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CHAPTER 5

INTERNATIONAL RELATIONS

The basic principles underlying the shaping and conduct of Australia's foreign policy are that Australia is a significant middle-level power with democratic institutions; having strong affiliations with other Western countries but an emerging Asia-Pacific identity through its increasing regional involvement.

Australia's prosperity is largely dependant on trade; it is geographically remote from its founding nation and principal migration source countries and from some of its major markets and its main allies; it is a relatively affluent and resource rich country in a populous, developing and rapidly changing region.

Initially, Britain and the Commonwealth countries were the central elements of Australia's foreign policy and activity. Later, partly as a consequence of the vital role played by the United States of America in the Pacific during the Second World War, close relations were also developed with that country.

While these links, and links with Western Europe, remain important factors in Australian foreign policy in terms of cultural tradition, security, strategic interests and trade, the specific focus of policy has shifted in the past 25 years to the Asia-Pacific region.

Australia is located in a region which includes the politically, economically and strategically significant countries of East Asia, South Asia, the Indian Ocean and many newly independent nations of the South Pacific. Awareness of the importance of these neighbouring states has led successive Australian Governments to seek to promote and maintain friendly and co-operative relations with them, not only to ensure the stability and security of the region, but also to develop mutually profitable trade, investment, exchange of technology, and co-operation in the development process. Australia gives special attention to its relations with China, Japan, ASEAN (the Association of South East Asian Nations) and its members, New Zealand, Papua New Guinea and the other South Pacific states.

Australia has also been concerned at the increasing instability in the world strategic environment, particularly in South West Asia, Indo-China, the Middle East and Africa, and also at the urgency of the need for effective arms control and a reduction in East/West tensions. Australian foreign policy is committed to an independent constructive approach to those central issues within the framework of the Western alliance.

International issues (economic, disarmament, resources, human rights, refugees, North-South relations, etc.) and new concepts of national interest have assumed importance together with an increasing recognition of the growing interdependence of the world community. This is reflected in economic issues, disarmament and arms control and human rights becoming priorities in Australia's foreign policy. Australia recognises the importance and growing complexity of economic issues, particularly the slow recovery of world trade and economic development and the major problem of world debt affecting both developed and developing countries. The growing interdependence of national economic and foreign policies and the increasing vulnerability of Australia's economy to international trade and other developments will remain at the heart of Australia's foreign policy concerns for some while to come. Australia places a high priority on its participation in the resolution of these global issues in the United Nations and other multilateral forums, including the Commonwealth.

The United Nations

Successive Australian Governments have reaffirmed their support for the United Nations (UN), its Charter and the work being done in the various specialised agencies. Within the United Nations and other organisations, Australia seeks to work toward the solution of the pressing problems confronting humanity today.

Australia is involved in a wide range of United Nations matters and has served on many United Nations bodies. It was a member of the Security Council in 1945-46, 1956-57 and 1973-74 and was elected for a further term in 1985-86. The Security Council has primary responsibility for the maintenance of international peace and security. In 1975, a long period of Australian membership of the Trusteeship Council came to an end with the independence

of Papua New Guinea. Australia was a long-standing member of the Special Committee on Decolonisation until its withdrawal in January 1985 following UN recognition of the Cocos (Keeling) Islands' decision to integrate with Australia. Australia remains a member of the UN Council for Namibia.

Australia supports the work of the specialised agencies and subsidiary bodies in such areas as development assistance, drug control and human rights. It is an active participant in the economic work of the United Nations, through such forums as the UN Conference on Trade and Development (UNCTAD) and is on the Governing Council of the UN Development Program (UNDP). Australia will continue its active participation in the UN Industrial Development Organisation (UNIDO) which has recently acquired the status of a UN specialised agency. Australia is a member of the Commission on the Status of Women and the Commission on Human Rights. It was re-elected for a further four year term on the Commission on Narcotic Drugs in June 1985. It is on the Executive Board of the UN Children's Emergency Fund (UNICEF), the Governing Council of the UN Environment Program (UNEP) and is long-standing member of the Governing Body of the International Labour Organisation. Australia is an active member of the UN Education, Scientific and Cultural Organisation (UNESCO) and its prominent role in world refugee assistance is reflected in membership of the Executive Committee of the UN High Commissioner for Refugees.

Australia has made a significant contribution to UN peacekeeping activities since these began. Australia has also contributed its assessed share of the costs of all UN operations and makes voluntary contributions as well as providing personnel and equipment for peacekeeping forces. At present Australia provides personnel for the UN forces in Cyprus and in the Middle East.

Australia is fully involved in the work of the UN on disarmament and outer space, and is a member of the main subsidiary bodies working in these areas.

Australia accepts the compulsory jurisdiction of the International Court of Justice and plays an active role in bodies concerned with the development of international law.

The Commonwealth

The Commonwealth is a distinctive and unique framework bringing together about a quarter of the world's population in 49 countries. Australia, through its participation in the broad range of Commonwealth activities, seeks to foster the Commonwealth as an instrument for peace and understanding, and for political, social and economic advancement. Australia hosted the Commonwealth Heads of Government Meeting (CHOGM) in Melbourne in September-October 1981.

South East Asia

Australia maintains wide-ranging relations with the countries of ASEAN (Indonesia, Malaysia, the Philippines, Thailand, Singapore and Brunei) both bilaterally and as a group. These relationships include political, commercial, defence and person-to-person contacts. There is extensive contact at the senior political level. In the first half of 1985, the Minister for Foreign Affairs, Mr Hayden; the Minister for Trade, Mr Dawkins; the Minister for Science, Mr Jones; and the Minister for Immigration and Ethnic Affairs, Mr Hurford all visited ASEAN countries. A number of senior political visitors from ASEAN countries came to Australia in the same period.

Australia values the contribution made by the ASEAN countries to the promotion of regional stability and co-operation and was the first country to establish a formal relationship with ASEAN as a group. The momentum of this relationship was maintained when Mr Hayden attended the ASEAN Post Ministerial Conference in Kuala Lumpur in July 1985 and senior officials from Australia and ASEAN met in the Ninth ASEAN-Australia Forum in Malaysia during February 1985. The Tenth Forum is to be held in Australia early in 1986. Trade and development co-operation are the two major matters discussed in the Forums, with Australia now having committed over \$A100 million since 1974, to the ASEAN-Australia Economic Co-operation Program which includes a diversity of projects in such areas as trade and investment promotion for ASEAN in Australia; post-harvest food handling and non-conventional energy.

Australia has developed a strong relationship with Burma. Australia's development assistance program is the central feature of the relationship; in 1984-85 this amounted to \$9.15 million.

Australia is concerned by the destabilising effects on the South East Asia region posed by the Cambodia dispute. Australia's policy has been to promote dialogue between the major parties to the dispute in order to reach a negotiated, peaceful and durable settlement. To this end, the Australian Government has hosted visits by a number of senior foreign leaders and officials in 1984-85. The Minister for Foreign Affairs, Mr Hayden, visited several South East Asian countries, including Vietnam and Laos, in March 1985.

Australia is also developing a more mature and comprehensive relationship with Vietnam including in the fields of cultural exchanges, trade and aid through multilateral and NGO channels. It is also continuing to develop a relationship with Laos.

Asia

Australia believes that peace and prosperity in Asia depend largely on the countries in the region to co-operate to secure these objectives and in ensuring that no major power, either inside or outside the region, is able to exert an undue influence in the area.

Australia's primary interest and concern in Asia has long been reflected in its vigorous role in regional association and organisations such as the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the Colombo Plan, the Asian Development Bank and in many other organisations, both private and government.

Japan is by far Australia's largest trading partner and a significant source of investment funds, with total trade now in excess of \$12,500 million a year. The relationship with Japan is based on complementary economic interests and shared perceptions of international issues. Relations in political, cultural, scientific, sporting and other areas are being fostered by both governments. The Japanese Prime Minister, Mr Nakasone, accompanied by Foreign Minister, Mr Abe visited Australia in January 1985, reciprocating the Prime Minister, Mr Hawke's visit to Japan in January-February 1984. A large number of Ministerial visits between the two countries have taken place in the last year. The eighth Australia Japan Ministerial Committee Meeting was held in Tokyo in June 1985. Six Australian Ministers, including the Minister for Foreign Affairs, Mr Hayden attended the meeting which focused on bilateral trade and economic issues, in particular, market access to Japan.

Australia attaches a high priority to its relations with China. The bilateral relationship has expanded rapidly in the last few years, and now covers a broad range of contacts in many areas. Trade is substantial, and there are exchanges in culture, science, agriculture, education, legal affairs, business management and industrial technology, and the media. There is a development assistance program under the Technical Co-operation agreement. The Australia-China Council sponsors the expansion of bilateral contacts. Australia and China engage in frequent political consultations, a process which has been facilitated by an exchange of high-level visits. In April 1983 Australia hosted a visit by China's Premier, Mr Zhao Ziyang, the first Chinese Head of Government to visit Australia, a visit reciprocated by Prime Minister Hawke in February 1984. The Minister for Foreign Affairs, Mr Hayden, visited China in August 1983, and there were visits by eight Australian Ministers to China during 1984. In April 1985, Mr Hu Yaobang, General Secretary of the Chinese Communist Party, visited Australia. High level visits are now very regular, and consideration is currently being given to enhancing the bilateral relationship at all levels. Australia's development assistance program to China has grown rapidly since the conclusion of a technical co-operation agreement in 1981.

Australia is developing its relations with Laos and is providing a small program of development assistance. Australia maintains normal diplomatic relations with Vietnam but the bilateral relationship has been affected by Vietnam's military occupation of Kampuchea.

Australia also recognises the strategic, economic and political importance of the countries of South Asia. Although outside Australia's immediate area of strategic concern, these countries sit astride major Australian shipping, civil aviation and communication links. Australia has close relations with all the countries of the region and has recently sought to upgrade relations with them, especially India, which is the most militarily powerful country in the Indian Ocean, the world's most populous democracy, a leading member of the Third World and among the world's largest in terms of industrial output. Australia provides technical and developmental assistance to all the countries of South Asia. In May 1985 the Minister for Foreign Affairs, Mr Hayden, made official visits to India, Pakistan, Sri Lanka and Nepal.

South Pacific

Australia looks to consolidate and expand its co-operative activities to promote the stability, welfare, harmony and economic development of the region. Australia has moved deliberately to develop and extend its bilateral relations with the Island countries and now has nine diplomatic missions in the area. Australia's aid program in the South Pacific takes account of the special needs of small island nations. A five-year forward indicative planning figure of \$300 million for aid to the South Pacific (excluding Papua New Guinea) was approved by the Government in 1983. A further amount for defence co-operation projects in the countries of the South West Pacific was allocated for 1983-84. In 1983-84 \$6.178 million was allocated.

As the largest of the South Pacific Island States, Papua New Guinea (PNG) has played, since independence, an influential and leading role in the region. Australia and PNG have a close and warm relationship which encompasses a broad range of Government and non-government activities. Papua New Guinea is the major recipient of Australian aid. In 1985-86, the last year of the current five-year aid agreement, Papua New Guinea is expected to receive \$326.4 million in development assistance. A new five year aid agreement to commence in the 1986-87 financial year was concluded in September 1985.

Australia was a foundation member of the South Pacific Commission, the South Pacific Forum and the South Pacific Bureau for Economic Co-operation and has become a party to the convention establishing the Forum Fisheries Agency. Australia takes part in these and the many regional meetings held in the Pacific to act on a broad range of issues of common interest. Besides contributions to ESCAP, SPEC, and the SPC, financial support for other regional and international programs developed in the South Pacific is being maintained in 1984-85. Australia has also established a fund to promote the preservation and development of Pacific cultures. Australia and New Zealand have entered into a non-reciprocal preferential trade agreement in favour of South Pacific Forum States: the South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA). Australia took part in the 16th South Pacific Forum held in Raratonga, Cook Islands in 1985. At the meeting, the treaty establishing a South Pacific Nuclear Free Zone was signed by eight members of the Forum.

Relations between Australia and New Zealand are particularly close. They are based on shared history, close economic ties, and common problems in dealing with the current international political and economic environment. The implementation in 1966 of the New Zealand-Australia Free Trade Agreement (NAFTA) established a special trading relationship between the two countries. Negotiations on an agreement to replace NAFTA began in 1980. These led to the signing in March 1983 of the Australia New Zealand Closer Economic Relations-Trade Agreement designed to assist both countries to further expand their mutual economic and trading links.

A Ministerial Meeting held in August 1985 was the occasion for reaffirmation, by both Australian and New Zealand Ministers, of support for the Agreement. Preparations were set in train for a Review of the Agreement scheduled for 1988.

In 1978 the Australian Prime Minister and the New Zealand Deputy Prime Minister, in a joint statement, affirmed that Australia and New Zealand were linked by deep ties of common origin and shared ideals which gave a sound basis for the closest co-operation. With this in mind they agreed to the establishment, on both sides of the Tasman, of the Australia New Zealand Foundation. The structure of the Foundation enables both Branches to work independently. They may, however, work together on special projects, the most important and recent example of this being the Trans-Tasman Attitudinal Survey, commissioned by both Boards to ascertain the attitudes of the populations of both nations toward each other. The study has gone a long way to provide the Foundation with a solid information platform upon which to base its future activities. The Foundation is government-funded and is administered by a Secretariat drawn from staff of the Department of Foreign Affairs.

The Americas

Australia has a long-standing and close relationship with the United States which extends across the whole range of the national life of both countries. Government-to-Government relations are only one part of a larger and more extensive interaction between the two countries which derives from common experiences, culture and language. In general, relations between the countries are warm and co-operative, with a high degree of official political consultation and a close personal relationship between the political leaders. The affinity

between Australia and the United States is underpinned by substantial economic and commercial relations which, however, have occasional difficulties. The United States in 1984 was Australia's second largest supplier of imported items and our second largest export market after Japan.

Canada is, to a greater degree than other nations, a country comparable with Australia in terms of institutions and traditions, geographical size, economic standing and international outlook. The genuine goodwill established between the two countries has allowed Canada and Australia to co-operate on the achievement of mutually desirable objectives, reflecting individual national interests and competition in certain commercial fields.

Developments in the Caribbean and the Latin American region are of increasing importance to Australia, and resident missions have been established in Jamaica, Mexico, Chile, Argentina, Brazil, Peru and, most recently, Venezuela. Australia has observer status at the annual General Assemblies of the Organisations of American States. In December 1983, the Minister for Foreign Affairs, Mr Hayden, announced the establishment of diplomatic relations with El Salvador, Nicaragua and Honduras, on the basis of non-resident accreditation. Australia now has diplomatic relations with all the countries of Latin America.

Europe

Australia attaches considerable importance to maintaining warm and friendly relations with the countries of Western Europe, with the European Community and its institutions, including the European Parliament.

Bilateral relations with individual Western European countries continue to be of considerable importance. These relations are promoted by the very close cultural and historical links we share with these countries and are reinforced by similar approaches to international issues and a shared commitment to democratic values and human rights. Economic ties between Australia and the major Western European economies are likely to be significantly strengthened with the increase of European investment in Australia and the increase in the export of Australian energy resources to Europe.

The European Community (EC) is Australia's second largest trading partner and a major source of investment funds and technological expertise, as well as a significant importer of Australian raw materials. This natural complementary relationship has however been tempered by tensions caused by trading difficulties in the agricultural sector. Australia nonetheless remains committed to the strengthening of a positive relationship with the EC on the principle of enlightened self-interest.

The visit to Brussels by Mr Hawke in February and the fourth round of regular EC-Australian ministerial consultations in June have provided opportunities for Australia to express its concern over EC agricultural policies. The Europeans have to some extent responded by restricting beef exports to traditional Australian markets in S.E. Asia.

The low voter turnout at the second direct elections for the European Parliament in June 1984 tends to suggest that the Community countries are already beginning to take the Parliament somewhat for granted as a permanent political institution, unifying interests which transcend national boundaries. The Parliament is becoming increasingly important in Community affairs, particularly through the budget process, although it still lacks the right to initiate Community-wide legislation. Since its formation four years ago the European Parliamentary Delegation for Relations with Australia has had regular contact with the Australian Parliament, the latest example of which is the scheduled visit to Australia of a European Parliamentary delegation in November, 1985.

Following the Government's decision in May 1983 to normalise relations with the USSR, activities have been restored or initiated across a broad range, contributing to the objective of a pragmatic and constructive relationship. Trade has developed and expanded, important events being the first joint session of the Australia/USSR Business Council in Moscow in May 1985, and the planned Australian Trade Display in Moscow in October. Agreement has been reached on renewed programs of exchanges in culture, science and technology. A number of high-level Soviet visits were made to Australia in 1985, including one by Deputy Foreign Minister Kapitsa and a senior Soviet disarmament delegation. A Soviet parliamentary delegation also visited Australia in May 1985, and the Australian Parliament has accepted an invitation to send a return delegation to the USSR.

Eastern Europe is a sensitive area in world affairs and Australia has an interest in the maintenance of a balanced East-West relationship. Eastern Europe also has significant potential for Australian exports, particularly commodity exports, although there have been

significant debt problems emerging in some Eastern European countries in recent years. The presence in Australia of large ethnic groups, many of which have family in Eastern Europe, has raised the question of freedom of emigration from those countries.

Australia now has diplomatic relations with all countries of Eastern Europe, following the accreditation of the Australian Ambassador in Belgrade to Albania in September, 1984. A resident Ambassador to Hungary was appointed in April 1985.

The Middle East

Australia has substantial trading interests in the area and long-standing friendly relations with the Arab nations, Iran and Israel. Australia supports efforts to bring about negotiation of differences in the region, e.g. in such areas of conflict as the Arab-Israel dispute, the problems facing Lebanon and the Iran-Iraq war. Australia supported the Camp David accords and the peace treaty between Israel and Egypt, seeing them as first step towards a just, lasting and comprehensive settlement of the Arab-Israel dispute. Australia supports all efforts to negotiate the dispute, and believes a settlement should be based on UN Security Council Resolution 242 (which, inter alia, recognises the right of all States in the area to live in peace within secure and recognised boundaries and calls on Israel to withdraw from territories captured in 1967) and on recognition of the central importance of the Palestinian issue, including the right of self-determination for the Palestinian people and, if they so choose, the right to independence and the possibility of their own independent State. The Government recognises, however, that any such arrangement will depend on decisions involving people of the immediate region. The Government agreed to an extension of the participation of an Australian contingent in the Sinai Multi-national Force and Observers (MFO), which monitors the Egypt-Israel border area, for a maximum period of two years from April 1984, to allow a replacement to be found. The Canadian Government is to provide replacements for the Australian force.

Africa

Australia maintains a broad range of contracts with independent black African States, and is closely concerned with developmental and humanitarian issues affecting Africa. It maintains a policy of no racial discrimination and strong opposition to apartheid including support for the Commonwealth statement on Apartheid in Sport (The Gleneagles Declaration). Australia supports international efforts to bring pressure to bear on the South African Government to abolish apartheid, which it regards as an inhumane practice and the root cause of confrontation and violence in Southern Africa. Australia maintains correct but cool diplomatic relations with South Africa. Australia also supports international action to bring Namibia to independence by the negotiated settlement in accordance with United Nations Security Council Resolution 435. Following recent reviews, Australian aid to Africa is being focussed on Eastern and Southern Africa. This includes assistance given through the Southern African Development Co-ordination Conference. Food aid constitutes the dominant share of Australian aid to Africa because of growing food deficits and the recent famine crisis.

Indian Ocean

On 17 January 1984, the Minister for Foreign Affairs, Mr Hayden, announced that the Government had approved guidelines for a comprehensive and integrated policy approach to Indian Ocean issues. Under the guidelines Australia will: act in accordance with its status as an independent but aligned Indian Ocean Littoral State; continue to play an active role in the United Nations Ad Hoc Committee on the Indian Ocean; maintain the goal of the resumption of United States—Soviet talks on arms limitations in the region; and support other arms limitations initiatives where these accord with Australia's assessment of its own interests and those of the region as a whole. Australia will also seek to give greater attention to the development of relations with Indian Ocean island States, and, to a lesser extent, East African States.

ANZUS

Following a detailed review of the ANZUS Treaty by the Australian Government, including a re-examination with its ANZUS partners at the 1983 ANZUS Council Meeting in Washington, the alliance was reaffirmed as fundamental to Australia's national security and foreign and defence policies. The text of the ANZUS Treaty of 1952 can be found in Treaty Series No. 2, for 1952, printed by the Department of External Affairs. After the New Zealand Government implemented, in early 1985, a policy not to permit the entry to New Zealand ports of nuclear powered or armed warships and the consequent halt to military co-operation between the USA and New Zealand, Australia reviewed the handling of its ANZUS

and other defence links with the USA and New Zealand. Each of the three parties to the ANZUS Treaty has reaffirmed its commitment to maintaining the Treaty. Australia is actively maintaining on separate bilateral bases its close defence links with the USA and also with New Zealand.

Nuclear issues

Australia's strong commitment to effective disarmament and arms control is reflected in Australian support for the international non-proliferation regime. Australia ratified the Nuclear Non-Proliferation Treaty (NPT) in 1973 and encourages universal adherence to it. Australia strongly supports the NPT and is active in preparations designed to ensure the success of the third review conference of the NPT to be held in 1985. Australia is also a member of the International Atomic Energy Agency (IAEA) and, as a member of the IAEA Board of Governors, has important responsibilities for the effectiveness of (IAEA) activities and supports endeavours to strengthen the IAEA's international safeguards system. Australia plays an active role in IAEA committees and in other international bodies dealing with the clarification of multilaterally agreed guidelines on export controls for non-proliferation purposes.

The nuclear safeguards arrangements governing the export and subsequent use of Australian uranium were reviewed in 1984 in a report commissioned by the Government and undertaken by the Australian Science and Technology Council (ASTEC). The Government will consider the recommendations arising from the ASTEC report and will make its responses in due course. In the interim, exports of Australian uranium under existing contract are being permitted—except in the case of France—in accordance with the conditions set out in binding bilateral nuclear safeguards agreements with customer countries. These conditions include an undertaking not to use Australian origin nuclear material for any military or explosive purpose, and the acceptance of IAEA safeguards in order to verify that undertaking.

Australia is also a member of the Nuclear Energy Agency (NEA) of the Organisation for Economic Co-operation and Development (OECD). Australia values the NEA as an essentially technical forum for international consultation on nuclear issues.

Disarmament and arms control

Australia is energetically promoting arms control and disarmament objectives at the United Nations and the Conference on Disarmament in Geneva. In July 1983 the Government announced the appointment of Australia's first Ambassador for Disarmament whose principal role is to represent Australia on the Conference on Disarmament and at other disarmament forums. Australia attaches particular priority to the earliest possible conclusion of a treaty banning all nuclear testing by all States in all environments for all time (a Comprehensive Test Ban) and is working to uphold and strengthen the Nuclear Non-Proliferation Treaty. Although not a party to any negotiations on reductions of nuclear weapons between the United States and the USSR, Australia continues to encourage genuine dialogue and a readiness to find accommodation with the aim of stable mutual deterrence. It has called for early agreement on arms reductions and related outer space issues in the current Geneva negotiations. Australia seeks a balanced, mutual and verifiable freeze on the production, testing and deployment of nuclear weapons, which would be followed by deep reductions in nuclear weapons stockpiles. Australia was at the forefront of efforts within the Pacific region which resulted in the endorsement and opening for signature of a South Pacific Nuclear Free Zone Treaty during the meeting of the South Pacific Forum in Rarotonga, Cook Islands in August 1985. Australia also accords priority to a number of non-nuclear disarmament questions. It is committed to supporting the conclusion of a fully effective and verifiable chemical warfare convention that would outlaw the use of chemicals as weapons. Australia will be active in efforts aimed at strengthening the 1972 Biological Weapons Convention by improving its verification provisions. Australia is concerned at the implications for strategic stability of the research into ballistic missile defences being conducted by both superpowers and is pressing for international agreements to prevent an arms race in outer space. Australia actively supports the United Nations World Disarmament Campaign and the United Nations Institute for Disarmament Research (UNIDIR) and will be participating actively in the 1986 International Year of Peace. Australia has acceded to the following disarmament and arms control agreements: the Partial Test Ban Treaty, the Geneva Protocol (on the Prohibition of the Use in War of Asphyxiating Poisonous or Other Gases and of Bacteriological Weapons), the Outer Space Treaty, the Sea-Bed Arms Control Treaty, the Nuclear Non-Proliferation Treaty, the Biological Weapons Convention, the Environmental Modification Convention, the Antarctic Treaty, and the Inhumane Weapons Convention. Australia was the first signatory to the South Pacific Nuclear Free Zone Treaty on 6 August (Hiroshima Day) 1985.

Economic relations

In recent years economic factors have assumed increasing importance in international relations. This is largely due to the growing economic interdependence between nations and the need for global co-operation to solve the problems facing domestic economies, particularly at a time of world recession.

Australia's interest in international economic developments derives from the overall importance of trade to Australia and its historical reliance upon a substantial amount of capital inflow to offset balance of payments deficits on the current account.

The economic recession of the world economy in the 1970s and 1980s has led to the growth world-wide of protectionist pressures and moves towards seeking solutions to economic problems through bilateralism and the formation of trade blocs. The Australian Government has endeavoured to counter these harmful trends and to encourage freer trade through its involvement in forums such as the General Agreement on Tariffs and Trade (GATT). GATT is the principal multilateral institution for negotiation of reduction in trade barriers in pursuit of the further liberalisation of world trade. Australia has consistently supported a reduction in barriers to trade and the concept of an open and multilateral trading system.

Australia also has a strong commitment to the freedom of international capital flows. Because it is a net capital importer, it is of considerable importance to Australia that the international system be increasingly open and adaptable to facilitate the global exchange of goods, services, labour and capital. This is all the more so in view of the significant challenges imposed on the international monetary system by the dramatic changes in the world economy during the past decade.

Because of its particular characteristics and location, Australia is vitally dependent on its aviation, shipping and communication links with the rest of the world. Civil aviation has assumed particular prominence in Australia's foreign policy considerations in recent years, notably in its relations with countries in the region. The maintenance of Australia's air links with Europe and the United States, furthermore, involves dealings not only with the countries to which Australia's international airline, Qantas, operates these services, but also with the countries which Qantas overflies on these routes or where it enjoys stop-over rights.

Australia continues to attach great importance to its traditional relations with other developed countries, which continue to be Australia's principal trading partners. Membership of the OECD enables Australia to take part in consultations on a wide range of policy issues and on issues of international concern with countries experiencing similar social and economic circumstances. The Organisation's role in developing its members' policies on relations with developing countries, including the North/South dialogue, also makes it an important element in Australia's foreign policy. Australia is a member of the International Energy Agency, which has developed into the major forum for continuing consultation and co-operation on energy matters between most of the major industrialised nations which are Australia's principal trading partners.

North-South relations

Australia seeks to play a constructive role in the dialogue on international economic development issues between the developed ('the North') and developing countries ('the South'). Australia's approach to North-South issues is based on the belief that not only are there compelling humanitarian reasons for finding solutions to the many problems facing the world economy and the developing countries in particular, but also that the degree of interdependence in the world economy makes progress imperative for international stability and economic growth. Australia's approach is also influenced by the predominance of developing countries in the region and by the fact that Australia shares a number of economic interests with the developing countries, e.g. it is a leading producer and exporter of a wide range of primary products and an importer of capital and technology.

Australia considers that the North-South dialogue should promote the effective and equitable intergration of developing countries into the international economic system, which will in turn be strengthened by such a trend.

Law of the Sea

Australia participated in all sessions of the Law of the Sea Conference, the largest and potentially the most important conference in the history of the United Nations, involving major strategic, economic, transport, scientific and environmental issues. The Convention opened for signature on 10 December 1982 and Australia signed that day. It had attracted 158 other signatures by the time it closed for signature two years later. The Convention will enter into force twelve months after it receives 60 ratifications or accessions. The text

includes articles on the system of exploration and exploitation of the deep seabed beyond the limits of national jurisdiction; extension of the territorial sea to 12 nautical miles; establishment of coastal state sovereign rights in the living and non-living resources of an "exclusive economic zone" of 200 nautical miles; recognition of coastal state sovereign rights over the exploration and exploitation of the natural resources of the continental shelf, defined in terms of the natural prolongation of the land-mass; protection and preservation of the marine environment; marine scientific research; and the settlement of disputes. Rights of freedom of navigation and passage through straits and archipelagos, which are important to trading nations such as Australia, are also recognized. A preparatory commission for the establishment of the International Seabed Authority and its various organs has been meeting biannually since 1983. Australia has been an active participant in its work.

Antarctica

Australia has had a long association with Antarctica commencing with early expeditions and continuing with an active scientific program. Antarctica's importance to Australia derives from its geographical proximity, the history of Australian involvement there and Australian administration of the Australian Antarctic Territory. Australia maintains three permanent bases in the Territory at Casey, Davis and Mawson (as well as one on Macquarie Island).

As one of the twelve original signatories, Australia attaches particular significance to the 1959 Antarctic Treaty, which serves important Australian scientific, environmental and security interests. Australia hosted the first Antarctic Treaty Consultative Meeting in Canberra in 1961. Such meetings are held about every two years in one of the Consultative Party States, and in 1983 Australia was host to the twelfth meeting. There are now sixteen Antarctic Treaty Consultative Parties.

In 1980, at a conference in Canberra, a Convention for the Conservation of Antarctic Marine Living Resources was concluded. Annual meetings of the Commission and the Scientific Committee established by the Convention have been held in Hobart since 1982. The Commission is the first international organisation to be established in Australia. Australia has also participated in a series of special consultative meetings to negotiate a regime to regulate the exploration and exploitation of Antarctic minerals. Five sessions have been held so far, and further sessions are scheduled.

Treaties

The texts of bilateral and multilateral treaties to which Australia becomes a party are printed in the Australian Treaty Series when they enter into force. The most recent consolidation of the Australian Treaty List was published as Treaty Series 1979, No. 1. Australia's current position with regard to individual treaties may be ascertained by referring to the 1971 list in conjunction with Cumulative Supplement No. 4 (Treaty Series 1982, No. 10), annual volumes on treaty action in the Treaty Series, and annual volumes on International Treaties and Conventions to which Australia has not yet become a party, in the series 'Select Documents on International Affairs'. These publications are available from Australian Government Publishing Service bookshops in State capital cities.

Cultural relations

The Department of Foreign Affairs administers a program of cultural exchanges with other countries in furtherance of the Government's foreign policy objectives. The program includes exchanges in the performing and visual arts, sport, film and literature as well as academic exchanges. The Department co-operates and consults with appropriate Australian organisations.

Australia has cultural agreements with China, France, Greece, India, Indonesia, Iran, Italy, Japan, Republic of Korea, Malaysia, the Philippines, Romania, Singapore, Thailand, USSR and Yugoslavia.

Australian foreign aid program 1985-86

The Minister for Foreign Affairs, Mr Hayden, established a committee in April 1983 to undertake a major review of Australia's overseas aid program. The Committee's report was tabled in Parliament in June 1984. It was the first attempt for many years to analyse official development assistance as a whole, to outline aid philosophy, to assess the impact of various forms of aid, to consider its geographic spread and to examine the way in which the delivery of Australian aid should be managed. Many of the Committee's recommendations have been implemented. These include an upgrading and structural reorganisation of the Australian Development Assistance Bureau, which administers the official aid program.

Australia's aid program is directed towards promoting the economic and social advancement of developing countries.

Although more than 80 countries receive assistance, Australia's efforts are aimed principally at its neighbours in southeast Asia and the Pacific. Papua New Guinea continues to be the major recipient.

In 1985-86, Australia expects to spend \$1,025.9 million on official development assistance, an increase of \$14.5 million over 1984-85. Of this amount, \$755.1 million or about 75 per cent will be provided as bilateral aid (i.e. directly from one government to another). The major elements of the bilateral program are budgetary support for PNG, project aid (equipment, goods and expertise), the education of Third World students, food aid and assistance through non-government organisations. Over \$249 million has also been allocated to multilateral agencies.

Papua New Guinea

About 32 per cent of Australia's aid goes to Papua New Guinea. In 1985-86 Papua New Guinea is expected to receive \$326.4 million in assistance. The bulk of this amount (\$302.8 million) will be in the form of an untied grant for budgetary support. This amount represents the final payment under a five-year aid agreement concluded between the Australian and Papua New Guinea Governments in September 1980.

In addition to the budget support grant, Australia meets the cost of termination payments and retirement benefits due to employees of the former administration and provides training for Papua New Guineans.

A new five year paid arrangement commences in July 1986. Under this arrangement the level of aid will decline gradually each year and the proportion of budget support aid in the program will gradually decrease.

The purpose of this long-term aid arrangement is to provide PNG with a predictable framework in which to plan its development.

Projects and related programs

Most of Australia's bilateral aid to developing countries other than Papua New Guinea is for specific development activities which range from larger regional development programs with an Australian contribution in excess of \$50 million to small villages projects. Australia is supporting some 300 projects in over 40 countries. Generally, Australia meets the foreign exchange costs of a project, but in some circumstances it also pays some of the associated local costs.

South East Asia receives the bulk of Australia's bilateral project aid. Projects in the region include infrastructure development work, agricultural improvements through crop and livestock research and extension. In recent years Australia has been involved in large-scale, integrated rural development projects intended to bring about the balanced growth of the region.

Under the ASEAN-Australia Economic Co-operation Program Australia will provide \$11.6 million in 1985-86 in support of regional co-operation programs. This is in addition to aid to individual ASEAN member states.

To assist countries of the South Pacific in their development planning the Australian Government has provided an indicative planning figure of \$300 million for aid to the region for the five-year period 1983-84 to 1987-88. Aid to the region is expected to be \$55.7 million in 1985-86. Most of the expenditure is for bilateral projects for Fiji, Solomon Islands, Tonga, Western Samoa, Vanuatu and Kiribati. In recognition of the special needs of island developing countries Australia has introduced special programs for the South Pacific such as limited funding of the local costs of projects, grants to strengthen development banks, accountable cash grants for small-scale activities and a multi-country program to provide cost-effective solutions to development problems affecting groups of countries. Funds are also available for island partners to take up equity in joint business ventures with Australian partners. Australia also provides bilateral aid to the countries of South Asia, Africa and the Indian Ocean.

There are several specialised forms of bilateral aid designed to meet a specific need. These include:

Staffing Assistance Schemes. The need for skilled personnel is a major requirement in most developing countries. Staffing assistance is provided to 14 developing countries and involves supplementing local salaries paid to Australian nationals to fill positions in the public sector of recipient countries. The main regions assisted are the South Pacific, Africa and the Indian Ocean. \$5 million has been allocated for staffing assistance schemes for 1985-86.

Training. Australia's training aid program is designed to help recipient countries upgrade skills needed for their economic and social development. In 1985-86, \$140.3 million was allocated for training aid. In 1984-85, for the first time, the costs incurred by the Commonwealth Government in educating developing country students (both sponsored and private) attending secondary and tertiary institutions in Australia, were recorded as development assistance.

While students and trainees assisted under the aid program come from about 70 developing countries, South East Asian and the South Pacific countries are the chief beneficiaries. In 1985-86 about 3,500 students and trainees will have the full cost of their studies and subsistence met by the Australian Government. In addition the educational costs of an estimated 15,600 private students will be met in part by the Australian Government.

The development training program provides opportunities to train in Australia either in formal academic courses at tertiary institutions or in specifically designed courses with a practical orientation. Many of the special short courses are run by the International Training Institute in Sydney. Training in institutions in developing countries is also provided under third-country training awards where the training may be more relevant to conditions in the students home country.

Training programs for sponsored students are planned in consultation with recipient governments. A particular effort is made to relate courses of study to developmentally important sectors in each recipient country and to tailor courses to specifically identified needs. Increasing use is being made of training awards associated with projects supported by Australian technical assistance.

Development Imports Grants. These grants are provided to certain developing countries in the South Pacific, Africa and South Asia to meet the cost of importing Australian goods required for development purposes. Over \$10 million has been allocated for this purpose in 1985-86.

Development Import Facility. This scheme is designed to lower the cost to developing country governments of importing Australian development-related capital goods and services. The facility combines grant aid funds with loans provided by the Export Finance and Insurance Corporation and thereby enables Australian exporters to offer a specific financial package to match the 'mixed credits' already offered by other donor Governments. The Development Import Finance Facility is only available for use in projects which meet priority development criteria. In 1985-86 \$16.0 million will be provided to support of this facility.

Co-financing Facility. The co-financing facility with the World Bank allows Australia to support major development projects which are being carried out under the auspices of the World Bank, principally in the Asia-Pacific region. This facility, which has attracted considerable interest from the private sector, provides opportunities for Australian companies to participate in World Bank activities. Projects for Australian co-financing are selected, in consultation with the World Bank and host governments, for their complementarity with the main sectoral objectives of bilateral country programs and Australia's experience in those sectors. Australia generally contributes professional services to help prepare projects to World Bank investment requirements or assist with project implementation. In 1985-86 funds allocated to the co-financing facility total \$14.8 million.

The International Development Program of Australian Universities and Colleges IDP program is designed to help strengthen universities in developing countries in South-East Asia and the Pacific. Assistance is focussed on helping university staff to develop their skills in teaching, research and administration. Activities encompass a wide range of academic disciplines and the program now covers over thirty universities in developing countries. \$7.2 million has been allocated in supported of this program 1985-86.

Food aid and food security. Australia is responding to world food problems in two ways: by addressing the short-term problem of food shortages with food aid; and by helping developing countries supply more of their own food requirements in the long term. In 1985-86, \$121.2 million has been allocated to the food aid program.

The Government is committed under the Food Aid Convention (FAC) to provide a minimum of 400,000 tonnes of foodgrain annually. Australia is increasingly drawing on the capacities and skills of the World Food Program (WFP) in distributing and monitoring the food aid program. In 1985-86, 50 per cent of the FAC commitment will be channelled through the WFP which is noted for its skill in using food aid in association with projects to develop rural infrastructure and stimulate agricultural production.

Australia also provides foodgrain bilaterally to food-deficit countries. In assessing individual needs such factors as food consumption requirements, GNP per capita, calorie consumption, infant mortality rates and life expectancy levels, international reserves, import capacity, crop outlook and increasingly, emergency situations are all taken into account.

There is a growing emphasis in the program on meeting emergency needs brought about by unfavourable climatic conditions, refugee flows and other factors. In addition to food supplied from the FAC commitment, Australia also meets these emergency needs from a special 50,000 tonne allocation to the International Emergency Food Reserve.

Apart from foodgrain, an allocation of \$3.4 million is set aside to provide non-grain foods such as high protein biscuits for use in feeding projects for vulnerable groups and for emergencies. In addition, \$434,000 will be provided in 1985-86 for food security schemes aimed at improving the long-term food security in developing countries. Programs to be supported will include improving food production, storage, marketing and food distribution systems.

A further major initiative in the food security area was the establishment of the Australian Centre for International Agricultural Research (ACIAR) in 1982. ACIAR manages and supports research into agricultural problems of developing countries in fields in which Australia has special competence. Research is conducted by Australian institutions in partnership with developing country institutions. By January 1986 over 70 projects were underway in fields such as soil and water management, plant nutrition and improvement, animal health and production, forestry and agricultural economics. In 1985-86 \$14.4 million will be available to support ACIAR's program, of which \$2.8 million will be drawn from the ACIAR trust account.

Non-Government Organisations

The Australian Government gives financial assistance to a number of Australian Non-Government Organisations (NGOs) for development assistance activities. Support for these activities in 1985-86 is expected to be approximately \$18.2 million.

The principal avenue of Government/NGO co-operation is the Project Subsidy Scheme under which eligible NGOs are assisted to undertake a variety of small-scale projects at 'grass roots' level in developing countries. In 1985-86 \$6.8 million will be provided for this purpose.

Some \$2.3 million is also provided for schemes utilising the skills of Australian volunteers, including the Australian Volunteers Abroad Scheme, the Australian Executive Service Overseas Program and the Australian Overseas Disaster Response Organisation.

A number of international NGOs such as the International Committee of the Red Cross receive Australian government support. Support for these organisations will be about \$1.7 million in 1985-86.

Multilateral aid

Australia contributes to several international and regional organisations and financial institutions concerned with aid to developing countries. They include the World Bank Group, Asian Development Bank, United Nations Development Program and other UN agencies, International Fund for Agricultural Development, Commonwealth Fund for Technical Co-operation, Economic and Social Commission for Asia and the Pacific, South Pacific Bureau for Economic Co-operation, South Pacific Commission and various international science, technology and research centres. Support for these bodies provides Australia with an opportunity to participate in major development projects which are beyond the resources of individual donors.

The Australian contribution to international financial institutions in 1985-86 is expected to be \$110.4 million. Included in this amount is \$62.5 million which will be provided to the International Development Association, the soft-lending affiliate of the World Bank, which directs its work towards assisting the poorest countries. Other major contributions in 1985-86 involve provision of some \$23 million for the Asian Development Fund, \$11.7 million for the International Bank for Reconstruction and Development and \$6.0 million for the Asian Development Bank.

Payments to UN, Commonwealth and regional programs are estimated at \$126.4 million (including \$62.7 million to the WFP). Bodies supported include the UN Development Program, which is the largest UN funding agency for technical assistance and also plays a co-ordinating role within the UN system in the technical co-operation field; UNICEF, which directs its main efforts to furthering the interest of children and young people in developing

countries; and the UN Fund for Population Activities, which is directly concerned with assistance related to population problems. The United Nations High Commissioner for refugees and United Nations Relief and Work Agency work to assist refugees, the former being engaged world-wide and the latter having a specific charter to assist Palestinian refugees. Support is also given to other UN organisations such as the UN Industrial Development Organisation and the UN Environmental Program.

A contribution to the Commonwealth Fund for Technical Co-operation of \$6.6 million will be provided in 1985-86 to meet priority technical assistance needs of developing Commonwealth countries. Other Commonwealth programs supported include the Commonwealth Youth Program.

In 1985-86 \$9.0 million will be provided for the international science, technology and research programs including support of a number of international agricultural research institutions within the Consultative Group on International Agricultural Research.

Refugees and Disaster Relief

In 1985-86 an amount of \$16.1 million will be provided to allow for an Australian response to emergency, disaster and refugee situations in developing countries. Australia will also provide food aid in response to emergency needs, bringing the total estimated provision for this form of assistance in 1985-86 to some \$45 million.

In 1984-85 \$24.459 million was made available (in addition to food aid) for emergency relief, \$2.948 million of this was for disaster victims and the remaining \$21.511 million was for refugees and displaced people. Australia is currently the ninth largest contributor to the budget of the United Nations High Commissioner for Refugees.

Consular and passports

The Department of Foreign Affairs is responsible to the Minister for the protection and welfare of Australian citizens and their interests overseas. Consular services to the Australian public are available from Australian diplomatic and consular posts throughout the world.

Australia's consular service continued to operate effectively and to cope with a greater volume of enquiries attributable to a continuing increase in Australian tourism abroad. In 1984-85, Australia's overseas posts dealt with over 100,000 requests for consular assistance, including 167 cases of Australians dying abroad and the arrest of 130 persons.

Policy developments during the past year included preliminary discussions towards the negotiation of consular agreements with several countries, and consideration of options for compensating persons (or their heirs) who were illegally interned as POW's in German concentration camps during World War 2.

The past year also marked the continuation of a determined effort by Australia to research and develop consular policies which will more clearly reflect Australian values, open government and Australia's commitment to the defence of its citizens' human rights.

These developments are largely in response to public expectations and recognition of the importance of an effective consular service.

Since 1 July 1984 all passport applicants have been required to lodge their applications in person, either at an official Post Office or at a Passports Office. This was the last of a series of measures to increase passport security introduced in response to recommendations of the Royal Commission of Inquiry into Drug Trafficking. In 1984, 669,119 passports were issued.

Australian representation overseas

As at 31 July 1985, Australia maintained the following diplomatic and consular representation overseas (full details of these missions are available from the Department of Foreign Affairs, Canberra, A.C.T., 2600).

Embassies

Abu Dhabi; Albania (in Yugoslavia); Algeria; Argentina; Austria; Belgium; Bolivia; Brazil; Bulgaria (in Yugoslavia); Burma; Chile; China; Colombia (in Venezuela); Comoros (in Mauritius); Costa Rica (in Mexico); Czechoslovakia (in Poland); Denmark; Ecuador (in Venezuela); Egypt; El Salvador (in Mexico); Ethiopia; Finland (in Sweden); France; Gabon (in Nigeria); German Democratic Republic; Germany, Federal Republic of; Greece; Guatemala (in Mexico); Holy See; Honduras (in Mexico); Hungary; Iceland (in Denmark); Indonesia; Iran; Iraq; Ireland; Israel; Italy; Ivory Coast (in Switzerland); Japan; Jordan; Korea, Republic of; Kuwait; Laos; Lebanon; Luxembourg (in Belgium); Madagascar (in

Tanzania); Maldives, Republic of (in Sri Lanka); Mexico; Mongolia (in U.S.S.R.); Morocco (in France); Mozambique (in Zimbabwe); Nepal; Netherlands; Nicaragua (in Mexico); Norway (in Sweden); Oman (in Saudi Arabia); Pakistan; Panama (in Venezuela); Paraguay (in Argentina); Peru; Philippines; Poland; Portugal; Qatar (in Saudi Arabia); Romania (in Yugoslavia); Saudi Arabia; Senegal (in Switzerland); South Africa; Spain; Sudan (in Egypt); Sweden; Switzerland; Syria; Thailand; Tunisia (in Algeria); Turkey; Union of Soviet Socialist Republic; United Arab Emirates (in Saudi Arabia); United States of America; Uruguay (in Argentina); Venezuela; Vietnam; Yemen Arab Republic (in Saudi Arabia); Yemen, Peoples Democratic Republic of (in Saudi Arabia); Yugoslavia.

High Commissions

Antigua & Barbuda (in Jamaica); Bahamas (in Jamaica); Bangladesh; Barbados (in Jamaica); Belize (in Jamaica); Botswana (in Zimbabwe); Brunei; Canada; Cyprus; Dominica (in Jamaica); Fiji; Gambia (in Nigeria); Ghana (in Nigeria); Grenada (in Jamaica); Guyana (in Jamaica); India; Jamaica; Kenya; Kiribati; Lesotho (in South Africa); Malaysia; Malawi (in Zambia); Malta; Mauritius; Nauru; New Zealand; Nigeria; Papua New Guinea; St Lucia (in Jamaica); Seychelles (in Mauritius); Sierra Leone (in Nigeria); Singapore; Solomon Islands; Sri Lanka; Swaziland (in South Africa); Tanzania; Tonga; Trinidad and Tobago (in Jamaica); Tuvalu (in Fiji); Uganda (in Kenya); United Kingdom; Vanuatu; Western Samoa; Zambia; Zimbabwe.

Commissions

Hong Kong.

Other

Mission to—European Communities (Brussels); United Nations (New York); United Nations (Geneva); UNESCO (Paris); Organisation for Economic Co-operation and Development (Paris); United Nations Industrial Development Organisation (Vienna); UN Economic and Social Council for Asia and the Pacific (Bangkok); International Atomic Energy Agency (Vienna); Food and Agriculture Organisation (Rome); International Civil Aviation Organisation (Montreal).

Consulate-General in—Auckland; Bahrain; Bombay; Chicago; Houston; Honolulu; Jeddah; Los Angeles; Milan; New York; Noumea; Osaka; Rio de Janeiro; San Francisco; Shanghai; Toronto; Vancouver.

Consulate in—Bali; Edinburgh; Geneva; Manchester.

Specialist officers of the Department of Trade, other Australian Government Departments and the Defence Services stationed abroad are attached to Australian diplomatic or consular missions. Senior attached officers are in some cases accredited to the missions with diplomatic or consular ranks approved by the Minister for Foreign Affairs.

IN RETROSPECT.....Year Book No 49 (1963)

1. **The Department of External Affairs.**—The Australian Department of External Affairs was first set up in 1901, the year of federation. It dealt with United Kingdom relations, the administration of Papua, matters arising out of Australia's position in the Pacific, and immigration. The original department was abolished in 1916, and re-established in 1921 to deal with League of Nations matters, under the direction of the Secretary of the Prime Minister's Department, who was also Secretary for External Affairs. In 1935, External Affairs was separated from the Prime Minister's Department and became an independent Department, but Australia had no direct diplomatic representation in foreign countries until 1940.