ASEAN and Australia
30 years of development cooperation
Foreword

I am pleased to mark the 30th Anniversary of the ASEAN–Australia dialogue partnership\(^1\) with a short history of the development cooperation program. Since 1974, Australia has worked with ASEAN to build economic cooperation and prosperity in the region. This cooperation has met with considerable success. ASEAN–Australia development cooperation has made a valuable contribution to economic development and cooperation in the region. At the same time, it has supported ASEAN–Australia relations at a number of levels.

These achievements are due in no small part to the practical focus and flexible nature of the development cooperation program, its ability to respond to the social and political evolution as well as the significant economic progress the region has witnessed over recent decades. In the early stages, the ASEAN–Australia program reflected the high priority of food and agriculture to regional economies. By the late 80s and early 90s the program had broadened to reflect ASEAN’s dramatic growth, and the mutual desire to strengthen trade within the region.

Today, we are witnessing again substantial changes in Southeast Asia. The region has largely recovered from the financial crisis of 1997, and has undertaken significant economic and financial reforms. Globalisation has brought innovations in transport and communication and exponential increases in the flows of goods, services, capital people and information. Strong economic growth is having an immense impact on the region, while the struggle to overcome transnational threats such as terrorism and disease presents major challenges. These issues affect Australia as well as our neighbours, and there is much to be gained in continuing to work together to address them.

Looking forward, our shared priority is to build a safe and stable region, and secure the foundation for sustainable development. My statement on Australian aid, *Investing in Growth, Stability and Prosperity*, emphasises the importance of good governance, accessing the benefits of globalisation, promoting regional security and sustainable resource management. The ASEAN–Australia Development Cooperation Program (AADCP) furthers these aims by promoting regional cooperation and economic integration.

The 30 year history of development cooperation between ASEAN and Australia underlines the substantial benefits that can be gained by working together. Countries of the region share many common concerns, but they also share the common goals of prosperity and stability. Our futures rest on strengthening our efforts to achieve these goals through cooperation and partnerships.

\[\text{The Hon Alexander Downer MP}\]

Minister for Foreign Affairs

\(^1\): The term “dialogue partner” refers to a country with which ASEAN has agreed to engage in a full range of relations, including political, economic and functional cooperation, and supported by regular consultations and meetings.
In 1974 Australia became ASEAN’s first dialogue partner. ASEAN and Australian officials held a series of discussions in that year that focused on economic cooperation in areas such as food production, agriculture, science and technology. Out of those early talks arose the ASEAN Australia Economic Cooperation Program (AAECP), an innovative program that provided technical assistance to ASEAN member countries in areas such as food production, agriculture, science and technology.

The AAECP aimed to promote cooperation among ASEAN members and between ASEAN and Australia in agreed areas. The program worked as an umbrella agreement, providing Australian funds and expertise to a range of activities implemented through ASEAN working groups and committees that had a sectoral focus.

Although bilateral assistance to individual ASEAN countries has always been the largest part of Australia’s development cooperation in South-East Asia, the AAECP, with its regional focus, has made a significant contribution to broader economic cooperation. Throughout its 30-year history the program has been a practical base for ASEAN–Australia relations. It has complemented ASEAN’s capacity-building role and reinforced Australia’s policy dialogue in the region. The AAECP has been described by ASEAN as the ‘single most tangible aspect of the ASEAN–Australia relationship’.

Australia’s cooperation program with ASEAN is characterised by collegial and practical working relations that have fostered a willingness on both sides to respond flexibility to emerging needs, including the needs of the ‘new’ members – Burma, Cambodia, Laos and Vietnam. The current phase of assistance – the ASEAN Australia Development Cooperation Program (AADCP) – focuses on economic and trade-related assistance in the context of an invigorated regional commitment to economic integration, and the challenges and opportunities presented by globalisation.

ASEAN origins and development

In 1967 five Southeast Asian nations – Indonesia, Malaysia, Thailand, the Philippines and Singapore – signed a declaration heralding the start of the Association of Southeast Asian Nations. The aim of this association was to promote cooperation and security in the region. ASEAN has been an important organisation in the wider political framework within which Southeast Asia has experienced vibrant economic and social growth over the past four decades.

ASEAN was founded on the principles of consultation and consensus. Since 1999, when it became a 10-member organisation that includes Brunei, Burma, Cambodia, Laos and Vietnam, ASEAN has increasingly taken a capacity-building and coordinating role in the region, helping member countries to face the considerable challenges involved in building an economically integrated, secure and prosperous region.

Australian development cooperation

Australia’s aid program aims to advance the national interest by assisting developing countries to reduce poverty and achieve sustainable development. Because of our proximity to the region, helping ASEAN countries address their development challenges is a key focus for Australia.
Vietnamese bananas imported to sell at border markets in Eastern province, Cambodia. The economic integration of ASEAN countries is important to sustainable development in the region. Photo: Tim Acker.
Phase I: 1974–89

When the first phase of the ASEAN Australia Economic Cooperation Program commenced in 1974, ASEAN was still a relatively new regional association. It had achieved significant cohesion at the political level, but it had still to achieve robust economic and social links among its members.

ASEAN countries were not yet the outward looking and dynamic economies many were to become in the late 1980s and 1990s. Australia, being a significant regional economy with skills and expertise in many of the sectors crucial to ASEAN economic growth, was able to play a valuable role in assisting this process.

Australia invested $5 million to fund research and development in food production and agriculture, reflecting the high priority of food security in the region at the time. Later, the program diversified into other areas, including population studies, education, media development and various branches of science and technology. By 1985, 25 different projects and related activities were receiving Australian funding. From 1974 to the end of Phase I in 1989, over $90 million had been invested in the program.

In its first phase, the program met with considerable success in promoting research and development in science and technology, particularly in food-related areas where Australia had significant expertise. Perhaps its most valuable contribution, however, lay in the way the program enabled scientists and officials from across the region to work together for the first time. In numerous cases, this newly forged regional cooperation was able to generate benefits that far surpassed the technical or commercial benefits of the projects themselves.

Commenting on the first phase of the program, ASEAN officials concluded:

‘...the links between ASEAN and Australia, since 1974, built up through participation in the various projects under the AAECAP have benefited ASEAN greatly. ASEAN has also gained from the close interaction and ties developed among the professionals and officials of both sides in the projects. The implementation of projects under AAECAP Phase I has promoted a regional cooperative spirit among the ASEAN participants.’

‘Both ASEAN and Australia agreed that Phase I of the AAECAP had contributed both in substance and in spirit to the strengthening of ASEAN–Australia relations.’
H.E. Dr Estrella F Alabastro, Minister of Science and Technology, Government of the Philippines

'I first became aware of the AAECP in 1982 when I attended the First ASEAN Food Conference in Singapore. The event was supported by the Australian Government, through the AAECP, and this enabled many food scientists and technologists from ASEAN member countries to participate. The ASEAN Food Conference continues to be held, every three years. What Australia started, ASEAN has sustained ...

‘Through the years I have witnessed the benefits that have accrued to ASEAN from ASEAN–Australia collaboration, the most important of which, to my mind, is that it has enabled ASEAN and Australian scientists, technologists and policy makers to work together in programs of mutual interest. Through these collaborative programs, ASEAN has been able to access and adapt Australian technologies to improve the productivity of our industries.’

(Personal communication, February 2004)

Dr Alex Buchanan, first Australian Liaison Officer, AAECP, 1974–85

‘The longest running AAECP food project was the Food Handling project, which led to the establishment of the ASEAN-staffed ASEAN Food Handling Bureau (AFHB) in Kuala Lumpur. The AFHB did the original research leading to the widespread commercial use of returnable fish containers for trade throughout the region. The initial trials were in each ASEAN country, but the only place it succeeded was in Indonesia. That experience was then used in a successful trial at the Bangkok fish market and so the system spread to all the ASEAN countries. The final result was better than any of them could ever have achieved alone and dramatically demonstrated the benefits of regional technical cooperation.’

(Personal communication, February 2004)
Ho Chi Minh City, Vietnam.
Photo: Tim Acker.
Advancing biotechnology expertise in ASEAN countries

The $5.6 million biotechnology project, which aimed to increase the economic value of natural resources in the region and support research and development in biotechnology, ran successfully over five years from 1990. The project focused on natural products biotechnology and carbohydrate biotechnology and its activities were jointly monitored by the ASEAN Subcommittee on Biotechnology, under the ASEAN Committee on Science and Technology, and an Australian manager. The project directly involved 142 ASEAN biotechnologists in 19 groups at 16 sites in six ASEAN countries. 128 ASEAN biotechnologists were trained in practices, policy management, project commercialisation and waste treatment through on-the-job training courses and work attachments in Australia and ASEAN. The project produced 13 conferences (three major and 10 minor) held in both ASEAN countries and Australia, and two major books on biotechnology and biotechnology resources in ASEAN.

The project led to excellent networks within ASEAN, between Australia and ASEAN, and within Australia. These networks are still strong and active today, almost nine years after the project ended, and have laid the foundations for the now proactive ASEAN activities in biodiversity management and conservation.

By the end of Phase I, intra-regional cooperation at the economic and political levels had grown remarkably. ASEAN countries had made immense gains in economic growth and social development, and ASEAN itself was a far stronger association. Australia was no longer the sole dialogue partner, and ASEAN and Australia acknowledged the strategic and political changes in their relations. But both partners continued to recognise the special relationship built on practical cooperation and mutual benefit. The AAECP responded by broadening its focus in science and technology, and adding the goal of stronger commercial relations between ASEAN member countries and Australia.

Phase II: 1989–94

In May 1989 ASEAN and Australia launched Phase II of the AAECP, with a budget of around $7 million a year. This phase of four years focused on fewer, larger projects – six in total – designed to be of mutual benefit and with commercial applications. The projects were concentrated in the areas of trade and investment promotion, science and technology transfer and agriculture, with special reference to skills development. Establishing networks and institutional links in these fields remained a priority.

A 1992 review of Phase II indicated that the program had reached senior and influential people in ASEAN countries, particularly in the science and technology fraternity, in a way unmatched by most other development programs. It also highlighted that ASEAN regional programs had
Remote area power supply systems

To demonstrate the potential social, commercial and environmental benefits of Australian remote power supply technology within Sarawak, other areas of Malaysia and ASEAN countries generally, a joint project was designed to install solar and wind power systems to provide families in remote areas with renewable technology-sourced electricity. The project, which began in December 1995, demonstrated not only how village and family life could be improved and the environment protected, but also the value of Australian technology. The project resulted in a host of ongoing opportunities for commercial partnerships between ASEAN and Australian companies. Representatives from various ASEAN countries attended a demonstration workshop in Sarawak in 1996, which led to similar projects in Thailand, Vietnam and the Philippines.

a greater political profile and impact per dollar invested than bilateral programs of a similar size.

ASEAN considered the AAECP an excellent program, providing significant benefits to ASEAN. However, the review felt that Australia had failed to take advantage of the potential benefits the program offered. To most Australian government, private and academic sectors, the program was a ‘well-kept secret’, but if properly managed could have real economic benefits for both ASEAN and Australia.

It was jointly agreed to continue the program, but with a renewed commercial focus. The accent was now to be more on coordinated and planned cooperation, building on the considerable achievements of the earlier phases. There was to be a gradual broadening of the program to accommodate the wider economic and political interaction in the region, and to encourage links across a range of key sectors. This in turn was to underpin the wider foreign policy and economic objectives of both ASEAN and Australia.
Phase III: 1994–2004

The aim of the third phase, which began in July 1994 with a total budget of about $38 million, was to facilitate broad-based economic cooperation and integration between ASEAN and Australia. It consisted of a program of six regional projects, with budgets of $4 to $6 million, and a flexible, small activities scheme that aimed to build links between the two partners. Reflecting changes in ASEAN membership, the program was extended in 1995 from its original six members to include Vietnam, the first of the ‘new’ member countries to join ASEAN.

Better water supplies, computers for the blind, healthier livestock, cleaner oceans and enhanced eco-tourism were just some of the outcomes of AAECP Phase III. A 1998 review of Phase III noted ASEAN's strong appreciation of the relevance of the Australian technology underlying the projects, its emphasis on networking and its flexibility to respond to new priorities. There was wide agreement that, despite its already long life, the program should continue beyond Phase III, not only in the interests of participating countries and institutions, but also as a means of integrating the ‘new’ ASEAN members into the program.
Current and future challenges

“The strength of the partnership between Australia and ASEAN, aside from the advantages presented by their geographic proximity, is in part due to the increasing complementarities of the relationship and the dynamism of the economies in the region. It is also due to both partners’ determination to continually assess the relationship and implement changes to suit the needs of the two sides.”

Over the past 30 years, ASEAN has made tremendous strides in achieving sustained economic growth, reducing poverty and meeting the challenges of globalisation. Underpinning these gains is the significant investment ASEAN countries have made in systems of governance, education and economic infrastructure. Singapore and Malaysia have transformed themselves into modern, wealthy nations; Thailand is graduating from development assistance following strong economic growth, and other ASEAN countries are increasingly focusing their efforts on closer economic integration and essential domestic policy reforms.

Significant regional challenges remain, however. The East Asian financial crisis of 1997 saw massive economic and social dislocation for millions of people in Southeast Asia, and poverty rates in some parts of the region have only recently declined to pre-crisis levels. Transnational security, particularly related to terrorism and health, and the transition to more open and democratic societies also present daunting challenges for some countries of the region. With its proximity to Southeast Asia, Australia shares many of ASEAN’s concerns.

More than ever, ASEAN is resolved to reduce poverty and achieve economic integration. Trade has been recognised as integral to such efforts. Well-targeted trade-related assistance, a key theme of the latest phase of ASEAN–Australia development cooperation, can play an important role in accelerating development processes.

CSIRO's Dr George Creswell retrieving a plankton net from the stern of the Baruna Jaya, Marine Science Project, AAECP Phase II. Photo: AMSAT & CSIRO Marine Research.
The planning for the latest phase of assistance that includes Burma, Cambodia, and Laos began in January 1999. A memorandum of understanding for the resulting six-year, $45 million program was signed in August 2002. The development and design of the AADCP involved extensive consultation, and provided both ASEAN and Australia opportunities to contribute to the scope and objectives of the program.

With lessons learnt and best practices of past programs incorporated, the AADCP comprises three streams of assistance. The Regional Economic Policy Support Facility is a $9 million project to provide high-quality policy advice and analysis to ASEAN on regional economic issues. The Facility endeavours to strengthen the links between the ASEAN Secretariat and economic policy research entities within ASEAN and Australia.

The Program Stream comprises 10 economic and trade-related activities with a budget of $20 million. This stream of assistance aims to promote economic integration and competitiveness, and includes activities to promote recognition of labour skills, and strengthen customs and quarantine systems in the region.

The Regional Partnerships Scheme, with a budget of $15 million, the scheme aims to strengthen the capacity of ASEAN to address regional development challenges and better participate in the global economy. It provides funding for partnerships between Australian and ASEAN institutions. One of the projects under the Partnerships Scheme, ‘Strengthening Risk Management and Governance in ASEAN Banking Systems,’ brings together ASEAN and Australian institutions to help regional countries harmonise their banking systems according to international standards.

The AADCP’s objectives are in line with ASEAN’s priorities. It also aims to expedite the ‘new’ member countries’ integration by bridging the development gaps between the members. The program is also consistent with the Australian aid program’s recognition that economic growth and good governance are central to poverty reduction.

It complements Australia’s bilateral assistance to countries...
in Southeast Asia as well as efforts by those countries to improve their own economic governance and to strengthen their regional integration in the wake of the 1997 financial crisis. The program will provide means for progressing both ASEAN and Australian interests in the ASEAN Free Trade Area – Closer Economic Partnership agreement between Australia, New Zealand and ASEAN, and in sharing the benefits of globalisation through trade and investment.

The AADCP represents a truly collaborative approach to tackling common issues facing both ASEAN and Australia. In 2004, development cooperation continues to occupy an important place in the ASEAN–Australia dialogue partnership. The program is already making valuable contributions to promoting links between the ASEAN and the Australia – New Zealand free trade areas, and to building ASEAN coordination and policy-making capacities. After 30 years of highly successful cooperation on economic and social development issues, the AADCP continues to serve as a key vehicle for fostering sustainable growth to the mutual benefit of both ASEAN and Australia.

**ASEAN–Australia cooperation on regional policy**

Under the Regional Economic Policy Support Facility, a group of ASEAN and Australian researchers, led by Monash University’s Peter Forsyth, recently completed a study on regional air services policy, ‘Preparing ASEAN for Open Sky’. This study, which was initiated by the Infrastructure Unit of the ASEAN Secretariat, has been very well received by the ASEAN Air Transport Working Group for its valuable contribution to the discussion on the ASEAN Open Sky Initiative. Its recommendations will serve as a reference for the regional plan of action currently being developed by ASEAN transport officials.