

Topic : MINISTERIAL STATEMENT

Subject : Australia's Northern Territory And The East ASEAN Growth Area

Date : 30/11/1994

Member : Mr STONE

Status : Asian Relations and Trade

Information : Mr STONE (Asian Relations and Trade): Mr Speaker, the recent participation of Australia's Northern Territory in the first East ASEAN Business Convention, held in Davao City in The Philippines, was historic. Although we are not part of ASEAN, the welcome participation of Australia's Northern Territory in the convention was an important development in terms of sub-regional relations in this part of the world.

Page 2027

For the benefit of members, the East ASEAN Growth Area has the acronym **BIMP-EAGA**. Its full title is Brunei, Indonesia, Malaysia and The Philippines - East ASEAN Growth Area. Referred to as a growth polygon, its focus areas comprise the sovereign state of Brunei Darussalam; the Eastern Provinces of the Republic of Indonesia - East Kalimantan, West Kalimantan, Maluku, Central Sulawesi, North Sulawesi, South Sulawesi and South East Sulawesi; the East Malaysian states of Sabah and Sarawak and the federal Malaysian territory of Labuan; and the southern island of The Philippines, Mindanao.

The history **BIMP-EAGA** is important. It is because we have been part of that history in a modest way that I am able to stand in this parliament today to report that Australia's Northern Territory has secured the right to participate in **BIMP-EAGA**. The notion of growth triangles, circles or squares is not new. Growth areas transcend political boundaries and consist essentially of geographically contiguous areas bordering national states which member states have agreed to develop jointly to promote trade, investment and economic development. Within ASEAN, the Association of South-East Asian Nations, apart from **BIMP-EAGA**, there are 2 other growth areas under development. These are: **SIJORI**, which comprises Singapore, Johor (Malaysia) and Riau (Indonesia), also known as the Southern Triangle, and **IMT-GT**, which comprises Indonesia, Malaysia and Thailand, and is known also as the Northern Triangle, chaired by His Excellency YAB Tun Dato'Paduka Daim Zainuddin.

The birth of **BIMP-EAGA** was not without its difficulties. The father of **BIMP-EAGA** is Vincente T. Paterno, a former Philippines Industry Secretary, Chairman of the Board of Investments, a former Minister of Public Works and Highways, and Senator. Nowadays, Mr Paterno is Chairman of Philippine-7 Corporation but, as an adopted Mindanaoan, he came to believe passionately in reviving the traditional trade routes with neighbours through what was then disparagingly described as the backdoor of The Philippines. Paterno dreamed of reviving the old trade routes and economies of the region by adapting to 21st century commercial practices.

EAGA is as much about a journey of rediscovery as it is about building trade. Much of the history, culture and language of the participating states and provinces links these people. Paterno pushed initially for a development agency of sorts for Mindanao, which initiative did not enjoy the support of the Malacanang Palace in Manila. The election of His Excellency President Fidel V. Ramos presented a new window of opportunity to promote the vision of an East ASEAN growth area as a diplomatic and private sector initiative.

During a state visit to Malaysia in January of 1993, President Ramos met with Dr Mahathir Mohammad, Prime Minister of the Federation of Malaysia, and the matter was discussed. March 1993 saw the visit of Malaysian and Indonesian envoys to Davao City, Mindanao. What followed in May 1993 was a mission comprised of private and public sector representatives from Mindanao to the various Sulawesi provinces.

Page 2028

The economic success of **BIMP-EAGA** was always premised on the support and participation of the private sector. Accordingly, a major business convention and trade exhibition was planned. This was named the First East ASEAN Business Convention and Exhibition (**EABCE**) and was launched officially on 26 August 1993 in Davao City. This event signalled the formal involvement of the private sector in **BIMP-EAGA**. The private sector within Mindanao responded enthusiastically. In mid-September 1993, Paterno met with private sector representatives from Indonesia and Malaysia at Samal Island, Davao, for the first steering committee meeting of the planned business convention. The next 3 meetings were held in Kuching in Sarawak, Manado in North Sulawesi and Ujung Pandang in South Sulawesi.

Meanwhile, other private sector organisations, such as the Davao City Chamber of Commerce and Industry Foundation, were promoting business meetings such as the Mindanao Business Conference which was held between 8 and 9 October of that year. The chamber was to emerge as a strong supporter of **EAGA**. In October 1993, the ASEAN Economic Ministers meeting agreed to the formation of a sub-regional zonal growth area. A memorandum of understanding, designed

to promote economic cooperations and mutual benefit, was signed by the governments of Brunei Darussalam, the Republic of Indonesia, the Federation of Malaysia and the Republic of The Philippines. Although by definition a memorandum of understanding between ASEAN countries, article 17(1) provides that the MOU is 'open for accession by any government interested in and found to be capable of providing investments by the party'. At government level, the framework was in place for the recognition of a new growth area.

Throughout this period, officers of the Northern Territory's Ministry of Asian Relations and Trade were maintaining close contact with His Excellency Mack Williams, the then Australian Ambassador to The Philippines. I had transited through The Philippines at an earlier date and had participated in a long meeting with Mack Williams at which the merit of Northern Territory participation in BIMP-**EAGA** was discussed. I was subsequently to make my first official visit to The Philippines in December 1993. Meetings had been organised with Paul Dominguez, Presidential Assistant for Mindanao, the Secretary for Trade and Industry, Rizalino Navarro, Foreign Affairs Secretary, Roberto Romulo and His Excellency President Ramos. It became evident from discussions that The Philippines would welcome, at least at a national level, the participation of Australia's Northern Territory in **EAGA**. Our existing trade centred mainly on live cattle but, and most importantly, our generally positive reputation throughout South-East Asia was not only recognised but applauded, and that is something that all Territorians should be very proud of. It would seem that recognition of our credibility and standing had reached Malacanang Palace.

My subsequent visit to Mindanao resulted in meetings with representatives of the Davao City Chamber of Commerce and Industry Foundation, and the Mayor of Davao City, Rodrigo R. Duterte. To keep it in its proper perspective, a city mayor has many of the powers and much of the authority of a state Governor in Indonesia or, to a lesser extent, a Premier or Chief Minister in Australia. I was later to travel to General Santos City where the majority of our cattle are delivered. Meetings were held with the City Mayor of General Santos City, Adelbert W. Antinino, the Governor of South Cotabato, Hilario L. De Pedro III, and the Governor of Sarangani, Priscilla L. Chiongbian. The message that I was to bring back to the Northern Territory was that our participation in the growth area was not only welcome, but was urged. Indeed, some officials had gone as far as to include Darwin in the promotional brochures.

Page 2029

All of this is important because it must be remembered that this was an ASEAN initiative. It needs to be remembered that there have been tensions and sensitivities between Australia and some ASEAN members. If it was to play a role in BIMP-**EAGA**, the Northern Territory had before it the difficult task of charting a course through some turbulent waters. In any event, the polygon rather than the triangle, as it had now become known to its friends and supporters,

moved on.

In Davao City, on 26 March 1994, the economic ministers of Brunei, Indonesia, Malaysia and The Philippines held the inaugural ministerial meeting of BIMP-**EAGA**. The Malaysian delegation was led by the Minister Coordinating the Growth Triangle Project for Malaysia. The Northern Territory representative in Jakarta, Dr Frans Seda, accompanied Indonesian Coordinating Minister for Industry and Trade, His Excellency Hartarto. This meeting defined which would be the focus areas in **EAGA**.

On 23 April 1994, the private sector representatives from throughout the region formalised plans for the first East ASEAN Business Council and settled articles of association and by-laws. The initial plan was to press for the convention in May of this year, but external factors resulted in the convention being moved to 15 to 20 November 1994. June 1994 witnessed one of the most successful Northern Territory Expos ever held. Delegations attended from both Davao City and General Santos City, Mindanao. The latter delegation was led by Mayor Antinino. Over 500 exhibitors and participants came from throughout the **EAGA** area to participate in the Northern Territory Expo. This bodes well for the Territory's aspirations to participate in **EAGA**.

Subsequently, a second ministerial meeting was hosted by Indonesia in Manado, North Sulawesi, on 24 September 1994. A further meeting is to be held at the end of this month. I have been extended an invitation to attend as an observer, but it is my judgment that there are certain arrangements that the Northern Territory needs to put in place to demonstrate goodwill and performance before it enters into that ministerial arena. There is a perception, which is fairly widespread throughout the Asia Pacific rim, that Australians can tend to be a little impatient and intrusive. That is another reason why I took the view that it would be best for the Northern Territory to wait rather than for it to be categorised as such.

The participation of the Northern Territory delegation in the 1st East ASEAN Business Convention was, in every sense, a milestone. It represented an opportunity for the Northern Territory to demonstrate not only its interest but also its commitment to the polygon. In his address to conference delegates, who numbered over 1000 from the many parts of the polygon, Paterno made special reference to Australia's Northern Territory. He acknowledged our interest and our commitment. He posed the question as to how we might be involved and on what basis. In asking the question, he placed the Northern Territory firmly on the agenda. There had been extensive correspondence between officers, and between myself and my ministerial colleagues, in Indonesia, Malaysia, The Philippines and Brunei prior to the convention. We sought to find a way in which we might be accommodated within the emerging machinery of ASEAN's latest growth area. A stumbling block was, of course, that Australia is not part of ASEAN. That is not a matter which is glossed over easily yet it has to be said that, in bilateral discussions, there was enormous goodwill towards us and a recognition that we could bring certain strengths to **EAGA**.

The principal publication circulated at the conference not only acknowledged our presence but made it clear that the

Page 2030

word 'polygon' is flexible. Reading from page 12 of that publication, it is worth reflecting on the introduction:

The word 'polygon' possesses flexibility. It also best captures the vision to bring growth and prosperity, initially, to the 12 focus areas; eventually radiating to areas outside the polygon. A polygon could be defined as a closed figure bounded by arcs of great circles. Here, that closed figure consists of the 12 areas currently envisaged to be economically interlinked. But because a polygon has no definite number of sides, it has flexibility to allow the entry of other areas in the future.

Clearly, the Northern Territory was among friends who were as determined as we were that we would be able to participate.

With governments having put the structure in place, the success or otherwise of **EAGA** was always going to depend on the private sector. Participating governments have stressed the importance of the **EAGA** as a private sector concept, and what better forum to advance the polygon than the 1st East ASEAN Business Convention.

At the government or official level, other mechanisms exist to promote the achievement of the **EAGA** objectives. Working groups have been formed to examine and suggest coordinated implementation schemes for the following areas of common interest. First is the expansion of air linkages, where one leading country is Brunei. Second is the expansion of sea linkages, transport and shipping services, where the leading country is Indonesia. Third is joint venture arrangements, particularly in fishing, where the leading country is The Philippines. Fourth is joint tourism and complementary tourism projects, where Malaysia is the leading country.

The Northern Territory has been invited to join the working group on fisheries, and we are being pressed to participate in other working parties. There are supplementary areas, ranging from capital formation and financial services to environmental protection and management, which are also being examined. Studies are to be undertaken also to determine areas of public and private sector cooperation of mutual benefit to participants, and to identify projects that will contribute to the development of **BIMP-EAGA**.

The economies of the 12 focus areas have complementarities based on primary production and, to a lesser extent, manufacturing. Much could be said of our own economy and our present

industry profile. There are other similarities that we share with these participants - apart from Brunei, which is a sovereign state. For example, we represent the least developed and more remote parts of our respective countries. We are all a long way from our national capital and seem to share the same misgivings about national/federal capitals, bureaucrats and politicians. We tend also to be the least populated and developed regions of the respective countries to which we belong.

Long before BIMP-**EAGA**, we had enjoyed close trading relations with its constituent parts. Indeed, trade, fishing and people-to-people contacts between Sulawesi and northern Australia predate European settlement of our continent. The cross-investment between Sabah, Sarawak and Brunei and the Northern Territory is well documented. The live cattle trade has

Page 2031

long included Mindanao and Indonesia. By reason of sheer proximity alone, we have built networks and relationships that predate the policy of any Australian government to embrace Asia, yet trade between **EAGA** participants is relatively small. In 1991, intra-export trade was \$US1700m. This contrasted with the total export trade with other East and South-East Asian nations, including Singapore, Thailand, China, Hong Kong, Japan, the Republic of Korea and Taiwan, which totalled \$US44 100m, and the rest of the world, which amounted to \$US20.900m in the same period.

The total trade of the Northern Territory with **EAGA** is set out in a table in the circulated copy of my speech. I seek leave for that table to be incorporated in Hansard, Mr Speaker.

Leave granted.

Country NT Exports NT Imports

Brunei	\$US3.4m (\$A4.5m)	\$US150 000 (\$A200 000)
Indonesia	\$US10.7m (\$A14.2m)	\$US4.5m (\$A6m)
Malaysia	\$US5.7m (\$A7.6m)	\$US3.6m (\$A4.5m)
Philippines	\$US16.9m (\$A22.5m)	\$US75 000 (\$A100 000)
TOTAL	\$US36.6m (\$A48.8m)	\$US8.1m (\$A10.8m)

The fundamental premise of **EAGA** is that the development of infrastructure links - air and shipping, transport and communications - and trade facilitation activities will stimulate intra-regional trade and therefore will contribute to the economic growth of the area. By improving infrastructure and easing restrictions on the flow of goods, services, capital and labour, **EAGA**

aims to attract investment, both domestic and foreign, and to create cost advantages for exporters.

I am pleased to report to members that, during the course of the convention, I had an opportunity to hold further bilateral discussions with: Secretary Navarro of The Philippines; His Excellency YAB Tun Dato' Daim Paduka Zainuddin of Malaysia; Datuk Sri Panglima Joseph Kurup, who is the Deputy Chief Minister of Sabah; Datuk Abang Haji Abdul Rahman Zohari bin Tun Abang Haji Openg, Minister of Industrial Development of Sarawak; Paul G. Dominguez, who is the Presidential Assistant for Mindanao in The Philippines; and a number of other trade and commerce officials from within **EAGA**. It might be asked where the Northern Territory fits in all of this. Perhaps the best analogy is that we have been invited to the wedding. We are not a member of the family but we are sitting in the front pew because we are close friends of the bride, the groom and both families. The opportunities and options for the Territory are, we believe, acceptable to all parties and will form the basis for the Territory to grow in the **EAGA** relationship, and they are as follows.

First, any formal bilateral and trilateral arrangements and understandings will be recognised by **EAGA**. Consequently, the MOU entered into between the Republic of Indonesia and Australia's Northern Territory qualifies for inclusion and recognition. Further, in the event that we negotiate a similar MOU with the Malaysian side, comprising Labuan, Sabah and Sarawak, which in effect would formalise much of what we have been doing with

Page 2032

these states and this territory over a long period, that trilateral arrangement also would qualify for inclusion and recognition. We need also to formalise our relationship with Mindanao. A bilateral arrangement could be pursued with Mindanao in its entirety, and be consummated between the Northern Territory and The Philippines governments. Alternatively, a multilateral arrangement could be made between the Northern Territory and the 5 growth areas of Mindanao. These are matters that will need to be negotiated in the time ahead.

Secondly, bilateral arrangements, based on projects in which the Northern Territory has an involvement, qualify for recognition. For example, in pursuing closer shipping links, any agreement between East Malaysia and the Northern Territory could be recognised within the context of **EAGA**. An example is the Memorandum of Understanding between the Brunei Association of Travel Agencies and the Mindanao Tourism Council. Thirdly, following on from the establishment of the **EAGA** Business Council (**EAGABC**), there is an opportunity for a similar vehicle from the Northern Territory to enter into a bilateral agreement. This matter will need to be negotiated between the various organisations that represent the private sector in the Northern Territory and the **EAGABC**. I will be writing to the Northern Territory Chamber of

Commerce and Industry - which organisation includes the Northern Territory Exporters Council - urging it to meet with related Northern Territory business associations, including the Northern Territory Business Council, to formulate an approach.

These are significant and historic developments. It is one thing to have negotiated bilateral arrangements successfully. It is another to have won the right to participate in a growth area that, by definition, is exclusive. The tireless work of staff within the Ministry of Asian Relations and Trade needs to be acknowledged. They are the Assistant Secretary, Strategic Services, Neil Almond, and his colleagues from the South-East Asian group - Nathan Sammy and Ross Trevena. It would be remiss of me if I failed to congratulate Lyal Mackintosh, Secretary of the Ministry of Asian Relations and Trade, on the very significant contribution that he has made to the success of our mission, as well as his deputy, Peter Plummer. I acknowledge also their respective support staff. Our Jakarta representative, Dr Frans Seda, is also acknowledged.

The Ministry of Asian Relations and Trade will now put in place the necessary arrangements to facilitate private sector participation in **EAGA**. However, there are other initiatives that I can pursue at a government level. It is worth noting that **EAGA** participants are looking to trial a number of initiatives. These include the following waiver of departure tax between **EAGA** participants, regionalisation of visa approvals, a regional business magazine that has an **EAGA** focus, and cooperation between institutes of higher education across national borders. The Northern Territory is well placed to explore similar initiatives. I propose to petition the Australian government through the Minister for Foreign Affairs, Senator Gareth Evans, for a waiver of departure tax for all passengers with an **EAGA** destination. The success of the Territory Business magazine is recognised now throughout the region. I propose that it take on a particular **EAGA** flavour, including reports on joint Northern Territory **EAGA** activities.

There are certain Commonwealth initiatives afoot in relation to open-ended business visas. A program is to be trialed in the Northern Territory. If implemented, this will permit selected businessmen and women, initially from Indonesia, to qualify for an open-ended visa. I

Page 2033

intend to discuss that with my federal colleague to broaden the selection area to include business people from the **EAGA** focus areas.

One particular Northern Territory initiative that has been recognised already within **EAGA** is the staff exchanges that occur between East Malaysia and the Territory. At present, those exchanges are confined to SEDCO, which is the Sabah Economic Development Corporation, and the Sarawak Ministry of Agriculture. Subject to the agreement of Brunei and The Philippines, I propose to expand those staff exchanges to include them.

Northern Territory University has already established twinning agreements in the form of a Memorandum of Understanding with 4 universities in the Eastern Provinces of Indonesia. Indeed, today, a news item confirmed the arrangements that have been entered into between Northern Territory University and the independent Jesuit university in East Timor. I congratulate NTU on carrying that proposal through to finality. I propose to write to the university requesting that it look at expanding those agreements to include universities in Mindanao, Brunei and East Malaysia. What I propose is neither exclusive nor final. Undoubtedly, our participation in working parties of **EAGA** will afford many opportunities to develop areas of cooperation of mutual advantage that impact directly on the private sector. What are some of the initiatives the **EAGA** focus areas could embrace? They include the following a network of airline connections linking the regional capitals; looking at the feasibility of shared time zones with areas north and south of the **EAGA** focus areas - although it needs to be recognised that, when you start talking about people's time zones, they tend to become a little excited, including people in Australia; freeing up customs and immigration requirements to facilitate people movement regionally; abolition of departure taxes between the **EAGA** focus areas and participant areas, in addition to intra-**EAGA** travel; and transparency of customs, immigration, shipping and tax regulations.

This last point is of particular importance, particularly when it comes to Territory businessmen and women and the way in which they seek to forge commercial relationships in the region. No doubt, there are many other initiatives that **EAGA** focus areas could explore to grow trade within the region. As I said at the outset, **EAGA** is as much about a voyage of rediscovery as it is about economics and politics.

On the front page of the Weekend Australian of Saturday 19 November, Dr Kenichi Ohmae, Japanese economic commentator and strategist, was advancing the cause of a borderless world, the very title of one of his published works. We are in the era of the global business person. The private sector thinks in terms of regions rather than of sovereign states or capitals. A network of urban agglomeration is emerging and Australia's Northern Territory is well placed to take commercial advantage of this trend. This is a window of

Page 2034

opportunity that will deliver mutual benefits for all involved, and I remain committed to the Northern Territory playing its role in ensuring the success and viability of **EAGA**.

Mr Speaker, I table a number of relevant documents for the benefit of members, and I move that the Assembly take note of the statement.