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THE COMMONWEALTH OF AUSTRALIA

Joint Committee on  
Foreign Affairs and Defence

AUSTRALIA AND ASEAN  
Challenges and Opportunities

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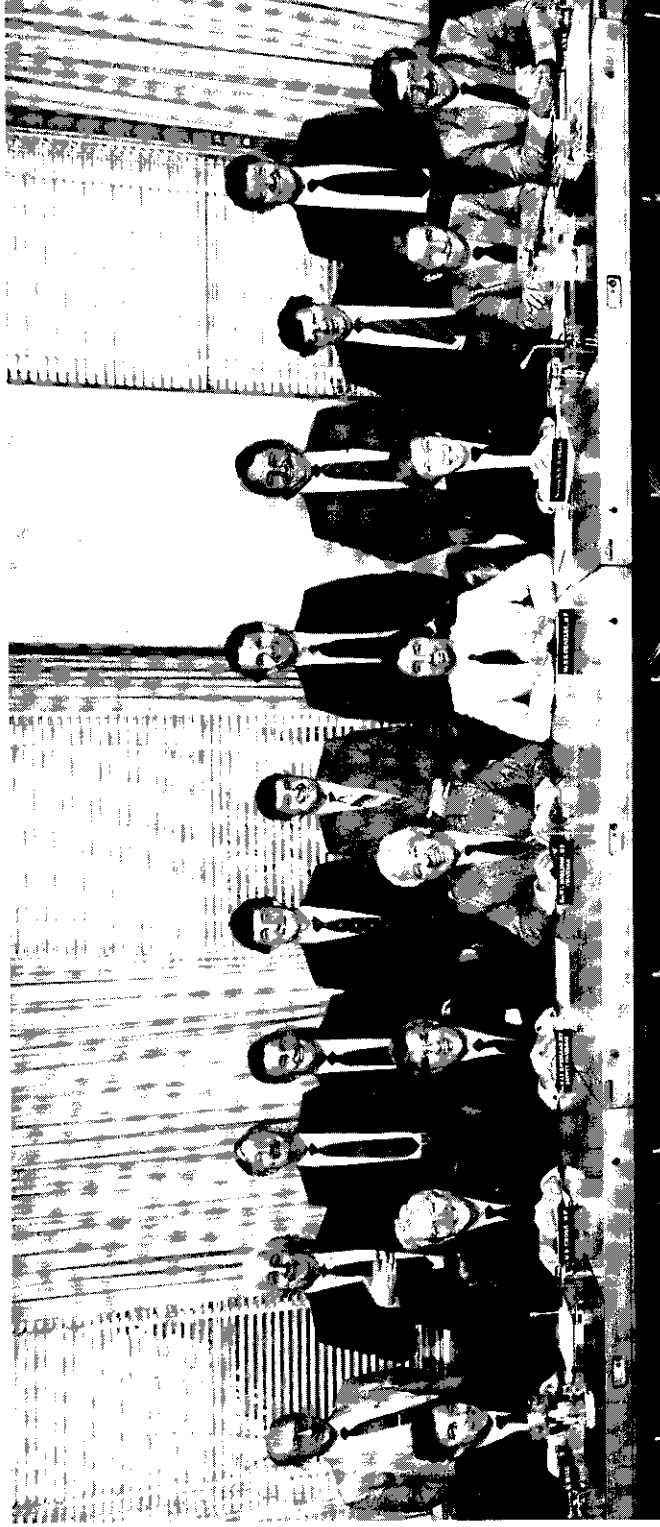
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**TERMS OF REFERENCE**

On 8 December 1983 the Joint Committee on Foreign Affairs and Defence resolved to inquire into, and report upon:

'Australia and ASEAN'

The Committee referred this inquiry to its Sub-Committee B, referred to in this Report as the Sub-Committee on Australia and ASEAN.



Seated: Senator R.Hill, Mr M.Cross,MP, Hon.M.MacKellar,MP (Deputy Chairman), Hon.W.Morrison,MP (Chairman),

Mr D.Charles,MP, Senator K.Sibraa, Mr W.Coleman,MP, Senator A.Lewis

Standing: Mr P.Bergin (Secretary), Dr R.Klugman,MP, Senator D.MacGibbon, Senator R.Elstob, Mr R.F.Edwards,MP,

Senator G.Jones, Hon.R.Groom,MP, Mr J.Gayler,MP, Mr G.Bilney,MP, Mr R.Jacobi,MP

Absent: Senator M.Tate, Hon.R.Katter,MP, Mr S.Lusher,MP, Mr R.Shipton,MP

**MEMBERSHIP OF THE COMMITTEE**

33rd Parliament  
Main Committee

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Deputy Chairman - The Hon M.J.R. MacKellar, M.P.  
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Senator R. Hill  
Senator G.N. Jones  
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Secretary to the Committee - Mr P.F. Bergin

**Sub-Committee B - Australia and ASEAN**

Pursuant to paragraph 8 of the Resolution of Appointment of the Committee, the Chairman the Hon W.L. Morrison, MP, and the Deputy Chairman the Hon M.J.R. MacKellar, MP, were ex-officio members of the Sub-Committee.

Chairman - Senator K.W. Sibraa  
Deputy Chairman - Senator R. Hill  
Senator R.C. Elstob  
Mr G.N. Bilney, M.P.  
Mr D.E. Charles, M.P.  
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Secretary to the Sub-Committee - Mr I.J. Booth

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AUSTRALIA AND ASEAN  
Challenges and Opportunities

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## ABBREVIATIONS

AABC	ASEAN-Australia Business Council
AAECP	ASEAN-Australia Economic Co-operation Program
ACTU	Australian Council of Trade Unions
ADAB	Australian Development Assistance Bureau
AIJV	ASEAN Industrial Joint Venture (or scheme)
AIP	ASEAN Industrial Project (or scheme)
ANL	Australian National Line
ASAA	Asian Studies Association of Australia
ASC	Australian Shippers' Council
ASEAN	Association of Southeast Asian Nations
ASTP	Australian System of Tariff Preferences
AUIDP	Australian Universities' International Development Program
AVCC	Australian Vice-Chancellors' Committee
CGDK	Coalition Government of Democratic Kampuchea
China	People's Republic of China
DC	Developing countries
DIFF	Development Import Finance Facility
DK	Democratic Kampuchea
EC	Countries members of the European Communities
EFIC	Export Finance and Insurance Corporation
FPDA	Five Power Defence Arrangements
Foreign Affairs	Department of Foreign Affairs
GDP	Gross domestic product
Goldring Report	Report of the Committee of Review of Private Overseas Student Policy
IAC	Industries Assistance Commission
ICAP	International Civil Aviation Policy
Immigration	Department of Immigration and Ethnic Affairs
Jackson Report	Report of the Committee to Review the Australian Overseas Aid Program
KPNLF	Khmer Peoples National Liberation Front
PRK	People's Republic of Kampuchea
PTA	(ASEAN) Preferential Tariff Agreement (or scheme)
Trade	Department of Trade
Transport	Department of Transport
Treasury	Department of the Treasury
UK	United Kingdom
US	United States of America
ZOPFAN	Zone of Peace, Freedom and Neutrality

AUSTRALIA AND ASEAN:  
CHALLENGES AND OPPORTUNITIES

FOREWORD

1       As a grouping of Australia's neighbours, the ASEAN countries - Indonesia, Malaysia, Philippines, Singapore, Thailand and Brunei - are of vital political and strategic importance to Australia. While Australia will be affected by developments in other regions of the world, and by the global interests of the 'super powers', no other part of the world promises to be of more consistent importance to Australia than the region of East and Southeast Asia. The ASEAN countries form a significant part of this most economically dynamic region. The average economic growth rate of ASEAN countries (in terms of real annual increase in GNP) more than doubled the average for industrialised countries (including Australia) between 1970 and 1981.<sup>1</sup> Assuming such trends continue, Singapore's per capita national income will exceed Australia's by the year 2000.<sup>2</sup> The future of the ASEAN countries, both individually and collectively, and the implications for Australia, warrant the early and close attention of all Australian decision-makers, across the spectrum of diplomatic, commercial, education and migration sectors, if Australia is to define and pursue an appropriate national role in the region.

2.       This report on 'Australia and ASEAN' distinguishes, as appropriate, between individual ASEAN members and their ASEAN grouping: Australia's interests are affected, but in different ways, by developments in each. The emphasis in the report, at least in its political and strategic aspects, is towards ASEAN as a grouping. ASEAN was established primarily to promote stability in an insecure region, and has largely succeeded in this conflict resolution role. (see Chapter II) It has not yet been successful in its secondary designated role of promoting intra-regional trade and investment, although the region's international trade and investment has benefitted from the political stability promoted by ASEAN co-operation. (Chapter III). While ASEAN

members have preferred a group approach to major political and security issues of common concern, they transact most of their foreign trade and investment bilaterally. Australia's relations with ASEAN countries are conducted primarily on a bilateral basis; nevertheless Australia needs to be mindful of the sensitivities and issues shared by the ASEAN group. In particular, the quality of Australia's multilateral or group relations may be affected by the health of its bilateral ties, increasingly so if ASEAN solidarity on political issues is maintained at its present high level.

3. Similarly, Australia must be perceptive in identifying and distinguishing policies which appear to be shared by ASEAN as a group and those in which there is a divergence among ASEAN members opinion. Some issues, e.g. ASEAN opposition to Australia's International Civil Aviation Policy in the late 1970's and its approach to the problems of Vietnamese occupation of Cambodia, are presented in terms of ASEAN solidarity. This solidarity or "ASEAN spirit" is regarded as important by all ASEAN countries and has been central to improving the region's cohesion. In practice, differences of interest and opinion invariably do exist; they result from the very plurality of cultures and geopolitical and historic factors in the region. Appeals to or displays of ASEAN solidarity may be just that, and Australia must be able to distinguish the regional from the individual interests. At the same time, uncritical assumptions by Australia that a particular issue is bilateral may result in ASEAN group sensitivity - that one of its members is being singled out for special treatment. For example, the ICAP dispute gave rise to ASEAN charges that Australia was seeking to split the group.

4. It is evident that Australian dealings with its ASEAN neighbours, whether at the political, economic or social levels, must - if they are to be effective - be supported by a well-developed and accurate perception of the region's interests and concerns. (The Committee sought in its inquiry to obtain perspectives from the ASEAN region - see Appendix 1 'Conduct of

the Inquiry'). Australian failures to appreciate ASEAN sensitivities, and sometimes ASEAN misunderstanding of Australia's policies and contributions to the region, have aggravated a number of bilateral and multilateral disputes. The evidence taken by the Committee suggests that mutual misunderstandings of political and cultural values, or at least stereotyped images of the other's values, are common in both Australia and the region. This problem may even affect how ASEAN and Australian leaders and the Australian people perceive an appropriate role for Australia in the region. It has potential therefore to undermine the very development of more productive relations with ASEAN. Better mutual awareness is a priority need, detailed in Chapter IV.

5. It is self-evident that the ASEAN region's continuing security and economic well-being are of vital concern to Australia's future. Australia needs to define and plan for an appropriate long-term role in its neighbourhood, taking account of the views of ASEAN members, the needs of the region, and its own capacity to contribute. Suggestions from some ASEAN sources<sup>3</sup> that Australia's political, security and economic contributions may no longer be regarded as so 'relevant' to the region as during ASEAN's formative years, reflect in the main ASEAN's growing self-reliance since those years when Australia's supportive role was more pertinent and, in a way, more needed. They also reflect a greater 'maturity' in the relations and dialogue between ASEAN countries and Australia, with ASEAN countries now more realistic about Australia's necessarily more limited, but nevertheless positive role in the region. In Chapter V of its report, the Committee emphasises the need for Australia to plan an appropriate role for itself in the ASEAN region, in the light of the changes that are taking place.

#### ENDNOTES

1. Evidence, p.S690 (Treasury).
2. Evidence, 6 April 1984, p.80, (Trade).
3. Evidence, Centre for Strategic and International Studies, Jakarta, (submission) pp.S153-162; Institute for Strategic and International Studies, Kuala Lumpur (submission) p.S302.

## CONCLUSIONS AND RECOMMENDATIONS

## CHAPTER II

## AUSTRALIA AND THE ASEAN REGION: POLITICAL AND SECURITY ISSUES

## 1. The ASEAN region and the major powers

At present, the balance of major power interests in the ASEAN region is relatively stable. While the Soviet Union has increased its military presence in Vietnam and Indochina this has not so far brought commensurate political influence for it in the ASEAN region. In military and strategic terms, the United States continues to be the predominant influence. Indeed it is arguable that the political status of the US in the ASEAN region is considerably more favourable than it was in the era of mass military involvement in Southeast Asia. However, the ASEAN members are acutely aware of the potential for change in major power policies and relationships, and of the possible implications for the region. They continue to be concerned that changes in the present power balance through greater direct involvement of the Soviet Union and changes in the direction of Chinese foreign policy could affect adversely the security of the region. (para. 2.21).

## 2. Intra-ASEAN political and security issues

- a) ASEAN as a regional grouping has contributed substantially to the security and stability of the Southeast Asian region. It has effectively reduced the likelihood of inter-state discord or conflict amongst its members by establishing a framework for the peaceful resolution of disputes. It has built trust and confidence among the leaderships and governments of its members and has produced a climate of stability which has itself

enhanced prospects for economic growth. The continuation and further development of these achievements are in Australia's interests (para. 2.46).

- b) ASEAN members have pursued military and security cooperation on a bilateral basis and the scale of cooperation has increased since 1975. The members, however, are determined to preserve ASEAN's non-military character (para. 2.47).
  
- c) The Committee considers that an important aspect of ASEAN's ability to maintain effective cooperation has been the fundamental compatibility of its member regimes. It is at present difficult to predict a substantial change in the character of any of the existing regimes. The extensive economic and political problems facing the Philippines are likely to make it the focus of considerable attention for some time. The reaction of ASEAN to any new government in one of its members would be a most important factor in the way that government was viewed regionally and internationally (para. 2.48).

### 3. Australia, ASEAN and conflicts in Indochina

- a) The Committee concludes that Australia has sought to pursue policies towards the Cambodia conflict from the perspective of a concerned neighbouring state located close to the ASEAN region. Australia shares ASEAN's opposition to the violation of Cambodia's sovereignty and joins with ASEAN in calling for a Vietnamese withdrawal. Australia, like ASEAN, is concerned about the destabilising problems and burdens imposed by the mass movement of refugees from the Indochina states. Australia, like ASEAN, is also concerned about the degree of instability and heightened major power competition



posed by the Cambodia conflict. Australia is also concerned at some further aspects of the conflict, particularly the ongoing role of the Khmer Rouge forces in the Coalition; the dangers of military escalation arising from the continuing fighting; and the long-term problems arising from Vietnam's international isolation and its dependence on the Soviet Union (para. 2.86).

- b) In the Committee's view, Australia has not sought to alter fundamentally its policies towards ASEAN. It has seen its efforts to explore bases for dialogue as being pursued in the context of a close relationship with ASEAN. As a state located close to the Southeast Asian region Australia is especially concerned at problems of insecurity and major power competition in the whole region (para. 2.87).
- c) The evidence heard by the Committee suggests that the Australian policy initiatives in relation to Indochina since 1983 gave rise to critical responses from some ASEAN governments about precisely what direction Australia was seeking to pursue in attempting to explore bases for dialogue over Cambodia. The reactions to Australia's initiatives underline the sensitivity for ASEAN of policy towards Indochina. The reactions also underline the fact that Australian attitudes towards regional security issues are regarded as important by the ASEAN states and that ASEAN expects consistent support from Australia on these issues (para. 2.88).
- d) That some uncertainty has arisen in ASEAN suggests to the Committee that Australia's regional policies have not been consistently propounded and explained as extensively as might be desirable. This makes consultation of prime importance. It is in both Australia's and ASEAN's interests to avoid major discord between them over

policies towards regional security issues. This should not preclude Australia drawing attention to points of principle which it holds strongly (for example, Australia's concern at the continuing role in the Coalition of the Khmer Rouge forces). The evidence does suggest, however, that if Australia wishes to take a consistent interest in the security of the Southeast Asian region overall, it will need to emphasise very clearly that in seeking to explore ways of enhancing prospects for regional security the cautious development of policies towards Indochina will not be pursued at the expense of long-term relations with ASEAN (para. 289).

#### 4. Australian defence interests and the ASEAN region

The Committee considers that there is value in continuing defence cooperation programs, provided they are monitored regularly to ensure that they serve Australia's interests and fulfil valid local defence requirements. The Committee notes the reservations expressed by some witnesses as to the continuing utility and relevance of the Five Power Defence Arrangements and Australia's RAAF involvement. Re-evaluation of Australian involvement may be desirable, but any rapid contraction of Australia's involvement in FPDA might lead to concerns in some ASEAN countries about Australia's commitment to regional security at a time when it would appear to be in our interests to underline our continuing strong commitment to the security of ASEAN (para. 2.102).

## 5. Migration and refugees

- a) The refugee situation in the region at present is substantially less serious than it was in 1978-1979, but the Committee notes that major problems persist for the ASEAN states. Australian policies towards Indochinese refugees (including resettlement) have undoubtedly been an area of extensive and successful cooperation with ASEAN and its member states. Because of declining rates of refugee acceptance by other major resettlement countries, Australia's role, on a proportional basis, has recently increased in significance (para. 2.157)
  
- b) The Committee notes the reiterations by the ASEAN Foreign Ministers that their countries' willingness to grant temporary asylum to arriving refugees is conditional on continuing commitments by third countries to resettlement. The Committee also notes the statements by the Department of Immigration and Ethnic Affairs that 'The resolution of problems associated with displaced people in the Indochinese region will ... be an important element in Australia's relations with ASEAN (and concurrently the countries of Indochina) in the foreseeable future.' (para. 2.158).
  
- c) The migration of ASEAN nationals has, by comparison, attracted much less attention, no doubt because of the success of most migrants from ASEAN countries in settling in Australia and because of the limited numbers involved. The Committee considers that the immigration which has so far taken place from the ASEAN region has helped both promote Australian contacts with the ASEAN states and allay the image of Australia as a country practising discriminatory policies in this area (para. 2.159).

- d) The Committee concludes that Australia's immigration and refugee policies are an important part of our relations with ASEAN. The adoption and maintenance of non-discriminatory immigration policies have contributed towards overcoming the formerly hostile perception of a White Australia. Australia's immigration and refugee policies in relation to the ASEAN region need to try to accommodate at least two important sets of interests:
- i. the capacity and willingness of the Australian community to welcome and accept immigrants and refugees arriving into Australian society, bearing in mind that the rate and volume of intake should be seen as being at the discretion of the recipient country.
  - ii. the interests of Australia's ASEAN neighbours, who wish to continue the process of regional and international co-operation pursued since 1978 which has helped substantially to alleviate the burdens imposed on the countries of ASEAN (para. 2.160).
- e) It is in both Australia's and ASEAN's interests that efforts be continued to alleviate the refugee situation in the region. Longer-terms solutions must depend on several factors, including changes in Vietnam's internal policies and actions which gave rise to the mass departures; economic and political stability in Indochina including resolution of the conflict in Cambodia; and partly on measures including international aid and resettlement of refugees in third countries, and on non-resettlement solutions, especially voluntary repatriation (para. 2.161).

- f) Efforts should also be made in Australia to promote awareness of the importance of Australia's immigration and refugee policies in Australia-ASEAN relations. Additional efforts may also be required within Australia to help refugees and immigrants arriving from ASEAN countries adapt into the Australian community and to promote community acceptance (para. 2.161).

6. Bilateral and multilateral relationships

- a) In the context of regional and bilateral relationships, the Committee notes the emphasis placed by the Department of Foreign Affairs on relations with Indonesia - and the Department's reference to bilateral strains which have arisen over the East Timor and Irian Jaya issues. Problems or tensions arising in relations between Indonesia and Papua New Guinea could have the potential to affect Australian interests, given Australia's important relationships with both countries and with both ASEAN and the South Pacific regions (para 2.174).
- b) The Committee considers that the problems arising from the situation in Irian Jaya appears to have the potential of being long-term and of possibly greater future significance than those arising over the East Timor issue, particularly because the situation in Irian Jaya may impinge not only on relations between Indonesia and Papua New Guinea but also between Indonesia and some of the Melanesian states of the Pacific. This in turn could affect ASEAN's relations with the countries of the South Pacific, with potentially important implications for Australia (para. 2.175).

- c) The Committee concludes that the state of bilateral relations will be one important component factor in the maintenance by Australia of productive relations with ASEAN as a group. ASEAN has shown an extensive capacity for solidarity and mutual support; the Association's members have, for example, in recent years supported Indonesia's position on East Timor, in the United Nations. ASEAN has also demonstrated on several occasions a capacity to cooperate effectively in pursuing issues with Australia on a joint basis that might not necessarily have been of equal salience to each individual ASEAN member (para. 2.176).

### CHAPTER III

#### AUSTRALIA AND THE ASEAN REGION: ECONOMIC ISSUES

##### 1. ASEAN Economic and Trade Prospects

- a) The recent slowdown in ASEAN countries' economic activity is already showing signs, except in the Philippines, of giving way to resumed growth. Overall opportunities in the region (including East Asia) for Australian exporters, investors and advisers are still likely to be brighter than other regions of the world. The ASEAN region is likely to maintain a high level of demand for imported minerals, foodstuffs, metals and sophisticated manufactures including machinery, and for investment capital and expertise for its industrial development (para. 3.32).
- b) At the same time, ASEAN countries will be seeking to expand markets, including Australia's, for their growing export industries. Australian manufacturing industry is likely to face increasing competition over a widening range of more capital-intensive merchandise (para. 3.32).

2. ASEAN Economic Co-operation

- a) While the strong economic performances and prospects for most ASEAN countries have benefitted from the relatively stable political and strategic environment engendered by ASEAN co-operation, they are not due to ASEAN economic co-operation as such; which has not yet resulted in any significant expansion of trade and investment within the ASEAN region or in a rationalised development of the region's resources and industries (para. 3.49).
- b) Efforts to seek reduction of trade barriers among ASEAN countries and promotion of industrial complementation have to date been largely outweighed by ASEAN governments placing greater emphasis on national self-reliance, on development of policies of import substitution and industry protection and on continuation of strong extra-regional trade flows (para. 3.52).
- c) There appears little possibility that ASEAN will develop into any form of free trade area or customs union (para. 3.52)
- d) ASEAN's role in external economic diplomacy is generally regarded as much more successful than in intra-regional economic co-operation. The ASEAN group of countries has enjoyed relative success and increasing influence when negotiating international trade issues of common interest. ASEAN's group criticisms of inadequate trade access for its exports to developed countries, especially its 'dialogue partners' including Australia, are taken seriously by those countries (para. 3.60)

### 3. Economic Institutions in the West Pacific Basin

- a) There are some signs of readiness by ASEAN countries to discuss more limited concepts of Pacific Basin co-operation [among ASEAN dialogue partners] (para. 3.66)
- b) The Committee considers that regular discussion of Pacific Basin co-operation among ASEAN, Australia and the other ASEAN dialogue partners will assist longer-term planning for trade and investment in the region, and in the development by Australia of an appropriate economic strategy and role in the region (para. 3.68)
- c) The Committee is encouraged by the Australian Government's recent initiative - and the ASEAN responses - for a regional approach to the next round of multilateral trade negotiations (MTN), an approach which would emphasise common Australian and ASEAN concerns over protection and subsidy of commodities and other primary products (para. 3.191)

### 4. Prospects for Trade in Australian Services

- a) It is likely that ASEAN countries will continue to welcome transfers of technology and expertise in the services sector (para. 3.105).
- b) The Committee notes with approval the Foreign Affairs submission that 'governmental initiative is highly desirable [in] the development and implementation of policies which facilitate Australia projecting itself as a regional services centre', especially since several of



the promising areas are largely within the government sector, e.g. Telecom. Areas of particular promise include medium and high technology (such as computer technology, telecommunications - including Australian satellites and distance education - and specialised medical services), business consultancy, accountancy and information services, energy technology and industrial processes, engineering and construction services and tourism. The Committee notes that the Department of Trade has made a start by expanding its services trade establishment, and is continuing to receive and disseminate advice from the Trade Commissioner (Projects and Consultancy), Manila, about opportunities for Australian firms to bid for Asian Development Bank-funded projects. The Committee considers, however, that more needs to be done, in consultation with key business representatives such as the ASEAN-Australia Business Council, to communicate services trade opportunities to the services industries (para. 3.108).

- c) The Committee considers that the potential for, and the financial and cultural advantages from, promoting tourism from the ASEAN countries should be thoroughly investigated by relevant public and private sector bodies (para. 3.107).

## 5. Banking Services

The Committee considers that expanded access for both ASEAN and Australian banks to provide more effective financial services would be a desirable adjunct to the expansion of Australia-ASEAN trade and investment which the Committee anticipates. It suggests that improved access be considered on a reciprocal basis by ASEAN and Australian Governments in close consultation with the banking industry (para. 3.112).

## 6. Australian Direct Investment in ASEAN Countries

The Committee anticipates that, with the deregulation of Australian overseas investment, a generally encouraging investment climate in ASEAN and the comparative advantages for some businesses of operating within the highly competitive ASEAN market, Australian direct investment in the region will enjoy increasing opportunities which, on balance, will be beneficial to employment and economic activity in Australia. This should also enhance ASEAN economic development and recognition of Australia as an effective economic partner (para. 3.117).

## 7. Shipping Services

- a) While the Committee considers it unlikely, on the basis of the evidence given to it, that the present level of freight rates is harmful to the competitive position of Australian exporters to the ASEAN region, it considers that better data is needed before definite conclusions can be reached.
  - The Committee notes that the results of research into Australia-ASEAN shipping services, being conducted by the ASEAN-Australia Research Project, are expected to be published later this year; also that the Australian Government is continuing its own investigations of shore-based components of shipping costs (para. 3.129).
- b) The Committee recommends that the Australian Government, on the basis of this research and any further independent investigation that may be necessary, seek to isolate the significance of shipping and related transport costs for

Australian exporters and to develop and implement transport-related measures designed to improve the competitiveness of Australian exports, especially in Asian markets (para. 3.129).

- c) The Government's research mentioned above should also question whether any expansion of ANL's services would significantly reduce Australia's invisibles deficit, and whether any such reduction would be desirable overall taking into account any effect which such expansion might have on freight rates and the competitiveness of Australian exports (para. 3.130).
  
- d) Assuming the extensive over-tonnaging on ASEAN routes is resulting, or could result, in higher freight charges and the shipping industry continues to be unable or unwilling to rationalise its services accordingly, the Australian Government should consider consulting with ASEAN Governments with a view to persuading shipping lines (including governmental lines) to reduce their tonnage on Australia-ASEAN routes (para. 3.132).
  
- e) The longer term possibilities of expanded ASEAN national fleets and reduced participation by non-national flag carriers in regional shipping warrant the Australian Government's close attention. There could be cause for concern to Australia's export competitiveness if over-tonnaging was thereby to worsen or if a commercially competitive transport environment were threatened. These concerns should be considered carefully by the Government in its deliberations on whether to accede to the 'United Nations Liner Code' and in consulting with ASEAN Governments on future shipping developments in the region (para. 3.135).

## 8. Market Access and Trade Barriers

- a) While ASEAN's exports of labour intensive manufactures to Australia have improved despite quotas and relatively low tariff preferences - largely it seems because Australian products are losing market share - this improvement has not matched the strong performance of competitive products from East Asian industrialising countries (para. 3.147).
- b) In the longer term, however, it is likely that present Australian restrictions will meet increasing ASEAN opposition as ASEAN competitiveness and import prospects are enhanced (para. 3.151).
- c) The Committee notes the need for greater Australian efforts to promote ASEAN awareness of the Australian market (para. 3.150).
- d) From the perspective of Australia's political and economic relations with ASEAN countries, mutual benefits will result from freer two-way trade flows. Australian manufacturing industry must become more technology- and capital- intensive and more export-oriented if it is to be revived to its proper potential.
  - In respect of protection for the Australian textiles, clothing and footwear industries, the Committee considers that any increase in access for overseas importers - additional to the scheme included in the current seven year plan - would not at present be justified, at least in the context of Australian relations with ASEAN countries, given that they would not likely be among the significant overseas beneficiaries (para. 3.155).

## 9. Australia's Export Performance and Prospects

- a) Despite steady increases in the value (and often volume) of Australian exports to the ASEAN region, Australia's shares of that market for most export types have steadily declined. Australia's export performance in the ASEAN region needs improvement. First, Australia's export pattern has not been well matched to the changing sectors of greatest ASEAN demand. Second, Australian exports have experienced increasing price competition from foreign exporters. A third reason is a lack of export orientation within (secondary) Australian industry. Fourth, insufficient attention has been given to the promotion of Australia in ASEAN (paras. 3.168-171).
  
- b) The Committee generally shares the aid- and trade-related concerns of the Jackson Committee about mixed credit schemes. At the same time, it is mindful of the prejudice to Australian manufacturing exports and industry resulting from the extensive use of mixed credit schemes by foreign competitors. The Committee therefore urges the Government to call for and participate fully in multilateral attempts to regulate and enforce tighter rules for the operation of such schemes. The Committee would prefer that any Government assistance to Australia's manufacturing export sector be not funded from the overseas aid budget. If however extensive use of mixed credit schemes by foreign competitors persists, the Government should consider alternative sources of support. (para. 3.182).
  
- c) The prospects for Australia-ASEAN (two-way) trade are good. Substantial expansion of ASEAN's population and per capita income is likely. Development of heavier and more capital-intensive industry will also increase ASEAN demand for imports. The most likely sectors include commodities and food products, minerals and metals for industrial processing, machinery, technology, foreign investment and consultancy and financial services. ASEAN

demand for such requisities for its economic development is likely to continue at levels sufficient to predict increases in Australian exports, if Australia maintains its present levels of competitiveness. However, relative improvements in Australia's performance, especially a better matching between Australian export production and developing sectors of ASEAN demand (eg. for machinery), should bring much greater benefits to Australia (para. 3.183).

- d) There are limits, however - both political and economic - for any increases in Australian exports which might threaten trade imbalances unacceptable to ASEAN countries. Trade imbalances as well as Australian market access are critical issues which could be raised again by the ASEAN countries as a group (para. 3.185).
- e) The Committee emphasises the importance ... of promoting better understanding of industrial relations as they may affect trade between Australia and ASEAN. The Committee recommends that the Australian Government again consider the desirability of appointing a Labour Attache for the ASEAN region, along the lines proposed by the Senate Committee in 1980, to: liaise with the ASEAN Governments and with employer, industry and union groups; to report on labour developments in the region; and to promote bilateral exchanges in the industrial relations area. (para. 3.192)
- f) The Committee emphasises the need for Australian Governments, industry and trade unions to foster a national awareness of both the importance of export opportunities in ASEAN (and other East Asian) countries and of ASEAN business and cultural affairs and economic interests (para. 3.193).

g) To more effectively identify and promote Australian exports in the ASEAN region, the Committee recommends that:

- . the Australian Government continue to give appropriate priority and resources to Australian trade representation and promotion efforts in ASEAN countries;
- . the Australian Government intensify its efforts, through the Department of Trade, to research and promote ASEAN markets, targetting particularly on geographic and product areas of greatest value or potential to Australia;
- . the insurance and credit facilities provided by the Export Finance and Insurance Corporation to Australian exporters and investors be continued at levels appropriate to any increases in Australian export and investment opportunities in the ASEAN region.
- . Australian firms (especially smaller firms lacking their own market research capacity) be assured convenient access to trade information and statistics, by well-publicised government services maintained in close consultation with appropriate business organisations
  - consideration should be given to combining the information and statistics held by the Department of Trade and the Australian Bureau of Statistics with those held by the ASEAN-Australia Business Council and individual Business Co-operation Committees and by the ASEAN-Australia Research Project, so that an Australian exporter can obtain all available trade and market information through a single, well-known agency, a

'one-stop-shop', with branches in all major industrial centres and with expert staff or consultants experienced in regional business.

- this important service could be based on, or developed from, the Department of Trade's offices in each of the states. (para. 3.194)

#### CHAPTER IV PROMOTION OF MUTUAL AWARENESS AND COMMON INTERESTS

##### 1. The Importance of Promoting Mutual Awareness

The level of mutual awareness and understanding in Australia of ASEAN is inadequate and the reverse is also likely to be so. (para. 4.2). Improved levels of awareness would enhance Australia's abilities to maintain effective political, social, and commercial relationships in the ASEAN region. (para. 4.5).

##### 2. Asian Studies in Australia

- (a) It has become commonplace in Australia to declare rhetorically that Australia's future is likely to be 'bound up' or 'enmeshed' with the ASEAN region. The Committee points out that such views are not reflected in Australia's present level of commitment to Asian studies in general and the promotion of awareness of the ASEAN region in particular. (para. 4.6)
- (b) The importance of a more concerted and coordinated commitment to the promotion of Asian studies was emphasised ... 'A central task of the Australian Government if it wishes to promote long-term, mature



Australia-ASEAN relations must be an educational program in Australia about the ASEAN countries'. (Asian Studies Association of Australia's submission.) (para. 4.22)

- (c) The Committee endorses the concept of an Asian Studies Council, with resources adequate to co-ordinate nationally initiatives in Asian studies, and recommends that a working party as proposed by the Asian Studies Association of Australia in 1981 be established at the earliest opportunity, to consider and report on the feasibility of establishing the Council under Commonwealth auspices. (para. 4.26)
  
- (d) The Committee notes with approval that steps are being taken by the ASEAN-Australia Business Council and its associates to promote business awareness of the ASEAN region, and that some tertiary colleges are beginning to increase emphasis on business-oriented Asian studies courses. (para. 4.20)
  
- (e) The Committee notes with approval that one of the guidelines from the Minister for Education and Youth Affairs to the Commonwealth Tertiary Education Commission for the 1985-1987 Triennium is that attention should be given to: 'The importance of equipping Australian industry with the knowledge, attitudes and skills necessary to exploit effectively the potential opportunities presented in the Asian and Pacific regions'. The Committee urges the Commission to give priority to this guideline. (para. 4.21)

### 3. Information Exchanges

- (a) The Committee notes with concern the effects of recent staff cutbacks [at the National Library's Indonesian Acquisition Office in Jakarta] on the maintenance of acquisitions of contemporary Indonesian materials. The Committee notes with approval that the Library is seeking to have the position up-graded again to that for a National Library officer. (para. 4.29)
  
- (b) The Committee considers that the Bibliographic Information on Southeast Asia (BISA) project constitutes the nucleus of a valuable database of relevance to government, business, education and the community generally. It supports BISA's request for sufficient on-going Commonwealth funding to enable it to consolidate its database and provide comprehensive coverage of Australia's library holdings on the Southeast Asian region. (para. 4.32)

### 4. Human Rights

- (a) The Committee recognises the widespread interest in Australia in human rights issues and the continuing role which these issues may play in Australian relations with the ASEAN region. The level of influence which Australia can exert on human rights issues will depend partly on the overall quality of Australia's multilateral and bilateral relationships in the region. (para. 4.42)
  
- (b) Australia will need to continue to approach human rights issues in ASEAN countries with sensitivity. Attempting to draw direct associations between the extension of aid and human rights performances of regional governments would not, except in unusual circumstances, be appropriate. (para. 4.43)

5. Media Relations

- (a) Effective communication through the media is of obvious importance for the promotion of mutual awareness and understanding between Australia and the ASEAN region. Australian media relations with ASEAN countries have encountered some tensions, notably with Indonesia. The potential for some difficulty in this area is likely to continue given the somewhat differing roles of the media in Australia and most ASEAN members. (para. 4.44)
  
- (b) The Committee considered that it did not have sufficient evidence to determine how successfully Radio Australia performs the function of promoting awareness of Australia in the ASEAN region. The Committee is therefore unable to confirm that Radio Australia is performing this function as successfully as the organisation itself claims. (para. 4.49)
  
- (c) Radio Australia also broadcasts in Asian languages news and commentaries on developments in the countries of ASEAN. It is this aspect of Radio Australia's activities which has caused some embarrassment to Australia in its foreign relations particularly with Indonesia. The Committee considers that the implications of this activity of Radio Australia have not been specifically addressed in recent years. (para. 4.49)
  
- (d) The Committee is also concerned about the extent to which ASEAN governments and listeners may associate Radio Australia with the Australian Government, and assume that views or news analyses broadcast to the region reflect government attitudes or policies. (para. 4.50)

(e) The Committee recommends that in view of the important implications of Radio Australia's activities for Australia's foreign relations in the ASEAN region, the Parliament should conduct a review of Radio Australia's functions, relations with the Australian Government and activities in Southeast Asia. (para. 4.51)

(f) The Committee notes with approval the initiative of the Australian Government and ADAB in sponsoring the joint seminar for ASEAN and Australian journalists in June 1984. The seminar was a valuable step towards improving awareness of Australia in the ASEAN region and this type of communication should be continued and extended. The Committee also considers that awareness of Australia in the region would be improved if ASEAN print media representation in Australia were not so limited as at present. (para. 4.53)

#### 6. Consultation and Planning in Australia's ASEAN Relations

(a) The Committee considers it important that the formulation and announcement of policy affecting the ASEAN region be well-coordinated among Government agencies, mutually consistent and not open to misunderstanding by ASEAN countries. (para. 4.55)

(b) The Committee recommends that the Australian Government establish a working party, to include business and research specialists, to investigate and report on the feasibility of creating a broad-based, independent Australia-ASEAN Council with functions of supporting, coordinating and reviewing Australian programs seeking to advance Australia-ASEAN relations.

- The Committee also recommends that such investigation take account of its observations [in paragraph 4.56] concerning a possible longer-term project for ASEAN/Australia economic research which might be established under the auspices of any such Council. (para. 4.60)

7. Australian Assistance to ASEAN Education

- a) The education and training in Australia of post-secondary students from ASEAN countries is a major political, economic and cultural issue for both Australia and ASEAN (para. 4.61).
- b) The British full fee experience, with its significant initial reduction in student demand - at least, it seems, from the Southeast Asian region - deserves close analysis especially since Australia's foreign affairs interests, unlike Britain's, lie primarily in the ASEAN region. Positive lessons that may be learned, however, from the British experience, are the need to offer a compensatory scholarship system and to phase in full fees gradually and after full consultation with affected countries (which Britain did not). (para. 4.85).
- c) There will be limits beyond which any movement towards full fees could be counter-productive from both student demand and foreign relations perspectives. It is important that policy development in the education sector should be constantly considered in the context of Australia's overall political and economic interests in the ASEAN region (para. 4.92).

- d) To a large extent the economic and the international viability of the Jackson approach would appear to depend on increases in Australian Government aid funding, and on the ability to attract a significant proportion of foreign students at significantly higher fee levels. This Committee notes that the quality and relevance of Australian courses may need to improve, to continue to attract students at cost levels approaching levels charged in other educating countries (para. 4.84).
- e) If a full fee approach could be planned, costed and presented so as to satisfy these important commercial and foreign relations problems, it could produce the important benefits of increased student numbers while still satisfying Australian demands, and better courses for both Australian and foreign students. (para. 4.85)
- f) On balance, the Committee considers that the present overseas student system, with its combination of quotas and subsidies, is not satisfactory to either Australia or those foreign countries whose students demand exceeds the supply of Australian places. In principle, the Committee recommends to the Australian Government that it give careful consideration to a new overseas student policy to include the following features:
- (i) gradual and predictable increases in overseas student charges to reach a level of operating costs as determined by the Government;
  - such fees to be retained by the enrolling institutions to assist their funding of the additional places (and avoidance of any displacement of qualified Australian students) and as an incentive to attract higher overseas enrolments with improved courses.

- (ii) the parallel development of a comprehensive system of scholarships, to be funded out of the aid budget:
- an Australian government-to-government scheme similar to that presently operating ;
  - a scheme of 'free places' based on merit (not means-tested) but excluding living allowances, such scheme to be administered by institutions from Commonwealth (aid) funds. The Committee envisages that this category would comprise most of the scholarships ;
  - a supplementary system of free places, including living allowances, for financially disadvantaged categories of students, to be administered by the Government's aid authorities and intended to promote general development objectives in the students' countries. Such developmental scholarships would not be means-tested; indeed, developmental criteria would be employed and would need to take account of specially disadvantaged or under-represented categories such as Pacific Islanders and women from certain countries.
- (iii) the planning, implementation, and review of such a policy must be undertaken in the closest possible consultation with all source countries, especially the ASEAN countries, so that their concerns will be taken into account fully. (para. 4.94).

- g) Before seeking to develop Australia's regional advantages in higher and technical education further, Australian authorities and institutions must first consult ASEAN needs and reactions, and survey the ASEAN 'market' for appropriate course types and fee levels. (para. 4.93).
- h) The Committee considers there may be promise in the proposal by the Australian Vice-Chancellors' Committee for negotiation with individual source countries of training agreements, like 'trade packages'. (para. 4.95).

While the Committee received insufficient evidence to enable it to evaluate fully the proposals for student 'trade packages' and the Malaysian idea that Australia might consider taking a higher proportion of senior year students in total overseas student numbers, it considers that both ideas warrant further attention in the Government's review of overseas student policy. (para. 4.97).

- i) A commercial approach might be applied to special commercial or technical courses, outside the education 'mainstream', organised by private or public institutions and directed especially at foreign students. External studies, using the latest satellite technology for 'distance education' were also commended by the Goldring Report. (para. 4.98)
- j) One of the greatest of Australia's comparative trade advantages is the English language itself: Australia should plan to become the regional centre for English language teaching. (para. 4.99).



- k) The Committee considers that, in the longer term, Australia's aid and education policies should take into account the extent to which ASEAN countries should be encouraged to develop their own educational institutions towards substantial self-sufficiency. (para. 4.101).

#### CHAPTER V

#### AUSTRALIA'S PRESENT AND FUTURE ROLE IN THE ASEAN REGION

- (a) While Australia and the ASEAN members share a series of mutual interests, Australia is not necessarily perceived as pursuing a consistent set of policies which support its frequently expressed interest in, and commitment to, the region. (para. 5.7)
- (b) The Committee suggests that if such perceived gaps between Australia's rhetoric and its policy commitments are to be minimised, there is both a need to establish and define the priority which Australia seeks to accord to ASEAN in the context of its wider pattern of foreign policy interests, and a need to try to match accorded priority with consistent policy commitments. (para. 5.8)
- (c) It should also be recognised that the interaction between political and economic policies can be important in the ASEAN relationship. For example, if Australia is to be able to develop its service industries' involvement in the ASEAN region, the degree to which such involvement is likely to be welcomed will be influenced by the degree to which Australia is seen as politically interested in, and sympathetic towards, ASEAN interests. (para. 5.8)
- (d) The Committee observes that Australia is ... located in contiguity to Asia (especially ASEAN) and shares important common interests with its Asian neighbours.

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While Australia's ethnic and cultural identity is likely to remain distinctly different from those of its ASEAN neighbours, increased cooperation between Australia and ASEAN can bring Australia a greater understanding and appreciation of the ASEAN states and substantial mutual benefits. Australia will be affected by, and will continue to be involved in, regional developments. What Australia can most usefully pursue in the context of relations with ASEAN is an improved level of mutual awareness and understanding, increased economic interactions and cooperation on political and security issues to enhance regional security and minimise the destabilising potential of major power interference. (para. 5.11)