

Promising NT links with Asian growth region

Amid the ancient trade routes of the Sulu and Celebes Seas a new ASEAN powerhouse has emerged. David Hancock reports on this regional economic community which, while small by Asian standards, accommodates significant markets and more than 40 million people.

In the past three months, the Northern Territory has undertaken a series of initiatives to affiliate with the East Asean Growth Area, known as BIMP-EAGA, which links Brunei and parts of Indonesia, Malaysia and the Philippines as a trading bloc.

As a result, the Chief Minister of the Northern Territory hopes to sign bilateral trade agreements with the governments of Brunei and the Philippines, and the East Malaysian states of Labuan, Sabah and Sarawak, later this year.

These agreements, along with the existing Memorandum of Understanding which the Northern Territory has with the Republic of Indonesia, will provide access for NT trade into BIMP-EAGA.

Promoted by Philippines President Ramos, BIMP-EAGA has been eagerly embraced by government and business people in Brunei, East Malaysia, the provinces of East Indonesia, the southern Philippines (particularly Mindanao, the country's second largest island) and the Northern Territory.

Growth areas transcend political boundaries and consist of adjoining geographical areas of bordering nations – within ASEAN a number of growth areas are being developed. These include SIJORI – Singapore, Johor (Malaysia) and Riau (Indonesia), IMT-GT – Indonesia, Malaysia and Thailand, and BIMP-EAGA.

As President Ramos pointed out when he addressed the first East Asean Growth Area business conference in Davao City in December last year, the four member states are not new to trading relationships.

Before colonial powers imposed their will on the region free trade was the norm. Nowadays – with the exception of Brunei – member states which border the Sulu and Celebes Seas are virtual backwaters, with most trade channelled through places of centralised power such as Manila, Jakarta and Kuala Lumpur.

The EAGA grouping brings together economies with considerable potential. Brunei and Malaysia have substantial capital to invest. East Indonesia and Malaysia have significant natural resources, while Mindanao, with a population of 15 million, has vast human resources, fishing and agricultural technology and can provide construction materials such as cement and steel.

However, trade among EAGA countries is relatively small.

In 1991, intra-export trade among the four nations accounted for US\$1.7 billion. This contrasted with total export trade with other East and South East Asian nations of US\$44.1 billion, and the rest of the world, which amounted to US\$20.9 billion in the same period.

When EAGA was formalised in March 1994, member states earmarked four priority areas for development – the expansion of air links, shipping, ventures in fisheries and joint or complimentary tourism projects.

Other areas of interest include the movement of people, environmental protection and management, energy, construction and supply of construction materials, telecommunications, human resource development, agricultural industries, capital formation and financial services and forestry.

President Ramos called for EAGA to become a borderless economic region with liberalised tariffs and simplified customs procedures.

“What we must strive for is an EAGA tariff regime that is as liberal as possible,” he said.

“Together we must eliminate obstacles to the free movement of people which blocks the pursuit of opportunities in business, recreation and tourism, employment and cultural exchange.”

The member states of EAGA left the door open for the NT to participate in the region.

NT Minister for Asian Relations and Trade, Shane Stone, who led a delegation of Territory business people to



During the opening ceremony of the First East Asean Business Conference held in late 1994.

the conference in Davao, was able to gain agreement that the NT could participate in EAGA via bilateral trade agreements with individual member countries.

The Northern Territory Government already has a formal trading agreement with Indonesia which links it to ten eastern provinces in the republic, and there are other commercial links to EAGA countries – an existing shipping service between Darwin, South Sulawesi, Kalimantan and Sabah and Sarawak, agreements between Chambers of Commerce in the Northern Territory and Sabah, annual exports of more than 75,000 head of Territory cattle



Philippines President Ramos (right) greeted by DID's Neil Almond while visiting the Northern Territory stand at EABC.

from Darwin to the southern Philippines, and the Sultan of Brunei is a substantial landholder in the Northern Territory.

Tun Daim Zainuddin, economic adviser to the Malaysian Government and a key player in the development of EAGA, encouraged Australian involvement.

“Australia has a lot to offer the region,” he said. “It is a country which has a lot of new technology which is quite cheap. It is pleasing and reassuring to see Australian representation (at the business conference).”

Territorians are already assisting two EAGA working parties – through the development of sustainable fishing practices and the development of tourism resources of the area.

Richard Mounsey, a senior fishing gear technologist with the NT Department of Primary Industry and Fisheries, has advised EAGA fishing committees on catching techniques, gear technology and fish farming in the region.

He sees significant scope for transfer of information between the NT and EAGA countries to establish tuna fish farms in the Philippines and to develop a tuna fishing industry in northern Australia.

Mr Mounsey said members of EAGA were well aware of how other parts of Asia have been fished out and were enthusiastic to develop sustainable management of their

still-rich fisheries. He said sustainable management throughout the region could only benefit Australia.

According to Minister Stone, the tourism potential of the EAGA region and the Arafura triangle, which takes in the Top End of the Northern Territory, is enormous.

“If we can develop the area in such a manner that people don't have to backtrack through the region, we can link some of the most exciting tourism areas in the world,” he said.

“The rainforests of Kalimantan, coupled with the wildlife of East Malaysia, the Spice Islands of East Indonesia and water sports make it an attractive, yet hard-to-reach destination.”

Mr Stone said a regular air link between the Northern Territory and EAGA would open an exotic tourism market to Australian travellers and provide a bridge for overseas tourists to this country.

Mr Stone also called on the Australian Government to relax visa requirements for business people travelling to Australia from the region.

John Hardy, Managing Director of Air North, the Northern Territory's largest airline service, and a delegate to the conference, hopes to establish a regular air service between Darwin and Ambon, in East Indonesia.

Mr Hardy said Air North may run a joint operation with Bouraq Airlines, a regional Indonesian

airline. Such a service would reduce travelling times between Australia and EAGA by up to 15 hours and save lengthy diversions through Jakarta, Singapore and Manila.

Mark Norman, International Manager of Perkins Shipping, a regional shipping group which operates from Darwin, said EAGA countries have taken steps to reduce customs procedures and facilitate travel without visas. “They have already wrung some genuine concessions from their governments and appear to be treating the region as a domestic shipping area,” Mr Norman said. ■



Shane Stone, NT Minister for Asian Relations and Trade, and Sen Vincente Paterno, EABC Chairman.



Tun Daim Zainuddin, economic adviser to the Malaysian government, addresses delegates to EABC.