Indivisible Partners or Enduring Combatants? Divisions & Triumphs in the EU-Australian Relationship

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Abstract

Casting the spotlight over a complex and dynamic relationship, this article seeks to diagnose the state of relations between the European Union and Australia by contrasting the sources of tension with the forces of unity in the relationship. After illuminating the substantial differences between the EU and Australia in the political, military and economic spheres, the article asserts that the Common Agricultural Policy (‘CAP’) has disproportionately influenced the EU-Australia dialogue and — like the Howard Government’s propensity to bilateralism — needlessly impeded the advancement of relations. The impact of bilateral relations with the United States and the increasingly contentious challenges posed by global climate change have threatened to destabilise the bond between Brussels and Canberra. However, the article insists that the destructive potential of CAP-related disagreement is dissipating. Rather, debates over agriculture in the EU-Australia dialogue have been emasculated by rapidly intensifying social, political and cultural integration. Moreover, the development of Australia’s relationships with its Asian neighbours promises to optimise Australian engagement with Europe. After carefully weighing these competing factors, the article concludes that — despite the transitory phases of discord — the future for the EU-Australia relationship is bright.

SINCE IT WAS FORMED IN THE AFTERMATH OF THE SECOND WORLD WAR, the European Union has shared a roller coaster ride with Australia through the vicissitudes of their relationship. In light of the volatility of their engagement, are the EU and Australia really divided by a ‘trans-hemispheric rift’, a ‘gulf of misunderstanding’ (Murray 2005: 6–7), or are these simply superficial quarrels that inevitably emerge from an intimate relationship? This article will juxtapose the divisions that undermine the EU-Australian relationship with the factors that strengthen the partnership.

Firstly, it is observed that Australia and the EU are separated by their inequality. After examining the divisive role of the Common Agricultural Policy (‘CAP’) (Murray 2002a: 162), the article will contend that Australia’s preoccupation with European protectionism has inhibited the broadening of the scope of their engagement. The bilateral lens through which the Howard Government prefers to view Europe has hindered the advancement of relations with the EU through a regionalist paradigm. Furthermore, Canberra’s close relationship with the United States, global environmental policy and the failure to secure a Framework Agreement demonstrates the contemporary variation between Australia and the EU.

Despite these weighty differences, this article maintains that the factors uniting Australia and the EU ultimately prevail. The CAP’s ability to undermine the relationship is lessening. Beyond agriculture, Australia and the EU have forged a lengthy record of trade cooperation. Social, political and cultural integration is evolving, diversifying and intensifying. Australia’s increasing involvement in Asia not only begins to surmount the
obstacle of exclusion from regional citizenship but also enhances Australia’s capacity to engage with Europe. Ultimately, the intrinsic bonds uniting the EU and Australia outweigh the divisions in their relationship. Like most partnerships, conflict can be frequent, but there is much more that unites Australia and the EU than divides them.

The Divisions of Inequality

On a fundamental level, Australia and Europe are divided by their differing political and economic and influence. As Murray accurately observes, the EU-Australia relationship is ‘an asymmetrical one’. As a ‘middle power’, Australia is ‘low on the hierarchy of states’ (Murray et al. 2002: 395; Cooper et al. 1993; Coleman and Underhill 1998: 9). Its resilient but medium-sized economy, limited military capacity and moderate political power relegated Australia down the list of the EU’s priorities (Murray 2002b: 69; Piening 1997: 163). Furthermore, Australia’s wealth, location and comparative stability have not catapulted it into the realm of geopolitical problems that attract the interest of Brussels and its active external policy (Ludlow 2001).

Conversely, the EU is a global power. Differentiating itself in an age of American unipolarity, the ‘metrosexual’ EU has been acclaimed as the era’s ‘soft power’ (Murray 2005; Khanna 2004; Rifkin 2004; Padoa-Schioppa 2004; Ginsberg 1999: 432). Additionally, the economic and political might of the EU is unambiguously clear (Krauthammer 1991: 17). In 1999, the European market was worth more than AUS$13 trillion (Mazzocchi 2003: 34). The EU is the world’s largest trader, representing more than 20% of international trade (Murray 1997: 230). The importance of such a considerable economic union is undeniable; the EU has been Australia’s primary economic partner for the past ten years, with total merchandise trade for 2004 worth more than AUS$46.6 billion (€27.6 billion) (Goldsworthy 1997: 29; Howard 2005: 78). The EU is Australia’s largest overseas market for services exports, valued at AUS$7.4 billion (€4.4 billion) in 2004, much of this in travel, transportation and education sectors. Australia’s merchandise exports to the EU in 2004 totalled AUS$13.6 billion (€8.1 billion) (Howard 2005: 78). EU investment provides an estimated 350,000 jobs in Australia (Lamy 2002a: 1). Furthermore, the EU is Australia’s chief investor, providing 33% of total foreign investment in Australia (McDougall 1998: 108). The EU is the second major investment location for Australian funds invested overseas (Mazzocchi 2003: 34–5; Kenyon et al. 2005: 56; DFAT 2003a, 2003b).

Politically, the EU exercises vast power through its bilateral and multilateral engagement. In addition to holding two permanent seats in the United Nations Security Council (Cienski 2004: 8), Europe’s relevance is exemplified by its capacity to formulate often popular positions on global challenges. From the 2003 Iraq War and the Kyoto Protocol to the United Nations Framework Convention on Climate Change1 to the Rome Statute of the International Criminal Court2 and the Comprehensive Test Ban Treaty, the success of the EU’s strategies has varied but its ability to articulate widespread international opinion has not. Europe’s invaluable contribution to the war on terror has never been more important.

But the pace of the EU’s advancement must not blur recognition of its weaknesses. The US-led invasion of Iraq polarised the continent, temporarily suspending the progress of a Common Foreign and Security Policy (Layne 2004: 48). The recent failure of the Constitution (Bildt 2005: 17), the seemingly problematic interaction of a common monetary policy with varied domestic economic conditions and the contentious question of Turkish membership have obstructed the EU’s advancement (Atkins 2005: 8).

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1 Opened for signature 16 March 1998, 37 ILM 22.
These agitations are pertinent, but they dwarf in comparison with the powerful prospect of the EU’s future.

**CAP: Constant Agricultural Problem?**

The CAP represents the most persistent catalyst for conflict in the EU-Australia relationship. Since the *Treaty Establishing the European Community* articulated the fundamental tenets of the policy,\(^3\) enshrining protectionism in the *acquis communautaire*, agriculture has remained the ‘defining issue’ of the relationship (Lamy 2002a: 2, 5; Benvenuti 1998: 58; Davison 1991: 40). Through its internal price controls and barriers to agricultural imports, the CAP has severely constrained Australian access to European markets (Burnett 1983: 111). Furthermore, the CAP’s pricing structures have generated ‘obscene levels of overproduction’, depressing global markets and prices and exacerbating Australia’s trade performance outside Europe (Dinan 1999: 341; Miller 1983: 164).

Australia’s interests have ‘collided with those of the [EU] precisely where it is most protectionist’ (Richardson 1992: 212). Australia has the second-lowest levels of agricultural support and protection in the industrialised world (OECD 2002: 11). Australia’s reliance on the United Kingdom as a principal export destination for agricultural produce renders it vulnerable to the adverse effects of European protectionism. In stark contrast, the EU finances the highest level of trade-distorting farm support in the world. Stemming from a commitment to post-War reconstruction, the CAP has dominated the EU’s internal activities and its external relations because it is ‘basic to its unity and fundamental objectives’ (Tracy 1989: 349). Australia advocates free trade to maximise its exporting potential while the EU settles for incremental agricultural reform (Bell 1997: 204). However, Australia’s preoccupation with the CAP cannot obfuscate reality: the EU is the world’s principal importer of agricultural produce and is Australia’s second largest market for primary produce exports. The top six importing Member States annually consume almost $3 billion of Australian agricultural produce (Sharston 2002: 29).

**A Point of (Un)Diplomatic Difference**

Irrespective of the merits of its position, the prosecution of Australia’s opposition to the CAP has often enlarged the gulf between the EU and Australia. Sympathetic to a powerful domestic agricultural lobby (Burnett 1983: 2), the Fraser Government triggered the CAP’s divisive influence on the relationship. Critics assert that the ‘extremely aggressive tactics and style of the Government’s diplomacy’ rendered the Fraser years ‘simply counterproductive’ (Burnett 1983: 221; Benvenuti 1999: 181). Whilst the Fraser Government’s attachment of ‘a disproportionate importance to the agricultural question’ was understandable because of its predominance in the Australian economy (Benvenuti 1999: 182–3), the diplomatic handling of the disagreement ‘merely impaired the already unsatisfactory relations with the EEC’ (Renouf 1983: 330).

Signalling an unprecedented activism in international economic diplomacy (Kenyon et al. 2005: 60), the more conciliatory approach of the Hawke and Keating governments furnished limited but encouraging success. Through the *Andriessen Agreement*, the EU indicated some willingness to submit its contentious policy to the rigour of the General Agreement on Tariffs and Trade negotiations (Murray 2005: 22). Additionally, Australia assumed leadership of the Cairns Group — a coalition of agricultural exporting nations

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\(^3\) Opened for signature on 25 March 1957, 298 UNTS 11 (entered into force 1 January 1958).
that became a coordinated liberalising force in multilateral trade for a (Capling 2002: 153–70; Gallagher 1988: 2; Groom 1989: 3). The dialogue that emerged from this period led to a considerable broadening of relations between the EU and Australia (Elijah et al. 2000).

Despite this progress, the CAP continues to strain the relationship. Since serving as Special EC Trade Minister in the Fraser Government at a time when Australia began to recognise the severity of the CAP’s implications, John Howard has been ‘unswerving in his attacks on EU protectionism’ (Burnett 1983: 112–3; Howard 2003: 10–11; Murray 2005: 6). According to the Prime Minister;

I have spent a large part of my political life denigrating, quite rightly, with some passion, the rotten anti-Australian policies of the EU that have done such immense damage to the agricultural industries of Australia and represent one of the high water marks of world trading hypocrisy (Kelly 1998: 13).

Recently, the EU and Australia have clashed over the EU’s push for multilateral protection of geographical indications beyond the provisions on wine in the TRIPS Agreement (Vaile 2003: 2); the EU’s campaign to gain greater WTO recognition of the ‘precautionary principle’; the EU’s Everything But Arms program (Lamy 2002a: 4); Canberra’s endorsement of Uruguayan Carlos Perez del Castillo to become the next Director-General of the WTO (Murphy 2005: 6); the EU’s sugar policies (European Commission 2003a: 1); the imposition of wheat subsidies (Sutherland 2005: 21); and the application of Australia’s quarantine regime to the EU (European Commission 2003a: 1). The ongoing battles in the field of agriculture continue to inflict scars on the EU-Australia relationship.

Although the motivations of Australia’s unrelenting opposition to the CAP are understandable, its often confrontational disposition has hamstrung the broader development of meaningful EU-Australia relations. Rather than dismissing Europe as a protectionist and domineering ‘fortress’ (Murray 2005: 8; Doody 2003), concentrating on the opportunities that the EU presents, could yield momentous benefits. The EU represents an unrivalled economic bloc with 475 million consumers, distinguished by ‘transparency and porous borders in economic transactions’ (Murray 2005: 69). As Kenyon and Kunkel maintain, ‘[j]ust as Australia works to ensure that its trade relations with the US and Japan are not dominated by differences over agriculture, a similar approach could best serve its multilateral trade relationship with the EU’ (Kenyon et al. 2005: 67). The balance of the relationship must revert away from reluctant indifference toward embracing Europe.

**Seeing the Same World, But Differently**

As agricultural bickering persists, Australia and the EU also diverge in their varying views of the world. Although a cohesive EU increasingly acts internationally through a regionalist paradigm, the Prime Minister is intent on viewing Europe as 27 separate nation states. Howard, who has visited Brussels only once and Britain ten times as Prime Minister, is reluctant to embrace a unilateral Europe (Taylor 2003a: 30). Howard maintains that ‘it is a mistake to see relations with all the countries of the European Union simply in the context of the European Union’ (Barker 2002a: 62). Instead, he favours bilateral engagement with the individual member states of the EU (Barker 2002a: 62). From Howard’s perspective, multilateralism is worthwhile only if it brings ‘concrete gains’ to Australia, but not if it is simply part of the ‘big picture’ ideology (McDougall 1998: 142).

Importantly, a subtle yet ominous divergence in perspective between the Prime Minister and the Foreign Minister, Alexander Downer, has been detected (Barker 2002a: 62).
2002, Downer acknowledged that ‘we need to see Europe through a new prism, not just through the United Kingdom and traditional bilateral relationships’ (Barker 2002: 62). But Downer's view has been eclipsed by the Department of Foreign Affairs and Trade's White Paper, *Advancing the National Interest*, which concludes that '[b]ilateral relations are the bedrock of Australia’s European engagement' (DFAT 2003c: 99).

Whilst state-to-state engagement is an invaluable instrument in the prosecution of Australia's foreign policy, a failure to grasp the political reality of an increasingly unified EU will continue to restrict Australia's future in Europe (Murray 2005: 168). Through the European Commission, the EU increasingly acts unilaterally across a spectrum of policy areas (Murray 2005: 53; McCormick 2005: 113). This is evidenced in Australia's economic engagement with western Europe, which is conducted ‘as much, if not more, with the European Union as with individual countries themselves’ (Evans *et al.* 1995: 309). The freedom of member states is constrained by the supremacy of the Commission and EU legislation (Murray 2005: 62; Standoltz *et al.* 1998). Currently, Australia's engagement with Europe portrays an inadequate understanding of the EU, its integration process and its external affairs (Murray 2005: 69). This is partly manifest in the Howard Government’s focus on the UK (Howard 1997), shared by key business and political stakeholders (Murray 2003), which has diminished the relevance of the rest of the EU for Australia (Murray 2005: 31; Murray 2002a: 162). Groom denounces the ‘collective amnesia concerning Europe in otherwise well-informed circles in Australia’ as a debilitating disease … It creates a lethargy where there is opportunity. It is blind to potential difficulties. It squanders a still-important reservoir of good will. Above all, it is a denial of identity. No group can be free until it recognises and comes to term with its past, whether it likes it or not (Groom 1989: 13).

As long as the Australian political and business community clings to an outdated view of Europe, the relationship will fail to realise its full potential.

**The Rise of the Trans-Pacific Alliance**

The Howard Government’s relationship with the United States, seemingly irreconcilable disagreement with the EU over global environmental policy and the failure of the *Framework Agreement* constitute some of the contemporary limitations in the relationship. A juxtaposition of the relations between the United States and Australia with those between Canberra and Brussels highlights the tensions undermining the EU-Australia relationship (DFAT 1994: 95). Howard repeatedly boasts that the US-Australian ‘relationship has never been stronger or closer’ (Howard 2003: 6; Howard 2004: 7). The Coalition vigorously supported the US-led invasion of Iraq, which represented the nadir of transatlantic relations. As the world grappled with the horrific attacks on the World Trade Center on September 11, the Prime Minister resolutely declared Australia’s commitment to the war on terror (Dodson 2001: 2). Significantly, the Prime Minister has also recently endorsed the Bush administration’s missile defence system and Washington’s contentious plan to democratically transform the Middle East (Howard 2005: 4; Woolcott 2004: 143).

However, the EU has advocated a more nuanced approach. The Free Trade Agreement has intensified the integration of the American and Australian economies (Walker 2004: 1), but trade disputes over steel tariffs and soft loans to airlines have fuelled transatlantic tensions (Afilalo 2002: 749). In stark contrast to his vehement denigration of the CAP, the Prime Minister has been subdued in response to the protectionist aspects of the Bush administration’s agricultural policy (Davis 2002: 1; Parkinson 2002: 11). Whilst the
Government is not entirely uncritical in its attitude to Washington, divisions between the EU and Australia are amplified by the warmth of trans-Pacific relations.

An Uncooperative Environment

The public dispute between the EU and Australia over the Kyoto Protocol belies the considerable agreement between the two jurisdictions over the most effective responses to contemporary environmental challenges. The recent history of environmental policy in the EU and Australia is strikingly similar. In both jurisdictions, lawmakers shifted political values to prioritise quality of life and protection of the environment in the 1960s. Green political movements flourished during the 1970s. As Grant and Papadikis assert, green political issues have since been predominant in electoral contests. Consequently, major political parties in Europe and Australia have often moved to embrace the green political agenda. Governments and opposition parties have rapidly embraced concepts of ‘sustainable development’ and ‘ecological modernisation’. Recently, the implementation of neo-liberal market-based instruments to address environmental problems have crystallised in both the EU and Australia (Grant and Papadikis 2004: 287).

Moreover, there is broad agreement between the EU and Australia about many of the central tenets of the contemporary environmental debate. They agree that climate change is a problem; they signed the UN Framework Convention on Climate Change. Both the EU and Australia accept the precautionary principle; they share similar ideological constructs and material practices for dealing with emissions (Grant and Papadikis 2004: 287; Meadowcroft 2000; Jordan et al. 2003: 202). Despite this apparently ‘formidable’ commitment to the environment (Longo 1997: 127), Australia has opposed numerous global environmental initiatives that the EU has advocated (Lenschow 2004: 156. On the reasons for the EU’s leadership on this issue, see Baker 2000: 304; Haigh 1996; Beetham and Lord 1998). Largely motivated by the fear that ratification would adversely impact the economy, employment and investment (Grant and Papadikis 2004: 283; Oxley 2002a: 11; Hill 1996: 3), Australia has consistently opposed the Kyoto Protocol to the United Nations Framework Convention on Climate Change.5

The extensive similarities between the EU and Australia over environmental policy have been overshadowed by their public disagreement over Kyoto. According to Murray, this rejection ‘is a type of Cold War between the EU and Australia’ (Murray 2005: 156). In the wake of Australia’s rejection of Kyoto, EU Environment Commissioner Ritt Bjerregaard asserted that Australia had made a ‘mistake’ and had ‘made a misleading case and “got away with it”, and that this would not be forgotten’ (Hamilton 2001: 89). Beyond Kyoto, the EU and Australia have collided over the Basel Convention on Transboundary Movements of Hazardous Wastes and their Disposal6 and the Cartagena Biosafety Protocol to the Biodiversity Convention.7

Rejecting Kyoto’s failure to fence developing countries within the parameters of emissions constraints (see Grant and Papadikis 2004: 284; Paterson 1996: 69; Oxley 2002b: 50) and opposed to the use of emissions trading, the Clean Development Mechanism and

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4 Recently, the Coalition defied US efforts to dissuade the European Union from lifting its 15-year arms embargo on China, which Washington fears will transform the balance of power in the Taiwan Strait. According to Sheridan, this was ‘the most serious strategic disagreement between Washington and Canberra in recent years’: Greg Sheridan, ‘PM Defies Bush over China Arms’, in The Australian, Sydney, 12 February 2005, p. 1.

5 Opened for signature 16 March 1998, 37 ILM 22.


7 Opened for signature 29 January 2000, 5 ILM 39.
the operation of punitive measures (see Hillman 2001), Australia united with other opponents of the Kyoto model (including China, India, Japan, South Korea and the US) to form the Asia-Pacific Partnership on Clean Development and Climate.

Although the means are symbolically different, the EU and Australia’s ultimate aspirations are more complementary than they are irreconcilable: both jurisdictions have committed themselves to sustainable development policies and begun to experiment with innovative measures for addressing environmental and economic concerns (Grant and Papadikis 2004: 290). Policy questions that previously separated the parties are now eliciting modified attitudes — for example, on emissions trading. For instance, initial reluctance by the EU to consider this option has given way to careful consideration for limiting greenhouse gas emissions (Grant and Papadikis 2004: 290). At the Australia-European Commission Ministerial Consultations in Brussels in May 2004, Australia and the EU agreed to move progress bilateral climate change cooperation projects concerning ways to engage all countries in the fight against climate change; efficiency improvements to mobile air conditioners and end-use energy efficiency programmes in an urban environment (Howard 2005: 79). As Grant and Papadikis conclude, Kyoto is the visible sign of division, but

if we examine the overall trends in terms of predispositions towards the environment and policies to solve problems associated with human interventions, the opportunities for collaboration or sharing knowledge and understanding far outweigh the negatives (Grant and Papadikis 2004: 290).

The Death of a Framework Agreement

Although the potential for Australian-EU relations over environmental policy could advance beyond the patent disagreement over Kyoto, the gulf between the EU and Australia is reinforced by the absence of a comprehensive Framework Agreement. A Framework Agreement encompasses the full scope of the EU’s bilateral relationship with another state. The insertion of a human rights clause posed such an insurmountable obstacle for the Howard Government that efforts to secure an agreement were abandoned in 1997 (Murray 2002b: 66). The refusal to accept the clause, which appears in the EU’s agreements with Cambodia, India and South Korea (Ward 2002: 179), downgraded the expression of the relationship to the Joint Declaration on Relations between the European Union and Australia.

Although the Framework Agreement’s failure has been partially ‘counterbalanced by serious attempts on both sides to give flesh to the Joint Declaration’ (Murray 2005: 148), the shortcomings of the Joint Declaration serve to illuminate the opportunities that were lost. According to Ward (2002: 188) the Joint Declaration ‘is as rhetorical as it is succinct’. Funding of joint projects between the EU and Australia is more problematic (Murray 2005: 148). The Joint Declaration failed to establish any bodies to oversee its implementation and does not regulate the frequency and nature of ministerial consultations. Above all, a Framework Agreement could have laid the foundation for healing divisions in the EU-Australian relationship.

What About the Good News? The Diminishing Relevance of CAP

Despite the sources of division destabilising the relationship, the declining relevance of the CAP, the broadening of economic, political and social cooperation, the strengthening of regionalist interaction in Asia and the fundamental connection that forms cornerstone of the relationship ultimately unite the EU and Australia. Importantly, the CAP’s capacity to bisect the EU and Australia is mitigated by its declining
As it becomes increasingly unsustainable for the EU to maintain its budgetary commitment to an industry of lessening importance to its economy, the CAP continues to drift further away from ‘market-distorting subsidies and export refunds to a system of direct aid for farmers’ (Patten 2001: 4). The EU has already embarked on three phases of CAP reform: the mostly unsuccessful MacSharry reforms in 1992 (Sharpston 2002: 35; Kenyon 2002a: 6–7; Ackrill 2000: 87), the 1999 Berlin amendments (Sharpston 2002: 36), and the recent commitment to total decoupling, separating subsidies from production (Lamy 2002a: 5). But it has not been enough.

Today, CAP reform continues to be driven by tightening budgetary margins and external pressures exerted in the contest of multilateral trade negotiation (Kenyon 2002a: 8). The CAP as a percentage of the EU’s GDP has declined to 0.33% over the ten years from 1993–2003 (Murray 2005: 104). Arguably, CAP reform will continue to lower subsidies and de-link income supports from production, while funding is tailored to support specific environmental and regional development objectives (Kenyon 2002a: 8). The pursuit of global competitiveness will drag the EU’s agricultural policy out of the protectionist age. Although the WTO negotiations collapsed in Cancun, the EU exhibited signs that it was willing to accept steeper tariff and subsidy reductions (Davis 2003: 1). Additionally, the enlargement of the European Union has intensified the need for serious reform. The incorporation of predominantly agrarian, poorer economies into the EU will further strain the CAP’s viability, neutralising the greatest obstacle on the path to enhanced EU-Australia cooperation.

Whistling the Same Trade Tune

Despite the conflict caused by the CAP, there is substantial agreement between Australia and the EU within the trade dialogue. Throughout the Uruguay and Doha rounds, the common ground between Australia and the EU has been steadily expanding (Kenyon et al. 2005: 61). As Vaile recognises, ‘we agree on far more issues than we disagree on’ (Vaile 2002: 4). Former European Trade Commissioner Pascal Lamy concurs, insisting that ‘on the vast majority of trade issues, the EU and Australia do share a common WTO vision’ (Lamy 2002b: 2). In particular, Australia and the EU share an aspiration to liberalise trade in industrial products and services, especially in the financial, telecommunications, audiovisual, professional and transport industries (Kenyon 2002a: 15). Together, they seek the dismantlement of tariff barriers around the world, especially in Asia, and they seek to strengthen WTO rules governing dispute settlement (Kenyon 2002a: 15; Kenyon 2002b; DFAT 1996: iii).

Widespread evidence of that cooperation is emerging. In 1994, the Agreement between Australia and the European Community on Trade in Wine was signed. The EU is a lucrative destination for Australian wine, absorbing 40% of Australian exports in 1993 (Murray 2003: 231). In 1999, the Mutual Recognition Agreement on Conformity Assessment was signed, which reduces technical barriers to trade by allowing conformity assessment to be undertaken in the exporting country (European Commission 1998: 1). Furthermore, the EU and Australia have struck agreement in diverse areas including mutton, lamb and goat meat, aviation and the transfer of nuclear materials (European Commission 2005b: 1; Murray 2005: 69). As part of their development agenda, Canberra and Brussels have committed to implementing and promoting policies to grant duty-free and quota-free market access for least-developed countries, to assist these countries with access to

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affordable medicines, and to deliver technical assistance and capacity-building activities (Europa 2003). Clearly, the CAP has not completely silenced a productive trade dialogue.

**Looking Beyond Trade**

Cooperation between the EU and Australia beyond trade is augmenting and diversifying. In 1994, the *Agreement Relating to Scientific and Technical Cooperation* was signed, which promotes collaboration in ‘bio-technology, medical and health research, marine science, the environment, and information and communication technologies’ (Murray 1997: 240). Educational collaboration and exchange have been prioritised (Murray 2002a: 171). For example, the EU-Australia Pilot Cooperation Programme in Higher Education was established to facilitate institutional cooperation at postgraduate level (European Commission 2002: 1; European Commission 2004: 1).

Furthermore, the EU and Australia are increasingly united by their evolving security dialogue (European Commission 2003b: 1). For example, Australia and the EU have supported the counter-terrorism and law enforcement capacity in the Asia Pacific region, for example through assistance to the Jakarta Centre for Law Enforcement Cooperation in Indonesia, which provides practical assistance to countries in the Asia Pacific region for capacity building in counter-terrorism (Howard 2005: 78). Negotiations have commenced on a bilateral agreement between Australian law enforcement authorities and EUROPOL to enhance police cooperation to better respond to transnational crime threats and terrorist financing. Such a deal could maximise information exchange and facilitate optimal access to intelligence agencies between the two police forces (see Howard 2005: 79).

According to Romano Prodi, former President of the European Commission, ‘[w]e want to work closely with Australia on fostering democracy and human rights in the Pacific region’ (Prodi 2002: 1). Murray has also observed ‘shared visions regarding the need to confront challenges that go well beyond national boundaries, such as terrorism, and common concerns with both advancing and managing globalisation’ (Murray 2005: 1). The Australia-EU dialogue encompasses weapons non-proliferation and export control issues, particularly with respect to regulating trade in dual-use items. The periphery of the relationship’s vision is broadening: Canberra and Brussels have cooperated on rural and regional policy (European Union 2005: 1), drugs in sport (European Commission 2000: 1), transport, development aid cooperation in the Pacific, and migration and asylum (Europa 2003). The historical obsession with the CAP is retreating as a new horizon for EU-Australian engagement arises.

**Seeking Engagement Through Regionalism: Australia, Europe and Asia**

In an era of ‘competing regional capitalism’ (Coleman and Underhill 1998: 3), Australia has been divided from the EU because of its exclusion from regional architecture. The EU is a ‘powerful regional bloc’ that increasingly engages in inter-regional dialogue with other groups of nation states (Richards and Kirkpatrick 1999: 684). However, the regionalisation of engagement has long frustrated Australia because it is not part of an ‘enhanced sovereignty arrangement’ (Higgott 1998: 52). Australia is ‘outside the loop of regionalism and institutionalised agreements’ (Murray 2002b: 67, 71). Consequently, Australia suffers from insufficient opportunities to broaden the mechanisms for engagement with the EU (Murray 2002a: 155).

However, Australia can overcome this integration deficit by intensifying its presence and participation in the Asia-Pacific. Although the country has long grappled with its

However, its broader effectiveness is contested, given its ‘confinement to economic issues, to the exclusion of cultural and other imperatives’ (Ward 2002: 178–9). Confident that Australia’s destiny lay within the Asia-Pacific, the then Prime Minister Paul Keating promoted the compatibility of Asian and Australian values (Viviani 1997: 164; Evans and Grant 1995: 31; Sheridan 1995). His Government argued that its liberal pursuit of lower tariffs and deregulated financial markets would facilitate the expansion of links with the dynamic economies of East Asia (Bell 1988; Catley 1996; Maddox 1989; Singleton 1990; Garnaut 1989).

In addition, Labor’s emphasis on the importance of Australia’s security within the region led to the establishment of the Association of South-East Asian Nations (‘ASEAN’) regional forum (Evans 1989); inaugural joint military exercises between Indonesian and Australian troops and the signing of a security agreement between Jakarta and Canberra in 1995 (Evans 1994: 3; Mack 1993). Economic, political and security links were proliferating. Australia was beginning to find its feet in the Asia-Pacific.

**Consolidating Asian Engagement**

Although its attitude to the Asia-Pacific has often been unpredictable, the Howard Government has arguably strengthened Australia’s role and reputation in the region. Initially, the Prime Minister appeared resistant to enhanced Asian engagement. In 1988, Howard criticised the extent of Asian immigration in Australia (Masanauskas 1991: 13). He was occasionally hostile to the Keating Government’s regional focus (Baker 1996: 9), and alienated many in Asia by failing to promptly condemn Pauline Hanson’s vitriolic tirades (McDougall 1998: 141).

Beyond the rhetoric, Australia’s diplomatic and military role in East Timor’s quest for independence strained relations with Jakarta (MacIntyre 1999: 34; Crouch 1999: 16; Downer 2005: 8; Downer 2001: 337–8). Recently, Indonesia’s handling of Jemaah Islamiah in the wake of the Bali Bombings has dominated Australia’s sensitive relations with its largest and nearest neighbour (*The Economist* 2005: 33).

However, the importance of Asia has motivated the Howard Government to explore and seize emerging opportunities in the region. Today, the Prime Minister boasts his Government’s achievements, declaring that ‘[a]ustralian political party has a monopoly on engagement with Asia’ (Howard 2004: 9). Hailing the Coalition’s policies of ‘active engagement with Asia’, *Advancing the National Interest* announced that ‘[t]he countries of Asia have always mattered to Australia. Close engagement with them is an abiding priority in Australian external policy’ (DFAT 2003c: 72).

The Government has mostly practised what it has preached. Canberra generously supported Thailand, South Korea and Indonesia in the wake of the Asian economic crisis (Milner 1996: 178). The Government donated $1 billion to the relief effort following the devastating tsunami in 2004 (Davis 2005: 1; Woolcott 2004: 144). The Jakarta and Bali bombings have prompted Australia and Indonesia to enhance counter-terrorism

cooperation (Downer 2005: 8). In the trade sphere, the Government secured free trade agreements with Singapore and Thailand (Colebatch 2001: 2). Formal negotiations have opened with Malaysia (Uren 2004: 21), while agreements with Indonesia, Japan and China are being investigated (Davis and Sutherland 2005: 26; Taylor 2005: 1; Lewis 2005a: 1; Grattan and McDonald 2005: 1).

Most importantly, the Howard Government has won Australia membership of a cornerstone of the Asian regional architecture. Australia’s invitation to the inaugural East Asia Summit in Kuala Lumpur in December 2005 presented an opportunity to overcome the persistent challenge posed by Australia’s exclusion from regional fora. Although Howard had originally dismissed the Treaty of Amity and Cooperation as a ‘Cold War relic’ (Lewis 2005b: 1), Australia eventually signed (Kerin 2005: 2). The Summit was widely hailed as the ‘launching pad for what might emerge in the future as a major new constellation of global power politics’ (Parkinson 2005: 13), the region’s ‘most exclusive and potentially powerful club’ (Dupont 2005: 15). According to Callick (2005: 2), the Summit could ‘eventually rival the European Union and APEC as a regional body’, it could ‘become one of the most influential economic and trade power blocs of the 21st century with a free-trade agreement among member nations — including Australia — possible within 20 years’ (Kerin 2005: 6). Australia’s elevation renders the prospect of full ASEAN membership more realistic.

Admittedly, problems persist: Australia’s intimate relationship with the Bush administration continually nourishes the perception that the Howard Government is America’s ‘deputy sheriff’ in the region (Woolcott 2004: 144). Furthermore, the treatment of Australian citizens convicted of drug importation offences by certain Asian states’ criminal justice systems has ignited impassioned responses in Australia and in Asia. Moreover, Australia must balance the increasingly difficult task of maximising its commercial and security relationship with China and preserving its prioritisation of the ANZUS alliance, at a time when some analysts highlight the escalating potential for conflict between the United States and China (Hutton 2007). This tension is heightened by Australia’s recognition since 1972 of Taiwan as a Province of China (Woolcott 2004: 145). Despite the persistence of such unpredictable factors in the relationship, the question ultimately appears to no longer be whether Australia should engage with Europe, but what the limits of that engagement are.

\textit{Befriending the Awakening Tiger…}

Despite initial differences, Europe’s increasing engagement with Asia emphasises the importance of Australian membership of the region’s multilateral architecture. After overcoming the conditionalities that hampered its relations with Asia in the wake of the Cold War (Bretherton and Volger 1999: 131), the EU became ‘seized with the importance of Asia’ and vigorously engaged with the Association of South East Asian Nations (‘ASEAN’) (Bretherton and Volger 1999: 131). In 1994, under the German Presidency, the EU embarked on the ‘New Asia Strategy’ (Commission of European Communities 1995; Machetzki 1994; European Commission 1994), which advocated ‘an increased emphasis on political dialogue, a new focus on economic cooperation and on enhancing mutual understanding, as well as for a continuation of development cooperation’ (MacDonald 2002: 148).

Europe’s presence in Asia is partly motivated by the region’s size and its rapidly growing economies (Dent 1999: 383). Asia is a larger regional trading partner for the EU than the North American Free Trade Agreement (‘NAFTA’) (McDonald 2002: 147). In 1996, East Asia took 8.2% of EU exports and provided 10.6% of EU imports (McDougall 1998: 117). Above all, Asian and European engagement is the logical consequence of the emerging
significance and power of the two regions. Together, Europe and Asia represent two of the three poles of the geopolitical order (Soesastro 2002: 143).

The extent of EU-Asian integration illustrates the importance of further Australian involvement in the region. Although ASEAN and APEC have been less successful avenues for EU-Asian cooperation (Soesastro 2002: 143), the Asia-Europe Meeting (‘ASEM’) has been a particularly productive engine for advancing the relationship. Established in 1996, ASEM facilitates dialogue on political, security and economic issues between the EU and the ASEAN countries and Japan, China and South Korea (Gilson 2004: 185). ASEM aims to ‘realize and develop a concerted relationship in shaping the international order’ (Soesastro 2002: 184). Its achievements are emblematic of the advancement of EU-Asian relations. The ASEM Trust Fund provides technical advice and training on financial sector and social policy reform. The Asia-Europe Environmental Technology Centre promotes cooperative research among environment scientists in the two regions.

Furthermore, the ASEM Business Forum promotes frequent dialogue between European and Asian investors. European Business Information centres have been established in many Asian cities, and the European Investment Bank has been active in supporting a number of aid programs in ASEM states, including the financing of natural gas projects in Thailand and Indonesia. Several Asian states benefit from the EU’s Generalised System of Preferences, which provides a favourable importation regime for goods originating in developing states (Ward 2002: 183–4). Additionally, ASEM has pursued an early relaunch of a new round of multilateral trade negotiations to liberalise trade and investment between countries in Asia and Europe (Soesastro 2002: 143). Indicative of a broadening of relations, an Asia-Exchange Foundation (ASEF) has been created in Singapore to develop cultural interconnections.

Despite the widespread evidence of cooperation, recent examples of European indifference to Asia have highlighted the need for renewed engagement between the regions. The EU was inadequately represented at the ASEAN-EU foreign ministers meeting in Vientiane in December 2000 and the ASEM foreign ministers’ meeting in Madrid in June 2002. At the fifth meeting of ASEM finance ministers in 2003, only one European foreign minister was present (Callick 2003: 12). Importantly, Europe recently invoked the historically divisive values discourse in response to Burma’s membership of Asian-European institutions. However, periodic lulls in the advancement of the relationship are unlikely to arrest its advancement.

**Building the Bridge from Europe to Asia**

Not only can Australia enhance its relationship with the EU by becoming part of Asia’s regional architecture, but it can overcome divisions in the relationship by facilitating Europe’s relations with the wider region. This is reinforced by intermittent appearance of abeyance in the Asian-EU relationship. Whilst Australia’s European identity may inhibit its fulsome Asian integration, its may also present Australia as an attractive investment destination for European businesses seeking to explore the Asia-Pacific region. Australia is a key trading partner and often plays a pivotal role in regional politics (Murray 2002a: 171). The Federal Government recognises this opportunity. According to *Advancing the National Interest*, the ‘Australian Government is using its regular high-level contact, and the unique and valued perspective we offer, to encourage the European Union to remain productively engaged with East Asia’ (DFAT 2003c: 105).

This strategy appears to be yielding success. The EU recognises Australia’s role and knowledge of the Asia-Pacific (Murray 2005: 213). In particular, the EU has benefited
from Australia’s interpretation of human rights and security issues (Patten 2001). According to Prime Minister John Howard, the EU and Australia are looking to strengthen cooperation with the EU in the region through joint initiatives and better coordination of development and humanitarian activities in country. We work actively with the EU at the country level through field representatives in partner countries and hold bilateral discussions as opportunities arise, for example, at Pacific regional meetings and the annual Pacific donor consultations. Australia has invited the EU to attend the Pacific 2020 Summit, an important high-level forum to discuss regional development needs and priorities (Howard 2005: 79).

Australia can continue to play a pivotal stepping stone as the EU continues its journey into the Asia-Pacific.

The Ties That Bind

In addition to the declining influence of CAP, the emerging and broadening manifestation of cooperation and the prospect of enhanced engagement through the Asia-Pacific region, Australia and the EU are ultimately united by their common bonds (Forwood 1989: 12; Davison 1991: 40). Australia’s cultural identity, political norms and social values are immersed in its predominantly European heritage (Miller 1983). Although Australia ‘has developed distinctive cultural symbols, economic structures and strong elements of a national identity, the heritage and influence of Europe is pervasive’ (National Europe Centre 2005). As members of ‘the West’, Australia and Europe share similar values and conceptions of history (Murray 2002b: 66). Fundamentally, there is a common commitment to freedom, democracy, and human rights (Harvey 2001: 312). As Lamy proclaimed,

Australia and the EU are committed to free and fair societies built upon the rule of law established by democratic institutions. We seek peace and security and increased regional integration through dialogue and common cause and an accountable multilateral framework (Lamy 2002a: 1).

Furthermore, the composition of Australia’s population reflects its European origins: nearly 90% of Australians have European ancestry. Almost 19 000 Europeans migrate annually to Australia. More than one million Europeans visit Australia every year, while more than 700 000 Australians travel to Europe annually (DFAT 2003c: 99; Jupp 1991: 128; Hugo 2003: 25). Despite the political and economic tensions that can frustrate the friendship, Australia and the EU are closely bound by their historical, cultural and social union.

A Solid Foundation, Despite the Cracks

In contemporary foreign relations, geopolitical alliances operate in an unpredictable climate. National interests often collide, fuelling political and economic disputes. But such divisions must run deep before they can destroy a relationship. This article has detailed the major sources of division in the EU-Australia relationship. It has argued that Australia and the EU are disunited by their differing political and economic strength. This inequality has been accentuated by the divisive function of the CAP. Additionally, the Howard Government’s emphasis on bilateralism does not conform to the regionalist prism through which the EU increasingly views the world. Recent diplomatic divergence, manifest in disagreement of global environmental policy and reflected in the failure of the Framework Agreement, is highlighted by the Howard Government’s relationship with the United States. From one perspective, the relationship appears to
be dominated by disagreement, ideological incompatibility and an indifference to caring.

However, there is a ‘new, quiet transformation taking place’ in EU-Australian relations (Murray 2005: 248). The focus in Canberra and Brussels has begun to shift from divergence to unity, from conflict to cooperation. The CAP’s relevance is being neutralised by the rise of anti-protectionism. Trade cooperation is diversifying and evolving. Broader political and social integration is accelerating. The EU-Australia relationship can be further fortified by Australia’s increasingly engagement with the Asia-Pacific, with which the EU is strengthening its connection. Australia can continue to facilitate Europe’s interaction with the wider region. Ultimately, Australia and the EU are bound by deep historical, cultural and social connections which have forged a broadly common view of the world. Tremors arising from the historical and contemporary differences between Australia and the EU reverberate, but they will not destroy the foundation of the alliance.

References


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