 000 hill tribe people and in the north-east some 45 000 Vietnamese. Theravada Buddhism is the religion of over 90.0% of the population. The national language is spoken by over 90.0% of the people and the literacy rate is about 70.0%.

Economic and political developments

Thailand's economy is based on agricultural production with the growing industrial and commercial sectors confined around Bangkok. Rice is the main crop and Thailand exports it to other South East Asian countries. Thailand is the world's third largest exporter of rubber but production is tending to run down. Tapioca is a major crop and Thailand is now the world's largest exporter. Maize and sugar are other important crops. Thai agriculture is diversified and agricultural land has been available, although population pressure is now being felt. The industrial sector has grown throughout the last two decades and includes such industries as textiles, paper, chemicals, metals and petroleum refining. The economy is sound even though crops are subject to favourable seasons, foreign investment is still coming into the country despite concerns over the Indo-China situation and the rising cost of petroleum imports.

Thailand is a constitutional monarchy with a centralised system of government and unlike the other members of ASEAN, it was never colonised. It has had a history of frequent changes of government, many led by the military. The monarchy remains a stabilising influence. The people in turn accept the changes and seem content to leave the running of the country to an elite drawn from the top ranks of the military, the civil service and the business world. Changes of government in Thailand have usually been peaceful, however in 1973 and 1976 violent clashes between students and police accompanied the changes. Communist-inspired insurgency has been a continuing problem for Thai authorities and the communists have also infiltrated the Meo and Yao hill tribesmen who have remained apart from ethnic Thais. The successes of the Thai communists have fluctuated over the years and in recent times the events in Indo-China have not aided them in gaining popular support in Thailand.

Foreign relations have always had a prominent role in Thai politics. After World War II and into the 1970s Thailand had close associations with the United States which used air force and communications bases in Thailand for military operations in Indo-China. By 1969 the proposed scaling down of the United States military presence in South East Asia demonstrated to Thailand the need to reassess its foreign policy and this process continued into the mid-1970s. United States forces were withdrawn from Thailand in 1976 and the Government concentrated on improving relations with its new communist neighbours, Vietnam and Kampuchea. Diplomatic relations with China were also established. Thailand's foreign policy aims are to improve relations

with all countries irrespective of ideology and throughout 1979 and 1980 it has attempted to pursue this policy. However relations with Vietnam are at a critical point and open hostilities have occurred. Thailand has tried to remain neutral on the Kampuchean conflict and this stand has the support of its ASEAN partners. Better relations have also been established with the Soviet Union and Thailand now permits overflights by Soviet cargo aircraft enroute to Vietnam. The critical situation on the Thai-Kampuchean border has brought renewed assurances of support and assistance from the United States in the form of military equipment and a doubling of development assistance expenditure.

Bilateral relations with Australia

Since World War II close contacts have developed on a bilateral basis and through joint membership of regional development and defence associations. The relationship is harmonious and Thailand has not joined other members of ASEAN in the more strident criticism of Australia's economic relations with the group.

Bilateral trade is expanding steadily and in 1978-79 Australian exports to Thailand amounted to \$112.8 million with imports at \$35.4 million. In 1979 a bilateral Trade Agreement was signed to provide for the strengthening and diversification of trade, commercial, industrial and technical co-operation, joint venture enterprises and the establishment of a Joint Trade Committee. Australian investment in Thailand, including retained earnings, is estimated to be in excess of \$50 million. The main Australian exports to Thailand are mineral manufactures (70.2%) and processed and unprocessed primary products (14.2% and 8.8% respectively). The main imports from Thailand are textiles, animal feedstuffs and jewellery.

Thailand has been allocated \$40 million in Australia's forward commitment of development assistance. By 1979-80 Australia's development assistance to Thailand totalled \$81.4 million. The program has developed in recent years from small projects to bigger operations in land development, pasture improvement and road construction. An important component of the program is sponsored training and many Thai students have trained in Australia. Defence co-operation between the two countries is on a modest scale and involves exchange visits by services personnel, occasional joint naval exercises, training at Australian military colleges and technical assistance. Over 100 Thai services personnel have trained in Australia, including the Crown Prince of Thailand.

Tourist contacts between Australia and Thailand are growing and over 100 000 Australians visit there each year. One extremely unfortunate side effect of the growing tourist exchange is the facility it provides for the narcotics trade from Thailand. Australia has narcotics officers in Thailand to assist with suppression of traffic in narcotics and has provided material assistance for enforcement work. As with other ASEAN countries, Australia has a cultural agreement with Thailand to promote mutual understanding and a wider range of cultural exchanges.

The emergence of ASEAN

In the post-independence era in South East Asia attempts to establish regional co-operation organisations were numerous and embodied a variety of motives. Some were externally inspired and included extra-regional countries e.g. the South East Asia Treaty Organisation (SEATO) and the Economic and Social Commission for Asia and the Pacific (ESCAP). Others were among regional countries e.g. the Association of South East Asia and Maphilindo, both being formed by Malaysia, the Philippines and Thailand. As circumstances changed a number of these organisations became defunct or altered in composition.

During the early and middle 1960s it became apparent that a need existed to develop indigenous regional groupings among some states as a means of reducing prevailing tensions and animosities e.g. the Philippines claim to Sabah (1962), Indonesia's confrontation of Malaysia (1963) and Singapore's expulsion from Malaysia (1965). The task was made no easier considering the diverse ethnic and historic background of the major peoples and states, the differing colonial influences and the competitive nature of many of the national economies of the region. From this complex background ASEAN was formed on 8 August 1967 when the Foreign Ministers of Indonesia, Malaysia, the Philippines, Singapore and Thailand signed the ASEAN Declaration, also described as the Bangkok Declaration. (For the contents of the ASEAN Declaration see Appendix I.)

The Association, based on the principles of economic, social and cultural development in the region through joint endeavours and the promotion of regional peace and stability, began its operations cautiously. Allowing time for consultation and co-operation to develop, ASEAN members have increasingly taken each other's views into account in the formulation of national policies. Although economic co-operation is ASEAN's primary purpose, co-operation in the fields of agriculture, food, commerce, industry, finance, science, social welfare, transport, communications, media and tourism is handled through the ASEAN network. The first ASEAN structure had the five Foreign Ministers meeting annually on a rotational basis in each country, as the highest policy-making body. Their decisions were implemented and supervised by the Standing Committee. Each member country has also established a National Secretariat, responsible for co-ordinating ASEAN matters at the national level. In addition permanent, special and ad hoc committees on specific subjects were created. With this structure ASEAN continued its Foreign Ministers' meetings essentially on economic and non-political matters until 1971 when the Declaration of a Zone of Peace, Freedom and Neutrality was made at a special meeting. In 1975 ASEAN issued a statement on Vietnam and the Middle East and the first of the regular meetings of Economic Ministers was held.

The evolutionary character of ASEAN and the growing importance of economic co-operation were revealed at Bali in 1976 when the ASEAN Heads of Government met, signalling a 'renaissance' of the Association. The Heads of Government signed the Declaration of ASEAN Concord and also the Treaty of Amity and Co-operation in South East Asia as well as discussing international efforts to promote peace and stability in the region. The importance of economic co-operation was emphasised and it was agreed that:

- five large regional industrial projects on a joint venture basis be investigated. They are urea fertiliser projects in Indonesia and Malaysia, a soda-ash project in Thailand, a superphosphate project and a diesel engines project in Singapore; and
- ASEAN Preferential Trading Arrangements be established to facilitate the expansion of trade among the member states in basic commodities, the introduction of long-term contracts, preference in government contracts, extension of tariff preferences and preferential interest rates for purchase finance.

A further outcome of the Bali meeting was a change to the organisational structure of ASEAN. A centralised ASEAN Secretariat was established, based in Indonesia, and the committee system was reorganised. Additional to the meeting of Foreign Ministers provision was also made for the convening of Economic, Labour, Social Welfare, Education and Information Ministers to discuss and approve ASEAN programs in their respective fields. Financial co-operation is another initiative and a currency swap arrangement was set up in 1977. The ASEAN central banks each contributed \$U.S.20

million to a fund of \$U.S.100 million from which temporary drawings could be made to overcome international liquidity shortages. In 1978 the fund was increased to \$U.S.200 million.

Another example of the widening scope of ASEAN activities is the role of the private sector. As was the case with ASEAN itself, non-governmental input into the Association's programs was slow and cautious at the beginning. Now there are some thirty non-governmental organisations operating on an ASEAN-wide basis including chambers of commerce and industry, tourism, shipping, medicine, women's activities youth activities, information and inter-parliamentary activities. There is considerable interaction between the non-government organisations and their relevant ASEAN committee counterparts. At this point their activities have been mainly confined to meetings and it remains to be seen what programs will result from these initiatives.

Developments in ASEAN

Economic co-operation has been the main purpose and pursuit in ASEAN's development, particularly since 1976 when new initiatives and a broader range of operations were introduced. The co-operative efforts have in part sought to expand common interests among members with competitive economies and have also sought to promote economic growth for the sake of internal cohesion in member countries. This is essential where insurgency and dissatisfied groups exist.

The different and competitive economies of ASEAN states have so far limited economic co-operation and a conscious desire among them not to impair relations through over-ambitious economic aims has meant that progress has been tentative. Over the years Singapore developed into a modern manufacturing and financial centre with a flexible attitude towards world markets. The other ASEAN states' exports remain dominated by primary products. Population and income levels vary, as do members' attitudes to international trade. Singapore's trading policy is open and outward looking, Indonesia's is protectionist and the others have open and protectionist elements. Stemming partly from this diversity and partly from hastily conceived plans, the economic co-operation initiatives set at the Bali Summit have only had limited success. The Indonesian urea fertiliser project and the soda-ash project in Thailand have been adopted and a holding company has been established for the Malaysian urea project. The Philippines' superphosphate project has been accepted but Singapore's diesel engines project was not because of Indonesia's unwillingness to lower protection for its own manufactures of diesel engines. Singapore has indicated that it is withdrawing from the projects and will only make a token 1.0% contribution to the urea projects.

The other 1976 initiative, that of trade liberalisation through the preferential trading arrangements, has had limited success. The arrangements provided that liberalisation would be sought on a commodity-by-commodity basis with no set timetable for progressive tariff reductions. A significant problem has been that less developed members, notably Indonesia, have not agreed to substantial tariff reductions as an inducement for greater intra-ASEAN trade. Currently intra-ASEAN trade is approximately 15.0% of total ASEAN trade and even though by 1979 over 1300 items were listed in the preferential arrangements, few relate to sensitive industries or are items which are already traded at low intra-regional tariff levels. The preferential items account for only some 4.0% of intra-ASEAN trade.

Given the disparities that confront ASEAN economies it is to be expected that progress in intra-Association economic co-operation cannot be rapid. However since 1976, in a spirit of continuing co-operation, the revitalised effort in this field has established a network of private and government sector authorities to investigate a widening range of possibilities for co-operation and complementation rather than competition.

The economic features and prospects of ASEAN countries provide a basis for them to work together when conducting economic relations with other countries. Their combination into an effective and cohesive bargaining bloc is a notable feature of co-operation in the Association. It has proved valuable as a vehicle for exerting considerable collective bargaining power on Japan, the United States, the European Economic Community (EEC), Australia and other trading partners. It is unlikely that member countries working individually could have achieved the same results on a bilateral basis with their trading partners. Economic diplomacy between ASEAN and the countries mentioned above includes ministerial meetings, joint studies, officials meetings and consultations on matters such as investment, trade, energy co-operation and development assistance. Early in 1980, after seven years of discussion an ASEAN-EEC Co-operation Agreement was signed, concentrating on investment, technology transfer, market access, development projects in food production, rural projects, education and training.

Another example of ASEAN effectiveness on economic issues is the acceptance and influence it has as a group among Third World nations. It gives collective support to Third World proposals for a new international economic order, market access in developed countries, and a lowering of protectionist barriers. It argued in the Group of 77 for a moderate and practical approach to ensure that the establishment of the Common Fund would succeed.

Since its inception ASEAN has promoted itself and has received recognition mainly as an association for the development of economic, social and cultural co-operation. ASEAN as a political entity has developed, with a degree of subtlety, not always of its own volition and without seeking to focus attention on the political aspects of its activities. ASEAN's political role has, since 1975 however, gained more significance.

A constructive early political achievement within the ASEAN grouping was the steady reduction of tensions between the member countries and even though differences still arise they have been relatively minor. It has provided the framework for consultations among the members who have also used the Association to gain acceptance for some of their national aspirations e.g. Malaysia's proposals for a Zone of Peace, Freedom and Neutrality, Singapore's acceptance as a Chinese society in a predominantly Malay region and for the Philippines, a more South East Asian image rather than that of a client state of the United States.

Since 1975 Vietnam and Indo-China have been the major focus of concentration for ASEAN's external relations. Initially there was suspicion among ASEAN members of what a united communist Vietnam meant for regional stability and Vietnam in return was resentful of the role of the Philippines and Thailand in the Vietnam war. During 1976 and 1977 relations appeared to improve but by the following year as Vietnam's relations with China and Kampuchea deteriorated and the refugee exodus increased, suspicions were again aroused. In mid-1980, following the incursion by Vietnamese forces into Thai territory, the ASEAN Foreign Ministers issued a joint statement, condemning Vietnamese aggression and calling for a United Nations conference on Kampuchea. They called also for a total withdrawal of foreign troops from Kampuchea and Afghanistan adding that any incursion of foreign forces into Thailand directly affected the security of ASEAN member states and endangered the peace and security of the whole region. In 1979 and 1980 ASEAN countries submitted draft resolutions on Kampuchea at the United Nations, both co-sponsored by Australia. However political co-operation among the Association members has not developed into formal security arrangements. Defence co-operation is extensive but remains on a bilateral basis.

The joint ASEAN response to the Indo-China situation and the outflow of refugees has given ASEAN an active political role which is acknowledged by other countries e.g. during recent years ASEAN Foreign Ministers have held discussions with Foreign Ministers from Australia, Canada, Japan, New Zealand and the United States on these issues.

ASEAN as a cohesive economic bargaining group has achieved international recognition, its political role, activated in part by strategic concerns, is recognised and is supported by many countries in adjacent regions and beyond. The membership of ASEAN has not altered since its formation although a number of nearby developing countries have sought various contacts with it. The Association has not indicated that it will expand its membership in the near future. The exception to this is Brunei, which is expected to be invited to join when it becomes independent in 1983.

In summary, ASEAN has developed as a successful regional association with political, economic, social and cultural facets, but avoiding a military role. The initial years were spent building confidence and cohesion, it has since acquired international acceptance.