The Australian elections on 2 March 1996 ushered in a period in which the new John Howard Government emphasised promoting bilateral relationships and appeared for some time to reduce emphasis on multilateral cooperation, including with the Association of Southeast Asian Nations (ASEAN). The diplomatic climate was also influenced greatly by the Asian financial crisis and by the traumatic transition of East Timor from Indonesian rule to independence. By the end of the 1990s, Australia’s multilateral relations with ASEAN appeared to have cooled substantially. The latter period of the Howard Government, however, brought a renewal of cooperation with ASEAN after 2001. This chapter discusses these issues by looking in turn at the Howard Government’s approach to Asia, the challenges posed to Southeast Asia and ASEAN by the Asian financial crisis, East Timor’s transition to independence, the hiatus in Australia–ASEAN relations in the late 1990s, and developments after 2001 that included two major advances: a trade agreement between ASEAN and Australia and New Zealand, and ASEAN’s invitation to Australia to accede to the Treaty of Amity and Cooperation (TAC) and to join the new East Asia Summit.
The Howard Government and Asia

The Howard Government came to office committed to what it saw as a pragmatic pursuit of the national interest.¹ In a speech in August 2001, Howard characterised his approach as one of ‘positive realism’ that involved ‘a realistic appreciation of the differences between ... societies and cultures, but positively focused on ... shared interests and on a mutual respect’.² Howard emphasised that nations should respect each other’s differences: he said in April 2003 that ‘good neighbours recognise each other’s values and beliefs’.³

The Howard Government reaffirmed a strong commitment to Australia’s relationship with the US. The relationship deepened further after the terrorist attacks in the US on 11 September 2001. In the immediate aftermath of these attacks, Howard (who was visiting the US at the time) offered Australia’s full support to the US and on 14 September 2001 the Australian Government formally invoked the ANZUS (Australia, New Zealand, United States) Treaty for the first time. Australia went on to support and contribute to the US-led military involvements in Afghanistan and in Iraq.⁴

In relations with Asia, the government placed special emphasis on China and Japan. After initial tensions in 1996 over China’s confrontation of Taiwan, Australia’s China relationship expanded greatly, including through enhanced economic interactions and new areas of regular dialogue.⁵ The Howard Government pursued a closer relationship with Japan and inaugurated a new trilateral dialogue with the US and Japan.⁶

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¹ Stewart Firth, *Australia in International Politics: An Introduction to Australian Foreign Policy*, 3rd edn, Crows Nest, NSW: Allen & Unwin, 2011, p. 53.
³ Quoted in ibid., p. 277.
⁵ Gyngell and Wesley, *Making Australian Foreign Policy*, p. 313.
The Howard Government came to office with a commitment to engagement with Southeast Asia and to ASEAN that was asserted by the Minister for Foreign Affairs, Alexander Downer, in some of his early statements in office. On 11 April 1996, Downer said that ‘[t]here is a national consensus on the importance of Australia’s engagement with Asia and there is a strong recognition that no side of Australian politics owns the Asia vision’. Downer declared that the government would base its Asian engagement on three approaches: regional economic dialogue through the Asia-Pacific Economic Cooperation (APEC) grouping, regional security cooperation within the ASEAN Regional Forum (ARF), and strengthening the focus on bilateral relations. On the future of the regional ‘architecture’, Downer said that APEC and ASEAN were ‘central to building the trust’ and ‘sense of shared interests’ that were the basis of the region’s security and economic future. In May 1996, Downer re-emphasised the government’s commitment to the ARF, which he said ‘should continue to develop regional dialogue on issues such as defence planning and acquisition’.

While endorsing the role of regional institutions, the government emphasised the primacy of bilateral relationships. There was also commensurately less emphasis on ‘big picture’ concepts of multilateral and regional cooperation. The overall approach was affirmed in the government’s foreign policy White Paper released in 1997:

Preparation for the future is not a matter of grand constructs. It is about the hard headed pursuit of the interests which lie at the core of foreign and trade policy: the security of the nation and the jobs and standard of living of the Australian people. In all that it does in the field of foreign and trade policy, the Government will apply the basic test of national interest.

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7 Don Greenlees, ‘Downer Assigns Asia Top Priority’, *The Australian*, 12 April 1996.
ASEAN, the Asian financial crisis and East Timor’s independence: 1996–2001

From mid-1997, ASEAN encountered several issues that challenged it as an institution and that had significant implications for Australia.

ASEAN under challenge: Enlargement issues and the Asian financial crisis

ASEAN from the mid-1990s had been pursuing a policy of incorporating, as members, the other states considered widely to be part of ‘Southeast Asia’: Cambodia, Laos, Myanmar (Burma) and Vietnam. Vietnam entered the Association in 1995 and Laos and Myanmar followed in 1997. While the government (like the preceding Labor administration) had reservations about internal conditions in Myanmar, Australia supported its membership in ASEAN. In overall terms, Downer considered that there was a strong case for Myanmar’s entry: ‘it was driven by Dr Mahathir Mohamad and President Suharto who both thought that it made more sense to get Burma into ASEAN than leave it in the Chinese orbit … I thought that was a pretty damn good argument’.10

It had been envisaged that Cambodia would also join in 1997. However, on 5–6 July 1997, this timetable was derailed by the outbreak of conflict between the two parties in the Coalition Government (the National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia (FUNCINPEC) led by Prince Norodom Ranariddh and the Cambodian People’s Party led by Hun Sen). After a period of extensive tensions between the parties, the Cambodian People’s Party forces led a coup on 5 July 1997 against its partner in the coalition administration, FUNCINPEC, which resulted in over 40 deaths and hundreds of arrests: Ranariddh and a number of senior figures in his party had left the country a few days earlier. Subsequently there were some executions, particularly by the Cambodian People’s Party forces of FUNCINPEC members. These events left Hun Sen as the dominant leader in Cambodia.11 Australia condemned the violence and expressed concern

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at the overthrow of Ranariddh by military means. The government pursued its approach in association with ASEAN, which Downer saw as ‘the first and most important point of influence’ in relation to Hun Sen.  

In response to these events, the ASEAN foreign ministers decided on 10 July to delay Cambodia’s entry. The developments in Cambodia were a setback for ASEAN’s desired image of a group able to sponsor peaceful cooperation, but the enlargement process continued: Cambodia ultimately was admitted to ASEAN in 1999.

A further set of issues confronted ASEAN members, and other states in East Asia, from mid-1997. In early July 1997, speculative pressure forced a devaluation of the Thai currency and began to inflict major pressure on the Thai economy. By early September, the Malaysian ringgit had fallen to its lowest level of value vis-à-vis the US dollar since 1971, and in a period of six months the Thai stock market had lost 38 per cent of its value, while Malaysia’s lost 44 per cent, the Philippines’ lost 35 per cent, Indonesia’s lost 17 per cent and Japan’s lost 4 per cent. By the end of the year, severe damage had been sustained by both the Indonesian and South Korean economies; in 1998, Indonesia’s economy declined by about 14 per cent of gross domestic product. A number of ASEAN members experienced a rise in unemployment, which increased pressures on incumbent governments.

The crisis had a substantial political impact in the ASEAN region. Thailand and the Philippines saw governments replaced through elections. The political impact was greatest in Indonesia, where ASEAN’s senior statesman President Suharto was forced to resign in May 1998, amid substantial social unrest and political protest. The departure of Suharto was followed by profound changes in Indonesia’s political processes, which included the advent of democratic elections and a sharp change in policy towards East Timor in 1999.

The financial crisis abruptly interrupted the development of the ASEAN economies and had an adverse impact on the image of economic progress and stable development in ASEAN members and in East Asia more widely. Investor confidence declined and funds were withdrawn from many economies.\textsuperscript{15} ASEAN’s image in this period was also affected adversely by the emergence of major environmental problems arising from annual patterns of burning of large areas of forest and agricultural lands particularly in Indonesia, which produced a ‘haze’ that caused major health and pollution problems for neighbouring states including Malaysia and Singapore. ASEAN discussed the issue but was not able to pursue cooperation that could alleviate the problem.\textsuperscript{16} ASEAN’s challenges in this period prompted some internal debate on whether the Association needed to revise its approach to cooperation and modify the doctrine of non-interference in internal affairs to acknowledge the fact that developments within member states could affect the interests of others, as the haze had illustrated. Despite advocacy by Thailand and the Philippines, ASEAN did not adopt a major change in approach, but the debate highlighted the climate of uncertainty in ASEAN that had been triggered by the financial crisis.\textsuperscript{17}

Australia, ASEAN and the financial crisis

The impact of the Asian financial crisis was all the more sharp because the setbacks were largely unexpected. In Australia, the Howard Government’s foreign policy White Paper (which had been prepared before the onset of the economic crisis and was released in August 1997) had assumed continuing growth in East Asia. The paper said that ‘the Government’s judgement is that economic growth in industrialising East Asia will continue at relatively high levels over the next fifteen years’, and that ‘the countries of East Asia will become even more important to Australia as trade and investment partners,

\textsuperscript{17} Christopher B. Roberts, \textit{ASEAN Regionalism: Cooperation, Values and Institutionalization}, Abingdon: Routledge, 2012, pp. 102–9.
and in security terms’. This was a reasonable long-term projection, but in the short term many regional economies had major problems and the situation was of substantial concern to Australia.

Australia gave significant support to efforts to alleviate the crisis. By February 1998, Downer noted that Australia was contributing over A$4 billion to the packages of assistance being provided by the International Monetary Fund (IMF) to Indonesia, Thailand and South Korea. He observed that apart from Japan, Australia was the only country to be involved in all three packages. Downer had commented earlier (in November 1997) on the positive impact of Australia’s assistance when he said that ‘by proving we are a partner and a neighbour for the long haul’, Australia’s image had changed decisively ‘from something close to regional mendicant to a regional mate’. Another element in Australia’s response was support to Indonesia by making representations to the Bill Clinton administration to encourage the US to support more sympathetic and favourable treatment for Indonesia from the IMF, whose terms of assistance were seen as harsh and demanding.

The Asian financial crisis had a significant influence on the Howard Government’s approach to relations with Asia and its appraisal of Australia’s role. Australia’s economic performance during the period of the crisis brought a sense of increased assurance. Australia’s economy continued to grow despite the adverse developments in East Asia. This was striking validation of Australia’s extensive economic reform since the 1980s and the value in Australia’s wide-ranging international economic linkages.

These perceptions were reflected in statements by the Howard Government that expressed confidence that Australia after the financial crisis was more accepted and influential. Downer said in July 1999 that ‘our advice has carried particular weight for two reasons: because it comes from a country that has prospered when others have been

21 Ibid.
ENGAGING THE NEIGHBOURS

doing it tough, and because we have shown that we are prepared to take our own advice. It has been a case of “do as we say, and do as we do”. Prime Minister Howard noted in September 1998 that ‘Australia is more respected in Asia now than it was five years ago because we’ve done well and we’ve been able to help … Australia is relatively speaking stronger now and has got more influence than it had before’. Downer argued that Australia’s image had changed in the wake of the crisis. He argued in July 1998 that ‘[w]e have ceased being the region’s “demandeur”, badgering our neighbours for attention and recognition. Australia is now a genuinely close partner and regional friend, a country that can be relied on in good times and bad’.22

These responses were understandable in relation to Australia’s comparative economic performance and substantial assistance to neighbouring states. However some analysts saw complexity in Australia’s response to the financial crisis as conveyed in the messages presented to the domestic audience and to Southeast and East Asia. The assertions of confidence in Australia’s own capacities and success could have negative aspects. Anthony Milner commented that:

Ministers were catering to the needs of what Howard called ‘the Australian psyche’ when they began to speak of Australia as ‘the strong man of Asia’ … In doing so, however, they helped to promote the type of swagger that the government’s own White Paper had warned against: the White Paper had insisted that Australians must be prepared to face the fact that their country would become less not more powerful in regional terms over the coming years. It was a swagger that was also likely to be remembered for many years in the region itself.23

The policies pursued by the Australian Government in response to the Asian financial crisis had involved bilateral assistance rather than cooperation with ASEAN as a collectivity. But by providing assistance to key member countries, Australia had underscored the importance of relationships with Southeast Asia. The financial crisis, however, also had some significant influences on patterns of regional cooperation with potential implications for Australia.

As noted in Chapter 3, debate had been developing about the desirability of cooperation that could be pursued by East Asian states themselves without the participation of countries not considered to be ‘Asian’. These views were reflected in Malaysia’s proposal in December 1990 for an ‘East Asian Economic Group’, a concept that had been pursued as a caucus under the aegis of APEC. The impact of the financial crisis led to renewed interest in ‘East Asian-focused’ cooperation that could help forestall any future crisis and add greater ‘weight’ for Asia in dealing with international financial institutions such as the IMF. These views helped create support for a meeting of the ASEAN members along with Japan, China and South Korea in Kuala Lumpur in December 1997 that led to the inauguration of the ‘ASEAN Plus Three’ forum.\(^{24}\) Australia had been able to participate as a founding member in the security grouping that ASEAN had sponsored, the ARF, but Australia was not a member of this new group.

The advent of ASEAN Plus Three clearly challenged Australia’s view of its Asian role and how best to approach emerging patterns of cooperation involving ASEAN and Northeast Asia. The Howard Government ultimately adopted a cautiously positive approach to the new group.\(^{25}\) The government’s second foreign policy White Paper, released in 2003, stated:

> While the process still has a long way to go before its full significance can be determined, it is reasonable to assume that there will be a benefit to the region and to partners such as Australia in a process which fosters dialogue and co-operation among the countries of East Asia and thereby contributes to stability and harmony … Australia would be pleased to be involved in the ASEAN+3 process. We have registered our interest in joining the grouping if invited at some later stage.\(^{26}\)

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25 The issue of how Australia should approach ASEAN Plus Three was discussed by Downer and the members of his foreign affairs council of academic and private sector advisors. Milner considers that the council’s views were an important influence on the government’s thinking on the issue; Anthony Milner, personal communication, 30 November 2014.

Although Australia did not gain entry to the ASEAN Plus Three grouping, it was later able to participate in a dialogue that grew out of this grouping, the East Asia Summit (see below).

East Timor’s independence

A further significant issue for Australia and Southeast Asia in this period was the process of conflict and change that led to independence for the territory of East Timor.27 This process can be seen partly as another major outcome of the Asian financial crisis, which had led to the resignation of President Suharto and the potential for new policy avenues for Indonesia and for East Timor.

The status of East Timor had been a focus of strain and tension in Australia–Indonesia relations since 1975. Australia after 1979 under successive governments had maintained *de jure* recognition of Indonesia’s incorporation of the territory. When the Howard Government came to office there was no sign that Australian policymakers expected any change to the territory’s status: Downer commented in April 1996 in relation to the condition of human rights in East Timor, that the issue was a ‘pebble in the shoe’ of the Australia–Indonesia relationship and that little would be achieved by making an ‘enormous amount of noise’.28

In the years after 1975, however, it was clear that Indonesia’s incorporation of East Timor had not been accepted by the great majority of the East Timorese people and ongoing conflict in the territory, which had involved the loss of as many as 200,000 lives, had been highlighted again by the Santa Cruz massacre in November 1991 (in which between 200 and 500 people were shot or disappeared).29 The end of the Suharto regime opened the way for revision of attitudes towards the territory in Australia and the Howard Government altered Australian policies. Howard sent a letter in December 1998 to President B. J. Habibie (Suharto’s successor), proposing that Indonesia review its position and consider a transition to autonomy for the territory. When President Habibie announced in January 1999 a change of

28 Greenlees, ‘Downer Assigns Asia Top Priority’.
policy that would review the status of the territory, a process was initiated that led to a ballot on 30 August 1999 on a proposal for a revised status of ‘special autonomy’ for East Timor within Indonesia.\footnote{Ibid., pp. 49–67.} The voters decided by a majority of 78.5 per cent to reject the proposed special autonomy and to separate from Indonesia.\footnote{The ballot presented two options to voters: ‘Do you accept the proposed special autonomy within the unitary state of the Republic of Indonesia?’ and ‘Do you reject the proposed special autonomy for East Timor, leading to East Timor’s separation from Indonesia?’ See ‘Question of East Timor: Report of the Secretary-General’, New York, United Nations, 5 May 1999, in Australian Department of Foreign Affairs and Trade, \textit{East Timor in Transition 1998–2000: An Australian Policy Challenge}, Canberra: Australian Department of Foreign Affairs and Trade, 2001, p. 206.} The lead-up to the ballot was accompanied by substantial violence, particularly by pro-Indonesian militias, and further serious violence occurred after the ballot. In this circumstance, Australia took a leading role in seeking to facilitate an intervention authorised by the United Nations (UN) and accepted by the government of Indonesia.\footnote{Cotton, \textit{East Timor}.}

In the years after 1975, ASEAN members had not criticised Indonesia’s policies in East Timor because of ongoing sensitivities in the region in relation to the principle of non-interference in internal affairs and the members’ reluctance to criticise Indonesia, given its central role in ASEAN.\footnote{Alan Dupont, ‘ASEAN’s Response to the East Timor Crisis’, \textit{Australian Journal of International Affairs}, 54(2) 2000.} In the period up to the 30 August ballot, neither ASEAN nor the ARF – which operated on the basis of consensus in discussion and decision-making – played any major role in deliberating on or attempting to influence the process of change in East Timor.\footnote{Amitav Acharya, \textit{Constructing a Security Community in Southeast Asia: ASEAN and the Problem of Regional Order}, 3rd edn, Abingdon: Routledge, 2014, pp. 152–3.} In relation to regional groupings, it was a summit of APEC (in Auckland in September 1999) where a number of bilateral discussions were held on the sidelines of the summit meetings, with Australia playing a leading role, which helped develop a multilateral response to the crisis. James Cotton has observed that ‘[w]hen confronted by the post-ballot bloodshed and the Indonesian Government’s clear inability, or disinclination, to discharge its obligations to the United Nations and to the East Timorese to maintain order, ASEAN as an organisation could find no mechanism through which to influence developments’.\footnote{Cotton, \textit{East Timor}, pp. 82–3.}
Subsequently, four ASEAN members (Thailand, the Philippines, Malaysia and Singapore) took part on an individual basis in INTERFET (International Force for East Timor), which entered East Timor to promote stabilisation, with Thailand providing the deputy commander for the force. The participation of the four ASEAN members was important to the success of INTERFET; of the total force of 9,900 deployed in late September 1999, about 2,500 were from the four ASEAN members, with Australia providing 5,500 personnel. Alan Dupont has observed that ‘[w]ithout ASEAN participation Australia would have been dangerously isolated regionally and even more stretched militarily on the ground in East Timor’.  

Australia played a very substantial role in INTERFET and provided the commander, Major-General Peter Cosgrove, who became the second Australian military leader in a decade to lead a multinational force to promote security and stabilisation in a UN-authorised operation in Southeast Asia. The Australian-led intervention succeeded in stabilising conditions and helped initiate a process of UN-sponsored assistance that led to East Timor gaining formal independence in May 2002. In the period leading up to the intervention and in the aftermath, Australia’s relations with Indonesia experienced severe strain. Indonesia abrogated the Australia–Indonesia Agreement on Maintaining Security that had been negotiated by Paul Keating’s government in December 1995. In the longer term, however, the process of independence for East Timor gradually removed an issue that had been a major obstacle and cause of tension in the Australia–Indonesia relationship since the 1970s and this assisted in improving the climate for Australia’s ASEAN relations.

Hiatus in ASEAN relations

At the end of the 1990s there were indications of a sense of hiatus in Australia’s engagement with ASEAN. Australia had played a substantial role in contributing to efforts to alleviate the effects of the Asian financial crisis but Australia’s multilateral relationships with Southeast Asia experienced some setbacks. Several factors contributed to this. Australia’s image had been compromised by the

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controversy in Australia over the policies and approaches of Pauline Hanson, a controversial parliamentary candidate who had lost Liberal Party endorsement but had won a seat in Federal Parliament as an independent in the March 1996 elections: she went on to form the One Nation Party. In her inaugural speech in Federal Parliament in September 1996, Hanson had expressed concern at the level of Asian immigration to Australia and her popularity after 1996 was seen as harking back to earlier phases of Australian reservations about engagement with Asia. Although her party held only one seat in the national parliament, extensive media coverage in Australia and Asia gave the impression she represented a major new political force. Prime Minister Howard was perceived as having been slow to react to the rise of Hanson and his response drew some criticism both in Australia and in Southeast Asia.38

Further controversy was aroused by comments associated with Howard during the early phase of Australia’s involvement in East Timor after the 30 August 1999 ballot. In an article in September 1999 in The Bulletin magazine in which he was interviewed by the journalist Fred Brenchley, Howard commented in positive terms about his government’s approach to Asian relations.39 He argued that the former Labor Government’s approach towards Asia made Australia look as though ‘we were knocking on their door saying “please let us in”’: instead we were always somebody they would want to have in because of our particular strengths’. In the East Timor intervention, Howard suggested, Australia was playing an ‘influential, constructive and decisive role in the affairs of the region’. In the same article, however, Brenchley introduced the term ‘deputy’ to refer to Australia’s position vis-à-vis the United States in its approach to regional involvements.40 Although Howard himself had not used the word ‘deputy’ and soon after disavowed it, the notion of Australia as a ‘deputy sheriff’ to the US gained considerable currency in Southeast Asia and attracted critical comments.41 Thailand’s Deputy Foreign Minister Sukhumbhand Paribatra compared Howard’s reported comments unfavourably

38  Kelly, The March of Patriots, pp. 363–76.
40  Ibid.
41  More than a decade later, a study found that the term ‘deputy sheriff’ was widely cited by analysts and officials in ASEAN members in relation to Australia–US relations; see Anthony Milner and Sally Percival Wood, eds, ‘Our Place in the Asian Century: Southeast Asia as “The Third Way”’, Melbourne: Asialink, University of Melbourne, 2012, p. 29.
with President Theodore Roosevelt’s recommendation to ‘talk softly and carry a big stick’. Dr Mahathir labelled Howard’s comment as ‘unmitigated arrogance. When Australians claim to be Asian, they see only themselves lording it over [Asia].’ Malaysia’s Foreign Minister Syed Hamid denied that Australia had a leadership role: ‘We feel that regional affairs should be handled by the countries of the region. We do not need a supervisor or police inspector or anything of the sort to oversee our activities.’

Comments and reactions by the government also seemed to reflect reservations about the potential for regional institutions and for Australian involvement in them. In a speech in Beijing in April 2000, Downer appeared to place limits on the potential for Australia’s regional institutional ties. He suggested that Australia could not expect to take part in the ‘cultural’ and ‘emotional’ dimensions of East Asian regionalism and that its role would appropriately be in functional realms:

> If we describe regionalism on the basis of what you might broadly describe as an emotional community of interests, then Australia doesn’t have those types of emotional association with the region, and ethnic and cultural associations very obviously … For us, regionalism is always going to be practical regionalism looking at ways that we can work with our region to secure our own economic and security objectives.

In July 2001, Downer expressed some frustration at the Asian (and ASEAN) way of diplomacy in a speech in Singapore when he said, ‘ASEAN has a culture of working around problems rather than confronting them. The limits of this approach have been exposed by the financial crisis, and by the way in which expansion has increased ASEAN’s political and economic diversity’.

These comments were perceived at the time as indicating that the government was stepping back from the challenges of institutional engagement in Asia. Milner observed about this period in Australian

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43 Paul Kelly, ‘One Club We Won’t Be Joining’, The Australian, 26 April 2000.
foreign relations that many of those Australians who had been deeply committed to developing Asian engagement, including members of the Coalition Government, were anxious:

They worried about the impact on the region of Australian talk about being the ‘strong man’ of Asia, and of the widely publicised suggestion that its special security role was that of a US ‘Deputy’. They were concerned also that Australians, in gaining a new confidence in their country and its values, were conveying an element of complacency and even belligerence in handling regional sensitivities.46

Against this background, it was notable that Australia’s long-standing efforts to increase dialogue and cooperation with ASEAN met some setbacks after 2000, on economic and political levels.

From 1993 Australia had sought an association between the Australia–New Zealand Closer Economic Relations (CER) and the ASEAN Free Trade Agreement (AFTA). In October 1999, ASEAN and Australian and New Zealand ministers decided to establish a task force to explore a free trade linkage. ASEAN was willing to consider the proposal although it was known that Malaysia, Indonesia and the Philippines were not as keen on the concept as were Singapore, Thailand and Brunei, and that the Indochina countries were at best non-committal.47

At a meeting of ASEAN and the Australian and New Zealand ministers in Chiang Mai in Thailand in early October 2000, the task force recommended the establishment of a free trade area between AFTA and CER as desirable and feasible. However, the Chiang Mai meeting decided against pursuing any direct linkage between the two trade arrangements. Instead, the ministers decided to deflect the proposal by asking senior officials to study the scope for a ‘closer economic partnership’ to pursue trade facilitation and capacity-building. At a time when economic recovery was still not assured, some ASEAN members were reluctant to support further trade barrier cuts. However, it was significant that the countries opposing the linkage included not only Malaysia but also Indonesia, which in the early 1990s had been a key partner with Australia in pursuing regional trade liberalisation through APEC.48

46 Milner, ‘Balancing “Asia”’, p. 46.
48 Ibid.
The rebuff for Australia highlighted the close inter-relationship between political and economic issues in ASEAN’s cooperation and external relations. The importance of political factors in any such negotiations was stated clearly by Malaysia’s Trade Minister Rafidah Aziz in a notable comment during the Chiang Mai meetings. Rafidah said that the free trade proposal ‘had to be looked at in its totality … It has to be a political decision and then we have to have the right environment. It’s not simply an economic thing, its political.’49

Australia had a further setback in 2002 when it sought to gain dialogue status for Australia’s head of government at ASEAN’s leadership summit meetings (now held annually). At the summit in Phnom Penh in November 2002, Australia’s bid was supported by Brunei, Singapore and Cambodia, was opposed by Malaysia, and received only lukewarm support from Indonesia and Thailand.50 At the 2003 Bali meetings it was reported that Australia did not renew its efforts to gain representation and that the issue of Australian representation had been dropped from the agenda for discussion and had been shelved indefinitely.51 It thus seemed at this point as if Australia had little prospect of extending its interactions with ASEAN at the leadership level.

Renewal of progress: 2001–04

While Australia’s multilateral ASEAN relations had appeared to be at a low point at the beginning of the decade, several factors in the international and regional environment emerged after 2001 and contributed to a new and more positive context for the relationship. The key developments were the global and regional impact of the terrorist attacks in the US on 11 September 2001 and in Bali on 12 October 2002, regional responses to China’s increasing role and profile, and leadership changes in two key members of ASEAN, Malaysia and Indonesia, which had significant implications for both bilateral relations and Australia’s relations with ASEAN overall.

The political context was clearly affected by the terrorist attacks in the US on 11 September 2001 (including the destruction of the World Trade Center in New York and the attack on the Pentagon in Washington) and the increased international and regional concerns about terrorism that followed. From late 2001, attention focused intensely on the threats perceived to be posed to the countries in the ASEAN region by terrorist movements of which Jemaah Islamiyah was the most prominent. Attention was heightened after the bombings in Bali in October 2002 (in which 88 Australians were among the 202 persons killed), at the Marriott Hotel in Jakarta in August 2003 and outside the Australian Embassy in Jakarta in September 2004.\textsuperscript{52}

Australia after 2001 expanded cooperation on counter-terrorism, signing bilateral agreements with a number of ASEAN members and a multilateral declaration with ASEAN itself. The Australian Federal Police (AFP) developed close contacts with their regional counterparts. One reflection of this was an invitation to AFP Commissioner Mick Keelty to attend a meeting of ASEAN police chiefs as an observer in August 2004.\textsuperscript{53}

While security cooperation developed extensively, the issue of terrorism in Southeast Asia caused some tensions between Australia and ASEAN members. There was concern in Indonesia and Malaysia at raids by Australian security authorities within Australia against suspected supporters of Jemaah Islamiyah: Malaysia’s Prime Minister Mahathir accused Australia in November 2002 of being ‘unsafe for Muslims’.\textsuperscript{54} In December 2002, controversy arose when Howard was asked by a journalist whether he would consider launching ‘pre-emptive’ strikes against terrorist bases overseas. Howard responded that ‘[i]t stands to reason that if you believe somebody was going to launch an attack on your country, either of a conventional kind or of a terrorist kind, and you had the capacity to stop it, and there was no alternative other than to use that capacity, then of course you would have to use it’.\textsuperscript{55}

\textsuperscript{54} Greg Sheridan, ‘ASEAN Thumbs Down Caps Our Bad Week in Asia’, The Australian, 7 November 2002.  
\textsuperscript{55} Steve Lewis, ‘Howard Runs the Gauntlet of Asia’, The Australian, 2 December 2002.}
Howard’s comments on ‘pre-emptive strikes’ had been made in the context of discussion in the US about pre-emption as a tool in foreign and security policy (including in the George W. Bush administration’s National Security Strategy in September 2002) and at a time when there was widespread debate in the US about a possible strike against the Saddam Hussein regime in Iraq. They aroused regional sensitivities about interference in internal affairs and were criticised in several ASEAN member countries. Mahathir said that any pre-emptive strikes against Malaysian targets would be considered ‘an act of war’. Malaysia and the Philippines threatened to suspend bilateral counter-terrorism cooperation with Australia and there were also critical editorials in the media in Singapore, Thailand, Indonesia, Malaysia and the Philippines.\(^56\)

Despite these arguments, Australia pursued extensive cooperation with ASEAN members on counter-terrorism after 2001. Most of the cooperation on terrorism in Southeast Asia was bilateral. However, this increased contact extended the sense of mutual interest between Australia and many ASEAN members, as ASEAN’s Secretary-General Ong Keng Yong emphasised in comments during a visit to Australia in April 2004. Ong noted that:

> We have to talk about what are the substantial issues for us, and there are many shared challenges. One example is terrorism. Australia is a peaceful and stable country. It has a great influence in counter-terrorism initiatives and, in this area at least, we are working together and through that we can socialise more and be more comfortable together.\(^57\)

A second key development in this period was ASEAN’s perceptions of the rising economic and strategic presence of China in Southeast Asia. China had been involved increasingly in ASEAN-sponsored regional cooperation since the mid-1990s, particularly in the ARF. Its economy continued to perform strongly through the period of the Asian financial crisis. In the wake of the crisis, China was participating in the ASEAN Plus Three process and it expanded interactions with ASEAN by the development of a China–ASEAN

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\(^57\) Tony Parkinson, ‘ASEAN Ready to Strengthen Australian Ties’, The Age, 14 April 2004.
Free Trade Agreement.\textsuperscript{58} While welcoming many aspects of China’s involvement, ASEAN members were also keenly aware that they were competing with it for access to foreign direct investment. This perceived competition was a stimulus for ASEAN to move to deepen its own cooperation through development of an ‘ASEAN community’, agreed at the Bali meetings in 2003 (see below).\textsuperscript{59} ASEAN members were also sensitive to China’s increasing strategic weight in Southeast Asia, which had been reflected in its growing emphasis on asserting its claims in the South China Sea (see Chapter 5).\textsuperscript{60}

ASEAN members wanted to avoid an over-dependence on the Chinese market and maintain a diversity of international partnerships. ASEAN concluded an Economic Partnership Agreement with Japan in 2002. ASEAN also moved to increase interest in associations with Australia and New Zealand. As has been noted, ASEAN had reasserted interest in considering an economic linkage with Australia and New Zealand in 2002 and this was affirmed the following year. ASEAN also expressed interest in enhancing political dialogue with Australia. ASEAN’s Secretary-General Ong commented that ‘[w]e cannot just be focused on China or Japan or India. Australia is our neighbour and it’s been around South-east Asia for so long and its logical for us to try to find ways to strengthen the political relationship through more formal exchange’.\textsuperscript{61}

A third key development in Australia’s regional relations after 2001 was leadership transitions in Malaysia and Indonesia. In Malaysia, Mahathir had been a critic of Australia’s policies and had advocated a mode of regional cooperation with an explicit focus on East Asia, which would not include Australia. Malaysia had been a leading force in blocking consideration of a formal trade agreement with Australia in October 2000.\textsuperscript{62} Prime Minister Mahathir retired in November 2003 and his successor, Abdullah Badawi, adopted a more favourable attitude towards Australia. During a visit by Minister for

\begin{footnotesize}
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\item \textsuperscript{61} Parkinson, ‘ASEAN Ready’.
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Foreign Affairs Downer to Kuala Lumpur in April 2004, the two sides announced a new annual dialogue between their foreign ministries, annual consultations between senior officials on regional security issues and plans for a state visit by Prime Minister Badawi to Australia (which would be the first by a Malaysian prime minister since Dr Mahathir visited in 1984). It was made clear that Malaysia would now not block closer economic associations between Australia and ASEAN.63

Relations with Indonesia had been tense in the aftermath of the East Timor intervention and discord continued during the period of the presidency of Megawati Sukarnoputri (July 2001 – October 2004). However, new areas for dialogue and cooperation were developed, particularly after the Bali bombings in October 2002. Extensive cooperation developed in counter-terrorism activities, with AFP Commissioner Keelty and his counterpart General Da’i Bachtiar playing important roles. A component of AFP personnel was based in Jakarta and worked well with their Indonesian partners; dialogue between intelligence agencies was extensive.64 Counter-terror cooperation was a focus for increased numbers of ministerial visits; it was reported in December 2004 that there had been 42 such visits in the past two years, including nine by Downer.65

Australia sought to extend its cooperation with Indonesia through new multilateral dialogue. Australia and Indonesia co-hosted four workshops on counter-terrorism and illegal immigration in Bali between February 2002 and February 2004. The workshops were designed to pursue broader dialogue and cooperation on issues that had been the focus of discord in Australia’s regional relations. Tensions had developed over aspects of counter-terrorism policies (as noted above).

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There had also been considerable disagreement over approaches towards illegal migration. From 1998, Australia had faced an increasing flow of asylum-seekers, who had come from countries outside Southeast Asia and transited through states in that region (particularly Malaysia and Indonesia) before travelling by boat to seek entry to Australia. Many boat journeys were organised by people-smugglers and the unauthorised arrivals were unpopular in Australia. The asylum-seeker issue was a focus of tension in key bilateral relationships, especially with Indonesia. The issue was highlighted further when Australia came into dispute with Indonesia in August 2001 over the issue of the MV Tampa, which Australian authorities had prevented from entering Australian waters while carrying asylum-seekers and which the government had tried to divert to Indonesia, the country through which the asylum-seekers had transited.

The Bali workshops sought to recast the issues of illegal migration and terrorism as ‘common management problems rather than the sites of rival responsibilities and prerogatives’ and helped defuse these issues as irritants in bilateral relations. The first Bali workshop (on people smuggling, trafficking in persons and related transnational crime) involved 38 countries, including all the ASEAN members. Michael Wesley has argued that the ‘Bali process’ of discussion achieved considerable success in this period in building increased cooperation in the areas addressed: ‘Australian officials realised from their experiences in gaining regional support for APEC and the ASEAN Regional Forum over a decade earlier, that a proposal strongly supported by significant regional countries would carry more weight than a proposal made by Canberra alone.’ It was clear that Australia–Indonesia cooperation was integral to the development of the Bali process. In another multilateral collaboration, Australia and Indonesia in December 2004 co-hosted the first of what became a series of interfaith dialogues in Jakarta to build understanding between Muslims and non-Muslims.

67 For a detailed account of the issues in relation to the MV Tampa, see ibid., pp. 541–65.
70 Ibid.
The election of former general Susilo Bambang Yudhoyono as president in September 2004 brought to office a leader familiar with Australia (he had a son studying at university in Perth). Howard made a special visit to attend Yudhoyono’s inauguration, and was well received at the inauguration. He described his meeting with the president as ‘a wonderful opportunity to reaffirm the importance of the relationship’.  Plans for further senior-level dialogue were developed and the potential for a new security agreement between the parties was foreshadowed.

An unexpected and major additional basis for cooperation emerged after the tsunami that struck Indonesia and other countries in South and Southeast Asia on 26 December 2004, causing widespread destruction and the loss of over 200,000 lives. The Australian Government subsequently announced a A$1 billion aid package for Indonesia and the Australian public also contributed substantially. As well as extensive bilateral cooperation, Howard took part in a special ASEAN leaders’ meeting in Jakarta on 6 January 2005 attended by 23 countries to help co-ordinate relief.  Following a visit to Australia by President Yudhoyono in March 2005, consideration was given to developing a formal security treaty and in November 2006 the Agreement between the Republic of Indonesia and Australia on the Framework for Security Cooperation (known widely as the Lombok Treaty) was unveiled, and was ultimately brought into effect in 2008. All these developments contributed greatly to bilateral relations and to Australia’s position in the ASEAN region overall.

A fourth development in this period that aided Australia’s position in relation to ASEAN was an increased awareness of the depth and breadth of Australia’s interactions with Southeast Asia. A report issued by the Institute of Southeast Asian Studies (ISEAS) in 2004 observed that:

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73 Ian McPhedran, ‘Underlying Fears as Australia Strengthens Ties with Indonesia’, *Adelaide Advertiser*, 18 November 2006.
In recent years much of the real substance in the relationship between ANZ [Australia and New Zealand] and Southeast Asia has developed without the direct assistance or guidance of governments as private business, education and travel have mushroomed. From being largely government-fostered in the 1970s, the links between ANZ-Southeast Asia have become more broadly based and oriented towards closer contacts between people from the two areas.  

The ISEAS report noted, for example, that in 2003 over 625,000 Southeast Asians visited Australia, more than three times the numbers a decade earlier; in the same year, 722,000 Australians visited Southeast Asia, close to double the numbers in the early 1990s. Since 1991, over 186,000 Southeast Asians had settled in Australia and in 2003 nearly 76,000 Southeast Asians were studying in educational institutions in Australia (secondary and tertiary), up from 12,690 in 1990.  

Looking back at this period, Downer considered that Australia's standing in ASEAN had increased substantially in the wake of the Asian financial crisis:

Their slightly patronising attitude towards Australia changed, and I've not seen it re-emerge … They learnt something between 1998 and 2004, in those six years … they learnt something new about Australia they hadn’t known before; that is how big the Australian economy was and how capable Australia is … What Australia demonstrated between 1998 and the end of 2004–early 2005 was capability, it could do things. It was solid through the Asian economic crisis and it won a degree of respect for its solidity and stability. And then there was East Timor when they suddenly could see Australia could act decisively to make things happen … [T]he response to the tsunami by Australia was massively beyond their expectations.

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75 Ibid., p. 38.
76 Downer, interview with the author, April 2014.
The Vientiane Commemorative Summit: November 2004

Opportunities now opened up for further multilateral linkages between ASEAN and Australia. ASEAN had been taking steps to deepen its own cooperation and these had implications for its major dialogue partners, including Australia. In the wake of the Asian financial crisis, ASEAN members had realised that if the Association was to retain credibility and momentum, it needed to deepen its economic and political cooperation. For example, ASEAN members were competing with China for foreign direct investment, but they were doing so as 10 separate economies with many different sets of rules in economic activity.

In October 2003, at a leaders’ summit in Bali (referred to as the ‘second Bali conference’, or ‘Bali II’, after the one held in 1976), ASEAN committed itself to developing an ‘ASEAN Community’. The members endorsed the ‘Declaration of ASEAN Concord II’, which stated that ‘[f]or the sustainability of our region’s economic development we affirmed the need for a secure political environment based on a strong foundation of mutual interests generated by economic cooperation’. To pursue ASEAN’s goals, the members declared ‘[a]n ASEAN Community shall be established comprising three pillars, namely political and security cooperation, economic cooperation, and socio-cultural cooperation that are closely intertwined and mutually reinforcing for the purpose of ensuring durable peace, stability and shared prosperity in the region’.77

The ASEAN Bali Concord II declaration also reaffirmed ASEAN’s commitment to foster ASEAN competitiveness and a favourable investment environment, to enhance ‘economic linkages with the world economy’, and advance adherence to TAC as a functioning and effective code of conduct for the region.78 The target date set for achieving an ASEAN Community was the year 2020, but this was later brought forward to 2015.

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77 ASEAN, ‘Declaration of ASEAN Concord II (Bali Concord II)’, Bali, 7 October 2003.
Progress had been made by 2004 on a free trade deal between ASEAN and Australia and New Zealand. A meeting between ASEAN trade ministers and their Australian and New Zealand counterparts held in Brunei on 14 September 2002 declared support for expanding trade and investment and fostering closer economic integration. In August 2004, ASEAN economics ministers agreed with their Australian and New Zealand counterparts to begin negotiations on a free trade agreement in early 2005 with completion to be reached within two years.79

In this positive atmosphere, Australia and New Zealand were invited to attend a special summit meeting with the ASEAN members to commemorate 30 years of the multilateral relationship; the ASEAN–Australia and New Zealand Commemorative Summit was held in Vientiane, Laos, on 30 November 2004. The meeting reviewed the wide areas of cooperation being pursued and the ASEAN members expressed their appreciation of Australia and New Zealand’s ongoing assistance to economic and social progress in ASEAN and to the bridging of the development gaps among ASEAN member states. The ASEAN leaders also invited both Australia and New Zealand to extend their association with ASEAN. The meeting endorsed the proposal by economics ministers of the 12 countries and agreed to deepen economic relations through negotiations for an ASEAN–Australia–New Zealand Free Trade Agreement. The chairman’s statement for the meeting reaffirmed the importance of the ASEAN TAC in building peace and stability in the region and strengthening ASEAN’s relations with its dialogue partners. The statement added:

In this connection, the ASEAN Leaders encourage Australia and New Zealand to positively consider acceding to the Treaty in the near future in the spirit of the strong trust and friendship between ASEAN and Australia and New Zealand, and their common desire to contribute to regional peace and stability.80

The ASEAN leaders at the Vientiane summit took another decision of major relevance to Australia. The leaders discussed the convening of a new dialogue, the East Asia Summit, and ‘agreed to hold the first EAS

80 ASEAN, 'Chairman’s Statement of the ASEAN–Australia and New Zealand Commemorative Summit’, Vientiane, 30 November 2004’. 
[East Asia Summit] in Malaysia in 2005, and in this connection tasked our foreign ministers to work out the details concerning its modality and participation’.

The way was now open for a significant advance in Australia’s ASEAN association. In addition to the negotiations for an economic agreement, the East Asia Summit would bring together ASEAN and key dialogue partners. This was clearly of major interest to Australia, but the issue of the new summit became inter-linked with the question of ASEAN’s TAC and of whether Australia would accede to the treaty. This became a significant area of debate.

**The TAC issue and the East Asia Summit**

The more favourable climate for Australian relations with ASEAN by 2004 saw increased attention on whether and how Australia might be able to be more closely associated with ASEAN as an institution. In this context, TAC gained greater attention. The original five ASEAN members had unveiled TAC at the Bali summit in February 1976 (see Chapter 2) and it had been a central declaratory statement of principles of ASEAN cooperation.

TAC was originally an agreement for ASEAN members and for other potentially interested countries in Southeast Asia. However, the treaty was amended in 1987 and again in 1998 to enable states beyond those considered to be ‘Southeast Asian’ to sign. Accession to TAC was seen by ASEAN as a central requirement for potential new members of the Association. Accession also became a way for non-ASEAN members to indicate formally their support for the Association and for its goals and policies. China in 2003 became the first non-potential member to sign TAC and other states followed suit including India, Japan and South Korea. By 2004, accession to TAC was therefore ‘on the agenda’ for countries seeking to advance interactions with ASEAN.

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81 ASEAN, ‘Chairman’s Statement of the 10th ASEAN Summit’, Vientiane, 29 November 2004.
82 Papua New Guinea became the first non-ASEAN member to accede to TAC in 1989.
Hawke’s government had considered the possibility of Australian accession to the treaty in 1991 but, as noted in Chapter 3, ASEAN at that stage had not wanted other non-regional states to accede to the treaty and the issue had not been pursued further. The issue gained attention in the lead-up to the Vientiane summit when it was reported that a number of ASEAN members now considered that Australia should sign the treaty. Thai, Filipino and Indonesian officials urged Australia to sign and a foreign affairs adviser to President Gloria Macapagal-Arroyo stated that ‘[w]e think Australia should sign the [treaty] and that is something all the ASEAN leaders will talk about’.84

The Howard Government’s initial attitude towards the treaty was negative. Downer, speaking in Parliament on 29 November 2004 just before leaving Australia for the Vientiane summit, invoked memories of an earlier era of regional cooperation (the 1955 Bandung Conference of Asian and African nations that had been viewed with disfavour by Robert Menzies’ government) when he said that:

One of the components of the Bandung Declaration was that governments that signed up to the Treaty of Amity and Cooperation would abstain from the use of arrangements of collective defence to serve the particular interests of any of the big powers. Bearing that in mind, successive Australian governments … have interpreted that particular principle as one that would be inconsistent with the ANZUS alliance.85

Downer noted that the preceding Labor Government had not moved to accede to the treaty during its 13 years in office.86

Prime Minister Howard, in comments at a press conference in Vientiane on 30 November 2004, described the treaty as ‘an agreement which has its origins, has particular origins at a time when Australia was not part of ASEAN and we just don’t, for those reasons, think it’s, at this stage, appropriate to sign it’.87 Howard maintained his reservations

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86 Ibid.
into the early part of 2005. At a joint press conference on 7 April 2005 with the visiting Malaysian Prime Minister Badawi, Howard referred to the treaty as ‘of a mindset that we’ve all moved on from’.88

TAC, however, was a significant issue for Australia in its approaches to ASEAN in 2005. At the 2004 Vientiane summit, Badawi suggested that Australia might be invited to the next ASEAN summit, to be held in Kuala Lumpur. This comment was made in the context of ASEAN’s decision in Vientiane to establish a new dialogue, the East Asia Summit. The importance of TAC was affirmed when ASEAN foreign ministers met in Cebu in April 2005 and clarified the criteria that would qualify countries to be considered as members of the East Asia Summit. Prospective East Asia Summit members, the ministers stated, must have ‘substantive relations with ASEAN, they must be a full dialogue partner, and they must accede to the TAC’.89 Australia met the first two criteria, but it would have to accede to the treaty to qualify fully for membership.

The announcement by ASEAN’s foreign ministers in Cebu necessitated a decision by Australia on TAC and stimulated a process of internal review in which Downer played a major part. On 12 April 2005, just a few days after Howard’s negative comments, Downer made the following statement:

[W]e’ve got some problems with the treaty. I mean the thing is in this country we do interpret treaties and other legal documents very literally. I mean we take the words to mean what they say and so, you know, that is obviously a problem for us in terms of some of the language of the treaty. But I don’t want to go into it in any more detail except to say two things. One, I’m very optimistic that Australia will be part of the East Asia Summit process and I think that is very good news for Australia in terms of its participation in regional architecture. In terms of the Treaty of Amity and Co-operation well, I’ve had discussions during President Yudhoyono and Abdullah Badawi’s visits about this issue with my counter-parts and further discussions last night with the Indonesian foreign minister. I think we can work our way through this issue.90

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In late June 2005, Downer made it clear that the government realised that there was a direct linkage between signing TAC and being able to join the nascent East Asia Summit:

If we can satisfy ourselves about various concerns we have then we would be prepared to sign it [TAC], particularly as signing it will ensure that Australia can participate in the East Asia Summit process and we see the East Asia Summit as the birth of a growing East Asian community, so it makes good sense for the region, for Australia to be involved. And if the price is signing the Treaty of Amity and Cooperation, we’ll do that, if we can sign it without it in any way interfering with treaties and other arrangements we have with countries outside of the ASEAN region.91

Downer acknowledged later that ‘I did have to persuade John Howard that I had to sign this thing … I told him not to worry about it; let me sign it and suck it up’.92

The government had a deadline for its decision. In late July 2005, ASEAN was due to hold its annual ministerial consultations and would be preparing to launch the East Asia Summit. At the ASEAN ministerial meetings, a joint ASEAN–Australia statement on 28 July 2005 announced that Australia would sign the treaty.93 The basis on which the government had acceded to the treaty was clarified by a subsequent submission to the Australian Parliament by the Department of Foreign Affairs and Trade (DFAT). Under provisions introduced by the Howard Government, a parliamentary committee – the Joint Standing Committee on Treaties (JSCOT) – had been inaugurated to scrutinise all new treaty commitments.94 The DFAT submission included the text of the letter that Downer had sent on 13 July 2005 to Lao Foreign Minister Somsavat Lengsavad (whose country was the chair of ASEAN for 2005) on Australia’s approach to the treaty. Downer’s letter noted that accession to TAC by Australia would not be ‘inconsistent with Australia’s treaty commitments, including on security matters’, particularly ANZUS and the Five Power Defence Arrangements. Accession would not place any limitation on Australia’s

92 Downer, interview with the author, April 2014.
94 Ibid., p. 125.
ENGAGING THE NEIGHBOURS

rights and obligations as a member of the UN, and it would not have any bearing on Australia’s relations with countries outside the ASEAN group.\footnote{Ibid.}

Downer’s letter affirmed that the dispute resolution mechanism set out in TAC would only come into operation with Australia’s explicit approval.\footnote{Under TAC, a High Council comprising of ministers (presumably foreign ministers) can be convened to ‘take cognizance of disputes or situations likely to disturb regional peace and harmony’, and in case the parties to a dispute are unable to settle it through negotiations, make recommendations on ‘appropriate means of settlement’. Resort to the High Council and any action taken by it needs the consent of all parties to the dispute. The Council has never been convened by ASEAN. See Severino, Southeast Asia, pp. 11–12.} The government’s submission to JSCOT made clear that in accepting the treaty’s provision for the ‘renunciation of the threat or use of force’, Australia also retained its rights under the United Nations Charter (in Article 51) that recognises the right of states to engage in self-help to maintain their collective defence.\footnote{Cotton, ‘Asian Regionalism’, p. 125.} Australia was thus explicitly retaining its right to take independent actions in foreign and security policy, alongside its accession to the treaty.

Since discussions about TAC had included the issue of Australia’s commitment to the ANZUS alliance, the government evidently considered it appropriate to discuss its decision to accede to the treaty with the US. Howard raised the issue of the treaty and the advent of the new East Asia Summit with Bush in a visit to Washington in late July 2005 (which was after Australia had acceded to the treaty). It was reported that President Bush said that he would be glad for Australia to join the East Asia Summit and to sign TAC. A US official said after the meetings that the Bush administration considered that it was in the interests of the US for Australia, Japan and other allies to join the new Summit to ‘counter’ the presence of China.\footnote{Peter Hartcher and Cynthia Banham, ‘Bush Gives Howard the Nod for Summit’, Sydney Morning Herald, 21 July 2005.}

The process by which Australia signed TAC and set out its explicit conditions in so doing had relevance for the US approach towards the treaty. A paper prepared by the United States Congressional Research Service in May 2009 cited the example of Australia in pursuing accession as having relevance for the US as it now moved towards
acceding itself. The paper included the text of Downer’s 13 July 2005 letter to the Lao foreign minister and the Lao minister’s letter of reply (the US went on to accede to TAC in July 2009, see Chapter 5).99

With TAC signed, Australia could look forward to joining the new East Asia Summit. The process through which the East Asia Summit was established, however, illustrated again the difficulties and obstacles posed by the sensitivities and competitive tensions among the major powers, particularly China and Japan, to efforts at multilateral cooperation in East Asia.

Joining the East Asia Summit

The proposal for an East Asia Summit grew out of suggestions made by President Kim Dae-jung of South Korea at the second meeting of the ASEAN Plus Three grouping, in Vietnam in November 1998, that an East Asia Vision Group should explore the prospects for the formation of an East Asian community. The vision group comprised 26 civilian experts and was tasked to research and recommend concrete measures that ASEAN Plus Three could take to increase East Asian regional cooperation. In 2001 the group released its findings and among the conclusions was a proposal for an East Asia Summit. Based on its assessments of regional developments, the group envisaged that East Asian nations would move towards the development of an East Asian community. Such a community, the group suggested, would benefit the states in the region and could be achieved by building on the existing cooperation processes. The East Asia Summit would be a useful way of building community and pre-empting or resolving future regional challenges that might arise.100

ASEAN and its partners in the ASEAN Plus Three group did not move immediately to develop an East Asia Summit. At their 2002 summit in Phnom Penh, the ASEAN Plus Three leaders had ‘expressed their willingness to explore the phased evolution’ of the ASEAN Plus

Three summit into an East Asia Summit. However, at ASEAN’s annual summit in December 2004 in Vientiane, Malaysian Prime Minister Badawi (as the host of the next ASEAN summit, to be held in Kuala Lumpur in 2005) announced that an East Asia Summit would be convened during those meetings. The intended participants were not specified at the Vientiane summit. This set the scene for some competitive diplomacy about exactly who the participants should be.

The initial reactions to the proposal for an East Asia Summit had been cautiously favourable and it was notable that the kind of summit suggested would be based on a membership exclusively from East Asia itself. However, the sensitivities involved in efforts to pursue regional cooperation soon became evident, particularly because of the competing interests of China and Japan. As Mohan Malik suggested:

The EAS began with a backdrop of intense diplomatic maneuvering and shadow boxing, and ended with the power game being played out in the open. China and Japan were locked in a bitter struggle for supremacy, with Beijing attempting to gain the leadership position in the planned EAC (i.e. East Asian Community), and Tokyo trying to rein in its rival with the help of other ‘China wary’ nations in the Asia-Pacific.

China was initially enthusiastic about the East Asia Summit proposal and argued that it should most appropriately be based on the 13 member countries of ASEAN Plus Three. In China’s view, ASEAN Plus Three could become the East Asia Summit, with the chair rotating among the 13 members. In the case of Malaysia, initiatives such as ASEAN Plus Three and the East Asia Summit were seen as extensions of proposals by Prime Minister Mahathir for the creation of an exclusively East Asian grouping, proposals that had been supported by China.

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101 Severino, *Southeast Asia*, p. 270.
102 Ibid., pp. 270–1.
However other states were reserved about the prospect of a summit based solely on ASEAN Plus Three membership, since this would be likely to be open to a high level of influence from China. In ASEAN, this view was held strongly by Indonesia: President Yudhoyono in February 2005 expressed support for the inclusion of India, Australia and New Zealand. Indonesia’s view was supported by countries including Singapore and Vietnam. Japan, with the backing of these members of ASEAN, argued that other relevant countries, in particular India and Australia, should be invited to join the new forum. China continued to argue against this proposal into the early months of 2005, but most ASEAN members came to support the Japanese position. It was ultimately resolved at the ASEAN meeting in Cebu in April 2005 that India, Australia and New Zealand would be invited as inaugural members of the Summit.

After the issue of participation in the first East Asia Summit was agreed, dispute continued about the character and possible role of the Summit. China argued that the ASEAN Plus Three membership should be considered to be a ‘core’ group in subsequent efforts to develop an ultimate East Asia community and was reported to have gained some support for this approach from Malaysia, Thailand, Myanmar and South Korea. However, China’s notion of a ‘two tiered’ East Asia Summit, with the ASEAN Plus Three grouping as the centre for concerted cooperation efforts, was resisted by Japan, India and Australia, with support from Indonesia and Singapore.

Tensions between China and Japan were evident during the lead-up to the first meeting of the Summit in Kuala Lumpur. Disharmony between the two countries had been increased by the visit to the Yasakuni shrine in Tokyo by Prime Minister Koizumi Junichiro. The lack of accord between the two largest East Asian nations was

107 Severino, Southeast Asia, p. 271.
111 The Yasakuni shrine has been a source of discord in Japan’s relations with its neighbours, especially China and South Korea. The shrine is a memorial to Japan’s war dead but it includes among those remembered 14 figures determined by the Allies after the Second World War to have been ‘Class A’ war criminals. Visits to the shrine by Japanese political figures, especially the prime minister, have aroused concern and protest by neighbouring states on several occasions, particularly from China; see Yahuda, Sino-Japanese Relations, pp. 44–52.
highlighted by the refusal of Premier Wen Jiabao to hold a bilateral meeting with his counterpart Prime Minister Koizumi during their visits to Kuala Lumpur for the ASEAN meetings and the first East Asia Summit. The new East Asia Summit had been inaugurated but the discord on public display between China and Japan emphasised that the prospects for the Summit were, from the start, uncertain.

Australia and the first East Asia Summit: December 2005

At the first East Asia Summit on 14 December 2005 the emphasis was on developing communication among the members. The ‘Kuala Lumpur Declaration on the East Asia Summit’ affirmed that the East Asia Summit was intended to be an ‘open, inclusive, transparent and outward-looking forum in which we strive to strengthen global norms and universally recognised values with ASEAN as the driving force working in partnership with other participants of the East Asia Summit’. The Summit would be ‘convened regularly’, would be hosted and chaired by an ASEAN member and would be held ‘back-to-back with the annual ASEAN Summit’.

Initial reactions to the Summit were cautious. Some observers argued that the East Asia Summit was an important further step toward dialogue in a region that had strong motivations for cooperation, but which would not necessarily follow the type of institution-building models pursued by other regions (particularly Europe). Other analysts emphasised the wide differences in character and policy among the members and the very cautious nature of the first meeting. Malik commented that ‘[i]n the absence of a thaw in Sino-Japanese or Sino-Indian relations or great power cooperation, the EAS is unlikely to take off because multilateralism is a multi-player game … At best, the EAS will be a talk shop like the APEC or the ARF where leaders meet, declarations are made, but little community building is achieved.’

112 McGregor and Fifield, ‘Divisions Undermine East Asia Summit’.
The Australian Government’s approach was positive but also cautious. In a speech on 1 December 2005 just before the Summit, Downer suggested that the character and direction of the East Asia Summit might take some time to become apparent but welcomed the fact that Australia would be an inaugural participant. Downer expected the Summit to develop alongside other institutions and in a pluralist regional environment:

This is just the first meeting and nothing is set in stone. And if there is to be an emergence of an East Asian community, it will not, in my view, be built around one institution or meeting. An East Asian community will emerge for practical reasons, not for ideological reasons. APEC, the ASEAN Regional Forum, ASEAN plus three, and the East Asia Summit will all contribute to an open but increasingly integrated region …

The East Asia Summit is only in its very first iteration and will take some time to bed down. But we can say now that we have a regional architecture that serves Australia’s interests well. It is open and inclusive. It addresses security and economic issues in a practical way. And Australia has a very strong voice in how it develops.\(^\text{116}\)

Prime Minister Howard, in Kuala Lumpur on 14 December 2005, just before the Summit, stated that ‘although the meeting is a short one, it’s a very important one not only for its symbolism but also for its substance because it will bring together for the first time, 16 countries of the East Asian region. We will have an opportunity to talk necessarily in general terms about the major issues confronting the region.’ Howard emphasised that the Australian Government continued to see APEC as the single most important avenue for regional dialogue: he commented that APEC is ‘the premier body’ that has the ‘great advantage … that it does bring the United States to this region … I’ve got APEC and now I’ve got this, they’re all important and they all have a role to play’.\(^\text{117}\)

Gaining entry to the East Asia Summit was a high point for the Howard Government in foreign policy and for Australia’s multilateral engagements with ASEAN and East Asia. It meant that Australia had been able to participate in all the ASEAN-sponsored groupings in


which it was eligible to be a member. Australia had now entered a regional cooperation institution that included the three major East and South Asian powers (China, Japan and India), but not the US.\footnote{118 Paul Kelly, ‘The Day Foreign Policy Won Asia’, \textit{Weekend Australian}, 6 August 2005.} Paul Kelly observed in August 2005 that ‘the irony is stunning: the most pro-US government in Australia’s history has taken Australia into an East Asia structure that excludes the US. It is exactly what Paul Keating, with Clinton, fought to avoid throughout his prime ministership.’\footnote{119 Ibid.} Six years later, however, the East Asia Summit was expanded to include the US and Russia, as ASEAN continued to seek to broaden and balance its dialogue forum to include all the major powers.

**Conclusion**

Australia’s ASEAN relations encountered some strains and pressures after 1996. Australia provided substantial support to two key ASEAN members, Indonesia and Thailand, during the Asian financial crisis after mid-1997, but for several years Australia seemed to downplay multilateral engagements. The crisis over East Timor in 1999 and the Australian-led intervention helped resolve the instability in the territory but it caused strains with Indonesia. At the beginning of the new decade, Australia’s ASEAN relations seemed to be in a period of some hiatus and its efforts to advance economic relations (through the AFTA–CER linkage proposal) and to enhance its dialogues with ASEAN did not succeed.

However, after 2001 the climate for relations was transformed. The challenge of terrorist threats internationally and in Southeast Asia produced substantial cooperation with ASEAN members, China’s rising profile encouraged a re-evaluation in ASEAN of Australia’s relevance as a regional partner, leadership changes in Malaysia and Indonesia facilitated multilateral interactions and Australia’s profile as a valuable economic partner was enhanced in the wake of the financial crisis. Important steps were possible, with agreements reached to pursue in earnest the AFTA–CER negotiations and then through ASEAN’s decision to invite Australia to take part in the new East Asia Summit. After hesitation about signing TAC, Australia took that step
and became an inaugural member of the East Asia Summit. Australia therefore now had the potential to advance cooperation in both economic and security dialogue with ASEAN and its key dialogue partners.