

OUTCOME

1

Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation

OUTPUT 1.1

EFFECTIVENESS

North Asia

South and South-East Asia

Americas and Europe

South Pacific, Middle East and Africa

Bilateral, regional and multilateral trade negotiations

Trade development/policy coordination and Asia-Pacific Economic Cooperation

International organisations, legal and environment

Security, nuclear, disarmament and non-proliferation

QUALITY AND QUANTITY

OUTPUT 1.2

EFFECTIVENESS

QUALITY AND QUANTITY

OUTPUT 1.3

EFFECTIVENESS

Parliament in Australia

Services to attached agencies

Services to business

Services to state governments and other agencies overseas and in Australia

QUALITY AND QUANTITY

OUTPUT 1.4

EFFECTIVENESS

Services to diplomatic and consular corps

Provision of protection advice through liaison with the Protective Security

Coordination Centre

QUALITY AND QUANTITY

ADMINISTERED ITEMS FOR OUTCOME 1

QUALITY AND QUANTITY

PERFORMANCE INFORMATION FOR OUTCOME 1

EFFECTIVENESS INDICATORS—OVERALL ACHIEVEMENT OF THE OUTCOME

Indicators to assist in assessing the success of the department's contribution to the achievement of this outcome are:

- Enhancement of Australia's security
 - Contribution to national, regional and international efforts to promote a more stable regional and global security environment
 - Strengthened and/or well-maintained security links with our allies; strengthened and/or well-maintained security-related dialogue and cooperation with other countries both bilaterally and in regional forums
 - Contribution to the development and implementation of international arms control agreements to counter the spread of weapons of mass destruction
- Contribution to national prosperity
 - Improved access to overseas markets for Australian exports and investment pursued through bilateral, regional and multilateral means
 - Contribution to efforts to maintain and strengthen the multilateral trading system and effective use of the WTO to protect and pursue Australia's trade interests
 - Effective participation in APEC and other regional forums to build support for freer trade, make practical improvements in the business environment and encourage economic reform in the Asia-Pacific region
- Contribution to strengthening global cooperation in ways that advance Australia's interests
 - Effective participation in multilateral organisations such as the United Nations and the Organisation for Economic Co-operation and Development and in related multilateral and regional cooperation mechanisms
 - Promotion of outcomes to international deliberations on global environmental issues consistent with Australian policy positions
 - Contribution to the development of a strong international legal framework
 - Encouragement of wider international application of universal human rights standards, democratic principles and good governance.

Outcome 1: Financial and staffing resources summary (Table 4)

Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation.

	Budget* 2002–2003 (\$'000)	Actual expenses 2002–2003 (\$'000)	Variation (expenses less budget) (\$'000)	Budget** 2003–2004 (\$'000)
Administered expenses				
Contributions to international organisations	163 258	147 118	(16 140)	139 392
Export Finance and Insurance Corporation	17 100	16 077	(1 023)	17 100
Compensation for detriment caused by defective administration	54	–	(54)	54
Rates for foreign government missions	250	382	132	250
Pension payments under the North American Pension Scheme	2 857	2 767	(90)	2 867
International Peace Monitoring Team	100	266	166	–
Total administered expenses	183 619	166 610	(17 009)	159 663
Price of departmental outputs				
Output 1.1—Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity	305 256	305 263	7	309 092
Output 1.2—Secure government communications and security of overseas missions	104 292	104 295	3	108 465
Output 1.3—Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)	77 927	77 929	2	75 260
Output 1.4—Services to diplomatic and consular representatives in Australia	3 639	3 639	–	3 709
Revenue from government (appropriation) for departmental outputs	491 114	491 126	12	496 526
Revenue from other sources	33 329	37 369	4 040	34 502
Total price of departmental outputs	524 443	528 495	4 052	531 028
Total resourcing for Outcome 1 (Price of departmental outputs plus administered expenses)	708 062	695 105	(12 957)	690 691

* Full-year budget, including additional estimates.

** Budget prior to additional estimates.

	2002–2003 Budget	2002–2003 (Actual)	2003–2004 (Estimate)
Average staffing level (number) *	2 254	2 292	2 229

*Includes overseas locally engaged staff.

Output 1.1**Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity**

1.1.1 NORTH ASIA

Overview

The department worked to strengthen cooperation and dialogue with North Asian countries in support of Australia's international economic and security interests.

We continued to strengthen Australia's bilateral relationship with Japan in 2002–03. We intensified dialogue on security and increased cooperation on combating terrorism, contributing to Australia's goal of developing a more effective regional approach on terrorism. In reaching agreement on a trade and economic framework, we underpinned the future development of our economic relationship with Japan.

The thirtieth anniversary in 2002 of diplomatic relations with China was marked by a highly successful and busy exchange of visits and other activities that bolstered already robust economic and political ties. Australia embarked on a strategic partnership in energy with China, which announced in August 2002 that a \$25 billion liquefied natural gas (LNG) contract had been won by an Australian consortium. We also made solid progress towards a trade and economic framework agreement with China. The department promoted Australia's political and strategic interests as well as its human rights goals through high-level bilateral dialogue with China.

The department maintained its focus on strengthening Australia's political, economic and cultural relations with the Republic of Korea (ROK). We were heavily engaged in bilateral and multilateral efforts to resolve tensions on the Korean Peninsula, especially in support of Australia's objective of ensuring the peninsula is free of nuclear weapons. We used our bilateral links, including leading a senior officials' visit to Pyongyang, and participation in regional and international organisations to help apply concerted pressure on the Democratic People's Republic of Korea (DPRK) to abandon its nuclear weapons ambitions. This difficult issue remained unresolved at year-end.

Japan

The department achieved strong results in broadening and strengthening the bilateral relationship with Japan in security and defence cooperation, trade and economic links, and people-to-people contact, contributing to Australia's security and prosperity.

The relationship continued to be underpinned by high-level contact and exchange, including a visit to Australia in December 2002 by the Crown Prince and Princess of Japan. Mr Downer visited Japan twice in 2002–03, meeting Prime Minister Junichiro

Koizumi and other senior leaders on both occasions. Mr Vaile attended an informal meeting of World Trade Organization (WTO) Trade Ministers in Tokyo in February 2003 and met his counterparts to promote our market access objectives. The department supported visits to Australia by Prime Minister Koizumi's Foreign Policy Adviser, Yukio Okamoto, and Member of the House of Councillors, Keizo Takemi.

In response to an increasingly challenging regional security environment, the department continued to expand dialogue and cooperation with Japan on security and defence, which underlined the strong shared security interests between the two countries. High-level security dialogue was enhanced significantly with the institution of the Trilateral Security Dialogue between Australia, Japan and the United States. This contributed to a closely coordinated approach to regional security matters of mutual concern, such as the DPRK. We also encouraged Japan's diplomatic support for coalition military action in Iraq and its strong commitment to Iraq's rehabilitation. The department strengthened Australia-Japan cooperation to counter terrorist activity, developing a Joint Statement on Cooperation to Combat International Terrorism, issued by the Prime Minister and Prime Minister Koizumi during Mr Howard's visit to Japan in July 2003.

We negotiated a new Australia-Japan Trade and Economic Framework for signature by the Prime Minister and Prime Minister Koizumi. This framework was the outcome of the consultations launched by the two prime ministers in May 2002 to explore all options for deeper bilateral economic links. See sub-output 1.1.5 for further information.

The department worked with other agencies to protect and promote Australia's beef exports to Japan, one of our most valuable exports in this market. In the wake of an outbreak of bovine spongiform encephalopathy (BSE or 'mad cow disease') in Japan and a subsequent drop-off in Japanese beef consumption, our embassy in Tokyo successfully promoted the recovery of Australian exports. The department provided support for ministerial-level representations to the Japanese Government to persuade it not to proceed with its beef snapback tariff measure, under which beef tariffs can increase from 38.5 per cent to 50 per cent if beef imports exceed 17 per cent growth over the corresponding quarter of the previous year. In spite of these efforts, Japan maintained its disappointing stance and increased tariffs on 1 August 2003 for a period of eight months.

The second Australia-Japan Conference for a Creative Partnership was held from 7 to 8 November 2002 in Tokyo and featured a keynote speech by Mr Downer. The conference brought together eminent Australian and Japanese government, business and academic representatives to develop recommendations for further diversifying and reinvigorating the relationship. The department is working with other agencies and conference participants to implement the conference recommendations, which will strengthen dialogue and collaborative research in political, strategic and economic fields, and in education and health and technology for the aged.

China

The department focused on building more ambitious economic ties with China. Australia's LNG contract win and progress in the broader trade relationship with China were complemented by successful management of political issues.

Australia embarked on a strategic partnership in energy with China, which in August 2002 awarded a \$25 billion LNG contract to North-West Shelf Australia LNG. The department's advocacy, including the efforts of our embassy in Beijing, played a significant role in this outcome. Our monitoring of developments in China's economy and politics and its implementation of WTO commitments helped us secure greater access to the Chinese market for Australian businesses in other sectors.

The department made progress towards the conclusion of a trade and economic framework agreement with China. Discussions at senior officials level in late 2002 launched work on a joint study analysing trends in bilateral trade and investment and identifying potential areas for future cooperation. In preparing this study we consulted closely with Australian businesses involved in China trade and investment. Our aim is an ambitious and forward-looking outcome that maximises the prospects for an expansion of trade and investment links, including those arising from China's WTO accession commitments and the recent positive developments in the trade relationship.

Our Regional Security Dialogue with China, held in August 2002 for the first time since 1999, was notable for the depth of exchanges on key international and regional issues of common concern, such as counter-terrorism.

We strengthened our contribution to improving human rights in China through the sixth round of the Human Rights Dialogue in August 2002. China's increasing responsiveness on individual cases of concern, as well as the release of a number of prisoners of conscience whose cases had been raised by Australia, are encouraging signs. We pressed for extension of the Human Rights Technical and Cooperation Program (HRTC) to Tibet and facilitated agreement for the HRTC planning mission to travel to Tibet.

A busy program of high-level visits marked the thirtieth anniversary of Australia-China diplomatic relations in 2002 and strengthened people-to-people links. Building on the success of the visit of the Prime Minister to China in May 2002, Mr Downer visited China in November 2002. Visitors from China included the then National People's Congress Chairman Li Peng. Dialogue between the Prime Minister and Li Peng highlighted the strength and potential of bilateral relations. The department also established its first diplomatic training exchange with China's Ministry of Foreign Affairs, under which staff study for a year in the other country.

In early 2003 the outbreak of the Severe Acute Respiratory Syndrome (SARS) virus had a significant impact on the department's ability to advance some of Australia's key interests in China, with the cancellation of a number of high-level visits to China that had been planned for the April-June period. Notwithstanding the impediments caused by SARS, we fostered contact with China's new leadership under President Hu Jintao and Premier Wen Jiabao, elected to their new positions in March 2003.

Republic of Korea (ROK)

The department further developed strong, practical and mutually beneficial links with the ROK. Our growing range of regular bilateral consultations enables Australia to influence a key regional partner and shape responses to regional and global challenges.

We hosted in Hobart on 16 to 18 July 2002 the Fourth Australia–Korea Forum involving government, business, media and academic experts. The forum’s recommendations aim to strengthen cooperation in all aspects of the bilateral relationship. The Australia–Korea Broadband Summit, held on the Gold Coast on 9 May 2003, was an excellent example of the type of small-scale, focused, industry-driven event participants had envisaged arising from the forum’s recommendations. See also the Australia–Korea Foundation, p165.

The department supported Mr Downer’s visit to the ROK for President Roh Moo-hyun’s inauguration on 25 February 2003, which provided a good opportunity to register with the new administration Australia’s strong commitment to the bilateral relationship and to resolving tensions on the Korean Peninsula.

Australia continues to explore with the ROK options for strengthening our trade and economic links, notably through our annual bilateral meetings of trade ministers.

Democratic People’s Republic of Korea (DPRK)

The department was active in support of attempts to resolve the nuclear crisis in the DPRK. The DPRK’s admission in October 2002 that it had a uranium enrichment program, in breach of its international obligations, and its subsequent actions—including its expulsion of International Atomic Energy Agency (IAEA) inspectors, re-activation of its nuclear program and its announced withdrawal from the Nuclear Non-Proliferation Treaty—threatened international peace and stability, especially in the Asia-Pacific region.

In response to these serious developments, Mr Downer dispatched an official delegation to Pyongyang in January 2003, led by a senior departmental official. Taking advantage of the establishment of diplomatic relations two years earlier, Australia was the first country to convey its concerns directly. The delegation registered the deep concerns held by Australia and the international community about the DPRK’s actions. In more than eleven hours of discussion with foreign ministry officials and Foreign Minister Paek Nam Sun, the delegation urged the DPRK to abandon its nuclear weapons ambitions in return for greater international support. The visit attracted strong support from Australia’s allies and major partners.

We led inter-departmental consideration of practical measures for dealing with the threat posed by the DPRK’s nuclear weapons program, including the potential proliferation of nuclear-related materials and technology, as well as suspected illegal activities to earn foreign exchange. By maintaining regular dialogue with the DPRK embassy in Canberra, we ensured our views on the DPRK’s nuclear developments and on critical security and humanitarian issues of concern were clearly understood. The department worked closely

with partners in the IAEA and the ASEAN Regional Forum (ARF) to ensure appropriately robust responses by the international community to DPRK provocations.

Following Mr Downer's announcement that bilateral relations with the DPRK would be on hold until it took steps to dismantle its nuclear weapons program, the department implemented the deferral of new government-funded economic and technical initiatives and plans to open an Australian embassy in Pyongyang. We continued to consider requests for food aid on a case-by-case basis in view of the humanitarian crisis facing the DPRK.



First Assistant Secretary, North Asia Division, Murray McLean, led an official delegation to the Democratic People's Republic of Korea in January 2003. Mr McLean (right) is pictured meeting the DPRK Foreign Minister, Paek Nam Sun (left).

We cooperated with law-enforcement agencies to ensure the effective investigation of a DPRK vessel, the *Pong Su*, which was allegedly involved in trafficking illegal narcotics to Australia.

Table 5. Australia's trade in goods and services with North Asian economies

	Exports			Imports		
	2001 \$m	2002 \$m	Trend growth 1997 to 2002 %	2001 \$m	2002 \$m	Trend growth 1997 to 2002 %
Japan	27 132	25 660	6.4	17 271	17 534	6.2
ROK	10 322	10 754	10.4	4 976	5 075	8.2
Taiwan	5 893	5 102	4.1	3 153	3 481	3.7
Hong Kong	5 591	4 954	2.5	3 364	3 161	8.1
China	8 456	9 300	19.1	10 980	13 727	21.1
Other	39	58	46.2	12	25	10.1
Total North Asia	57 432	55 829	8.1	39 753	43 004	9.9

Source: DFAT Stars database and ABS International trade in services by partner country 2002.

Economic relationships in North Asia

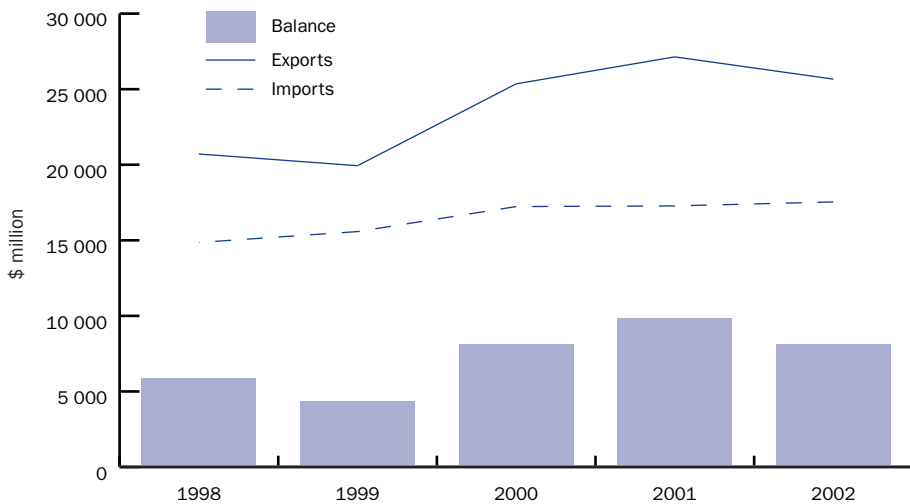
In addition to our efforts to support Australia’s beef exports (see page 29) and to negotiate the Trade and Economic Framework (see sub-output 1.1.5 for more information), the department worked closely with other Australian Government agencies in pursuing improved access for Australian exports to **Japan**. We encouraged Japan to recognise the fruit fly-free status of the Riverland area of South Australia, and organised a visit to the Riverland by the Japanese Agriculture Counsellor to see the region at first hand. We expect the Japanese Government to complete its full assessment of our submission on this issue later in 2003.

The department contributed to a partial lifting of a Japanese quarantine measure that delayed the customs clearance of Australian blueberries. This will ensure Australian product continues to reach Japanese consumers in a fresh state.

We secured Japanese acceptance of more generous weight allowances for Australian thoroughbred racehorses based on the International Federation of Horse Racing Authorities’ Paris Accord. This will reduce the discriminatory treatment of Australian-bred thoroughbreds in Japan.

The department also represented the views of Australian business in a range of sectors, including medical devices, footwear and legal services, through a submission to the Japanese Government under its deregulation promotion program. Japan has not yet made a decision on these issues.

Figure 5. Australia’s trade in goods and services with Japan

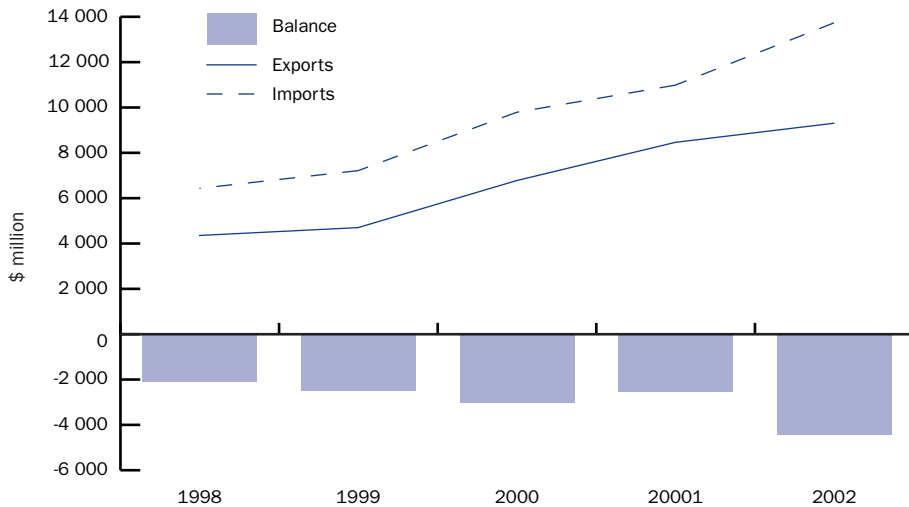


Source: DFAT Stars database and ABS International trade in services by partner country 2002.

The department supported a number of commercial achievements in **China** in addition to the successful tender for the major LNG contract (see page 30), including:

- working with industry to ensure high-value Australian steel exports to China were exempted from China's proposed import safeguard measures
- improving market access for Australian meat producers by working with the Department of Agriculture, Fisheries and Forestry to sign a quarantine meat-access protocol for Australian meat exports
- contributing to a highly successful social security conference in Shanghai, coordinated by the Department of Family and Community Services, that emphasised Australian business and government expertise in retirement incomes and funds management
- working with Australian business, the Western Australian state government and the Department of Industry, Tourism and Resources to implement the Australia–China Natural Gas Technology Partnership Fund.

Figure 6. Australia's trade in goods and services with China



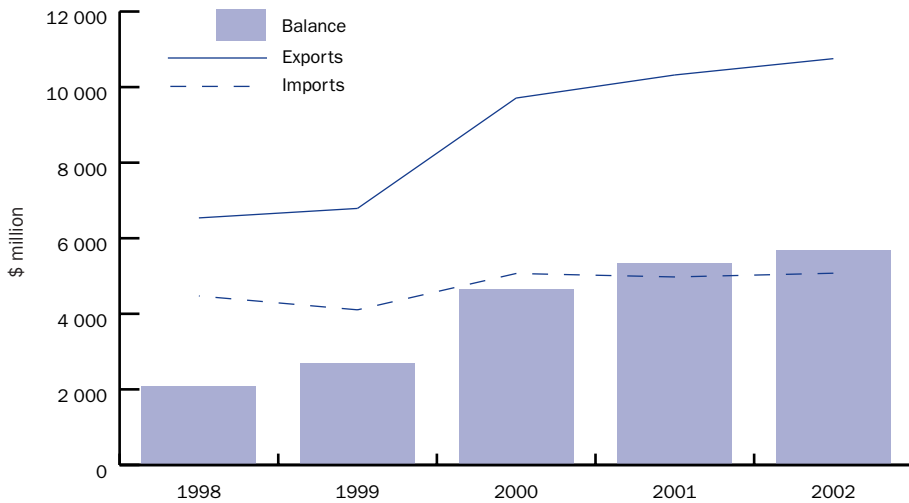
Source: DFAT Stars database and ABS International trade in services by partner country 2002.

We contributed to notable market access gains for Australia in the **Republic of Korea (ROK)**. Live cattle shipments to the ROK were successfully resumed after a long hiatus. We coordinated a media campaign in the ROK to defuse criticism of Australian cattle imports while working to alleviate ROK concerns about quarantine and the economic and social impact of the trade.

The department's advocacy of Australia as a reliable and secure supplier of LNG to meet the ROK's energy needs was instrumental in securing the Korea Gas Corporation's purchase of \$1 billion of LNG from North West Shelf producer, Australian LNG Ltd. The contract to supply is for a seven-year period, beginning in late 2003.

The department provided financial and organisational support for an Australia–Korea Broadband Summit on the Gold Coast. The summit brought together strategic private sector and government players from the Australian and ROK information and communications technology sectors to explore complementary strengths in telecommunications, broadband and software services. The ROK Communications Minister participated in the summit, the first ROK Cabinet minister to visit Australia since the inauguration of the new ROK administration in early 2003.

Figure 7. Australia’s trade in goods and services with the Republic of Korea



Source: DFAT Stars database and ABS International trade in services by partner country 2002.

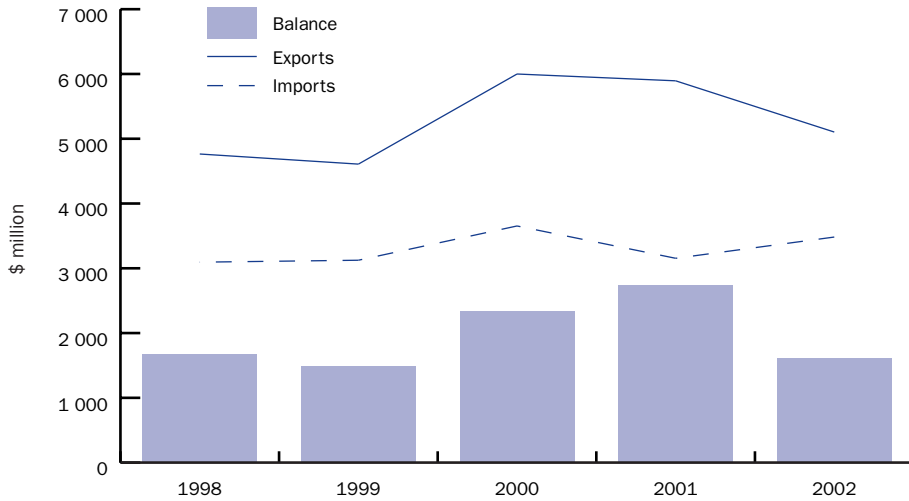
In support of Australia’s substantial economic interests in **Taiwan**, the department identified and maximised opportunities to raise business sector awareness of opportunities resulting from Taiwan’s entry to the WTO, particularly in rice and sugar, in legal and educational services, and in intellectual property (IP) protection. Our sustained representations to Taiwan authorities were successful in ensuring that Australian exports met administrative requirements resulting from Taiwan’s WTO entry, notably on outstanding quarantine and agricultural issues. This resulted in expanded access for seafood and fresh produce exports.

The fifth annual bilateral economic consultations advanced Australian market access in Taiwan through high-level discussions between key trade and economic officials on investment, services and goods trade issues. They also provided the opportunity to agree on cooperative objectives in the WTO and in the Asia-Pacific Economic Cooperation (APEC) forum, as well as demonstrating the potential for using these frameworks to advance Australia’s bilateral market access objectives. Our representations seeking stronger IP legislation were reflected in amendments to Taiwan’s legislation, providing improved avenues for protection against IP piracy.

Other outcomes to which we contributed during the year included:

- the conclusion of a Cooperation Arrangement between the Australian Competition and Consumer Commission, the New Zealand Commerce Commission, and the Taiwan Fair Trade Commission regarding the Application of Competition and Fair Trading Laws, signed on 30 July 2002
- the completion of arrangements to enable uranium exports to Taiwan.

Figure 8. Australia's trade in goods and services with Taiwan



Source: DFAT Stars database and ABS International trade in services by partner country 2002.

In 2002–03, the adverse effects of the spread of the SARS virus had a major impact on Australia's trade with **Hong Kong**. Despite these difficulties, we contributed to some notable outcomes during the year. We supported the successful introduction of the Australian Broadcasting Corporation's Asia-Pacific overseas television network on cable television in Hong Kong, potentially a major market. We advanced cooperation with Hong Kong in the financial services sector, including a mutual recognition project between the Australian Securities and Investments Commission and the Hong Kong Securities and Futures Commission, which will help promote Australian managed funds in Hong Kong.

1.1.2 SOUTH AND SOUTH-EAST ASIA

Overview

The department continued to foster practical cooperation and outcomes in support of Australia's political, commercial and security interests in South and South-East Asia.

The bombings in Bali on 12 October 2002 underlined the reality of the terrorist threat in the region and led to greatly increased cooperation at both the bilateral and regional level on counter-terrorism. The department played a leading role in facilitating the highly productive cooperation between Australian and Indonesian authorities in the wake of the bombings. We successfully negotiated new bilateral memorandums of understanding (MOUs) on counter-terrorism with Malaysia, Thailand, the Philippines and Cambodia, agreed an MOU text with India, and began negotiations with East Timor.

Against the background of the terrorist threat and concerns from some governments in the region, the department successfully engaged in persistent advocacy to promote greater understanding among regional governments of the purpose and rationale of the Government's advisories for Australian travellers.

The department supported a wide range of Australian companies active in South-East Asia with advice on market conditions, facilitated access to local decision-makers and targeted lobbying. The conclusion of the Singapore–Australia Free Trade Agreement was a major achievement and provides for enhanced trade and investment opportunities in both countries. We also made significant progress in negotiations towards a comprehensive bilateral free trade agreement (FTA) with Thailand.

The department supported Australia's participation in international efforts to manage tensions between India and Pakistan, and to facilitate peace negotiations in Sri Lanka. We vigorously supported the interests of a wide range of Australian companies active in South Asian markets.

Indonesia

The department contributed to strengthening links with Indonesia through vigorous advocacy of Australian interests and the facilitation of productive ministerial and officials-level visits. We managed a large number of high-level visits to Indonesia, including two by the Prime Minister, four by Mr Downer and one by Mr Vaile.

The Bali bombing tragedy underlined the importance of a constructive and mutually beneficial relationship between Australia and Indonesia, and cooperation with Indonesia on combating terrorism was a high priority for the department over the year. We facilitated and contributed to extensive bilateral engagement by key agencies on counter-terrorism, notably in joint police and intelligence efforts to find and prosecute those responsible for the Bali bombings. We also negotiated the renewal for a further year of our existing MOU on Combating International Terrorism.



Mr Hasyim Muzadi (left), the Chairman of Indonesia's largest Islamic organisation, Nahdlatul Ulama, met the Minister for Foreign Affairs, Mr Alexander Downer (right), in February 2003. Mr Muzadi led an inter-faith delegation to Australia, which was funded by the Australia-Indonesia Institute's Muslim exchange program and the department's Special Visits Program. (Photo: AUSPIC)

Our close cooperation with Indonesia—including through our successful co-hosting of the Bali Conference on Combating Money Laundering and Terrorist Financing in December 2002 and of the second Bali Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime in April 2003 (see sub-output 1.1.7 for further information)—resulted in improved regional responses to these issues of common concern.

A highlight over the past year was the sixth Australia–Indonesia Ministerial Forum (AIMF) held in Jakarta in March 2003. The department facilitated the participation of seven Australian ministers and worked closely with Indonesian counterparts on developing constructive outcomes. We negotiated a joint statement reaffirming our countries' commitment to defeating terrorism in our region and improving prosperity through further economic reform and trade liberalisation. We advanced our commercial interests in both the AIMF and the Australia–Indonesia Business Forum, in which we worked to resolve investment and bilateral trade issues. The department worked to defend market access for our existing exports and promote new opportunities for sectors such as the live cattle trade.

Partnerships with South-East Asia

The department again contributed to enhancing Australia's relationship with **Malaysia**, including through the finalisation of an MOU on Cooperation to Combat International Terrorism, signed by Mr Downer in August 2002, and the convening of a productive meeting of the Joint Trade Committee in Malaysia in July 2002.

The MOU builds on the existing strong cooperation between Australian agencies and their Malaysian counterparts. The Joint Trade Committee was significant because of its strong focus on a forward-looking and cooperative agenda. Both countries agreed to take forward an initiative for cooperation on halal food products in third markets; to conclude an MOU on telecommunications and e-commerce cooperation; and to support greater cooperation in the legal services sector. The department was able to build on the good links with other Malaysian agencies to advance our bilateral cooperation in a range of other areas, including people smuggling issues, family services and aviation.

Australia–**Singapore** relations continued to be driven by good cooperation and shared views on many regional and international issues. The department was able to draw on these links to help advance Australian cooperation with Singapore on terrorism. A major achievement was the signature of the Singapore–Australia Free Trade Agreement in February 2003. The agreement provides a major boost to Australian commercial interests in Singapore and underlines the strength of the relationship at both economic and political levels. See sub-output 1.1.5 for further information.

Deepening and strengthening commercial links and opportunities were a focus for the department in carrying forward the relationship with **Thailand**. To this end, we undertook negotiations and advocacy in support of a comprehensive bilateral FTA, thereby providing a solid basis on which a final agreement might be reached. See sub-output 1.1.5 for further information. Our advocacy efforts culminated in a bilateral visit by Mr Vaile in June 2003, leading to improved understanding and support for the FTA in Thailand.

Other achievements were the signing in Bangkok in October 2002 of a bilateral MOU on Cooperation to Combat International Terrorism, providing for increased cooperation on a range of security issues; the first extradition to Australia of an alleged people smuggler, in February 2003; and the first repatriation of an Australian prisoner from Thailand under the bilateral Prisoner Transfer Treaty, in April 2003.

The department played an important role in the conclusion of a bilateral MOU on Cooperation to Combat International Terrorism with **the Philippines**, signed by Mr Downer and the Philippines Foreign Secretary, Blas Ople, during Mr Ople's visit to Australia in March 2003. We swiftly responded to specific and credible information of a threat to the Australian embassy in Manila by closing the embassy in November–December 2002. We worked to ensure that normal embassy services and operations were maintained during the closure and hastened the embassy's move to new premises. We organised the opening of the embassy in new premises in May 2003.

The department worked to ensure minimal disruption to Australian exports of live cattle following an isolated case of anthrax in Victoria and to the export of vegetables following the imposition first of import bans and then of increased tariffs. Quarantine issues remained prominent; we played a major role in managing these issues following the release in July 2002 of the Australian Quarantine and Inspection Service's final import risk assessment for pineapples and draft assessment for bananas and a subsequent Philippines challenge to Australia's quarantine procedures under the dispute settlement provisions of the World Trade Organization (WTO).

Table 6. Australia's trade in goods and services with South and South-East Asia

	Exports			Imports		
	2001 \$m	2002 \$m	Trend growth 1997 to 2002 %	2001 \$m	2002 \$m	Trend growth 1997 to 2002 %
ASEAN						
Indonesia	4 162	3 998	2.1	4 479	4 835	7.5
Malaysia	3 395	3 137	3.1	4 687	4 665	11.3
Philippines	1 460	1 282	-0.7	675	956	9.8
Singapore	7 480	7 092	10.6	6 183	6 937	13.5
Thailand	2 953	2 986	12.1	3 465	3 969	17.5
Vietnam	621	677	22.1	2 330	2 615	38.1
Other ASEAN	151	123	-12.8	470	647	41.7
Total ASEAN	20 221	19 296	6.5	22 289	24 624	14.1
India	2 788	2 820	7.8	985	1 117	10.7
Other South Asia	1 304	1 234	7.0	526	555	13.3
Total South Asia	4 092	4 053	7.4	1 511	1 672	11.6
Total	24 313	23 349	6.6	23 800	26 296	13.9

Source: DFAT Stars database and ABS International trade in services by partner country 2002.

The department played a key role in coordinating Australian support for **East Timor's** crucial first year of independence. Following a number of security-related incidents in late 2002 and early 2003, we took the lead internationally in securing agreement for a slowing of the planned reduction in 2003 of peacekeeping force numbers in East Timor. We worked closely with AusAID and the Australian Federal Police on a major bilateral project to help develop an effective and accountable police force in East Timor. We successfully supported the nomination of a senior Australian police officer appointed in June 2003 as commander of the United Nations (UN) civilian police force in East Timor.

The department was active at the UN to secure adequate resources for the work being done through East Timor's serious crimes process to bring to justice perpetrators of serious human rights abuse in 1999 during the transition to independence. Our network of overseas posts was critical in encouraging continued international attention to East Timor, in securing donor assistance in key areas and in supporting East Timor's regional integration.

Responding to credible reports of possible terrorist threats, the department successfully managed the temporary closure of our embassy in Dili in September 2002 while maintaining consular services to Australians, including close attention to and advice on their security.

We began negotiations with East Timor on an MOU on cooperation on counter-terrorism. The MOU was signed by Mr Downer and his counterpart, Dr Ramos-Horta, in August 2003.

We were instrumental in negotiations leading to the signing on 6 March 2003 of an international unitisation agreement for the Greater Sunrise oil and gas fields. With the entry into force of the Timor Sea Treaty on 2 April 2003, the agreement will benefit Australia and underpin East Timor's future economic viability. See sub-output 1.1.7 for further information.

The department used the thirtieth anniversary of the establishment of diplomatic relations between Australia and **Vietnam** to promote Australia's interests. The interests of Australians visiting Vietnam were enhanced through the negotiation of a bilateral Consular Agreement. We improved cooperation to combat transnational crime across a range of issues, most notably illegal migration and narcotics trafficking. A second dialogue on human rights was held in Canberra in June 2003. We provided strong support for Mr Vaile's visit to Hanoi and Ho Chi Minh City in March 2003, which advanced a number of outstanding issues in Australia's economic relations with Vietnam, especially the investment licence applications of key Australian companies.

Australia's relations with **Cambodia** grew stronger through the department's efforts to consolidate bilateral cooperation in combating terrorism, people smuggling and transnational crime. We successfully negotiated a bilateral MOU to Combat International Terrorism, signed by Mr Downer and his Cambodian counterpart, Mr Hor Nam Hong, in Phnom Penh in June 2003. Our persistent advocacy contributed to the conviction of two of those responsible for the murder of an Australian citizen, David Wilson in 1994. Sentences were handed down in September and December 2002. We were also influential in encouraging Cambodia and the UN to resume negotiations on the establishment of a Khmer Rouge Tribunal.

We regularly raised Australia's concerns about the lack of progress in political reconciliation in **Burma**. The department arranged and supported Mr Downer's visit to Rangoon in October 2002 to register these concerns with Burma's leaders, and to hold discussions with the leader of the National League for Democracy, Aung San Suu Kyi. The continued detention of political prisoners was a focus of our representations throughout the year and we continued to assist the efforts of the UN Secretary-General's Special Envoy to Burma. While a number of political prisoners were released, the year ended with Aung San Suu Kyi being returned to detention, and no sign of movement towards democratic reform.

We provided support to two Australian mining companies developing projects in **Laos**, and encouraged further reform to the overall foreign investment environment during a visit by a senior Lao investment official, hosted by the department. We helped organise and fund the first human rights training workshop to take place in Laos in June 2003, fostering greater awareness of human rights issues among relevant Lao officials. The department facilitated finalisation of an MOU with Laos concerning cooperation in combating unlawful migration, trafficking in humans and smuggling of people, which was signed in April 2003.

The department supported the visit to Australia by the Crown Prince of **Brunei Darussalam**, his first visit to Australia. We assisted BHP Billiton with information and advice on issues affecting its interests in relation to overlapping maritime claims by Brunei and Malaysia.

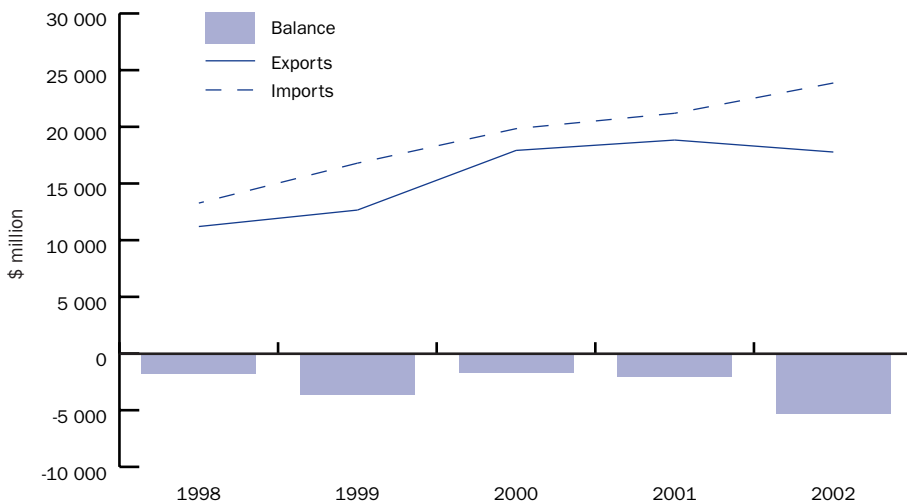
ASEAN and regional issues

The department continued to reinforce Australia's links with ASEAN. In partnership with ASEAN, the department organised the 19th ASEAN–Australia Forum, a senior officials-level dialogue held in Brunei in May 2003. The dialogue reinforced understanding among senior officials from all ten ASEAN countries of Australia's approach to regional and international issues of current concern.

The signing in September 2002 of a Ministerial Declaration on the ASEAN Free Trade Area—Australia New Zealand Closer Economic Relations (AFTA–CER) Closer Economic Partnership, and the establishment of an AFTA–CER Business Council, added momentum to growing economic links between Australia and the region. See sub-output 1.1.6 for further information.

The department supported Mr Downer's participation in successive ASEAN Regional Forums and Post Ministerial Conferences in Brunei in July and August 2002, and in Phnom Penh in June 2003. These meetings focused strongly on transnational issues and raised awareness among ASEAN countries and their dialogue partners of the depth of Australia's practical engagement with the region.

Figure 9. Australia's trade in goods and services with ASEAN



Source: DFAT Stars database and ABS International trade in services by partner country 2002.

South Asia

The department maintained the positive momentum of relations with **India**, hosting a successful second round of Australia's formal strategic dialogue with India in March 2003 involving senior officials and military personnel of both sides. For the first time, the dialogue included separate talks on defence, terrorism and irregular migration issues. During the dialogue, officials initialled the text of a bilateral MOU on cooperation to combat international terrorism.

The department supported Mr Vaile's visit to New Delhi in February 2003 to co-chair the eighth Australia-India Joint Ministerial Commission meeting and pursue Australia's trade and investment interests with key Indian ministers. Our lobbying contributed strongly to the Indian Government's decision, in March 2003, to announce tariff cuts benefiting Australian wool exporters.

Through targeted representations in capitals, the department supported international efforts to ease resurgent tensions between India and Pakistan over Kashmir.

We also supported efforts by the international community to facilitate a durable political settlement between the government of **Sri Lanka** and the Liberation Tigers of Tamil Eelam. In a boost for Australia's commercial interests in Sri Lanka, the department negotiated a bilateral Investment Promotion and Protection Agreement, which Mr Vaile and Sri Lanka's Minister for Enterprise Development, Industrial Policy and Investment Promotion, Professor Peiris, signed in November 2002.

The department supported Australia's trade and investment interests in **Bangladesh** and **Nepal** and monitored closely the uncertain security situation in Nepal to protect Australians and our aid projects.

We supported a successful visit to Australia in November 2002 by the Foreign Minister of **Afghanistan**, Dr Abdullah Abdullah. His visit, the first to Australia by a member of the Afghan Transitional Administration, gave us an opportunity to reaffirm Australia's support for Afghanistan's government and its reconstruction efforts. We negotiated the establishment of formal diplomatic ties between Australia and **Bhutan**, and facilitated the inaugural visit to Australia in June 2003 by Bhutan's Foreign Minister, Lyonpo Jigmi Y Thinley.

1.1.3 AMERICAS AND EUROPE

Overview

The department strengthened bilateral relations in Europe and the Americas in a period of strategic change and security challenges, reflected by Australia's participation in a coalition with the United States, the United Kingdom and others to disarm Iraq of weapons of mass destruction (WMD). We intensified dialogue on defence and security matters with the United States and the United Kingdom in response to events in Iraq. While Australia's position on Iraq differed at times from some European countries, the sound footings of these bilateral relationships ensured we were able to continue to advance vigorously Australia's diverse range of interests with Europe.

The Australia–United States Ministerial Consultations (AUSMIN) reaffirmed the strength and breadth of Australia's ties with the United States, which were reinforced by the agreement between both countries to negotiate a free trade agreement. The highlight of a busy year of high-level dialogue with the European Union was agreement with the European Commission on a comprehensive and forward-looking agenda for cooperation.

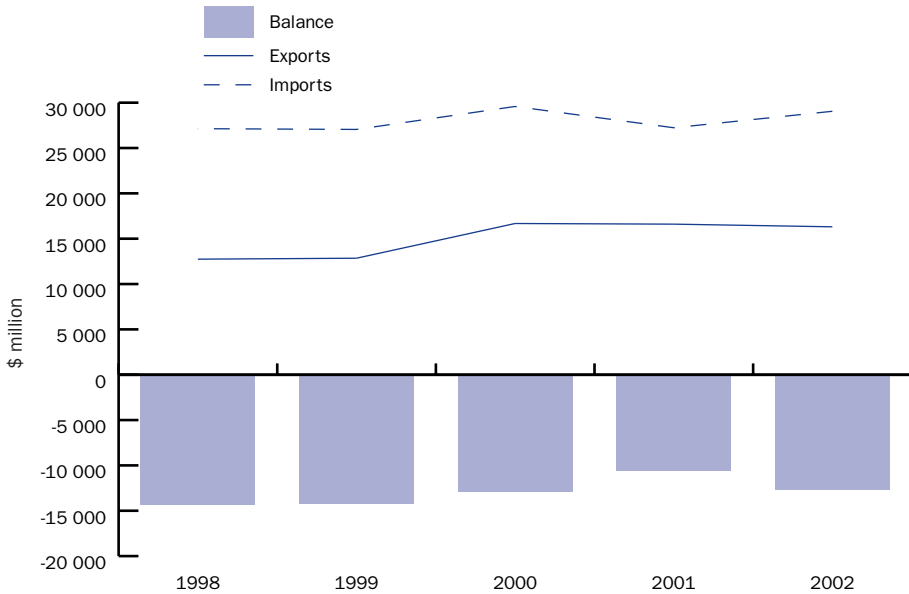
The department continued successfully to advocate Australia's trade and investment interests with European and Latin American trading partners, helping to conclude several bilateral agreements and assisting business by working to overcome market access issues in a number of countries. The internal political dynamic in the European Union on agricultural policy reform remained both a challenge and a focus for our advocacy efforts with many EU trading partners.

We nurtured and energised a wide range of bilateral relationships. Highlights for the year included the inaugural Canada–Australia Dialogue, co-chaired by Mr Downer and his counterpart, and a comprehensive and successful program of activities with Mexico to maximise the bilateral opportunities created by high-level visits to Mexico for APEC meetings.

United States

Australia's engagement with the United States is at a historically high level. Our close cooperation with the United States in the effort to disarm Iraq of its WMD and in post-war reconstruction has been unique in the history of the relationship. The extensive advocacy and liaison work by the department contributed substantially to Australia's heightened capacity for influence with the United States on issues spanning the breadth of the security, intelligence and trade relationship. Over the year we provided organisation and policy support for three visits by Mr Downer and two visits by Mr Vaile. The Prime Minister made two visits to the United States and a total of eleven federal ministers also made at least one visit during 2002–03.

Figure 10. Australia’s trade in goods and services with the United States



Source: DFAT Stars database and ABS International trade in services by partner country 2002.

The AUSMIN 2002 consultations, held in Washington in October 2002, were the first since the terrorist attacks on the United States of 11 September 2001 and came in the immediate aftermath of the Bali bombings. The department provided organisation and policy support for participation by Mr Downer and the Minister for Defence, Senator Hill. Attendance by Secretary of State Mr Powell and Secretary of Defense Mr Rumsfeld ensured the consultations were able to advance our exchanges with the principal decision-makers in the United States on a number of fronts: the fight against terrorism, including in Australia’s region; Afghanistan; the eradication of Iraq’s WMD programs; and the security situation in North Asia, in particular the need for the Democratic People’s Republic of Korea to abandon its nuclear weapons ambitions.

The department continued to facilitate cooperation on a range of intelligence matters central to Australia’s responses to the threats of terrorism and WMD proliferation. With these efforts, intelligence ties strengthened further and provided an unparalleled level of information and assessments to Australia’s defence, national security and intelligence communities.

The successful launch of negotiations on a bilateral free trade agreement in November 2002 reflected a major effort by the department, including the embassy in Washington. It is a milestone in our cooperation with the United States to increase bilateral investment and trade, and provide more jobs and better living standards in both countries. Negotiations began in March 2003 requiring our sustained support, including for two visits to Australia by Congressional staff delegations as part of broader advocacy efforts. See sub-output 1.1.5 for further information.

We worked hard to ensure that the United States continued to focus on the centrality of significant agricultural liberalisation for a successful outcome of the World Trade Organization (WTO) Doha Round. We also effectively advocated Australian positions on other WTO issues, including geographic indications and genetically modified organisms. Our efforts helped secure further exemptions for Australian steel producers from US Section 201 safeguards, rounding off a major achievement from the previous year.

Europe

European Union

The department completed a comprehensive review of the Australia–European Union relationship. Our sustained consultations across portfolios and with the European Commission resulted in *Australia and the European Union: An agenda for cooperation*, an action plan adopted at the April 2003 Australia–European Commission Ministerial Consultations. The agenda has a five-year time frame and provides a practical and forward-looking framework for cooperation under seven headline areas: security and strategic issues; trade; education, science and technology; transport; environment; development cooperation; and migration and asylum. The department also worked with other agencies to enhance coordination on emerging issues requiring high-level advocacy with a rapidly evolving and expanding European Union.

The department strengthened Australia's links with the European Union at the most senior levels, with support for the Prime Minister's visit to Brussels in July 2002. We also supported a broad range of contacts between ministers, members of parliament and their EU counterparts in a dynamic program of visits to and from Australia. This included Mr Downer's consultations with the EU High Representative for Common Foreign and

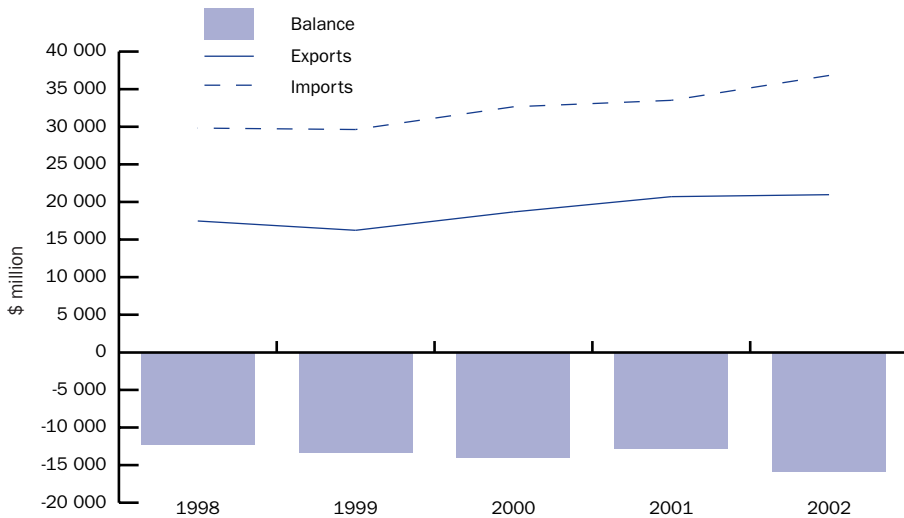


Director of the Victorian State Office, Annabel Anderson, fielded questions during the seminar Doing Business with Europe: Perspectives from Australia's Ambassadors in Melbourne in October 2002.

Security Policy, Dr Javier Solana, in July 2002 and in January 2003, and with External Relations Commissioner, Mr Chris Patten, in January 2003 and April 2003. These exchanges strengthened Australia’s cooperation with the European Union in responding to global challenges and reaffirmed our shared commitment to supporting good governance and economic development in the Asia-Pacific region. Our support for visits by other ministers expanded our advocacy of Australia’s interests in the growing areas of EU policy competence of importance to Australia.

We supported Mr Vaile’s consultations with European Trade Commissioner, Mr Pascal Lamy, and with his French and British counterparts, among others, to advocate Australia’s interests in the international trade agenda and robustly address differences on agriculture policy while underlining our common objectives on industrial products and services. Through our posts in the European Union, the department continued to press Australia’s interests in agricultural reform with all EU Member States.

Figure 11. Australia’s trade in goods and services with the European Union



Source: DFAT Stars database and ABS International trade in services by partner country 2002.

Europe—bilateral relationships

In advancing Australia’s bilateral interests with European countries, the department organised and supported an intensive program of high-level visits to European countries, including by Mr Downer and Mr Vaile. We also provided extensive contributions to visits by the Prime Minister to Germany, Greece, Italy, Belgium, France and the United Kingdom over the year. We supported a wide range of visits to Australia by European ministers and dignitaries, including visits by the Polish Foreign Minister, Dr Cimoszewicz, and Crown Prince Philippe of Belgium.

Our frequent and high-level discussions with the **United Kingdom** included intensified exchanges on security and counter-terrorism, focused further by the Bali bombings and our participation in the coalition efforts to disarm Iraq of WMD. Other achievements across the broad range of our bilateral relationship with the United Kingdom included effective lobbying and liaison leading to the repatriation of a collection of indigenous human remains from the Royal College of Surgeons in April 2003. Our high commission, in cooperation with other Australian Government agencies, was a key contributor to the Australian War Memorial project in London, with significant progress achieved over the course of the year.

Mr Downer opened the new Australian embassy premises in Berlin, **Germany**, in January 2003, marking the culmination of several years of work by the department. Finalisation of the project allowed for the successful co-location of cultural, commercial and educational activities with immigration, consular and representational services, providing an identifiably Australian base for the projection of our national image. See output 4.2 for more information.

The department negotiated a bilateral maritime agreement with **France** to address the problem of illegal fishing in the Southern Ocean. We also advanced negotiations on a range of other agreements with France and completed an active cultural program, including mounting a major exhibition *Surf Australia* at the embassy in Paris in May 2003.

We worked with other agencies to finalise a working holiday-maker agreement and a social security agreement with **Belgium**. These agreements were signed during the visit of Crown Prince Philippe, with the department also supporting an extensive program for the 70-strong business delegation accompanying the Crown Prince.

The department devoted substantial resources to protecting and developing Australia's trade and investment interests in the Russian Federation. It supported the Department of Industry, Tourism and Resources in negotiations with **Russia** on international agreements that would allow a spaceport on Christmas Island to go ahead. We worked closely, and successfully, with other agencies to retain and improve access to the Russian market for Australian food products, particularly Australian meat and animal products.

Trade and investment were also the focus of the department's activities to strengthen relations with Central and Southern Europe. The preparation and launch of *Doing business in Spain* in three state and territory capitals represented a major effort by the department to stimulate business interest in the **Spanish** market.

Assisted by the visit of the Prime Minister to **Greece** in July 2002, the department successfully lobbied the Greek Government to ensure Australian businesses have access to Greek Government Olympic tenders. We provided substantial support to an inquiry by the Trade Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade into Australia's trade and investment relations with Central Europe. This complemented our own work in advancing Australia's interests with the ten European countries that are in the final stages of accession to the European Union. The department worked closely with the Turkish Government to ensure the successful and safe conduct of the 2003 Anzac Day commemoration services at Gallipoli.

Table 7. Australia's trade in goods and services with Europe

	Exports			Imports		
	2001 \$m	2002 \$m	Trend growth 1997 to 2002 %	2001 \$m	2002 \$m	Trend growth 1997 to 2002 %
UK	8 580	9 214	11.7	9 812	9 507	2.0
Germany	2 297	2 360	4.7	7 846	8 616	8.8
Italy	2 447	2 286	5.2	2 447	2 286	5.2
France	1 540	1 766	10.6	2 970	3 701	9.0
Netherlands	1 914	1 718	17.2	1 447	1 624	3.3
Total European Union	20 685	20 948	9.0	33 496	36 805	6.0
Total East Europe	577	545	1.6	386	611	14.8
Other Europe	1 719	1 944	-0.5	3 354	3 387	6.5
Total	22 981	23 437	7.8	37 236	40 803	6.1

Source: DFAT Stars database and ABS International trade in services by partner country 2002.

Canada

The inaugural meeting of the Canada–Australia Dialogue (CAD) in October 2002 marked an important achievement in the bilateral relationship, establishing a strong institutional framework for Australia and Canada to share perspectives on public policy issues. The department was the catalyst and key coordinator for the CAD, working closely with other agencies and Canadian officials. Co-chaired by Mr Downer and his counterpart, Mr Bill Graham, and hosted by Canada, the inaugural meeting enabled a high-level exchange on assistance to countries emerging from conflict. Ministers agreed on a policy research program to advance our exchanges with Canada on this topic.

Secretary-level consultations in November 2002 reaffirmed the broad base of our shared interests with Canada on international security, humanitarian and environment issues. Consular cooperation intensified, particularly in the aftermath of the Bali bombings, including through Australian assistance to Canadian victims.

Latin America

Relations with **Mexico** were a particular focus for the department's efforts in Latin America in 2002–03. With our post in Mexico City, we maximised opportunities afforded by Mexico's hosting of the APEC Leaders' Summit and ministerial meetings to take forward our bilateral trade and investment agenda with Mexico. The department supported visits by the Prime Minister and four cabinet ministers. We facilitated the successful conclusion of a double taxation agreement, an investment promotion and

protection agreement, and memorandums of understanding on mining and cooperation in education. As part of our assistance to Australian business, we arranged the publication of *Doing Business in Mexico*, funded by the Council on Australia Latin America Relations (COALAR), to increase awareness of market opportunities and business practices in Mexico. The embassy in Mexico City facilitated the launch of a new 20-peso note featuring Australian polymer technology, and helped Australian firms win major coal contracts and overcome market-access and quarantine issues.

Raising Australia's profile was a focus of the department's work in **Brazil**, Australia's second-largest trading partner in Latin America. The embassy in Brasilia, with Austrade and the private sector, held the second annual Australia Festival, promoting Australia as a high-quality provider of goods and services. In the past year, the department's persistent advocacy on quarantine issues has improved market access for beef serosa, used in the pharmaceutical industry, and for sheep and goat embryos.

Our embassy in Buenos Aires continued to lobby for **Argentina's** Congressional approval of a bilateral nuclear cooperation and safeguards agreement, in support of the Lucas Heights replacement research reactor project. At year end, the Congress had yet to vote on the agreement. The department and our post also assisted mining investors and agricultural traders to address a range of regulatory concerns. In **Chile**, we supported Australian companies investing in Chile, assisted Australian education providers and helped several companies with quarantine problems.

Table 8. Australia's trade in goods and services with the Americas

	Exports			Imports		
	2001 \$m	2002 \$m	Trend growth 1997 to 2002 %	2001 \$m	2002 \$m	Trend growth 1997 to 2002 %
USA	16 614	16 320	10.5	27 243	29 060	3.3
Canada	2 226	2 279	9.4	2 135	2 121	6.1
Mexico	417	453	20.5	654	550	21.5
Total NAFTA	19 298	19 112	10.6	30 145	31 980	3.8
Total Caribbean	265	246	18.4	408	560	13.6
Brazil (a)	474	401	2.5	522	467	9.5
Chile	156	177	-2.5	158	166	8.5
Argentina (a)	83	64	-12.1	157	174	17.9
Total South America (a)	834	838	-0.2	858	853	11.4
Total	20 617	20 387	9.8	31 655	33 605	3.9

Source: DFAT Stars database and ABS International trade in services by partner country 2002.

(a) Data for merchandise trade only, services data is not available.

With extensive support from the department, COALAR was able to advance its priorities of enhancing Australia–Latin America education linkages, defence industry exports and general awareness of business opportunities. We facilitated a well-attended Australia–Latin America Education Linkages Symposium, which led to the creation of the COALAR Education Action Group. The collaborative effort involving federal and state government agencies, peak bodies and education providers aims significantly to increase exchanges of students, teachers and researchers and to enhance institutional linkages. The department, with Austrade and the Australia–Latin America Business Council, also undertook a successful seminar series informing companies around Australia of business opportunities in Latin America.

1.1.4 SOUTH PACIFIC, MIDDLE EAST AND AFRICA

Overview

The department vigorously pursued Australia's substantial and diverse interests in the South Pacific, the Middle East and Africa, playing a leading role in building Australia's political, trade and security links with countries in these regions.

Iraq was a major pre-occupation for Mr Downer, Mr Vaile and the department during the year. We delivered extensive specialist policy advice and other support to the Government throughout the Iraq crisis, spearheading inter-agency coordination and advocacy through the Iraq Task Force.

Close engagement with Middle East countries was a priority for us to ensure they understood Australia's policies, including the basis for our intervention in Iraq and the objectives of our role in the war against international terrorism. We registered clear messages regarding Australia's concern about Iran's nuclear program and the possibility of it seeking to acquire a weapons of mass destruction (WMD) capability.

The department continued to promote Australia's commercial relations with countries in the Middle East and worked to broaden the framework of Australia's trade relations with the region. We helped develop new market opportunities for Australian exports, and explored the prospects for a free trade agreement with the United Arab Emirates.

We remained at the forefront of the Government's efforts to advance stability and security in the South Pacific. This was particularly so in Solomon Islands, where it became clear that only significantly strengthened assistance would achieve progress in resolving severe security and economic problems. We established a Solomon Islands Task Force in June 2003 to coordinate this assistance, which was realised in the following month with the commencement of operations in Solomon Islands of a major regional assistance mission, coordinated by a senior departmental official.

Security cooperation was also a feature of our enhanced bilateral relations with Fiji and Vanuatu and of our engagement with the Pacific Islands Forum, whose leaders adopted the Nasonini Declaration on transnational crime and counter-terrorism in August 2002.

The department promoted Australia's interests to the new government in Papua New Guinea (PNG), including on security, economic and consular issues. Early visits by respective prime ministers to Port Moresby and Canberra, together with the convening of the Australia–Papua New Guinea Ministerial Forum, provided timely opportunities to advocate a sustained PNG commitment to economic reform.

A significant focus for the department's work on Africa was the deteriorating domestic situation in Zimbabwe, including food shortages, worsening human rights abuses and a lack of progress on political reform. We supported the Prime Minister in his role as Chairman of the Troika—with the leaders of South Africa and Nigeria—

responsible for determining the Commonwealth's response. See sub-output 1.1.7 for further information.

Iraq

Iraq and Saddam Hussein's WMD programs were a major pre-occupation for the Government during the year. In the early stages of the crisis, the department coordinated the Government's advocacy efforts, which helped secure adoption of UN Security Council Resolution 1441. This resolution put in place a robust UN weapons inspection regime and sought to maximise pressure on Iraq to discharge its WMD disarmament obligations provided for under a series of UN Security Council resolutions. The department engaged in an intensive diplomatic effort—which ultimately proved unsuccessful—to secure a follow-up resolution to 1441 seeking Iraqi compliance with its UN obligations through peaceful means. See sub-output 1.1.7 for further information.

The department played a central role in managing Australia's relationship with key allies on Iraq—the United States and the United Kingdom. We supported ministerial and other senior officials visits to these countries on several occasions, and maintained and managed intensive dialogue with Washington, London and other capitals on a range of Iraq-related issues. We also supported ministers in helping ensure Australia's positions were properly understood by our allies and other countries, including those in the Middle East and in the Asia-Pacific region.

We worked particularly closely with AusAID on humanitarian contingency planning to address Iraq's immediate post-conflict needs. We also coordinated closely with the UN, the United States and the United Kingdom to ensure swift resumption of the Oil-for-Food program, suspended when the conflict began. Following the end of hostilities, Australia strongly advocated an end to UN sanctions against Iraq, and was one of the first countries to enact the necessary domestic legislation to repeal all sanctions after the passage of UN Security Council Resolution 1483.

In close concert with AusAID, the department mobilised quickly to develop and implement a carefully targeted Australian policy for Iraq's rehabilitation that focused on Iraq's needs as well as Australian strengths and interests. The Government decided early to contribute to the Office of Reconstruction and Humanitarian Assistance, which later became the Coalition Provisional Authority (CPA). The department and AusAID facilitated the deployment of some 15 Australian experts, including a senior departmental officer, to the CPA to provide advice in key areas, including macroeconomic policy, humanitarian relief, water and sanitation, legal issues and the oil sector.

Mr Downer's early visit to liberated Baghdad in May 2003 and the opening of the Australian Representative Office in Baghdad, one of the first such missions to open after the conflict, were strong signals of political support for post-Saddam Iraq. Operating in difficult circumstances, the post worked quickly to protect and promote Australia's interests in Iraq with both the CPA and key Iraqi contacts.

Working closely with Austrade, the department helped develop a post-sanctions commercial strategy for Iraq, and helped relevant Australian companies pursuing business opportunities

in Iraq. Throughout the crisis we supported ministerial and officials-level lobbying to protect and promote Australia's substantial wheat trade with Iraq. The department supported Mr Vaile's visit to Washington in April 2003 leading an Australian business delegation. The visit raised the profile of Australian companies keen to secure commercial sub-contracting opportunities from major US corporations engaged by the United States Agency for International Development (USAID). Mr Vaile also promoted Australia's longstanding Iraq wheat trade with key US Administration and business interlocutors.

The department participated in international discussions on Iraq's debts to foreign creditors, including in the Paris Club of creditor nations, with the aim of protecting Australia's debt exposure. These discussions remained at a preliminary stage at the end of the year.

Iraq Task Force

The department took the early decision in September 2002 to establish an Iraq Task Force that grew as the crisis deepened in early 2003. The Government decided that the task force, in addition to being the central point of coordination within the department, would also spearhead inter-agency coordination and advocacy on Iraq, given the need for an effective whole-of-government response. Our crisis centre was activated and, during the conflict, operated on a 24-hour, seven-days-a-week basis to respond to urgent consular, post security and other matters, and to monitor developments.

The task force brought together a range of departments and agencies, including Prime Minister and Cabinet, Defence, the Office of National Assessments, AusAID, Austrade, Immigration and Multicultural and Indigenous Affairs, the Australian Security Intelligence Organisation and Attorney-General's Department. The principal coordination mechanism was regular meetings of the inter-departmental task force, chaired by the department. The meetings were initially held three times a week, and increased to daily (including weekend) meetings during military operations. The task force secretariat produced concise situation reports for ministers and other agencies, initially three times a week, rising to a peak of twice-daily reports. By 30 June 2003, 185 such reports had been prepared.

Middle East

The department played a leading role in protecting and advancing Australia's economic and political interests in the countries of the Middle East before and after the hostilities in Iraq. We supported a visit by Mr Downer to Saudi Arabia, Kuwait, Jordan and Iran in May 2003 during which he raised issues of concern including terrorism, nuclear proliferation and the Middle East peace process, as well as bilateral issues.

Building on Australia's reputation as a reliable partner and supplier, we continued to help develop new markets for Australian manufactures and services. In 2002–03, we helped to secure a \$90 million contract for the sale of patrol boats to **Yemen**, the prime consultancy for the **Qatar** 2006 Asian Games, and commodities contracts that included the first sale of wheat to **Jordan** since 1996.

We worked to broaden the framework of Australia's trade relations with the Middle East. We advanced Australia's commercial relations with Iran by supporting Mr Vaile's participation in a Joint Ministerial Commission meeting in Tehran in September 2002. Mr Vaile was accompanied by 54 Australian business representatives. We helped secure a **United Arab Emirates** undertaking to consider a free trade agreement. With the Department of Immigration and Multicultural and Indigenous Affairs, we supported Australia's trade interests by streamlining visa-issuing procedures for Gulf nationals.

Council for Australian–Arab Relations

Mr Downer and Mr Vaile announced the establishment of the Council for Australian–Arab Relations (CAAR) in December 2002. The creation of the Council highlighted the depth and breadth of Australia's relations with the Arab world and the Government's commitment to strengthening all aspects of those ties. A senior departmental officer is a member of the Council and the department also provides secretariat support.

The CAAR promotes mutual interests between Australia and the Arab world. At launches in state capitals, the Council Chair and members addressed a range of community groups.

The CAAR has been active since its first meeting held on 14 March 2003:

- It sponsored a visit to Baghdad by world-renowned archaeologist Dr Dan Potts of Sydney University, to help restore the records of the looted Iraq Museum.
- Its first visitor to Australia, a member of the Saudi Shura Council, promoted Australia's commercial interests. The visit resulted in the establishment of a young business executive exchange program between Australia and Saudi Arabia.
- A second CAAR-sponsored visit to Australia—by a correspondent of *Al-Hayat*, a highly regarded Saudi-owned newspaper whose audience includes the most influential decision-makers in the Arab world—promoted a deeper understanding of Australia in Arab countries.

The department consolidated constructive relations with the Arab world by establishing the Council for Australian–Arab Relations (see box on previous page) and facilitating a series of targeted speaking engagements in Australia by the Council Chair.

In numerous high-level exchanges with the government of **Iran**, we delivered clear messages registering Australia's concern about Iran's nuclear program and the possibility of it seeking to acquire a WMD capability. We made practical efforts to improve Iran's human rights environment by initiating one of the few bilateral human rights dialogues with that country.

Through policy advice and diplomatic representation, the department pursued Australia's interest in an early and just settlement of the Israeli–Palestinian conflict, including by actively conveying the Government's support for the 'roadmap' for peace. We strengthened Australia's relations with **Israel** by promoting the Australia–Israel Cultural Exchange and its Council (the establishment of which Mr Downer welcomed with his Israeli counterpart) and by supporting the visit to Australia by the Israeli Transport Minister.

Africa

As Australia's commercial interests in North Africa continued to grow, particularly in the hydrocarbon sector, the department provided targeted political and economic advice to a range of Australian businesses and other interested groups. We supported the visit to **Libya** by Mr Vaile with a 20-person trade delegation. In other parts of Africa, we continued our advocacy on behalf of Australian companies through representations to host governments and local business entities. Notable successes included the increased acceptance of Australian wine in **Nigeria** and **Ghana**.

The department supported the Government's response to a further deterioration in the political and economic circumstances in **Zimbabwe**. Our support for the Prime Minister's visit to Nigeria in September 2002 for Commonwealth Troika discussions on Zimbabwe (involving the leaders of Nigeria and **South Africa**) formed a key part of this strategy. The department supported Mr Downer's participation in meetings of the Commonwealth Ministerial Action Group, including to discuss the situation in Zimbabwe. At the same time, we worked to ensure that neighbouring African countries understood Australia's position on Zimbabwe's continued suspension from the councils of the Commonwealth.

The department organised and supported a visit by an Australian parliamentary delegation to South Africa and Nigeria in October 2002 that enhanced links with those countries at the parliamentary, governmental and non-governmental levels.

South Pacific

The department played a leading role in advancing the Government's objective of greater stability and security for countries in the South Pacific, particularly in **Solomon Islands**, where we devoted substantial effort to tackling lawlessness and economic decline.

Throughout the year we supported positive local efforts to prevent a return to widespread ethnic conflict in Solomon Islands, including through the valuable work of the National Peace Council, civil society and churches. We encouraged programs to reform and rebuild the police force. We advised the Government on the development of a policy of strengthened assistance, in close cooperation with the Solomon Islands Government and other regional countries, particularly New Zealand. A meeting of Pacific Islands Forum foreign ministers, which we organised, endorsed a framework for the policy. We established a Solomon Islands Task Force in June 2003 to coordinate the Government's implementation of strengthened assistance, to be provided at the direct request of Solomon Islands. In July 2003, a major regional assistance mission, coordinated by a senior departmental official, began operations in Solomon Islands.

Security cooperation was also a feature of our enhanced bilateral relationship with **Fiji**. The department supported productive visits to Australia by the Prime Minister, Mr Qarase, in October 2002 and the Foreign Minister, Mr Tavola, in April 2003. Mr Tavola and Mr Downer signed a memorandum of understanding (MOU) on counter-terrorism, which we negotiated—the first counter-terrorism MOU signed with any Pacific country. We also advanced the nomination of a senior Australian police officer as Fiji's new Police Commissioner.

The department supported Vanuatu's efforts to maintain respect for the rule of law, following instability in the police force in August 2002. We sponsored and organised a visit to Australia by the **Vanuatu** Agriculture Minister in March 2003 that strengthened cooperation with Australia on agriculture issues. We hosted inaugural bilateral trade talks with **New Caledonia** in September 2002, which successfully addressed market access issues. Our regular liaison with key ministers and officials in the Government of **Nauru** facilitated cordial bilateral relations and mutual cooperation on asylum-seeker processing.

The department supported the Prime Minister's participation in the 2002 Pacific Islands Forum Leaders' Meeting in Suva, where leaders adopted the Nasonini Declaration, committing island nations to take stronger action on transnational crime and counter-terrorism. We followed up by encouraging regional partners to implement the declaration, including through provision of in-country assistance with legislative drafting. We helped promote best use and sustainable management of highly migratory fish stocks in the region through our participation, with other key Australian Government agencies, in two preparatory conferences for the establishment of the Western and Central Pacific Fisheries Commission.

Our input to the Government's high-level engagement in the South Pacific included:

- support for visits by Mr Downer, Mrs Gallus and a parliamentary delegation to Solomon Islands, Vanuatu and Samoa in December 2002
- organisation and support for a number of other visits by ministers and senior officials to the region for bilateral and multilateral meetings
- a submission to the Senate Standing Committee on Foreign Affairs, Defence and Trade's inquiry into Australia's relationship with Papua New Guinea and other Pacific island countries, and support for the Committee's travel to the region

- close contact with members of the academic, business and non-government organisation communities with interests in the Pacific, and regular briefings on policy developments.

Table 9. Australia's trade in goods and services with the South Pacific, Middle East and Africa

	Exports			Imports		
	2001 \$m	2002 \$m	Trend growth 1997 to 2002 %	2001 \$m	2002 \$m	Trend growth 1997 to 2002 %
New Zealand and Territories	9 351	10 109	5.5	6 360	6 540	6.1
Papua New Guinea	1 344	1 226	-2.9	1 399	1 381	7.4
Other Pacific Islands	1 766	1 826	4.8	913	1 100	4.1
Middle East (a)	7 045	6 458	18.1	3 513	2 933	11.9
South Africa	1 479	1 475	5.3	1 046	1 135	12.0
Other Africa (b)	2 037	2 017	13.2	549	799	13.2
Total	23 022	23 111	8.3	13 778	13 888	8.0

Source: DFAT Stars database and ABS International trade in services by partner country 2002.

(a) Excluding Egypt

(b) Including Egypt

Papua New Guinea

The department provided strong support for Australia's security, economic and consular interests with Papua New Guinea (PNG), particularly for the reforms needed to reverse the country's worrying economic decline. We implemented the Government's plan for early high-level engagement with the new government of Sir Michael Somare, including through facilitation of visits by the Prime Minister to PNG in August 2002 and by Sir Michael Somare to Canberra in December 2002.

The Australia–Papua New Guinea Ministerial Forum, which we organised in November 2002, provided a broad platform for advocating the reform of PNG's economy and public sector. We were strong advocates to the PNG Government of improved expenditure controls, transparency in decision-making and deeper public sector reforms, including as a means of encouraging new investment into PNG. The technical and financial contribution to assist the smooth conduct of the supplementary South Highlands elections, which we coordinated with the high commission, demonstrated Australia's practical commitment to democracy in PNG. We helped sustain the momentum of PNG Defence Force restructuring, with extensive bilateral consultation leading to the full utilisation of funds under the first \$20 million tranche of an assistance package.

We successfully advanced Australia's objective of sustaining peace on Bougainville by promoting further implementation of the Bougainville Peace Agreement. The department's leadership role in the Australian-led Peace Monitoring Group (PMG) on Bougainville, coupled with our strong advocacy for a renewed focus on weapons-disposal outcomes, ensured the peace process was sufficiently robust to allow for the withdrawal of the PMG after 30 June 2003.

Responding to requests for a continued international presence on Bougainville, the Government agreed to establish a smaller civilian Bougainville Transition Team (BTT) from 1 July 2003. The department played a major role in ensuring that the BTT was ready for deployment on that date. Our agenda on Bougainville will now shift to developmental issues, including in the law and justice sectors, as moves towards the establishment of an autonomous Bougainville government are advanced.

The department facilitated the renewal of the agreement with PNG to maintain, until October 2003, the operation of an asylum-seeker processing centre at the Lombrum naval base in Manus Province. We negotiated PNG Government agreement to a five-year extension of the memorandum of understanding prohibiting mining and drilling in the Torres Strait Protected Zone. We also gained PNG's agreement to enhance bilateral cooperation on border security and illegal migration. We have begun discussions on a proposed agreement on cooperation on counter-terrorism.

New Zealand

The department's organisation of events to mark the twentieth anniversary of the Australia New Zealand Closer Economic Relations Agreement (CER) allowed the Government to emphasise that the two countries share a special relationship as allies and close economic partners. We organised several high-level discussions—including the biannual Foreign Ministers' talks and annual Trade Ministers' talks—which reinforced the value of extensive cooperation across a range of shared economic and regional security interests.

We worked to deepen the CER, one of the world's most successful bilateral trade agreements. We supported visits to New Zealand by the Prime Minister in May 2003 and by the Treasurer, Mr Costello, in February 2003. The latter produced agreement to hold annual talks with the Treasurer's New Zealand counterpart, including on the advancement of important financial and regulatory initiatives as part of the CER forward agenda.

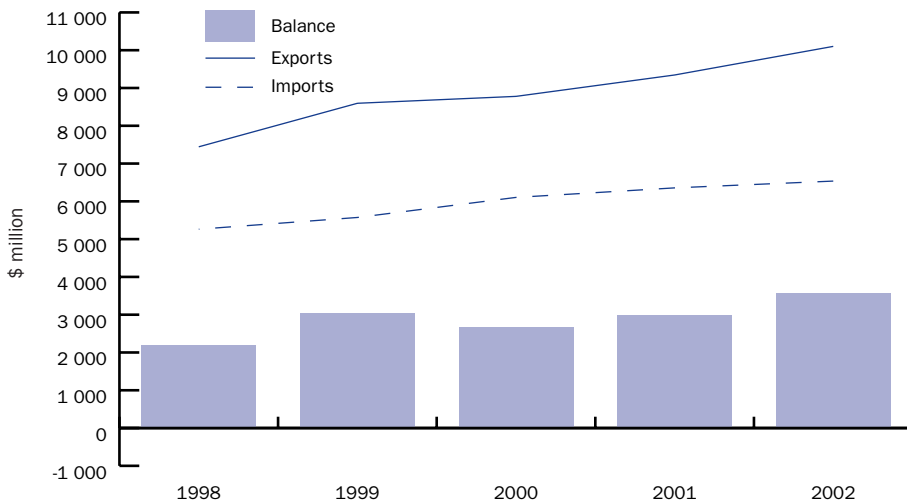
We contributed to the draft report evaluating the Trans-Tasman Mutual Recognition Arrangement, which contributes significantly to the advancement of our economic partnership. The establishment of a joint therapeutic products agency is now well advanced. The department advocated strongly on behalf of industry the resolution of disputes involving the rules of origin that apply to exports. We liaised extensively with New Zealand in developing a common agenda within multilateral trading forums, particularly in pursuit of agricultural reforms and in promoting cooperation with ASEAN through the AFTA-CER Closer Economic Partnership.



Minister for Trade, Mr Mark Vaile, led the Australian delegation to the Australia–New Zealand Trade Ministers' Meeting in Christchurch in August 2002. From left: then First Assistant Secretary, South Pacific, Africa and Middle East Division, James Wise, Bob Cotton, then Australian High Commissioner to New Zealand, Mr Vaile, Mr Sutton, New Zealand Minister for Trade Negotiations, Mr Dick Grant, Deputy Secretary, Ministry of Foreign Affairs and Trade (MFAT), Mr Peter Kennedy, Director, Australia Division, MFAT. (Photo: New Zealand Ministry of Foreign Affairs and Trade)

We facilitated the Government's valuable cooperation with New Zealand on a range of security and defence issues, including regional peacekeeping activities, Closer Defence Relations, efforts to combat people-smuggling, counter-terrorism initiatives and cooperation within South Pacific regional forums.

Figure 12. Australia's trade in goods and services with New Zealand



Source: DFAT Stars database and ABS International trade in services by partner country 2002.

1.1.5 BILATERAL, REGIONAL AND MULTILATERAL TRADE NEGOTIATIONS

Overview

The department advanced Australia's trade interests through the World Trade Organization (WTO) Doha Round negotiations. The successful conclusion of the Doha Round would result in wide-ranging trade liberalisation of global markets to the advantage of Australian farmers, manufacturers, miners and service providers. In the past year, a number of key interim deadlines were missed in the negotiations, reflecting the wide divergence of views among the 146 WTO members on a range of issues. Nevertheless, some progress was made. The department provided close support for the work of Mr Vaile in promoting Australia's interests, particularly his hosting of the first Doha Round informal meeting of WTO trade ministers in Sydney in November 2002.

Australia's continued chairing of the Cairns Group of agricultural fair traders, and the support the department provided to Mr Vaile, were instrumental in advancing Australia's trade interests in the Doha Round. The Cairns Group developed key coordinated negotiating proposals for the crucial issue of agricultural reform—on market access, domestic support and export competition. We managed the group's activities, including by helping organise a major Cairns Group ministerial meeting in Bolivia in October 2002.

We used the WTO dispute settlement system to pursue Australia's trade interests. Australia initiated disputes against the European Union's sugar regime and its legislation for geographical indications. In a joint complaint with ten other WTO members, we successfully challenged the US Continued Dumping and Subsidy Offset Act of 2000. We are working with other Australian Government agencies to respond to disputes initiated by the European Union and the Philippines about aspects of Australia's quarantine regime.

The department did much work to advocate a free trade agreement (FTA) with the United States. We led and coordinated Australia's participation in two rounds of negotiations during 2002–03, with more planned for later in 2003. We also led Australia's participation in successful FTA negotiations with Singapore. The agreement was signed in February 2003 by Mr Vaile and his Singaporean counterpart. It will deliver significant trade liberalisation and a more predictable business environment for bilateral trade and investment.

We made strong progress in negotiating a comprehensive FTA with Thailand. Both sides agreed to make every effort to conclude the negotiations by October 2003. We also played a major role in strengthening our key trade and economic relationship with Japan by leading consultations on a new bilateral trade and economic framework. The framework was signed by the Prime Minister and Japan's Prime Minister Koizumi in July 2003.

WTO Doha negotiations—key issues

In the past year, a number of key interim deadlines were missed in the Doha negotiations, reflecting the wide divergence of views among the 146 WTO members on a key range of issues, including in agriculture, industrials and on developing country issues. The department played a constructive role in seeking to bridge these differences, particularly through our support for Mr Vaile's hosting of the first Doha Round informal meeting of WTO trade ministers in Sydney in November 2002.

The Sydney meeting included ministers from 25 countries representing 85 per cent of world trade. It advanced discussion on the timetable for the negotiations and the difficult issue of access to medicines for developing countries. The meeting provided some needed political momentum to the negotiations, with ministers agreeing on areas where they needed to cooperate. Further informal ministerial meetings were held in Japan, Egypt and Canada in the lead up to the biennial WTO Ministerial Conference in Cancun, Mexico in September 2003.

With more than 100 developing countries participating in the WTO Doha Round, outreach work with developing countries has been an important part of Australia's efforts to advance the negotiations. In addition to our work with the many developing country members of the Cairns Group, we ran trade policy training courses and seminars in developing countries in Africa and Asia, covering a range of issues including agriculture, geographical indications and environment.

The department coordinated preparation of Australia's offer in the General Agreement on Trade in Services (GATS) negotiations, which was submitted by the Government at the end of March 2003. Australia was one of five WTO members to release publicly its offer, indicating our transparent approach. The release has been well received and has stimulated better community understanding of Australia's approach to the negotiations.

The department supported Mr Vaile's extensive program of domestic consultations and outreach activities on WTO issues. These activities provided interested parties with information on WTO negotiation processes, helped formulate Australia's negotiating priorities, and built understanding on the potential benefits of global trade negotiations. The department organised formal meetings and contacts; called for public submissions; and facilitated extensive use of our website as a channel for disseminating information. We also held trade policy training courses and seminars for officials and non-government representatives.

For more detail on specific negotiating issues in the WTO Doha Round see page 65.

Free trade agreements

The department was responsible for taking forward the Government's initiative for an Australia–**United States** Free Trade Agreement (AUSFTA), Australia's major bilateral trade policy priority. We continued to support the Government's efforts to ensure that an FTA with Australia was a negotiating priority for the United States. This helped prepare the

ground for the joint announcement by the Prime Minister, Mr Howard, Mr Vaile and US Trade Representative Robert Zoellick on 14 November 2002 that Australia and the United States had agreed to start negotiations.

The department is working to meet the Government's priority of reducing the most significant market access barriers facing Australian exports in the United States, particularly in the agriculture sector. We do not underestimate the challenge, given the resistance to liberalisation of some key products by the strong agriculture lobby in the United States and the detailed work required on many complex issues in these negotiations. As part of our efforts to overcome these obstacles, we helped build support in the United States for the AUSFTA, including in Congress and the business sector.



The 2nd round of the Australia–United States Free Trade Agreement negotiations was held in Honolulu, Hawaii in May 2003. Pictured are the leader of the Australian delegation, Special Negotiator (FTAs and Processed Foods) Stephen Deady (left), and his US counterpart, Ralph Ives (right).

Before the first round of AUSFTA negotiations in March 2003, the department coordinated consultations with industry, state and territory governments and other stakeholders, and among Australian Government agencies. These consultations were vital to informing the Government's approach to the negotiations and its public statement of objectives for the FTA, announced by Mr Vaile on 3 March 2003. We engaged the community on the negotiations with a public invitation for comment that attracted nearly 200 submissions from a wide range of industry and other organisations and individuals. We also directly consulted more than 180 industry bodies, companies and non-government organisations in the first half of 2003. We initiated a regular newsletter, *AUSFTA briefing*, circulated to more than 1000 stakeholders and interested parties and published on the department's website.

The first two rounds of negotiations, in March and May 2003, made good progress in laying the foundations for a framework text and for detailed negotiations on market

access that began in July. Twenty working groups, each led by a departmental negotiator, covered the range of likely chapters in the FTA, with 14 Australian Government agencies involved. Agreement was reached on a broad framework for the FTA and there was early progress in developing text in a number of areas.

We successfully led negotiations for an FTA with **Singapore**. The Singapore–Australia Free Trade Agreement (SAFTA) was signed by Mr Vaile, and his Singaporean counterpart, Brigadier-General George Yeo, on 17 February 2003. SAFTA entered into force in July 2003.

SAFTA eliminates all tariffs that apply to trade in goods produced in the other country. It also reduces barriers to trade in services and investment and establishes a more open and predictable business environment, including through rules on telecommunications regulation, competition policy, government procurement, technical standards, intellectual property, electronic commerce, customs procedures and business travel.

The department led the Australian delegation in ongoing negotiations on an FTA with **Thailand**. Both sides have tabled detailed initial offers on eliminating tariffs. Progress was also made in developing a legal framework for negotiations to improve market access in the services and investment areas, and in developing rules on issues such as customs procedures, transparency, sanitary and phytosanitary measures and dispute settlement. We took the views of industry and other interested parties into account in formulating our negotiating strategy.

We played an active role in ensuring that ministerial-level contacts advanced Australia's overall objectives in the negotiations. Mr Vaile and his Thai counterpart reviewed progress in the talks in November 2002 and agreed on a range of measures to address Thailand's regulatory capacities, including in the areas of competition policy and customs. Following Mr Vaile's meeting with Thailand's Prime Minister Thaksin Shinawatra in June 2003, both sides agreed to aim to complete the negotiations by October 2003.

Australia–Japan Trade and Economic Framework

The department contributed to strengthening the Australia–Japan relationship through leading the Government's participation in trade and economic consultations with Japan. The consultations led to agreement on a new Australia–Japan Trade and Economic Framework, signed by the Prime Minister and Japan's Prime Minister, Junichiro Koizumi, in July 2003.

The framework charts a course for the long-term development of this critically important trade and investment relationship. It incorporates an undertaking to complete a joint study by mid-2005 on the benefits of and means to achieve trade and investment liberalisation between Australia and Japan.

The framework also contains a package of eleven measures that will enter into force immediately. These are aimed at facilitating trade and investment and improving policy and regulatory links. This package contains initiatives in the established sectors of food and energy, emerging areas such as information and communications technology and

e-commerce and paperless trading, and on other issues such as the mutual recognition of professional qualifications, securities markets regulation, investment promotion and competition policy.

WTO Doha Round negotiating issues

Agricultural trade negotiations

Australia led efforts by the Cairns Group of agricultural fair traders to develop and table in the WTO Doha Round three detailed negotiating proposals for agricultural reform—on market access, domestic support and export competition. The department promoted these negotiating positions at a number of special agriculture negotiating sessions in the WTO throughout 2002–03 and through visits to a number of Cairns Group capitals, including Bangkok and Brasilia.

We supported Mr Vaile's role as Chair of the Cairns Group, including by helping organise the Cairns Group Ministerial Meeting in Santa Cruz, Bolivia, in October 2002. Special guests, including US Trade Representative, Mr Zoellick, and Ugandan Minister for Trade, Mr Rugumayo, enhanced the Cairns Group's links with key developed and developing country WTO members.

The department also contributed to the Cairns Group's extensive program of advocacy and outreach. Australian officials visited Gaborone, Cairo, Kampala, Dar es Salaam and Nairobi to deepen the Group's dialogue with key members of the African Group, and delivered training sessions to African trade officials in conjunction with the WTO Training Institute. In Europe, we placed opinion pieces in the press, extended our dialogue with reform-oriented non-government organisations, and used our missions and visits to key capitals to press Australia's interests, including on the reform of the European Union's Common Agricultural Policy.

Industry consultation was a high priority. Mr Vaile and the department continued to consult closely with Australian rural industry representatives before formulating negotiating positions. We provided feedback on the progress of the negotiations, including on the implications for Australian industry of the Chair's draft reform proposal for agriculture. Mr Vaile addressed peak agricultural bodies on these issues at the Agricultural Trade Consultative Group meeting in May 2003.

Services negotiations

The department coordinated preparation of Australia's offer in the General Agreement on Trade in Services (GATS) negotiations, which was submitted by the Government at the end of March 2003. Australia was one of five WTO members to release publicly its offer. The decision to do so has been well received and has facilitated better community understanding of Australia's approach to the negotiations. Australia's offer covered elements of financial services, telecommunications, computer services, legal services, mining services, environmental services, landscape architectural services, maritime transport services and air transport (ground handling) services. These are all priority sectors for Australian exporters in the negotiations.

We kept in touch with industry about the progress of the services negotiations and held discussions with non-government organisations. We corrected misinformation about the GATS, including its implications for the ability of government to regulate the services sector and to administer and fund public services.

Industrial products negotiations

The department worked closely in industrial product negotiations with other WTO members to promote a framework for negotiations that, as agreed in Doha, would result in the reduction or elimination of tariff peaks, high tariffs and tariff escalation with no exclusions from product coverage, and deal with non-tariff barriers. We pressed for outcomes that would deliver real market access gains for Australian exporters of industrial products. To this end we kept in close contact with industry stakeholders on identifying Australia's market access priorities and analysing the impact of possible negotiating frameworks. We submitted an initial list of non-tariff barriers facing Australian exporters to the negotiating group in January 2003.

Intellectual property negotiations

The department continued its lead role in resisting the push by European and other WTO members to extend a higher level of protection to geographical indications for food and other products (for example, parmesan and mozzarella). On this key Doha Round issue, we initiated and conducted workshops in the Asia-Pacific region to increase the technical understanding of trade officials and intellectual property administrators. We maintained a high level of outreach in Asia, Central America and Africa, as well as lobbying in the WTO in Geneva.

We played a facilitating role on the issue of access to affordable medicines for developing countries, especially through advice to Mr Vaile for his discussions at the informal meeting of WTO trade ministers in Sydney. We initiated the Asia-Pacific Economic Cooperation (APEC) Intellectual Property Toolkit to reduce commercial piracy in member economies through better enforcement of intellectual property rights.

The department maintained its commitment to consult on a wide-ranging and regular basis across all interested sectors. This has been conducted through presentations, seminars and an electronic newsletter. These built on the increased public awareness of the balance needed in the international intellectual property system that was generated by the Sydney meeting.

Food safety

The department continued to work closely with the Department of Agriculture, Fisheries and Forestry to promote the role of science in international quarantine decision-making, in line with WTO rights and obligations. In relation to imports, we were active in WTO meetings, FTA negotiations and bilateral discussions, in explaining Australia's conservative, science-based approach to quarantine, and the WTO consistency of our regime. On the export side, we worked with Biosafety Australia and the Australian

Quarantine and Inspection Service (AQIS) to increase market access for our agricultural products by ensuring other countries based their own quarantine measures on science and did not unfairly restrict trade. Recent wins include the signing in June 2003 of new market access protocols with China for the export of Australian beef, sheep and goat meat.

In September 2002, we had a significant role in the national foot-and-mouth disease outbreak simulation—codenamed Exercise Minotaur—including through briefing foreign media and all posts to ensure that trading partners did not mistake the simulation for a real disease outbreak and close markets to Australian agricultural produce. The simulation also tested the procedures we have in place with other domestic agencies, industry and state governments, to protect the \$9 billion worth of Australian agricultural exports that would be under threat from a real foot-and-mouth outbreak.

Supporting the WTO and trade liberalisation in other international trade bodies

The department helped the Prime Minister obtain a commitment from APEC Leaders in Los Cabos, Mexico, in October 2002 to make every effort to meet the 2003 deadlines of the WTO Doha Round. We also continued to build coalitions of support within APEC for positions on specific WTO issues being considered in the new round, such as trade and environment and geographical indications (see sub-output 1.1.6 at page 70 for further detail on the department's work with respect to APEC).

We supported the Treasurer, Mr Costello, in advancing Australian interests, including trade liberalisation, at the annual Ministerial Council Meeting of the Organisation for Economic Co-operation and Development (OECD) in April 2003. We promoted analytical work on WTO and multilateral trade issues in the OECD Trade Committee, particularly work in support of the Doha Round in areas such as intellectual property, tariffs, services trade, trade facilitation, developing country participation and non-tariff barriers. We advanced OECD work in support of trade liberalisation in a range of other OECD committees, particularly the OECD Agriculture Committee.

WTO compliance and dispute settlement

The department continued to use the WTO dispute settlement system to promote and defend Australia's trade interests.

We initiated disputes against the European Union's sugar regime and its legislation for geographical indications for foodstuffs and other agricultural products (but not wines and spirits). In a joint complaint with ten other WTO Members, we successfully challenged the US Continued Dumping and Subsidy Offset Act of 2000, which offers a 'double remedy' against dumped or subsidised goods entering the United States and unfairly disadvantages Australian exports in the United States and third country markets.

We worked closely with other Australian Government agencies to respond to separate disputes initiated by the European Union and the Philippines about aspects of our quarantine regime and specific import conditions for certain products.

As a third party in nine other disputes during 2002–03, we put Australia’s views on issues raised before the various dispute panels and the Appellate Body. These covered a range of issues of importance to Australia, including matters relating to state trading enterprises, telecommunications services, subsidies and agricultural tariffs.

We participated actively in negotiations on improvements and clarifications of the dispute settlement rules being held as part of the Doha agenda. We are seeking to ensure that the rules provide procedural fairness for both complaining and responding parties to a dispute. We are also seeking accelerated timeframes for disputes relating to safeguard measures.

Responding to requests from industry and academic groups, we conducted seminars on the WTO dispute settlement system during the year. We also continued to distribute a monthly newsletter alerting industry stakeholders to disputes of potential interest and increasing their awareness of Australia’s WTO rights.

The department continued to work with Australian stakeholders to resolve disputes outside the formal WTO dispute settlement process with the aim of ensuring that trade problems that may be resolved amicably at an early stage do not worsen and become formal trade disputes.

In related activities, we assisted Australian companies facing anti-dumping action in other countries, lobbied another country in relation to new safeguard legislation and provided advice about the WTO consistency of proposed amendments to Australian trade remedy legislation. In addition, we provided advice to other government agencies, including at state and territory level, and domestic industry on WTO compliance issues raised by investment incentive and industry assistance program proposals.

WTO accessions

The terms under which new members join the WTO continued to be a priority interest for the department. We aim to ensure that new members enter the WTO on a basis of improved market access for goods and services, appropriate commitments on agricultural subsidies, and full implementation of WTO rules. Armenia and the Former Yugoslav Republic of Macedonia both joined the WTO during the year, implementing improved market access arrangements including those negotiated by Australia. The department also concluded bilateral market access negotiations with Nepal and Cambodia. Negotiations with Algeria, Kazakhstan, Russia, Samoa, Tonga, Ukraine and Vietnam continue and will be the focus of the coming year.

1.1.6 TRADE DEVELOPMENT/POLICY COORDINATION AND ASIA-PACIFIC ECONOMIC COOPERATION

Overview

The department continued to drive regional and bilateral trade and investment cooperation. These efforts resulted in improved access to international markets for Australian exporters and an enhanced business environment for trade and investment.

We advanced Australian engagement in the region through active participation in the Asia-Pacific Economic Cooperation (APEC) forum. These efforts were reflected in positive outcomes from the APEC Leaders' Meeting in Los Cabos, Mexico in October 2002 where we supported the Prime Minister in securing leaders' agreement to:

- a strong statement in support of significant progress towards freeing trade in the World Trade Organization (WTO) Doha Round
- an initiative to make trade more secure against terrorism
- a commitment to improve transparency of government business regulations in the APEC region.

We also secured agreement for Australia to host APEC in 2007, which will provide opportunities to promote Australia's economic, social and cultural environment to regional leaders and key business decision-makers from most of our major trading partners.

At the June 2003 APEC Trade Ministers' meeting in Khon Kaen, Thailand, we helped Mr Vaile garner consensus for a strong APEC message of support for WTO negotiations in the lead up to the WTO Ministerial Conference in Cancun, Mexico in September 2003.

The department supported Mr Vaile in negotiations with New Zealand and ASEAN for the Joint Ministerial Declaration on the ASEAN Free Trade Area—Australia New Zealand Closer Economic Relations (AFTA—CER) Closer Economic Partnership (CEP). The CEP, signed in September 2002, enhanced regional efforts toward economic integration. With an agreed target to double trade and investment by 2010, officials and business are working on activities to lower business costs and reduce impediments to Australia's trade and investment with ASEAN.

The department closely monitored the operation of the alliance established in 2001 between a private insurer and the Export Finance and Insurance Corporation (EFIC). The alliance provides a broader range of export credit services to Australian exporters, strengthening their ability to compete internationally. We also worked with other Paris Club creditor nations to define a work program for a new approach to debt relief for non-heavily indebted poor countries. This new approach will ensure effective debt relief while protecting Australian sovereign exposure.

APEC

Trade and investment liberalisation and facilitation

The department led APEC's efforts to advance its trade and investment liberalisation agenda in 2002–03, with important outcomes secured in the 2002 APEC Leaders' Statement, including explicit political support for the WTO Doha Round.

We also lobbied effectively to ensure that the June 2003 Statement of APEC Ministers Responsible for Trade advocated progress in the Doha Round. The statement established clear principles on trade and environment, noted the importance of the Cancun WTO Ministerial Conference in September 2003 to the Doha Round, and acknowledged the role played by free trade agreements in contributing to liberalisation in the region. Each of these outcomes effectively supports Australia's broader objectives in the WTO Doha Round negotiations.

APEC's response to SARS

The outbreak of the Severe Acute Respiratory Syndrome (SARS) virus in southern China spread quickly to Hong Kong, Canada, Singapore and Taiwan, affecting nearly 8500 people, killing 812 and severely disrupting trade, people movement and business confidence in the region.

While Australia did not record any cases of local transmission, we were not immune to the economic impact of SARS. Australian services exports fell \$156 million in March–April 2003 (seasonally adjusted), a 6.5 per cent decline from April 2002. The most severely affected sectors were the tourism, hospitality and airline industries, while business travel to and from the region also suffered.

The department played an active role in developing a quick and effective APEC response to SARS. APEC Ministers agreed to an APEC Action Plan on SARS that aims to contain SARS and restore public confidence through:

- a common set of guiding principles for health screening procedures for travellers
- encouraging cooperation towards prevention and treatment of SARS along with other emerging diseases
- exchanging accurate and timely information and best practices among economies.

APEC's quick response to SARS demonstrated how clear and unified regional action can minimise the impact of a sudden loss of business confidence, and help lay the foundations for an early recovery. In the wake of this SARS experience, APEC is in a position to respond proactively to the threats posed by SARS and any other serious infectious diseases that may arise in the region.

APEC's peer review of Australia's Individual Action Plan (IAP)—which records our progress towards APEC's goals of free and open trade and investment—was conducted in February 2003. The peer review commended Australia for its impressive economic results over the past decade. Australia's success in opening its markets and implementing structural reforms and sound macroeconomic policies was viewed as an important factor in our sustained economic growth and export performance. The department coordinated Australia's IAP.

Structural reform

The department has improved opportunities for Australians to do business and invest in the region by helping build a more predictable and transparent regulatory environment in regional economies. To achieve this, we have been driving APEC's structural reform agenda through a number of initiatives such as the report *Strengthening economic legal infrastructure in APEC: Supporting trade, investment and economic development*, and capacity-building seminars. Through these activities, we have succeeded in raising the profile of structural reform within APEC, with members recognising that continuous reform is essential to maximising the benefits of open markets.

Counter-terrorism

The department maintained a prominent role in defining APEC's response to terrorism, including by working closely with the United States on the 2002 Leaders' Statement on Fighting Terrorism and Promoting Growth. We produced *The costs of terrorism and the benefits of cooperating to combat terrorism*, a paper that highlighted the impact of terrorist threats on regional economic prosperity, and the mutually reinforcing relationship between trade facilitation and security initiatives.

We played an influential role in shaping development of the newly formed APEC Counter-Terrorism Task Force, charged with overseeing the implementation of APEC's secure trade initiative. We worked closely with other Australian agencies to maximise the benefits from relevant APEC counter-terrorism initiatives and capacity-building projects.

ASEAN, Australia and New Zealand

The signing of the Joint Ministerial Declaration on the AFTA–CER Closer Economic Partnership (CEP) by Mr Vaile and his New Zealand and ASEAN counterparts in September 2002 enhanced regional efforts towards economic integration. The department supported Mr Vaile in the negotiation of the CEP.

With a target to double trade and investment by 2010, the CEP aims to implement practical measures to lower business costs and reduce impediments to Australia's trade and investment with ASEAN. Through the CEP, the department is pursuing priority trade issues identified by the business community, including collaborating on a joint AFTA–CER study to identify non-tariff measures that impede trade.

The CEP work program encompasses cooperation in the areas of standards and conformance, sanitary and phytosanitary issues, customs, investment, intellectual property rights, competition policy, new economy e-commerce and the identification and elimination of trade and investment barriers. The department worked closely with Australia's senior industry representatives on the AFTA-CER Business Council to determine priorities for further developing the CEP.

Indian Ocean Rim Association for Regional Cooperation (IOR-ARC)

The department led efforts to refocus IOR-ARC, a grouping of eighteen Indian Ocean littoral and island states, through the High Level Task Force report to senior officials of member countries on future directions of the association. An Australian-proposed reform agenda package, designed to improve the association's performance in facilitating trade and investment among members, has yet to be adopted because of the postponement of ministerial meetings.

Export credit policy

The department worked with the Export Finance and Insurance Corporation (EFIC) to implement EFIC's alliance with the private insurer Gerling NCM (GN). The alliance relates to EFIC's short-term export credit insurance business. It is intended that the private insurer will purchase this part of EFIC's operations if it meets certain performance benchmarks. The alliance with GN enables EFIC to provide a wider range of services, resulting in increased opportunities for Australian exporters to compete more effectively in international markets. To date GN is meeting the requirements of exporters, a vital precondition of any divestment of the business to GN.

We managed the whole-of-government coordination of National Interest Account (NIA) transactions, which provide support to Australian exports deemed to be in the national interest and where the private market is unable to provide cover. Overall, the NIA supported \$139.8 million worth of exports, \$12.4 million worth of net income was received from the transactions and \$14.8 million was paid in claims. See administered items for Outcome 1 on page 119 for further detail on the NIA.

The department continued to represent Australia in the Paris Club of creditor nations in negotiations with countries seeking debt relief. We worked closely with major creditor countries such as Germany, Japan and the United States to define a work program for a new approach to debt relief for non-heavily indebted poor countries. This initiative seeks to make Paris Club debt relief more effective by being more tailored to the situation of debtor countries. In the initiative, we seek to protect Australian sovereign exposure while providing effective debt relief for clearly identified financing needs.

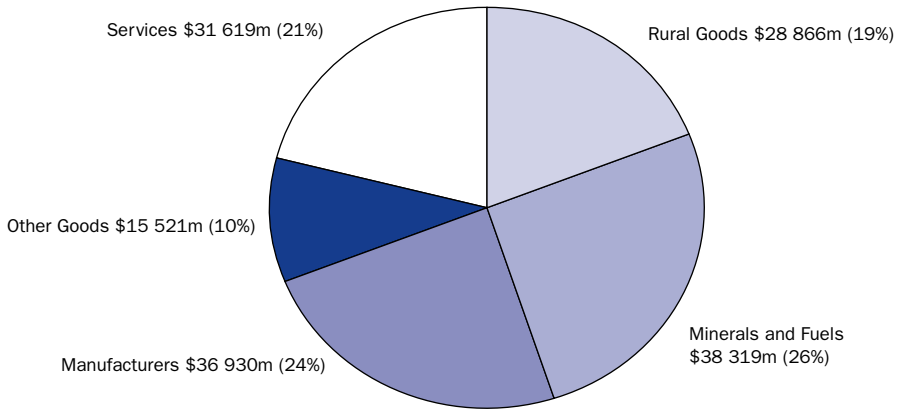
We worked to advance disciplines on export credit agencies in the Organisation for Economic Co-operation and Development (OECD), including on better environment standards. We also participated in a major redrafting of OECD guidelines related to

export credit disciplines to make them clearer to countries not familiar with these guidelines. We worked with other Cairns Group countries to advance disciplines in the WTO on export credits for agriculture.

Market Development Group

Mr Vaile decided to disband the Market Development Group (MDG) at the conclusion of its 2002–03 cycle of meetings. The MDG had generated a number of significant trade outcomes at a time when Australia was not pursuing bilateral free trade agreement (FTA) negotiations or multilateral trade rounds. Achievements in 2002–03 included increased information and communications (ICT) exports to France; commencement of negotiations for memorandums of understanding with a range of other countries on ICT cooperation; an increase in exports of light aircraft; significant biotechnology exports to Taiwan; and the introduction of 26 Australian companies in the environmental goods and services sector to the Latin American market.

Figure 13. Australia’s exports by broad category 2002



Source: ABS Catalogue 5302.0 Balance of Payments and International Investment Position, Australia.

Trade policy coordination and business liaison

Trade 2003 Statement

The department drafted Mr Vaile’s annual trade statement, launched in March 2003. *Trade 2003: A statement of outcomes and objectives* reviews Australia’s trade outcomes in 2002 and sets out the Government’s trade policy framework. To improve the accessibility of this material, this year’s statement was substantially shorter than those of previous years. An information brochure provided key points and highlights from *Trade 2003* for quicker and easier dissemination to the public.

We produced a companion online research tool, *Trade 2003 online*, contributing to the Government's objective of making government information available online. The online document links readers to continuously updated information and advice on the range of services available from the department, Austrade and EFIC.

National trade consultations

The department regularly undertakes consultations to inform the development of trade policy. We facilitated Mr Vaile's consultations with state and territory ministers on the Government's trade policy agenda in August 2002 (Sydney) and April 2003 (Perth). In August 2002, ministers signed a memorandum of understanding for cooperation on doubling the number of Australian exporters nationally. Other issues discussed during the year included the FTA negotiations with the United States and with Thailand, the Singapore–Australia FTA, updates on other prospective trade arrangements, the WTO Doha Round, and Beijing Olympics business opportunities. We conducted three consultations with state and territory officials and peak industry bodies on specific trade issues, and facilitated dialogue between states and territories and other federal agencies on important business-related activities.

Trade Policy Advisory Council

The department continued to administer the Trade Policy Advisory Council, a key source of business advice to Mr Vaile. Mr Vaile held three meetings to seek business perspectives on Australian trade policy interests, including the Australia–United States FTA negotiations, trade and investment with the European Union, the export of professional services, the role of China in the global economy, the impact of global events on Australia's trade and investment outlook, and the influence of currency movements on export competitiveness. These meetings ensure that ministers have a better understanding of business community interests in trade policy.

World Economic Forum

The department supported Mr Downer's participation in the World Economic Forum's (WEF) 33rd Annual Meeting in Davos, Switzerland, in January 2003. Mr Downer used the WEF to highlight Australia's strong economic performance and to examine the economic and geopolitical implications of terrorism. He also hosted a round table with US congressional and business representatives to garner support amongst leading US decision-makers for the Australia–United States FTA negotiations. Participation in the WEF provided opportunities to highlight Australia to leading decision-makers and to give Australia a prominent voice in the dialogue on economic, social and strategic issues.

Input to the G8 Process

In the lead-up to the Group of Eight (G8) Summit of major industrial economies and Russia held in Evian, France in June 2003, the department advocated Australia's views on key issues. We made clear that an ambitious, global and comprehensive outcome on agriculture from the WTO Doha Round would be essential to delivering real development gains.

Conflict diamonds

The department coordinated the introduction in Australia of the Kimberley Process Certification Scheme for rough diamonds (or 'conflict' diamonds) on 1 January 2003. We participated in the development of this UN-sanctioned scheme in consultation with the Australian diamond industry and non-government organisations. We also encouraged other governments to join the scheme.

Conflict diamonds—Kimberley Process Certification Scheme

Australia's \$600 million rough diamond export trade is set to benefit from a new secure trading regime—the Kimberley Process Certification Scheme. Introduced on 1 January 2003, this new scheme will involve over 70 countries, including the world's major producers, distributors and polishers of rough diamonds.

The scheme is an essential step towards preventing the illegal trade in rough diamonds (known as 'conflict' diamonds) from financing war and civil conflict in Africa. This arrangement balances the need to prevent trade in conflict diamonds while facilitating the legitimate rough diamond trade.

Under the scheme, trade in rough diamonds with non-participant countries is banned, and rough diamond import and export shipments from participant countries will need to be accompanied by a certificate declaring that the shipment has been handled in accordance with the scheme's requirements.

The scheme's introduction followed two years of international negotiation and the combined efforts of the department, the Department of Industry, Tourism and Resources, the Australian Customs Service, non-government organisations, the Australian rough diamond industry, state governments and the Department of the Prime Minister and Cabinet.



Director of the South Australian State Office, Trevor Peacock, gave a briefing on the future of exports during UniSA's International Business Week in Adelaide in August 2002.

Direct Aid Program

The department dispersed \$3.3 million in Direct Aid Program (DAP) funds through 44 posts. DAP is a flexible small grants scheme which aims to help alleviate human hardship while supporting the international relations and public diplomacy goals of the Australian Government. Projects this year included:

- refurbishment of a medical isolation centre in Laos to provide the necessary means to isolate an outbreak of the SARS virus or other highly infectious diseases
- replacement of a submersible pump, pipes and cable wiring in Somoxo village, East Timor, to increase the supply of fresh water to the village
- supply and transport of science equipment for three girls' schools in Somalia.

1.1.7 INTERNATIONAL ORGANISATIONS, LEGAL AND ENVIRONMENT

Overview

The department was at the forefront of the Government's efforts to advance Australia's extensive multilateral and international legal interests.

We made a strong contribution to the development of whole-of-government legal advice in relation to all aspects of Australia's engagement in Iraq. We worked to ensure the United Nations (UN) was given an appropriately targeted and significant role in Iraq after the conflict.

The department supported ministers at the second Bali Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime in April 2003, resulting in agreement on a forward program of practical steps to boost regional efforts to combat people smuggling and trafficking.

We led the Government's successful negotiations to conclude an international unitisation agreement with East Timor, enabling the development of the Timor Sea's Greater Sunrise oil and gas fields. The agreement should provide substantial economic benefits to both countries and give East Timor a reliable source of foreign exchange revenue.

We secured the Vice-Chair position of the UN Commission on Human Rights for 2003, and used this position to advance Australia's human rights objectives in the UN system. We made further progress in our bilateral human rights dialogues and in improving the operation of the UN human rights treaty body machinery.

The department supported the Prime Minister in his role as Commonwealth Chairman-in-Office, and as Chairman of the Troika—with the leaders of South Africa and Nigeria—dealing with the Commonwealth's response to the deteriorating situation in Zimbabwe. We supported Mr Downer as Vice-Chair of the Commonwealth Ministerial Action Group and assisted ministers in promoting Australia's broader interests in the Commonwealth.

We advanced the Government's interest in practical cooperation on a range of environmental issues and contributed to constructive outcomes in a number of international environmental negotiations, including the World Summit on Sustainable Development. In international negotiations on climate change, we promoted environmentally effective outcomes which would not undermine Australia's international competitiveness.

United Nations: Iraq issues

Over a sustained period of high-level advocacy, including by our mission in New York, we influenced fast-moving developments in the Security Council as it considered options for dealing with Iraq's non-compliance with Council resolutions, including contributing to the passage of UN Security Council Resolution 1441. We supported the involvement of

Australian weapons inspectors working for the UN Monitoring, Verification and Inspection Commission (UNMOVIC) to disarm Iraq, and informed ministerial decision-making through regular contact with key Security Council Ambassadors and UNMOVIC staff on the progress of inspections. We worked to ensure the UN was given an appropriately targeted role in areas where it could best add value in post-conflict Iraq.

The department played a central role in the development of whole-of-government legal advice in relation to all aspects of Australia's participation in international action to enforce Iraq's obligations pursuant to UN Security Council Resolutions. This included advice to the Government, tabled in Parliament, on the international legal basis for Australia's engagement in Iraq as well as advice on the conduct of operations and the status of Australia's personnel in Iraq. We also contributed to legal advice on Australia's role in the Coalition Provisional Authority in Iraq.

The department coordinated the Government's response to the passage of UN Security Council Resolution 1483 of 22 May 2003. This resolution lifted Security Council sanctions against Iraq, with the exception of bans on arms and related materiel, and provided for the termination of the UN's Oil-for-Food Program. Consistent with Australia's interests, the resolution gave the UN a significant role in post-conflict reconstruction, including in supporting the political transition to an Iraqi government. It also provided for a smooth phase-out of the Oil-for-Food Program, under which Australia had significant outstanding contracts. Through our coordinating role, we ensured that all the arrangements necessary for domestic implementation of Resolution 1483 were completed within a week of its adoption.

Terrorist financing

The department organised and co-hosted with Indonesia a Regional Conference on Combating Money Laundering and Terrorist Financing held in Bali on 17 and 18 December 2002 and opened by the Minister for Justice and Customs, Senator Ellison, and the Indonesian Foreign Minister, Dr Wirajuda. The conference brought together senior representatives from 31 regional countries, as well as key international organisations, the private sector and non-government organisations. They agreed to improve coordination and capacity-building in the region. The conference was a practical demonstration of the close cooperation between Australia and Indonesia in combating international terrorism.

We continued to administer Australia's international obligations under Security Council Resolution 1373 to freeze the assets of terrorists, as implemented in Australian law through Part 4 of the *Charter of the United Nations Act 1945* and under the *Charter of the United Nations (Terrorism and Dealings with Assets) Regulations 2002*. We maintained close contacts with Australia's financial sector to ensure the system takes account of their legitimate interests.

International Criminal Court

The department coordinated Australia's ratification of the Rome Statute of the International Criminal Court on 1 July 2002, the same date on which the Statute entered into force. We made a strong contribution to drafting important instruments for the Court's functioning, including Elements of Crimes and Rules of Procedure and Evidence, ensuring that these instruments were compatible with Australian concepts of justice. These instruments were adopted by the first meeting of the Court's Assembly of States Parties in September 2002. We participated in the subsequent two meetings of the Assembly in February and April 2003, when the first bench of 18 judges and the inaugural Prosecutor of the Court were elected. We will continue to promote the Government's interests in the effective development of the Court.

Treaties

The department continued to coordinate Australia's treaty-making processes. Of the 33 treaties Australia signed during the reporting period, 19 were bilateral, including the Singapore–Australia Free Trade Agreement. Twenty-seven treaties came into force for Australia, eight of them multilateral. Four of these concerned aspects of terrorism or security, reflecting the Government's commitment to the fight against terrorism. Social issues were also prominent: Australia signed six bilateral social security or health-related treaties, and nine similar treaties entered into force.

We developed a new system for categorising tabled treaties and refined briefing material for the Joint Standing Committee on Treaties (JSCOT), facilitated by public access to the Australian Treaties Database. These innovations helped JSCOT operate more efficiently and were welcomed by the Committee.

People smuggling and trafficking

The department continued its active role in supporting the Government's efforts to combat people smuggling and irregular migration. The Ambassador for People Smuggling Issues led the Government's efforts to implement the outcomes of the first Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime, held in Bali in February 2002. This resulted in increased regional cooperation in information exchange, law enforcement and legislative development.

Ministers reviewed this activity at the second Conference, held in Bali from 28 to 30 April 2003. The department supported Mr Downer in co-chairing the Conference with his Indonesian counterpart, Dr Wirajuda. Twenty-eight ministers from 32 Asia-Pacific countries, the UN High Commissioner for Refugees and the International Organisation for Migration (IOM) participated, reaffirming the clear sense of shared regional purpose in combating these crimes. Future activities will include workshops on public awareness and legislative development, and further work on returns and document fraud prevention. The Conference exemplified the excellent cooperation between Indonesia and Australia on these important regional issues.



Departmental staff member, Pablo Kang, Ms Prianti Gagarin Djatmiko-Singgih, Director for Non-United Nations Inter-Governmental Organisations and Non-Governmental Organisations, Indonesian Department of Foreign Affairs and Ambassador for People Smuggling Issues, John Buckley, at the 2nd Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime, held in Bali in April 2003.

Through our network of overseas posts and in close cooperation with other relevant departments, we worked with host government authorities to disrupt people smuggling operations and bring suspected people smugglers before the courts. We helped extradite two alleged people smugglers and continued efforts to secure the prosecution of another.

The department contributed to the Government's ongoing efforts to develop a coordinated strategy to deal with trafficking in persons, and will be seeking to use the Bali process to promote greater regional cooperation to combat trafficking.

Our input to and coordination of the Government's response to reports by the special envoy of the UN High Commissioner for Human Rights and the UN Working Group on Arbitrary Detention helped counter inaccuracies contained in those reports.

Human rights

Australia was elected Vice-Chair of the UN Commission on Human Rights for 2003 and played a key role in improving the functioning of the Commission's annual session in March and April 2003. The department, notably through Australia's Mission to the United Nations in Geneva, helped ensure that outcomes on contentious, highly politicised issues (most notably Iraq) were handled as constructively as possible. We were able to achieve good outcomes on many issues important to Australia but were disappointed that the Commission was unable to adopt a resolution on the human rights situation in Zimbabwe.

The department continued to promote the importance of good governance and national human rights institutions, including through lead sponsorship of resolutions on both issues at the Commission on Human Rights. The high level of support for these resolutions reflects our effective advocacy of the link between strong institutions and good governance and observance of human rights. We worked closely with national human rights institutions, particularly in our own region, including through our policy and advocacy support for the Asia-Pacific Forum of National Human Rights Institutions.

We continued to promote reform of the UN human rights treaty body system in order to strengthen the UN's ability to deal with the most egregious human rights abuses. While there is still a long way to go, encouragingly, many of our ideas have now been taken up by relevant parts of the UN system and member states as part of mainstream efforts to reform the international human rights machinery.

The department led the inaugural Australia–Iran bilateral human rights dialogue in December 2002. The sixth round of our dialogue with China was held in August 2002 and the second round with Vietnam in June 2003. These dialogues contribute to improved understanding of human rights issues in these countries and, through technical cooperation programs (in China), have assisted modest, practical improvements on the ground.

Australian missions overseas again made representations on individual human rights cases and issues of concern throughout the year. The department continued regular human rights consultations with non-government organisations and civil and community groups on human rights issues of mutual interest. These consultations provided us with a valuable additional source of advice and information on human rights issues.

United Nations

Reform

The department, including through our mission to the UN in New York, worked effectively with the UN Secretariat and other member states to achieve adoption of the Secretary-General's second-term reform package. The package will increase the efficiency of UN operations, including through termination of outdated programs. We continued to argue for full implementation of reform measures, including in the specialised agencies, and restoration of budgetary discipline.

UN agencies

We coordinated Australia's engagement with a range of UN programs and agencies, promoting a greater focus on the development needs of the Asia-Pacific region. Continuing our track record of obtaining seats for Australia in international organisations, we played a lead role in securing Australia's election to the Governing Council of the International Telecommunications Union.

Commonwealth issues

The department supported the Prime Minister in his role as Commonwealth Chairman-in-Office, and as Chairman of the Troika—with the leaders of South Africa and Nigeria—dealing with the Commonwealth's response to the deteriorating situation in Zimbabwe. In light of lack of progress on political reform and worsening human rights abuses in Zimbabwe, we worked to maintain Zimbabwe's suspension from the councils of the Commonwealth.

We supported Mr Downer in his role as Vice-Chair of the Commonwealth Ministerial Action Group (CMAG) and in his participation in other Commonwealth meetings. We maintained CMAG's focus on important regional issues, including developments in Fiji and Solomon Islands, and encouraged Pakistan, which is suspended from the councils of the Commonwealth, to continue on its path back to democracy.

The department, including through our high commission in London, was active in ensuring the implementation of key recommendations of a High Level Review Group on Commonwealth activities. This has led to a significant reorganisation of the way the Commonwealth conducts its business and will result in priority activities being delivered in a more efficient and cost-effective way.

Law of the sea and Antarctic issues

Major achievements for the department during the year were the entry-into-force of the Timor Sea Treaty on 2 April 2003 and the establishment of the administrative machinery for the Joint Petroleum Development Area it brought into being, and the signature by Mr Downer on 6 March 2003 of the related international unitisation agreement for the Greater Sunrise oil and gas fields—the first of its kind for Australia. The department provided extensive policy support for Mr Downer and the Minister for Industry, Tourism and Resources in their crucial meetings with East Timorese leaders on these agreements and led the officials-level negotiations. These instruments have created the legal basis necessary for developing oil and gas resources in the Timor Sea, including the major Bayu-Undan and Greater Sunrise deposits, for the benefit of Australia and East Timor. They will greatly assist East Timor's economic development and promote Australia's interests in stability in the region by ensuring that East Timor has a significant and reliable stream of foreign exchange revenue.

The department also continued to lead the Australian team in the negotiations to delimit permanent maritime boundaries with New Zealand.

We continued to play an active role in promoting international cooperation against illegal, unreported and unauthorised fishing, including coordinating international action leading to the apprehension of two Russian-flagged vessels (the *Volga* and the *Lena*), which were fishing illegally in Australian waters off Heard Island. We contributed to defending successfully an action against Australia before the International Tribunal for the Law of the Sea in Hamburg in relation to the *Lena*.

The department coordinated action within the Commission for the Conservation of Southern Bluefin Tuna aimed at working with 'cooperating non-members' to promote the recovery of this important and valuable stock.

In cooperation with the Department of Environment and Heritage, we played a key role in finalising the legal framework for the establishment of a permanent secretariat for the Antarctic Treaty, to be based in Argentina.

The department worked with the Department of Environment and Heritage to enhance the focus of the International Whaling Commission (IWC) on the conservation of whales. We helped develop the Berlin Initiative on Strengthening the Conservation Agenda of the IWC, which was adopted in June 2003.

Environment

Climate change

We continued to lead Australia's effort to build support for global action against climate change that will be environmentally effective and not undermine the competitiveness of Australian industry. We played a constructive role in the Eighth Conference of the UN Climate Change Convention in New Delhi which helped lay the basis for a more positive dialogue with developing countries about how they could address the causes of climate change. Australia continues to chair the Umbrella Group of countries on climate change (Australia, Canada, Iceland, Japan, New Zealand, Norway, Russia, Ukraine and the United States). We advanced practical cooperation on climate change, including through bilateral arrangements with the United States, the European Union, Japan and New Zealand. The department also contributed to the development of the Government's climate change forward strategy.

World Summit on Sustainable Development

The department played an important role in the success of efforts to focus the World Summit on Sustainable Development in September 2002 on the links between good governance, trade and investment flows, poverty alleviation and environmental protection. We worked closely with developing countries to highlight the environmentally harmful and trade-distorting effects of agricultural subsidies, as well as to minimise the risk that environmental measures be used for trade protectionism.

Other environment negotiations

We worked closely with industry and developed alliances with other countries to protect Australia's environmental and trade interests across a range of other negotiations. We continued our efforts to reduce the risk that the Biosafety Protocol could lead to unnecessarily burdensome rules for exporters without contributing to its environmental objective. Australia has no timetable for consideration of accession of the Protocol, which entered into force in September 2003. We also continued to work under the Convention on Biological Diversity and other UN instruments to ensure that environmental protection measures are effective, practical and not used for protectionist purposes.

1.1.8 SECURITY, NUCLEAR, DISARMAMENT AND NON-PROLIFERATION

Overview

The twin global threats of international terrorism and the spread of weapons of mass destruction (WMD) were a key focus of the department's work in support of Australia's international security interests.

The department made a major contribution to the global campaign against terrorism, the continued urgency of which was tragically reinforced by the bombings in Bali on 12 October 2002. We concluded bilateral counter-terrorism memorandums of understanding (MOUs) with several regional countries, and helped—in conjunction with other Australian Government agencies—to strengthen the region's counter-terrorism capacity, through bilateral assistance, high-level meetings and a range of initiatives in bodies such as the Asia-Pacific Economic Cooperation (APEC) forum, the ASEAN Regional Forum (ARF) and the Pacific Islands Forum (PIF). The appointment of an Ambassador for Counter-Terrorism, based in the department, underlined the Government's firm resolve to combat international terrorism.

Iraq's non-compliance with United Nations (UN) resolutions, the Democratic People's Republic of Korea's (DPRK) announced withdrawal from the Nuclear Non-Proliferation Treaty (NPT) and Iran's confirmation it had secretly developed advanced nuclear facilities underlined the reality that multilateral arms control regimes, while underpinning regional and global security, cannot of themselves deal with states that flout their obligations or challenge established norms. The department worked within the NPT review process and through the International Atomic Energy Agency (IAEA) to reaffirm forcefully international condemnation of nuclear proliferation. We worked with allies and other like-minded countries to develop WMD counter-proliferation strategies and apply collective pressure on proliferators and those attracted by their example.

In coordination with the Department of Defence, the department organised Australia's contributions to the UN WMD inspections process in Iraq and closely monitored the results. We facilitated the deployment of Australian defence forces overseas to back up diplomatic efforts and, when those failed, to take part in the coalition military campaign against Iraq.

We used our bilateral links and participation in regional and international organisations to help apply concerted pressure on the DPRK to comply with its NPT obligations. More broadly, we took part in the Proliferation Security Initiative (PSI) meeting in Madrid in June 2003 to consider ways of interdicting and disrupting the transfer of materials to and from states suspected of developing weapons of mass destruction. We secured agreement to host a second meeting of the PSI in July 2003.

The department worked with Australia's allies and like-minded countries to strengthen non-proliferation norms, tighten export controls and raise the barriers to proliferation and illicit trade. The established international arms control, non-proliferation and disarmament regimes remained important to our work.

The demanding nature of the contemporary security environment has underlined the need for strengthened security relationships with our allies and partners in the region and further afield. We used our security dialogues with those countries to strengthen our bilateral security relationships and present Australia's position on key security issues. We helped establish trilateral security talks with Japan and the United States and resumed bilateral dialogues with several partners. In the ARF, we promoted stronger cooperation in responding to terrorism, WMD proliferation and other issues that threaten regional stability.

Strategic policy and coordination

We placed emphasis on strengthening Australia's alliance relationship with the United States. The department worked with the Department of Defence and other agencies on developing responses to major alliance-related developments, including the US force structure review in the Asia-Pacific region and US plans to develop a missile defence system to defend against potential threats. The alliance relationship has proven its continuing relevance in recent years, by adapting to confront the contemporary security challenges of terrorism and WMD proliferation.

In coordination with the Department of Defence, the department organised Australia's contributions to the UN WMD inspections process in Iraq and closely monitored the results. We facilitated the deployment of Australian defence forces overseas to back up diplomatic efforts and, when those failed, to take part in the coalition military campaign against Iraq. Our network of overseas posts, particularly those in the Middle East, Washington and London, played a major role in supporting these outcomes. See sub-output 1.1.4 for further information.

We worked with the Department of Defence and other agencies to give careful consideration to applications for the export of defence and related goods to other countries, to ensure those exports were consistent with Australia's foreign, strategic, arms control and non-proliferation policy objectives.

Security dialogue and cooperation

Regular bilateral security dialogues with global and regional partners helped build support for key Australian objectives to promote greater understanding and shared interests.

In 2002–03, we held talks with the Republic of Korea (ROK), Vietnam, Russia, France, Germany, Japan, India and Thailand, and resumed security dialogues with China, Indonesia and the United Kingdom. We used these dialogues to inform dialogue partners of Australia's strategic policy and outlook, influence our partners' security perspectives, build

support and understanding for Australia's position on major security issues such as Iraq and the DPRK, promote greater counter-terrorism cooperation and underline the need to respond robustly to challenges to international arms control and non-proliferation regimes.

The department helped establish a trilateral security dialogue with Japan and the United States. This new forum was convened three times over the past year. It proved to be an effective mechanism for regular, high-level strategic discussion reflecting our shared interests in international security and an appreciation of the contributions made by each to the security and prosperity of the Asia-Pacific region. Responding to the threats of terrorism and WMD proliferation was a prominent theme in these discussions.

We supported Mr Downer's participation in the annual ASEAN Regional Forum (ARF) ministerial meetings held in Bandar Seri Begawan, Brunei in July 2002 and in Phnom Penh, Cambodia in June 2003. We helped ensure that the ARF sent an unequivocal message to the DPRK urging it to resume cooperation with the IAEA and comply with its NPT obligations, the first such direct message to a fellow ARF member in the forum's ten-year history. We continued to push for the ARF to become more resolute and active in responding to regional security developments.

Following Mr Downer's proposal at the July 2002 ARF Ministerial Meeting, the department co-chaired with Singapore an ARF workshop on managing the consequences of a major terrorist attack. The workshop, held in Darwin in June 2003, brought together experts from emergency response, civil defence, law enforcement and security agencies, as well as foreign and defence ministries, from 17 ARF countries. Participants identified a number of areas for closer cooperation, including urban search and rescue, hospital and medical surge capacity, forensic investigation, and dealing with the unique challenges posed by chemical, biological and radiological weapons.

Counter-terrorism

The department was instrumental in forging stronger ties with regional countries to fight terrorism. We negotiated new counter-terrorism MOUs with Malaysia, Thailand, the Philippines, Fiji and Cambodia, agreed an MOU text with India and began negotiations with East Timor and Papua New Guinea. These arrangements will facilitate practical cooperation between Australian agencies and their counterparts in areas such as law enforcement, border and transport security, and anti-terrorist financing, and provide for increased exchange of information on terrorism issues. The department also led multi-agency counter-terrorism dialogues with the United States, Japan, India and Fiji.

We were active in encouraging a strong counter-terrorism response at the regional and international levels. In the Asia-Pacific region, we promoted counter-terrorism initiatives in APEC, the ARF and the PIF. Through the PIF, we continued to help Pacific island countries strengthen their counter-terrorism legal and administrative regimes.

The department strongly supported ministerial involvement in an Australia-led regional conference on anti-terrorist financing in Bali in December 2002. We were also the driving force behind an informal regional ministerial counter-terrorism meeting hosted by Mr Downer in Bali in April 2003. In the UN, we played a leading role in listing Jemaah Islamiyah as a terrorist organisation, and lent close support to the valuable work of the

UN Counter-Terrorism Committee. Australia is now party to 11 of the 12 UN conventions on terrorism.

The Government appointed an Ambassador for Counter-Terrorism, who established a new inter-agency body—the International Counter-Terrorism Coordination Group (ICTCG)—to coordinate Australia’s international counter-terrorism policies and capacity-building efforts. The department serves as the ICTCG secretariat. These developments, and the creation of a new Anti-Terrorism and Intelligence Policy Branch within the department’s International Security Division, have helped to sharpen our counter-terrorism work and the Government’s capacity to respond appropriately to the practical security challenges arising from the campaign against terrorism.

After Bali: combating the terrorism threat

The terrorist attacks in Bali on 12 October 2002, in which 88 Australians and many others were killed, drove home the very real threat that terrorism poses to Australia’s security and that of the wider Asia-Pacific region. The department was centrally involved in the Government’s response to the Bali tragedy, and in subsequent close cooperative efforts—regionally and domestically—to combat the terrorist threat.

Within hours of the Bali bombings, we convened an Inter-Departmental Emergency Task Force, comprising a range of key agencies, to coordinate action. Our Crisis Centre went into 24-hour operation to respond to consular, foreign policy and other aspects of the attacks.

Bilateral counter-terrorism arrangements with Indonesia—agreed under a February 2002 memorandum of understanding—were invoked immediately, and underpinned the subsequent highly successful joint investigation into the attacks conducted by the Australian and Indonesian police. The department continued to support the Australian Federal Police and the Australian victims and their families through the investigation—which has seen more than 30 people arrested—and the ongoing trial process.

Counter-terrorism cooperation between Australia and Indonesia after the Bali bombings was—and remains—unprecedented, and has served as a model for cooperation between other regional police and security services. The department worked actively to encourage this. More than 150 terrorist suspects have been arrested, including in Indonesia, Malaysia, Thailand, the Philippines and Cambodia. Terrorist networks—including elements of the Jemaah Islamiyah group responsible for the Bali bombings and other terrorist attacks—have been disrupted, and several planned attacks thwarted.

Over the past year, Australia and its neighbours have acquired valuable insights into how Jemaah Islamiyah and related terrorist networks operate. The department works closely with Australia’s intelligence and security agencies in monitoring terrorist and other threats. But we are under no illusions—despite good progress in countering the threat, terrorism continues to pose a formidable regional and international security challenge.



The Foreign Secretary of the Philippines, Mr Blas Ople, and the Minister for Foreign Affairs, Mr Alexander Downer, signed a bilateral Memorandum of Understanding on Cooperation to Combat International Terrorism in Canberra in March 2003. (Photo: AUSPIC)

Counter-proliferation and export controls

The department took the lead for Australia in the **Proliferation Security Initiative (PSI)**, a coalition of countries aiming to develop new practical measures to prevent the spread of WMD, their delivery systems and related materials. Australia was among eleven countries that participated in the first PSI meeting in Madrid in June 2003. At Mr Downer's initiative the department secured agreement to host the second meeting of the PSI in July 2003 in Brisbane, reflecting our strong contribution to non-proliferation and international security.

Under the department's chairmanship, the **Australia Group**, a consultative network of 33 countries and the European Commission, enhanced measures for preventing the proliferation of chemical and biological weapons, building on intensified cooperation in the wake of the 11 September 2001 terrorist attacks in the United States. The plenary meeting in June 2003 added 14 new biological agents to the control lists, endorsed a cooperative program for engaging Asia-Pacific countries on export controls, adopted a practical guide for compliance and enforcement officers to identify and prevent illicit trade in controlled items and approved new procedures for improving transparency and information sharing among Australia Group members.

Domestically, the department continued to expand its cooperation with other agencies, industry and the academic community with a view to improving Australia's **bio-terrorism** counter-measures. We convened, in January 2003, a meeting of the National Consultative Group on the Biological Weapons Convention (BWC), involving prominent scientists and biotechnology companies, as part of our preparations for a series of meetings of BWC States Parties to begin later in 2003. We also cooperated closely with Australia's peak biotechnology industry body, AusBiotech, in raising industry awareness of export controls and devising a biosecurity policy for the International BiIndustries Federation.

The department continued to play a strong role in the other major export control regimes—the Nuclear Suppliers Group (NSG), Wassenaar Arrangement and the Missile Technology Control Regime (MTCR). Our contributions focused on advocating widespread adherence to the regimes and reinforcing agreed standards for trade in sensitive items.

In tackling the **illicit trade in small arms**, we encouraged other countries to implement the UN Program of Action, which includes a series of political commitments and practical measures designed to curb the trade at the regional level. We continued our work with other Australian agencies in support of efforts by Pacific island countries to deal with this issue. Our efforts included finalising model legislation on weapons control in the Pacific.

Non-proliferation and disarmament

The department was active in defending the fundamental role of the **Nuclear Non-Proliferation Treaty** (NPT) in constraining the proliferation of nuclear weapons. This was challenged by the DPRK's non-compliance with its NPT obligations, expulsion of IAEA inspectors, announced withdrawal from the NPT and its stated intention to develop a nuclear weapons capability. See sub-output 1.1.1 for further information.

Within the NPT we worked intensively for practical improvements to the non-proliferation regime. At the second Preparatory Committee for the 2005 NPT Review Conference in Geneva in April 2003 we encouraged a strong focus on NPT compliance issues. Our targeted representations in the lead-up to that meeting put Australia's priorities to the fore.

Entry into force of the **Comprehensive Nuclear Test Ban Treaty** (CTBT) remains a key Government priority. The department supported an initiative for a Joint Ministerial Statement on the CTBT, which was presented at the United Nations in September 2002 by Mr Downer and his Dutch and Japanese counterparts on behalf of a broad group of countries, calling for the early entry into force of the CTBT. The department's continued strong support for the work of the Preparatory Commission for the CTBT Organisation focused on establishing the CTBT's verification machinery, including the rollout of over 300 stations within the treaty's international monitoring system. These stations are specifically oriented towards detecting activities consistent with nuclear testing. Five Australian stations have now been completed, three others have been certified, and planning has advanced for several others.

The department was also prominent in informal work on a **Fissile Material Cut-off Treaty**, enabling progress on key treaty issues despite the deadlock in the Conference on Disarmament blocking a start to treaty negotiations.

We contributed to a comprehensive first Review Conference of the **Chemical Weapons Convention** (CWC) in The Hague in April and May 2003. The conference adopted a political declaration reaffirming parties' commitments to the treaty's legal and verification provisions and adopted a broader review document assessing CWC implementation and suggesting improvements. To reduce the risk of proliferation, we worked with allies and like-minded countries to stress the importance of CWC universality

and compliance with obligations. We successfully countered some unfounded criticism of Australia Group export control arrangements.

Moving forward from the collapse of negotiations on a protocol to strengthen the **Biological Weapons Convention** (BWC) in July 2001 and the suspension of the fifth BWC Review Conference in December that year, the department played an important role in securing international agreement at the resumed Review Conference in November 2002 on a forward program of three annual meetings of parties on implementation and biosecurity issues, preceded by experts meetings. These will provide a basis for ongoing efforts to encourage implementation of existing BWC commitments, and for fresh thinking on enhanced security of high-risk biological materials.

Our active diplomacy in support of the international code of conduct against the **proliferation of ballistic missiles** bore fruit with the code's adoption in The Hague in November 2002. The 'Hague Code', as it is now called, grew out of a Missile Technology Control Regime initiative, which Australia promoted to Asia-Pacific countries. Disappointingly, only one ASEAN state has so far adopted the code. We will continue outreach efforts to ensure that, in the absence of a multilateral treaty regulating missiles, the 'Hague Code' is rapidly established as the global norm against ballistic missile proliferation.

Our work on addressing the spread of **conventional arms** focused on countering illicit trade in small arms, strengthening the Convention on Certain Conventional Weapons and promoting universalisation of the Ottawa Convention prohibiting the use, production, stockpiling and transfer of anti-personnel landmines. The department's efforts involved close cooperation with the Australian Network of the International Campaign to Ban Landmines to promote the benefits of accession among those South-East Asian and Pacific countries yet to sign on to the Convention.

The department was also actively involved in international efforts to resolve the problems posed by **unexploded ordnance**. We helped secure international agreement to start negotiations on an instrument on post-conflict remedial measures to reduce the humanitarian impact of explosive remnants of war, and are now actively engaged in those negotiations.

Compliance and verification

The DPRK's breach of its NPT obligations represented the most brazen challenge to the compliance and verification mechanisms that underpin the functioning of international arms control treaties. We countered the DPRK's challenge through the NPT, in the IAEA, in other multilateral and regional forums and bilaterally (see sub-output 1.1.1 for further information).

We joined like-minded members of the IAEA Board of Governors to send a forceful message to Iran about fulfilling its NPT obligations and cooperating fully with the IAEA. Iran's nuclear program attained a higher international profile following President Mohammad Khatami's public confirmation in February 2003 that Iran was developing a complete nuclear fuel cycle. Australia shares strong international concerns about Iran's intentions.

Our representations in the lead-up to the second NPT preparatory committee for the 2005 NPT Review Conference urged NPT parties yet to do so to conclude safeguards strengthening additional protocols to their IAEA safeguards agreements. In Australia, the highly effective application of these measures not only enhances and demonstrates fulfilment of Australia's treaty obligations, but has also provided the IAEA with a 'test-bed' to trial fresh approaches.

Over the past year, Australia received three routine CWC inspections of dual-use chemical facilities. The department and the facilities themselves were complimented on their cooperative and transparent approaches to inspections. A discovery in Australia of buried chemical munitions dating back to World War II was declared to the UN in accordance with the provisions of the CWC. The munitions were promptly destroyed. We shared Australia's implementation experience at a regional CWC workshop in Thailand in March 2003.

OUTPUT 1.1 QUALITY AND QUANTITY INFORMATION

Quality indicators

- Satisfaction of portfolio ministers with the department's policy advice, analysis, speeches and briefings, including the department's contribution to the development of policies of other Commonwealth agencies which have an international dimension
- Satisfaction of portfolio ministers with the protection and advancement of Australia's international interests, including the conduct and timeliness of bilateral and multilateral negotiations, effective advocacy and representations, post reporting and the organisation of official programs
- Strong capacity to assess, analyse and advise on responses to international developments

Quantity indicators

- Scope and composition of the department-managed diplomatic network
- Number of units of policy advice delivered, including ministerial and cabinet submissions, ministerial correspondence, and speeches and briefings including parliamentary briefings
- Number of consultations conducted with other Commonwealth agencies, state and territory governments, business and non-government organisations in the context of the department's development of foreign and trade policy advice
- Number of representations made to other governments and international organisations in support of Australia's international interests
- Number of international meetings or negotiations attended, including on behalf of other Commonwealth agencies
- Number of official programs prepared for portfolio ministers and senior officials
- Number of official programs prepared for the Prime Minister, other Commonwealth ministers and senior officials
- Number of reporting cables produced by our overseas posts
- Number of occasions on which the department has contributed to the development of policies by other Commonwealth agencies
- Number of Foreign Affairs Council and Trade Policy Advisory Council meetings organised

Provision of policy advice, analysis, speeches and briefings

The department received informal feedback on its performance through the daily contact of the Senior Executive with portfolio ministers, constant interaction between ministers' offices and departmental employees at all levels, and cooperation in the conduct of ministers' international visits and their participation in international meetings. There is also regular interaction with the Prime Minister and non-portfolio ministers on foreign and trade policy issues.

Structured mechanisms for ministers to provide performance feedback include:

- the regular policy discussions ministers hold with the Secretary and members of the Senior Executive
- ministers' comments on the formal written advice—mainly in the form of submissions and briefings—provided by the department
- the calls our heads of mission make on portfolio ministers at the commencement of, mid-way through, and sometimes also at the conclusion of their postings.

Ministers expressed general satisfaction with the level, intensity, diversity, alacrity, and effectiveness of the department's policy work.

The department provided secretariat support to the Foreign Affairs Council. The Council provides a mechanism through which distinguished Australians working in business, media and academia can share their expertise and views on a broad range of foreign policy issues with the Minister for Foreign Affairs. We also provided secretariat support to the Trade Policy Advisory Council—see sub-output 1.1.6 for further information.

Ministerial submissions and briefings

During the reporting period, the department produced over 2000 written submissions and over 4700 briefings for ministers' consideration. Portfolio ministers expressed broad satisfaction with the department's policy advice and analysis.

Ministerial correspondence

The preparation of replies to ministerial correspondence is an important means of responding to public interest in foreign and trade policy matters. Ministers allow one week for draft replies for ministerial signature and two weeks for departmental replies. The Senior Executive monitors our performance of this function closely.

The amount of ministerial correspondence we handled increased significantly during 2002–03. We received and processed 11 233 letters in the period, an increase of 3569 or 47 per cent over the previous year. The bulk of the increase is attributed to the strong community interest in the Iraq crisis. The timeliness of preparation of replies continued to improve. In the last three months of the year, we responded within required timeframes to all letters received and processed a total of 2885 items.

Questions on notice

The department prepares written responses for ministers' consideration to Questions on Notice (QON) asked of ministers by members and senators and to questions taken on notice during appearances by the department before parliamentary committees. The department prepared responses to over 400 QON during the reporting period. Improvements to the department's QON database, and enhancements to electronic tasking of responsible divisions, assisted the department to meet deadlines for submission of responses to ministers.

Speeches

Speeches provided by the departmental speechwriters, in consultation with ministers' offices and relevant areas of the department, were well received by ministers. We prepared 200 ministerial and senior executive speeches.

Protection and advancement of Australia's international interests

Ministers were generally satisfied with the department's work. Following are some examples of feedback:

- The Prime Minister and ministers thanked the department for its part in securing the LNG deal with China—at \$25 billion, Australia's largest-ever single-value contract. The contract will form the basis of a long-term strategic energy partnership between Australia and China.
- Mr Downer commended the department for extraordinary commitment and determination to provide assistance and support in response to the Bali bombings.
- Mr Vaile thanked the department for its efforts in preparing for the informal meeting of WTO trade ministers in Sydney which injected momentum into the Doha Round negotiations. He also expressed his appreciation for our efforts, in difficult circumstances, to ensure a successful Cairns Group Meeting in Bolivia.

Capacity to respond to international developments

The reporting against effectiveness indicators earlier in this report provides instances of appropriately timed and scaled responses to international events with significant consequences for Australia.

To maintain 'surge capacity' to react to the unexpected—as distinct from the cultivation of corporate strengths in predicting, anticipating and shaping developments—the department ensured that its staff were trained in Emergency Call Unit procedures and Crisis Centre management. The principles of Working Smarter continued to be implemented, especially overseas, to ensure efficient work practices were applied (see Section 3—Corporate Management and Accountability for further information).

Quantity information for output 1.1

Indicator	2002-03	2001-02
Scope and composition of the department-managed diplomatic network	See Appendix 13 (Summary of the overseas network)	
Number of units of policy advice delivered:		
Ministerial submissions	2 075	1 556
Cabinet submissions ¹	28	12
Ministerial correspondence ²	11 233	7 664
Speeches ³	200	134
Briefings not under submission ⁴	4 955	4 608
Cabinet briefings for ministers ⁵	95	65
Meeting briefs	307	314
Number of consultations conducted with other Commonwealth agencies, state and territory governments, and business and non-government organisations in the context of the department's development of foreign and trade policy advice ⁶		
	30 778	23 043
Number of representations made to other governments and international organisations in support of Australia's international interests ⁷		
	39 306	34 681
Number of international meetings or negotiations attended, including on behalf of other Commonwealth agencies ⁸		
	14 542	15 731
Number of official programs prepared for portfolio ministers and senior officials ⁹		
	839	881
Number of official programs prepared for the Prime Minister, other Commonwealth ministers and senior officials ¹⁰		
	905	912
Number of reporting cables produced by our overseas posts		
	84 220	75 019
Number of occasions on which the department has contributed to the development of policies by other Commonwealth agencies ¹¹		
	5 293	3 561
Number of Foreign Affairs Council meetings organised ¹²		
	2	3
Number of Trade Policy Advisory Council meetings organised		
	3	2

1 The department was the lead sponsor of 17 cabinet submissions and co-sponsor of 11.

2 Much of this increase reflects strong community interest in the Iraq crisis. We also received and processed 89 183 items of campaign mail.

3 Includes speaking notes for both ministers, the Parliamentary Secretary and the Senior Executive.

4 This figure includes daily consular briefings for ministers and senior officials.

5 Cabinet briefings increased as a result of an increased number of cabinet submissions.

6 This number includes semi-formal consultations such as telephone conversations and email correspondence.

7 This information was collected by all areas of the department, including overseas posts, and collated centrally. The difficulty in defining what constitutes a representation, given our different operating environments overseas, means that this figure is necessarily an approximate one. The increase from 2001-02 is attributable to a number of factors, including international events such as the Bali bombings and the Iraq crisis.

8 This figure includes meetings with non-government organisations and business representatives.

9 This figure includes programs prepared for senior officials (broadband 4 level and equivalent and above).

10 This figure includes programs prepared for senior officials (broadband 4 level and equivalent and above).

11 This figure includes formal contact between departments such as interdepartmental committee meetings in which staff provided significant input to the policies of other agencies.

12 Lists of members of the Foreign Affairs Council and Trade Policy Advisory Council can be found on the department's website at www.dfat.gov.au/fac and www.dfat.gov.au/trade/opening_doors/tpac.html.

Output 1.2**Secure government communications and security of overseas missions****Overview**

The increased threat of global terrorism, illustrated by the 11 September 2001 terrorist attacks in the United States and the October 2002 Bali bombings, posed greater challenges for the department in safeguarding the security of Australia's overseas diplomatic network and secure communications.

The security environment of our overseas missions was put to the test in 2002–03 with an unprecedented number of direct and indirect terrorist-related threats. We temporarily closed two posts as a result of specific and credible threats. In response to this more hostile environment, we:

- made significant improvements to the security at several high-risk posts (using additional funding provided by the Government for the purpose)
- undertook regular risk assessments of terrorist and other threats
- improved the overall level of security advice to all posts
- improved security at the department's headquarters, the RG Casey Building, and state and territory offices.

Despite the difficult environment, the department extended the Government's global communications network to provide secure links between seven ministerial offices, 15 Australian Government agencies and 86 locations around the world. We accelerated the deployment of the Secure Australian Telecommunications and Information Network (SATIN) in the wake of the Bali crisis when the Government decided to extend the network to all overseas posts, recognising the needs of posts everywhere to have access to the full range of the department's information technology (IT) resources.

Some of the highlights included:

- developing at short notice remote access computing solutions to re-build communications links for the re-established Australian Representative Office in Baghdad after the Iraq conflict
- maintaining secure communications with Middle East posts during the conflict
- deployment of SATIN to an additional 42 overseas missions (almost one rollout per week).

We continued to place a high priority on ensuring a high level of security awareness among all staff in the department, both in Australia and at posts, including in relation to IT security risks. We issued new security instructions and gave priority to ensuring that IT security risks were appropriately addressed in the rollout of SATIN.

Information management and secure communications

The rollout of SATIN has been a major focus of the department's information management and secure communications activities. Replacing the ageing Australian Diplomatic Communications Network (ADCNET) and non-national secure systems, the SATIN system delivers an enhanced information management and messaging system. SATIN has become an essential tool of trade for staff in their pursuit of the Government's foreign and trade policy objectives.

The department received \$10 million in additional funding to extend SATIN to all our overseas missions. This reflected the importance of delivering the full range of our IT resources to all posts, including small posts. SATIN has been successfully rolled out to over half of Australia's missions around the world, as well as to the department's state offices and passport offices and to a number of other government organisations to facilitate their international communications. The deployment of SATIN to the remainder of Australia's diplomatic and consular missions abroad will continue over the next financial year.

Technical staff continued to monitor, test and refine the SATIN system. Taking advantage of its increased capabilities, a number of new corporate databases have been developed and deployed to users in Australia and overseas. One of the most significant of these is the Consular Management Information System (CMIS), which provides posts with a global consular case management capacity. This includes an online registration system that allows Australian travellers and residents overseas to provide their contact and travel information online.

Other important databases developed during the year were the Statistical Trade Analysis and Retrieval System (STARS) and Trade Negotiations Analysis System (TNAS). STARS provides core information for trade analysis and publications, while TNAS is a tariff and import database facilitating Australia's negotiations in trade forums. A range of smaller databases was also developed during the year, both for general deployment and for particular circumstances.

Improvement in the department's remote access computing capability, for both secure and non-secure communications, continued throughout the year. We deployed the mobile secure communications system or FlyAway unit to Manila when the Australian Embassy relocated, and to Baghdad, greatly facilitating the re-establishment there of an Australian diplomatic presence. In telecommunications, we expanded bandwidth capacity significantly. We were able to deliver improved satellite telecommunications to 18 posts with problematic terrestrial links.

Security of overseas missions

In response to the new threat environment, which is likely to persist over the long term, we undertook regular security risk assessments of terrorist and other threats to all Australia's overseas posts. Based on these assessments, we made physical security

upgrades to higher-risk posts, predominantly in the Middle East and South-East Asia, while continuing a program of more modest improvements to our lower-risk posts.

Our ongoing security advice and assistance to posts included priority inspections of physical security arrangements at 15 posts. In response to specific credible terrorist threats, we closed posts in Dili and Manila temporarily in September and December 2002 respectively. We continued to observe strictly the principle of consistency between the advice we give to posts and the advice we give to the Australian public through consular travel advisories.

Physical security

Our efforts to improve physical security at missions received a major boost when the Government approved an additional \$32 million for expenditure on physical security over five years at our high-risk posts. Of this total, \$11 million was approved for expenditure in 2002–03, with the remainder to be spent in equal proportions over the following four years. Intensive assessment and consultations are ensuring that these funds are being most appropriately targeted and expended in a cost-effective and timely manner.

The range of additional physical security measures introduced included upgrading and hardening perimeter security and providing access control systems and metal and mail detection equipment. We significantly upgraded guarding services to meet the increase in threat levels as a temporary measure while longer-term solutions were implemented. We completed major physical security fit out work for relocated missions in Amman, Berlin and Moscow, and continued work on the new mission in Abuja. Specialist staff played a key role in the physical security upgrades that enabled the embassy in Manila to reopen in January 2003 once the immediate security threat had passed, and in the relocation of the chancery that took place in May 2003.

Technical security

As part of the department's responsibility to protect Australian missions against technical and electronic attack, we carried out physical and technical inspections at 17 posts, including four relocated missions. Inspections were also undertaken at three state offices. We provided technical security support on seven prime ministerial overseas visits. A program to install alarm systems at posts continued with systems being installed or upgraded at eight posts. A trial installation of a biometrics access control system found favour with users.

In May 2003, we hosted the 13th meeting of the defensive security areas of five partner foreign services. The forum was a key opportunity to exchange information on common and

Protective equipment for chemical and biological weapons

As part of ongoing and prudent contingency arrangements, a small number of our posts in the Middle East have been supplied with protective equipment for chemical and biological weapons at various times since the 1991 Gulf War. As tensions rose over Iraq, we took the precaution of updating this equipment. The equipment consisted of protective suits, respirator units, air quality test kits and self-medication kits, sourced from commercial suppliers and the Australian Defence Forces. We also produced a training video to ensure that staff at posts could use the equipment correctly in any emergency.

emerging security challenges and to examine new technological vulnerabilities, including in the IT area. The meeting also provided a valuable opportunity to consider the framework for security practice and policy among the five services in the new threat environment.

Security awareness and practice

The department places the highest priority on ensuring appropriate standards of security awareness and practice in Australia and at overseas posts. To maintain these standards, we are undertaking a complete review of in-house security instructions. The first tranche of a new edition of instructions was published in November 2002. The review will be completed early in 2003–04.

The unauthorised disclosure of a ministerial record of conversation illustrated that there was still room for improvement in security professionalism and practice among some staff. The department responded to these concerns by reviewing the distribution of sensitive documents, improving document audit capacity and providing further training to staff on security procedures, responsibilities and professionalism. The investigation of the unauthorised disclosure was referred to the Australian Federal Police in February 2003.

Staff training

We provided mandatory overseas security awareness training to 219 staff from the department and 203 from other agencies before their overseas postings. We reviewed the course in 2002–03 to ensure it remained consistent with the changing overseas security environment. Early in 2002–03 a new format for the compulsory security awareness training was introduced for staff in Australia. We now offer introductory courses for new starters and refresher courses for other staff. A total of 180 staff attended the courses.

Security clearances

The department granted 297 initial security clearances for new starters and approved 391 security clearance re-evaluations for existing staff. Overseas posts processed a further 88 initial clearances and re-evaluations for locally engaged staff. In October 2002 a backlog of overdue clearance re-evaluations was cleared.

In accordance with requirements in the *Commonwealth Protective Security Manual*, we introduced the periodic revalidation of Top Secret security clearances in December 2002. By 30 June 2003, 87 security clearances had been revalidated. We recognised 78 security clearances issued by other agencies. All active departmental employees had current security clearances at 30 June 2003.

IT security

The department ensures that security risks are appropriately dealt with as part of the development and implementation of its information technology and telecommunications (IT&T) systems, in particular the rollout of SATIN. We made substantial progress in consolidating the policy and instructions relating to IT&T systems, and an acceptable-use policy has been promulgated for a number of IT&T facilities. We continue to place a high priority in providing IT&T security awareness training to staff, adopting an approach tailored to the needs of staff working in a foreign environment.

We conducted, on request, two special briefings for other agencies. We inspected aspects of secure communication systems at several overseas missions to ensure they continued to comply with government standards.

OUTPUT 1.2 QUALITY AND QUANTITY INFORMATION

Quality indicators

- Client satisfaction with the secure communications network and secure telecommunications infrastructure
- Availability to clients, and reliability, of communications through the secure network (including cable delivery)
- Client satisfaction with the level of physical security at overseas chanceries and residences, including responsiveness to unexpected events

Quantity indicators

- Number of posts and Commonwealth entities with access to the secure communications network and secure telecommunications infrastructure
- Number of clients serviced, types of services provided and volume of traffic handled
- Number of overseas missions for which security services are provided, including security review services
- Number of security clearances and reviews processed

Client satisfaction—secure communications network and telecommunications infrastructure

A majority of departmental staff now have access to the SATIN system. Apart from some early teething problems staff have welcomed the increased functionality and efficiency it delivers. More Australian Government agencies are seeking access to the system. The ADCNET legacy system continues to operate to a satisfactory level in just under half of our overseas missions.

We sought client views and feedback on both the ADCNET and SATIN systems through a variety of mechanisms.

External feedback

- A departmental representative held regular meetings with representatives of external organisations. Client feedback on the level of service provided by the department was positive.
- The department provides services to ministers' parliamentary and electorate offices through dedicated account representatives. Ministers and office staff expressed their appreciation for our responsiveness in dealing with problems and the development of innovative solutions for remote access communications.

Internal feedback

- Formal governance arrangements such as the Information Technology Strategy Committee, the Technical Advisors' Group and the Consultative Committee on Information Management were effective mechanisms for internal feedback. These committees agreed that staff satisfaction with the department's IT and communication systems was high, user-friendliness had increased and the systems had facilitated more efficient work practices.
- Regional management and heads of mission meetings, post liaison visits and divisional and post evaluation processes all provided opportunities for staff at posts to provide feedback. In addition, in November and December 2002 we undertook a Post Implementation Review of the SATIN deployment based on surveys and group and individual interviews at eight Asian posts. The response was overwhelmingly positive, with overseas users recognising the improved accessibility and efficiency of SATIN and the benefit of a standardised global IT system. A number of minor technical problems revealed by the survey have been solved.
- The Global Support Centre help desk provides full-time support services to clients to assist with the use of the department's information management and communications systems, including rectification of problems. The help desk delivers first-level telephone user support on issues related to the department's secure and non-secure information and communications systems. The Centre provided services to 9353 departmental and other Australian Government agency clients in Australia and overseas and in ministers' parliamentary and electoral offices. A total of 73 821 enquiries were received, mostly relating to minor faults in hardware or software. Some 68 per cent of enquiries were resolved to the client's satisfaction without the need for escalation to higher-level support teams. The balance of enquiries were referred to second or third-level support teams for resolution. The majority of problems reported to the help desk were resolved within 48 hours.

Availability and reliability of communications

The department continued to look at ways of streamlining and improving efficiency in the provision of electronic communication services to clients in 15 Australian Government agencies, seven ministerial and parliamentary offices and in overseas missions.

The increased use of email by clients has allowed the gradual phasing out of telememos (in 2001–02) and of central handling of faxes. Staff can now fax directly to or from individual branches, including directly to or from desktop computers.

The provision of the mobile secure communications system (the FlyAway unit) ensured ministers and government officials had access to secure communications to Canberra from remote or temporary office locations. FlyAway units were provided to staff in Manila when the Australian chancery was relocated and to the Australian Representative Office in Baghdad.

A large-scale program has begun to provide Integrated Services Digital Network (ISDN) backup capacity to 40 posts to ensure communication links remain in place regardless of the circumstances of supplier companies. The Voicenet speed dial service has been expanded to over 27 posts, with nine more to be connected in the coming months, achieving significant savings on international communications costs. The department plans eventually to provide this service to all posts as local technology permits.

We are investigating the usefulness of new technologies, including open source operating systems and applications, improved secure voice systems and improved encryption key delivery and management. An IT accounting application has been implemented across the department, measuring in the first instance Internet and Voicenet usage. This will help in the development of equitable charging mechanisms.

We have implemented the SATIN Global Management System (SGMS), a comprehensive network management system covering most installed components of the department's IT network. This is a proactive management system that aims to provide improved visibility and control of all elements of our IT network—covering router management, network discovery, application response times and servers. The enhanced ability to examine and evaluate the department's IT infrastructure will ensure that it remains focused on serving the system's business goals. Further development of the SGMS is continuing.

The department signed new contracts for the supply of international terrestrial and satellite telecommunications links in May 2002. These contracts have enabled us to expand significantly our bandwidth capacity (necessary for the successful operation of the SATIN system at posts) at a minimum additional cost. The efficiencies achieved through the contract for the provision of terrestrial services enabled the department to deliver improved satellite telecommunications links to 18 posts in regions where terrestrial links are problematic. Under the improved arrangements, all posts will have access to a minimum of 128 kilobytes of bandwidth per site.

The increase of bandwidth to posts has provided staff overseas with access to desktop Internet through the SATIN system.

Client satisfaction—security of overseas missions

The difficult security environment in 2002–03 placed significant strains on posts. Posts expressed a high level of satisfaction with our responsiveness to their security needs—through rapid advice on evolving security situations, special security assessments and inspection advisory visits at short notice, and through a significant increase in the level of physical security afforded by the new funding made available to the department and its rapid disbursement to posts. We made a particular effort to keep partner agencies informed of key developing security situations and our management of these events. Agencies expressed confidence in the measures in place and the approach taken.

We placed emphasis on providing appropriate training for staff before their departure on posting and our efforts to improve the relevance and structure of this training were well received. Staff noted in particular the value of the training provided in IT systems vulnerabilities.

Quantity information for output 1.2

Indicators	2002-03	2001-02
Number of posts and Commonwealth entities with access to the secure communications network and secure telecommunications infrastructure	108	104
Number of clients ¹	113 (approx)	120 (approx)
Types of services:		
Cables analysed ²	146 498	136 849
Cable pages printed ³	1 225 660	1 539 270
Fax pages ⁴	0	19 600
Telememos forwarded ⁵	0	142
Number of overseas missions for which security services are provided, including security review services ⁶	88	87
Number of security clearances and reviews processed	776	896

1 This figure reflects the number of agencies and other external work units including seven ministerial and parliamentary offices which receive paper or electronic copies of cables.

2 The increase in cable analysis reflects the increase in reporting cables and the increase in the number of sensitive cables requiring manual analysis.

3 The drop in printed pages reflects the department's policy of encouraging staff to read cables on screen rather than having them printed centrally. The demand for printed cables from other agencies also diminished as more joined the SATIN network and had access to cables electronically rather than in printed form.

4 Faxes are no longer handled centrally, but are instead sent direct to divisions.

5 Telememos were phased out during 2001-02.

6 This figure includes our overseas posts and other permanent overseas locations—see Appendix 13: Summary of the overseas network. It also includes an Australian Administrative Centre in Nauru set up to facilitate the processing of applications from asylum seekers.

Output 1.3 Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)

1.3.1 PARLIAMENT IN AUSTRALIA

1.3.2 SERVICES TO ATTACHED AGENCIES

1.3.3 SERVICES TO BUSINESS

1.3.4 SERVICES TO STATE GOVERNMENTS AND OTHER AGENCIES OVERSEAS AND IN AUSTRALIA

Overview

Much of the department's work in providing whole-of-government services to the Government and the Australian community is directed towards protecting and advancing Australia's national interests as reported in output 1.1. Our work on behalf of Commonwealth parliamentarians, state and territory governments, business and other agencies frequently involves the same approach and includes:

- assistance with the development of international visit programs and other logistical help overseas
- provision of administrative services to agencies attached to the department's overseas missions, including communications, office support and property management
- provision of tactical advice and analysis to Australian business and representations made to foreign governments on their behalf
- provision of statistical and other factual information about aspects of Australia's relationship with international organisations and foreign countries or about those organisations and countries themselves.

Parliament in Australia

The department helped arrange 130 overseas visits programs for individual Members of Parliament and Senators and for parliamentary delegations. These visits allowed dialogue with other parliaments on a range of important issues, helped establish links and strengthened relations between the Australian Parliament and parliaments of other countries. They also provided opportunities for study and observation of developments in a wide variety of fields relevant to the interests of the Australian community.

The support we provided included program suggestions and guidance on in-country travel; identifying and making appointments with key people in specific fields of interest; and providing written and oral background briefings on foreign and trade policy matters related to the visits.

The department also assisted with 14 visits to Australia by presiding officers, committees and delegations from parliaments of other countries.

To raise awareness of our work and help parliamentarians respond to constituents on related issues, we developed and distributed to all Members and Senators a kit containing information on the department and our services to parliament. Feedback on the initiative and the material was strongly positive.

Our work for the Parliament included assisting:

- parliamentary delegation visits to Asia, including visits to **Indonesia** in September 2002 and to **China** in November 2002
- a parliamentary delegation attending the 23rd Asian Inter-Parliamentary Organization General Assembly in **Vietnam** in September 2002
- parliamentary delegation visits to Europe, including visits to the **United Kingdom** and the **Netherlands** in November 2002 and to the **European institutions** in September 2002
- a parliamentary delegation visit to **Fiji** and **Papua New Guinea** in October 2002
- parliamentary delegation visits to the Middle East and Africa, including visits to **Egypt** in September 2002 and to **Iran, Jordan, Nigeria** and **South Africa** in October 2002
- parliamentary delegation visits to **United States** in September 2002 and to **Canada** in November 2002 and in April 2003
- parliamentary delegations attending Inter-Parliamentary Union meetings in **Switzerland** in September 2002 and **Chile** in April 2003, the United Nations General Assembly in the **United States** (New York) in September 2002, a Commonwealth Parliamentary Association conference in **Namibia** in September 2002 and the Asia-Pacific Parliamentary Forum in **Malaysia** in January 2003
- visits to **Central** and **Eastern Europe** by the Trade Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT) in April 2003 and by the JSCFADT Foreign Affairs Sub-Committee to **Fiji, Samoa, Tonga, the Solomon Islands** and **Papua New Guinea** in May 2003
- visits by individual parliamentarians to Europe, the Americas, Asia, Africa and the Middle East.

The department coordinated, on a whole-of-government basis, briefing on treaties and treaty action prepared for the Joint Standing Committee on Treaties. Our briefings to and appearances before a range of parliamentary committees are outlined in Appendix 6.

In response to requests from individual Members and Senators the department also provided 25 written and oral briefings on foreign and trade policy issues of specific interest.

Services to attached agencies

The department provided common administrative services to Australian Government agencies overseas under the Service Level Agreement (SLA).

The SLA facilitates efficient administration of Australian Government business overseas while avoiding operational and financial duplication. Services provided under the SLA, on a user-pays basis, include management services, financial services, office services, property services and communications for both Australia-based employees and locally engaged staff. Feedback from our SLA clients is reported on page 113.

Austrade is not a signatory to the SLA and receives common administrative services from the department in accordance with a bilateral memorandum of understanding (MOU). Under the MOU, Austrade posts have the option of receiving either the full range of services, as per the SLA, or essential services only.

Services to business

The department extends a wide range of services to business, including providing tactical advice and analysis, using our network to facilitate contacts between Australian and overseas business, and coordinating integrated promotions of Australian capabilities overseas.

We maintain close consultation with the Australian business community (as well as state and territory governments, non-government organisations and community groups) in coordinating, developing and advancing trade policy and objectives. Advice from the business community and other parties on barriers or impediments to accessing new or existing markets is crucial to developing the Government's trade negotiating strategy and for building a strong export sector. For example, we sought comment from business on our approach to the World Trade Organization (WTO) Doha Round of multilateral trade negotiations and the free trade agreement negotiations with the United States, Singapore and Thailand. See sub-outputs 1.1.5 and 1.1.6 for more information.

Market information and analysis

The department continued to operate a consultancy service providing statistical information and advice, on a fee-for-service basis, for Australian businesses and researchers interested in overseas markets. The service specialises in trade and economic data—covering exports and imports with over 220 partner countries (including cross-classification by commodity and industry), and information about the international trade of more than 100 countries. See quantity information on page 173 for more detail.

APEC

The department worked in the Asia-Pacific Economic Cooperation (APEC) forum to improve the environment for Australian businesses operating in APEC economies. During 2002–03, agreement was reached on a number of trade facilitation initiatives, including:

- commitment by APEC Leaders to adopt specific transparency principles relating to government business rules, regulations and administrative proceedings relevant to trade and investment liberalisation and facilitation by January 2005
- agreement by Japan to join the Australian-developed APEC Business Travel Card scheme, bringing to 14 the number of participating APEC economies that allow Australian cardholders streamlined travel, entry and departure arrangements
- agreement by APEC members to establish a system to identify, monitor and reduce impediments to trade for small and medium enterprises.

Our active involvement in the APEC Business Advisory Council continued to provide a useful two-way mechanism through which the department could maximise the benefits of APEC's work for business, as well as communicate APEC's outcomes. We instigated regular interaction with targeted sectors of the business community to encourage greater support for and participation in APEC activities, including the legal profession, and the chemicals and pharmaceuticals industries.

APEC Business Forum

The department hosted the 2003 APEC Business Forum in Sydney on 7 April 2003. The forum brought together Mr Vaile, senior Australian business executives, industry associations, diplomats and senior officials from ten government agencies to discuss the threat that terrorism poses to trade and investment and APEC initiatives to respond to that threat.

Presenters included Dr Gerard Henderson, Executive Director, Sydney Institute; Margaret Jackson, Chairman, Qantas; Richard Hein, Chairman and Managing Director, P&O Australia Limited; Peter Hanenberger, Chairman and Managing Director, Holden; and Paul Kelly, Editor-at-Large, The Australian.

The forum agreed that:

- trade security initiatives have the potential to deliver productivity improvements for business
- security contingencies are fast becoming an integral part of business plans
- business and government must work together to ensure a safe environment for trade to flow
- APEC's business-focused agenda provides an important avenue through which to pursue practical security initiatives
- APEC's trade facilitation work is providing direct benefits and cost reductions to business.

A number of participants provided positive feedback on the high quality of the program and its direct relevance to Australian business.

Market access—processed foods

The department worked closely with industry, as well as state and Australian Government agencies to implement the Government's National Food Industry Strategy, particularly its objective to increase sustainably Australian food exports. A key task during the year was developing an integrated approach among industry and state and Australian governments on technical market access issues, trade development and promotion in the food sector. We helped food businesses with market access problems and consulted on their interests in the WTO Doha Round and in bilateral free trade agreement (FTA) negotiations. Industry welcomed our contribution of an information resource in the form of two more volumes in the series on agrifood globalisation and Asia, launched by Mr Vaile in August 2002.

Market access—information industries

The department continued its work to broaden market access for the information and communication technology sector. This included negotiating the e-commerce chapter of the Singapore–Australia FTA. We are also pursuing greater access and certainty for the sector in current negotiations for FTAs with the United States and with Thailand and for the Trade and Economic Framework with Japan. The department continued to contribute to e-commerce and online initiatives in the APEC context, such as paperless (electronic administration) trading, and to the development of memorandums of understanding on information industries and information technology with a number of trading partners.

Market access—textiles, clothing and footwear

The department continued to deliver benefits to the textiles, clothing and footwear (TCF) industries through strategic bilateral approaches to foreign governments. For example, our representations to India in late 2002 resulted in a reduction in India's basic tariff on apparel grade wool—these tariffs ranged from 15 to 30 per cent and were reduced to 5 per cent effective 1 March 2003. In Poland we achieved a waiver of the remaining 3 per cent basic tariff on non-European Union imports of high-quality furniture leather. These outcomes were the result of several years of effort and close government and industry collaboration.

In 2002, we represented Australia on the International Cotton Advisory Committee's working group on government measures, tasked with identifying effective strategies to reduce and eventually eliminate direct government assistance to cotton production and trade. We also led Australia's delegation to the committee's plenary meeting in Cairo. Committee members in Cairo endorsed the working group's final report, which made recommendations on how to advocate cotton trade reform in the WTO Doha Round.

We coordinated Australian industry participation to the 7th Asia-Pacific Textiles and Clothing Industry Forum (ASPAC) held in Taipei and once again chaired the meeting of the Natural Fibres Textile and Clothing Trade Facilitation Committee. We gained member country support to lead a working group looking at future arrangements for the ASPAC forums.

Our network

Our **state** and **territory offices** played an important role in engaging state and territory governments on the Government's trade policy agenda. This included facilitating access to information on and input to WTO and FTA negotiations, and ensuring state and territory governments were able to leverage the access and influence of our network of overseas missions. The offices facilitated contact with visiting foreign government and business representatives, and assisted with 119 overseas visits by premiers, chief ministers and senior state and territory ministers.

Our network of **overseas posts** provided support and advice to hundreds of Australian companies on the ground in countries around the world. This support included high-level representations to government; hospitality and support for events to promote Australian business, products or expertise; and advice on market conditions.

Services to state governments and other agencies overseas and in Australia

The department played a significant role preparing for and supporting visits overseas by state and territory ministers, parliamentarians and officials, Australian Government officials and others. Some examples include visits to:

- **China** by three state premiers and other state ministers to promote trade and investment
- **Hong Kong** and **Taiwan** by state parliamentarians, including to pursue trade ties
- **Thailand** by a number of state ministers and parliamentarians, including to discuss transnational drug crime, social welfare and law enforcement issues; and to strengthen states' international economic relations
- **Singapore** by a state premier, a territory chief minister, a state minister and state government officials, largely to promote closer trade and investment ties
- **Malaysia** by a state premier and a territory chief minister to promote education links, and to strengthen relations
- the **Philippines** by a territory minister to promote closer trade and investment links
- **Brunei** by a territory minister leading a business delegation, and by a number of state and territory officials to develop closer trade and investment ties
- **India** by a state premier, a state minister, a state parliamentarian and a number of state officials, focusing on developing new business opportunities, formalising sister-city relations, and cooperating in education and sports development
- **European capitals** by state premiers and state parliamentarians, including to strengthen economic links
- **Egypt** by a state parliamentarian to identify trade opportunities
- **Mauritius** by a state minister to sign a memorandum of understanding on sporting exchanges.

Through our Torres Strait Island Office on Thursday Island, we provided particular support and practical assistance to a range of Australian and Queensland government agencies on matters relating to Australia's obligations under the Torres Strait Treaty.

We also provided briefings, policy advice and other support for a wide range of Australian Government agencies on international aspects of their respective agendas, activities and programs. This included helping to arrange visit programs; participating in negotiations on bilateral agreements and understandings; and facilitating and providing representation at international meetings. Some examples include:

- assisting AusAID to finalise the Subsidiary Arrangement between Australia and Indonesia relating to the Sanglah Hospital Package of Assistance Project in Bali
- coordinating arrangements for the Department of the Environment and Heritage and other relevant Australian Government agencies to participate in the Eighth Conference of the Parties to the UN Framework Convention on Climate Change in New Delhi in October 2002
- assisting the Attorney General's Department to conclude a bilateral agreement with Thailand concerning the transfer of prisoners, and to process the first transfer under that agreement
- assisting and participating with the Department of Agriculture, Fisheries and Forestry and Food Standards Australia New Zealand, in international meetings of the Food and Agriculture Organization and the Codex Alimentarius Commission, to develop international food standards
- helping the Treasury in negotiations which led to the signing during Treasurer Costello's visit to Mexico in November 2002 of a comprehensive taxation agreement between Australia and Mexico for the avoidance of double taxation and the prevention of fiscal evasion
- supporting Australian Electoral Commission officials in providing assistance to Nigeria during its federal elections in April 2003
- managing visits to Mauritius by Royal Australian Navy ships the HMAS Manoora in July 2002 and the HMAS Darwin in May 2003.

Open Source Collection Unit

Through the Open Source Collection Unit, the department continued to provide translations and summaries of news from Indonesian and Pacific broadcast, print and Internet media to the Australian intelligence community, government departments and agencies and government departments and agencies of allied countries. The war against terrorism greatly increased demands on the unit's media monitoring services, particularly of the Indonesian language media. The unit was regularly commended by Australian and international customers, including government agencies, for its appropriate selection of relevant material and rapid response to regional developments.

OUTPUT 1.3 QUALITY AND QUANTITY INFORMATION

Quality indicators

- Client satisfaction with briefing, administrative, visit facilitation, communications and other services provided

Quantity indicators

- Scope and composition of administrative services provided to other agencies overseas
- Number of official programs organised for members of the Commonwealth Parliament (excluding the Prime Minister or ministers) and parliamentary delegations
- Number of services provided to parliamentary committees
- Number of overseas visits by representatives of state or territory governments, and by state and territory parliamentarians, supported by the department
- Number of Australian companies supported by the department with advice on market conditions, access to government and private sector contacts, and through representations directly connected with their particular interests

Services to clients

The annual Post Evaluation Report (PER) process is the principal means through which the department obtained feedback on our work on behalf of other government agencies. Together with other internal evaluation procedures, the PER enabled us to assess the performance of posts in meeting whole-of-government objectives and to review our reporting priorities in areas of policy interest to other agencies.

Thirty-two departments and agencies were formally invited to comment on the performance of posts in meeting government policy objectives. Feedback on our support for other agencies was very positive overall.

Although the department does not have a formal mechanism for receiving feedback for services provided to parliamentarians and business, we do receive informal feedback—written and oral—through overseas posts and in Australia. The department was also commended—including through statements made in parliament—for its briefing, overseas programs and logistics work on behalf of federal and state parliamentarians. Our high level of support received favourable comments from a number of companies throughout the reporting period.

Services to other agencies

Under the Service Level Agreement (SLA), the department provided administrative support to 20 agencies and departments, covering almost 2200 staff. These included two new agencies in 2002–03, Invest Australia and the Australian Protective Service. The main purchasers of services under the agreement were the Department of Immigration and Multicultural and Indigenous Affairs, the Department of Defence and AusAID. In addition, Austrade, with 423 overseas staff, received administrative services in accordance with a bilateral memorandum of understanding. Overall, feedback from agencies has been very positive and clients are pleased with the level of support that was provided and the high standard of service delivery. See Appendix 9: Purchaser—provider arrangements, for further details on government agencies party to the SLA.

Quantity information for output 1.3

Indicator	2002–03	2001–02
Scope and composition of administrative services provided to other agencies overseas ¹	21	21
Number of official programs organised for members of the Commonwealth Parliament (excluding the Prime Minister or ministers) and parliamentary delegations ²	191	159
Number of services provided to parliamentary committees ³	74	27
Number of overseas visits by representatives of state or territory governments, and by state and territory parliamentarians, supported by the department ⁴	541	549
Number of Australian companies supported by the department with advice on market conditions, access to government and private sector contacts, and through representations directly connected with their particular interests ⁵	8 123	9 925

- 1 This is the number of agencies serviced under the Service Level Agreement, plus Austrade (which received administrative services under a memorandum of understanding). The services provided under the Service Level Agreement are grouped together in six categories: personnel services (Australia-based staff), personnel services (locally engaged staff), office services, property services, financial services and communications.
- 2 This figure is based on work undertaken by each post; that is, it reflects the number of programs organised on a country-by-country basis, rather than the number of Members of Parliament and Senators assisted by the department in Canberra.
- 3 This figure reflects the number of committee hearings before which the department appeared. The increase in service to committees reflects, in part, the high level of interest in global developments of concern to Australia.
- 4 This figure is based on work undertaken by each post; that is, it reflects the number of programs organised on a country-by-country basis.
- 5 This information was collected by all areas of the department, including overseas posts, and collated centrally. It reflects the number of companies supported on a country-by-country basis. We attribute the decline in numbers supported to the increased amount of trade-related material available on the department's website and a decrease in business activity resulting from the uncertain international security environment, the Iraq crisis and the outbreak of the SARS virus.

Output 1.4**Services to diplomatic and consular representatives
in Australia**1.4.1 SERVICES TO DIPLOMATIC AND
CONSULAR CORPS1.4.2 PROVISION OF PROTECTION ADVICE
THROUGH LIAISON WITH THE PROTECTIVE
SECURITY COORDINATION CENTRE**Overview**

The Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations, which codify international practice regarding the rights and responsibilities of diplomatic and consular officials, guide Australia's practice in the conduct of our diplomatic relations. Under these conventions, Australia is responsible for protecting the security and dignity of missions, their staff and their right to free and secure communication with their home government. The department is responsible for regulating privileges and immunities, including protecting against any abuse of those privileges and immunities and, where abuse does occur, taking effective action consistent with international conventions.

The department continued to facilitate the work of diplomatic and consular representatives by providing high-quality and timely services and by responding to specific issues of concern to the diplomatic and consular corps, collectively or individually. We continued to emphasise our expectation that foreign representatives should obey the laws of Australia.

At the close of the reporting year, the department was providing services to 84 diplomatic missions resident in Canberra, nine international organisations in Australia, 29 non-resident diplomatic missions, and 312 consular posts throughout Australia representing 140 countries. We facilitated the establishment of five new or reopened embassies in Canberra in 2002–03—Ukraine, the Former Yugoslav Republic of Macedonia, East Timor, Libya and Botswana.

Engagement with the diplomatic and consular corps

The department's close engagement with the diplomatic and consular corps resident in Australia supports our overseas missions in developing our bilateral, regional and multilateral relations. As an important first point of contact for diplomatic and consular officials, we continued to contribute to positive impressions of Australia, its government and its people among the diplomatic corps.



His Excellency Mr Jorge da Conceição Teme (centre left), East Timor's first Ambassador to Australia, after presenting credentials to His Excellency the Hon. Sir Guy Green, AC KBE CVO, Administrator of the Commonwealth of Australia (centre right) in May 2003. Also pictured are Deputy Secretary, Peter Grey (seated, far right) and Chief of Protocol, Matthew Peek (seated, far left). (Photo: Michael Jensen)

The department organised Mr Downer's annual interstate visit for Canberra-based heads of mission. The visits highlight the economic dynamism and social and cultural diversity offered by the various states, and identify trade and investment possibilities.

We organised and hosted a reception in honour of the diplomatic corps in December 2002. The reception has become a regular feature of the diplomatic calendar, strengthening links between the corps and the department. In addition, the annual function co-hosted by Mr Vaile and Mr Downer further contributed to exchanges between the corps and senior members of the Government.

Protection of diplomatic and consular missions

The department continued to accord a very high priority to protecting the security and dignity of foreign diplomatic and consular representatives in Australia, in line with international law and practice.

The international security environment, in particular the Bali bombings, the ongoing fight against terrorism and the Iraq crisis, continued to cause security concerns for a number of diplomatic and consular missions. The department provided strong support for, in particular, the Protective Security Coordination Centre and other Australian Government agencies with primary carriage for protecting foreign diplomatic and consular missions and their staff.

Enhanced services to the diplomatic and consular corps

The department continued to provide an accessible, timely and efficient service to the diplomatic corps. Our protocol guidelines are now available on our website and are continually revised and updated. The guidelines provide clear advice to diplomatic and consular representatives on relevant Australian laws, regulations, policies and practices. In addition, we maintain up-to-date diplomatic and consular lists on our website and have developed a new 'heads of government' list for the website. This list provides current information to the public on key office holders in every country.

Our protocol database enabled timely and accurate processing of documentation for diplomatic and consular representatives and their families, including visas, identity cards and privileged vehicle purchases. The database has contributed to improved efficiency, with identity cards now normally processed within three working days and most visas within two working days. We are expanding and upgrading the database to deliver an even more efficient reporting system and service delivery.

The department made progress in resolving key policy issues in relation to the Indirect Tax Concession Scheme. Important objectives of the scheme are to help diplomatic and consular missions operate more economically and to ensure that outcomes are, at least, broadly cost-neutral to the Australian Government.

We maintained our high standard of record keeping through an annual staff return exercise to provide up-to-date census data for all missions and posts and through weekly updating of the diplomatic and consular lists in a user-friendly format on the department's website.

The department sought reciprocal arrangements with a number of countries to improve access to paid employment by the dependants of home-based staff of diplomatic and consular missions. A bilateral employment agreement with Belgium, governing employment conditions for family members of diplomatic staff overseas, was signed by Mr Downer and the Crown Prince of Belgium in November 2002. We are continuing negotiations with a number of other countries. These agreements facilitate foreign representation in Australia, and Australian representation overseas, by providing work opportunities for spouses, and other dependants, of diplomatic and consular officers.

The department initiated and coordinated a well attended briefing for the diplomatic corps on protective security in November 2002. Similar briefings were arranged for the consular corps in all state capitals.

OUTPUT 1.4 QUALITY AND QUANTITY INFORMATION

Quality indicators

- Client satisfaction with the provision of services to diplomatic and consular representatives

Quantity indicators

- Number of diplomatic and consular representatives for whom the department provides services
- Number and category of services provided

Provision of services

Regular and positive feedback from diplomatic and consular representatives reflected a high level of overall client satisfaction with our services. A number of missions expressed appreciation for the excellent assistance we provided in relation to diplomatic protection issues.

Formal and informal feedback from heads of mission about our credentials arrangements were positive throughout the year. Newly arrived heads of mission appreciated the Chief of Protocol meeting them at the airport on arrival, providing comprehensive briefings on the credentials ceremony, and coordinating arrangements for these ceremonies. They welcomed our organisation of programs of introductory calls and our prompt issue of identity cards.

The Dean of the Corps wrote to the Chief of Protocol to welcome the department's successful negotiation of improved entry processes for diplomats at Australia's international airports.

The few complaints we received were dealt with quickly, efficiently and courteously.

Quantity information for output 1.4

Indicator	2002-03	2001-02
Number of diplomatic representatives for whom the department provides services	849	880
Number of consular representatives for whom the department provides services ¹	813	819
Number and category of services provided ²	12	12

- 1 If representatives' dependants are added to this and the above figure, the total number of people to whom we provide services is 4186.
- 2 There were 12 types of services provided. Of these, key categories include: visa issue (2094 for members of the diplomatic and consular corps and 108 for private domestic employees); 1076 arrivals and departures processed; 1253 identity cards issued; 24 foreign heads of mission presented credentials; 29 exequaturs issued (an exequatur is a document we issue to authorise heads of consular posts to undertake consular functions in Australia on behalf of foreign countries); purchase of 500 cars for privileged personnel approved; permission for 75 dependants to work in Australia; requests processed for 48 foreign awards to Australian citizens; payment of the non-beneficial component of rates for diplomatic premises owned by the sending state (\$185 433).

ADMINISTERED ITEMS FOR OUTCOME 1

Contributions to international organisations

Quality indicator

- Efficiency and timeliness of administration of contributions paid in accordance with the requirements of relevant organisations

Quantity indicator

- Number of international organisations to which Australia contributes

The department made payments totalling \$147 117 681. The payments consisted of \$87 566 009 to 19 international organisations, including the United Nations, and \$59 551 672 to UN peacekeeping operations.

Quantity information

In 2002–03, the department paid Australia's contributions to 19 international organisations—including several UN-affiliated organisations treated for reporting purposes as a single combined organisation but not including individual UN peacekeeping operations or the International Peace Monitoring Team in Solomon Islands (see page 121). A complete listing of these international organisations is at Appendix 11.

Export Finance and Insurance Corporation (EFIC) National Interest Account

Quality indicator

- National interest payments and receipts managed in accordance with the national interest provisions of the *Export Finance and Insurance Corporation Act 1991*

Quantity indicator

- Value of exports supported on EFIC's National Interest Account; value of claims paid on National Interest Account business

The department oversaw, in accordance with the national interest provisions of the EFIC Act, whole-of-government coordination of the EFIC National Interest Account transactions. This process involved assessing the risks and benefits of proposed transactions in consultation with other departments and EFIC. The value of exports supported on the National Interest Account in 2002–03 increased over the previous year due to the draw down of existing facilities, a new performance bond facility to support the construction and sale of a new vessel by Incat Tasmania Pty Ltd, and continuing support for wheat shipments. See sub-output 1.1.6 for more information on EFIC and export credit policy.

Quantity information

Value of exports supported on EFIC's National Interest Account	\$139 799 071
Value of claims paid on National Interest Account business	\$14 834 958

Compensation for detriment caused by defective administration

Quality indicator

- Efficiency and timeliness of case management, where necessary.

Quantity indicator

- Where necessary, number of cases successfully managed.

Three cases were lodged under the compensation scheme for detriment caused by defective administration. The department is waiting for the provision of additional information by each of the complainants. All three cases remained in progress at the end of the financial year (see also Section 3—Corporate Management and Accountability on page 191).

Solomon Islands: International Peace Monitoring Team (IPMT)

Quality indicators

- Satisfaction of portfolio ministers with effective use of resources allocated to monitoring activities
- Satisfaction of portfolio ministers with policy liaison and reporting on confidence building and monitoring activities in support of the indigenous Peace Monitoring Council

Quantity indicator

- Quantity of non-personnel resources provided in support of peace monitoring activities conducted by the IPMT

The IPMT completed its deployment to Solomon Islands in June 2002 and wound up operations in July 2002. For 2002–03 the department budgeted \$100 000 in administered funds for anticipated expenditure following withdrawal of the IPMT. The expenditure against the administered budget for winding-up the operations was \$266 003. As an offset to this expenditure an additional amount of \$430 032 was returned to the government as administered revenues resulting in a net return of \$164 029.

Quantity information

Quantity of non-personnel resources provided in support of peace monitoring activities conducted by the International Peace Monitoring Team	\$266 003
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Minister for Foreign Affairs, Mr Alexander Downer (right), and Minister for Justice and Customs, Senator Chris Ellison (centre), briefed the media from the Presidential Palace in Jakarta after the Bali bombings in October 2002.



The Australian Consular Desk at the Sanglah Hospital in Bali in October 2002. From left: departmental staff member Tom Sinkovits, an Australian Army Officer (centre) and Chaplain Peter Harvey (right), Royal Australian Air Force.



The department's Crisis Centre in operation.