



**AUSTRALIA-INDONESIA MINISTERIAL FORUM
AND AUSTRALIA-INDONESIA DEVELOPMENT
AREA MINISTERIAL MEETING**



CANBERRA, AUSTRALIA, 18 MARCH 2005

JOINT MINISTERIAL STATEMENT

The seventh meeting of the Australia-Indonesia Ministerial Forum and the fifth Ministerial meeting of the Australia-Indonesia Development Area (AIDA) were held in Canberra on 18 March 2005. The Indonesian delegation was led by HE Aburizal Bakrie, Coordinating Minister for Economic Affairs. The Australian delegation was led by the Hon Alexander Downer MP, Minister for Foreign Affairs. The Indonesian and Australian delegations are at Annex A.

2. Ministers noted the Ministerial Forum meeting had given further impetus to an already strong bilateral relationship, with a range of new cooperative initiatives announced. Ministers highlighted the breadth of the relationship as well as the expansion of practical bilateral cooperation on key issues of shared concern. The 26 December 2004 tsunami which devastated Aceh and Northern Sumatra and the quick and generous Australian response demonstrated not only that Australia and Indonesia are close neighbours, but also strong partners. This joint relief effort had opened a new chapter in bilateral relations, building on a very strong foundation of bilateral engagement.

3. Ministers underlined that Australia and Indonesia share many key political, security and economic interests. Australia and Indonesia's prosperity, security and stability are inextricably linked. Indonesian Ministers proposed for future discussion a comprehensive plan to further advance links between Australia and Indonesia. Ministers reiterated their strong commitment to working closely together to combat terrorism. Ministers also reaffirmed their support for trade liberalisation and economic reform. Australia's development assistance program for Indonesia is making a significant contribution to security, economic reform and in support of Indonesia's democratic transition. Ministers welcomed bilateral initiatives on counter-terrorism, including transport security and customs capacity-building; anti-money laundering; electoral assistance; and Interfaith cooperation. Ministers underlined the importance of continuing to strengthen people-to-people contacts, including education links. Ministers welcomed the intention to sign a new Treaty on Science and Technology Collaboration, which is expected to enhance scientific cooperation in many fields, particularly in the food and energy sectors.

PARTNERS FOR DEVELOPMENT

Supporting Indonesia's democratic and economic transition

4. Australian Ministers congratulated their Indonesian counterparts on the successful conduct of parliamentary elections and the country's first direct Presidential elections in 2004. This was an important step in the consolidation of Indonesia's democratic transition. The A\$15 million committed by Australia to support the organisation of the elections was

appreciated. Indonesian Ministers also welcomed Australia's willingness to provide assistance with the holding of gubernatorial and local level elections in Indonesia in 2005. Australian Ministers announced they would host a visit by the Indonesian Parliamentary Committee on Defence, Foreign Relations and Information (Commission I) this year. Australian Ministers also noted their willingness to fund a study visit to Australia by members of Indonesia's new Assembly of Regional Representatives, the DPD.

5. Australian Ministers supported special autonomy in Papua and Aceh as the best way of meeting the needs of local communities within the context of a stable and unitary state of Indonesia. They underscored Australia's support for Indonesia's territorial integrity. Ministers noted the Australian Government had instituted guidelines for NGOs in Indonesia that prevent funding of organisations that operate contrary to the laws and policies of Australia and Indonesia. Australian Ministers agreed to investigate any evidence of pro-independence activities by NGOs that it funds in Indonesia. Indonesia undertook to provide information on any such claims.

6. Ministers commended Indonesia's recent economic progress, including the completion of its IMF program in December 2003. Ministers recognised that ongoing economic reform was essential for countries to meet the challenges and reap the benefits of globalisation. Australian Ministers noted that reforms in Australia had served Australia well and solid growth was again expected in 2005. Indonesian Ministers underlined their commitment to an extensive economic reform program. Australian Ministers welcomed the anti-corruption agenda of the Indonesian Government and underlined Australia's continued willingness to support good governance initiatives, including through additional assistance to Indonesia's anti-corruption court, and the Partnership for Governance Reform.

Australian Development Cooperation Program

7. Indonesian Ministers welcomed the 33 per cent increase in the bilateral development cooperation program over the past two years to A\$160.8 million. This will augment existing support in the critical areas of economic reform and governance, health, education, legal, human rights and judicial reform. Ministers noted the importance of the support for advancing Indonesia's reform program. Indonesian Ministers welcomed Australia's increased support for basic education which was an investment in Indonesia's future prosperity. Australia's major scholarship program was making a significant contribution to Indonesia's human resource development. Ministers expressed deep concern about the growing problem of communicable diseases, including HIV/AIDS, in Indonesia, and welcomed the increased focus through Australia's development cooperation program on this issue in our health program. Australia's development cooperation program would continue to have a significant focus on Eastern Indonesia.

Australian Post-Tsunami Humanitarian Assistance

8. Australian Ministers expressed condolences to Indonesia over the 26 December Indian Ocean tsunami and the human tragedy suffered in Aceh and Northern Sumatra. Indonesian Ministers thanked Australia for the government's initial humanitarian relief response including Australian Defence Force personnel and equipment, civilian medical teams, disaster management expertise, and immediate air-freight of food, water and medical supplies. Ministers acknowledged the Australian Government's commitment of A\$33 million to the Indonesian relief effort, and over 1,000 tonnes of emergency humanitarian aid which has been provided to tsunami victims in Indonesia. Ministers applauded the efforts and generous

donations of the Australian people, NGOs and corporate sector and Australia's strong role amongst the international community in helping the Indonesian Government.

Australia-Indonesia Partnership for Reconstruction and Development

9. Ministers welcomed the establishment of the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD), which presents an historic opportunity to bring the people of Australia and Indonesia closer together to support Indonesia's recovery from the tremendous damage wreaked by the tsunami. Through the Partnership, A\$1 billion will be committed over five years for reconstruction and development efforts both in Aceh and North Sumatra, as well as in Indonesia more broadly. Out of the destruction caused by the tsunami, Ministers look forward to working in close cooperation to build a new future and to continue to strengthen the relationship between Australia and Indonesia. Ministers welcomed the decision of the first AIPRD Joint Commission, held in association with the Ministerial Forum, to agree to a set of principles to guide implementation of the AIPRD and on early priority activities for funding, including investments in the health system in Aceh and assistance with critical disaster preparedness and disaster management arrangements in Indonesia.

Development of a Tsunami Early Warning System for the Indian Ocean Region

10. Ministers emphasised the importance of efforts to develop a tsunami early warning system for the Indian Ocean region, as agreed at the Special Leaders' Meeting of ASEAN on the Aftermath of the Earthquake and Tsunamis hosted by Indonesia in January. They welcomed initial progress made towards implementing this agreement through the UN World Conference on Disaster Reduction hosted by Japan and at other meetings held in the region. Ministers welcomed the Indonesia-Australia initial scientific works to monitor the Eastern Indian Ocean, Timor Sea and Arafura Sea and its contribution to the establishment of TEWS. Ministers reaffirmed their support for an architecture that would allow national tsunami early warning systems to be networked, with several sub-regional tsunami early warning centres. Ministers agreed to work together and with other Indian Ocean countries to expeditiously develop such a system under the coordination of UNESCO's Intergovernmental Oceanographic Commission. They welcomed the many generous offers of financial and technical assistance made by countries across the globe to help establish such a system.

WORKING TOGETHER FOR REGIONAL SECURITY

11. Ministers acknowledged their shared goal of peace and security in the region. Ministers noted the excellent cooperation between the various agencies in both countries on achieving this goal. Ministers condemned the bombing targeting the Australian Embassy in Jakarta on 9 September 2004 and commended the continued efforts in bringing to justice those responsible.

Terrorism

12. Ministers condemned in the strongest terms acts of terrorism, including attacks on the Australian Embassy and the Marriott Hotel and in Bali, which have claimed many innocent lives. Ministers acknowledged that terrorism continued to pose a serious threat to the region's peace, security and economic prosperity. Ministers noted that a sustained and concerted

regional counter-terrorism effort would be required for the long term and reaffirmed their strong commitment to fight terrorism.

13. Ministers welcomed the excellent cooperation between Indonesian and Australian police, intelligence and security agencies in combating terrorism and highlighted the importance of their ongoing efforts. This would remain a major bilateral priority. Ministers welcomed the launch and role of the Jakarta Centre for Law Enforcement Cooperation (JCLEC) in developing the capacity of regional law enforcement agencies to combat transnational crime and terrorism. Ministers commended the work of the Law Enforcement Working Group and the Legal Issues Working Group, established by the Bali Regional Ministers Meeting on Counter-Terrorism in February 2004, and looked forward to the reports from both groups later in 2005.

14. Australian Ministers reiterated the Australian Government's commitment to support the development of regional capacity to fight terrorism and noted the decision to double Australia's counter-terrorism assistance to Indonesia. Ministers commended Australia-Indonesia transport security capacity-building initiatives which will facilitate Indonesia's ability to establish its own security training programs. They welcomed the February 2005 commencement of customs capacity-building assistance to enhance Indonesian Customs' intelligence development and port and ship search and surveillance capabilities. Ministers expressed a hope that the Arrangement on the Joint Australia-Indonesia Aviation Security Capacity-Building Project could be signed as soon as possible. Australia is also providing significant assistance for enhancing Indonesia's border control passenger movement alert checking system. Ministers expressed appreciation of a strong and ongoing extradition and mutual assistance relationship, notwithstanding the differences between legal systems.

Travel Advisories

15. Indonesian Ministers requested that the Australian Government reconsider its travel advisory for Indonesia, and were concerned about its effect on the economy. Australian Ministers reemphasized that Australian travel advisories remain under constant review. Ministers noted the ongoing cooperation on counter-terrorism, including information exchange and agreed to continue to strengthen this cooperation. Ministers agreed that officials would meet to discuss further such cooperation.

Anti-Money Laundering and Terrorist Financing

16. Ministers expressed their commitment to eliminating money laundering and terrorist financing in our region. Ministers welcomed the announcement by the Financial Action Task Force (FATF) that Indonesia has been delisted from FATF's list of Non-Cooperative Countries and Territories. They noted the significant steps taken by Indonesia to strengthen its anti-money laundering regime and to address issues raised by FATF in its letter. Ministers welcomed the Memorandum of Understanding signed in February 2004 between the Indonesian Financial Transaction Reports and Analysis Centre (PPATK) and AUSTRAC on Cooperation in the Exchange of Financial Intelligence. Support for anti-money laundering initiatives in Indonesia will remain a key focus for Australian assistance, with Australian Ministers announcing an additional A\$2 million for anti-money laundering and combating terrorist financing capacity-building assistance.

People Smuggling and Trafficking

17. Ministers noted that people smuggling and trafficking remained threats to national security. However, they recognised that the determined and effective bilateral cooperation between law enforcement and immigration authorities had contributed to a significant reduction in maritime people smuggling activities. Ministers also expressed satisfaction with continued close bilateral cooperation between Australia and Indonesia as co-chairs of the Bali Process on People Smuggling, Trafficking in Persons and related Transnational Crime. Ministers noted that the Bali Process continued to provide an excellent framework for regional cooperation. Practical activities successfully delivered under the Bali Process over the last year included law enforcement targeting of people smugglers and traffickers, the development of bilateral arrangements on the return of unlawful migrants, reconciling legitimate state interest to control immigration with refugee protection, best practices in operational cooperation and the protection of victims of trafficking in persons. Ministers also noted the effective bilateral cooperation between the Directorate-General of Immigration at the Department of Law and Human Rights and the Department of Immigration and Multicultural and Indigenous Affairs and the valuable work of the Joint Working Group on Immigration in areas such as strengthening border management and information sharing to deterring illegal people movements. Ministers underlined the importance they attached to criminalising people smuggling.

Illegal Fishing

18. Ministers exchanged views on the new Australian policy of rapid repatriation within the context of article 73 of the 1982 United Nations Convention on the Law of the Sea (UNCLOS) and agreed that officials hold further discussions on these issues.

19. Ministers reiterated their agreement that illegal fishing is a growing concern for both countries, as it threatens the livelihoods of our coastal communities and damages our natural environment. They further agreed that illegal fishermen should be treated humanely, and noted Australia's plan to establish a land-based detention centre. Ministers agreed that officials would hold further discussions on each Government's concerns about illegal fishing.

Perth Treaty

20. Ministers noted the importance of the 1997 Perth Treaty entering into force as soon as practical, acknowledging some work needed to be undertaken.

Non-Proliferation and Disarmament

21. Ministers supported adoption of UN Security Council Resolution 1540 in line with Article 25 of the UN Charter, and non-proliferation commitments in the Bangkok and Santiago APEC Leaders Declarations and undertook to work together to enhance measures for preventing the proliferation of WMD and missile-related materials and technologies, including export controls. The co-hosting of a regional workshop on the Biological Weapons Convention in Melbourne in February 2005 was a tangible demonstration of this joint commitment.

22. Ministers agreed that the Nuclear Non-Proliferation Treaty (NPT) remained essential to international efforts to prevent the spread of nuclear weapons, advance nuclear disarmament and facilitate access to the peaceful uses of nuclear energy. They emphasised the importance of NPT parties working together at the 2005 NPT Review Conference to maintain and strengthen the NPT. Ministers agreed that global application of the Additional Protocol on strengthened IAEA safeguards would reinforce the non-proliferation regime and contribute to a climate conducive to further progress on nuclear disarmament. They noted the Asia-Pacific Nuclear Safeguards and Security Ministerial Conference held in Sydney in November 2004 had made an important contribution in galvanising regional efforts to expand and enhance the nuclear safeguards and security framework, including to combat the threat of nuclear terrorism.

DEEPENING OUR UNDERSTANDING AND TOLERANCE

23. Ministers commended the joint Interfaith Dialogue initiative, opened by Dr Wirajuda and Mr Downer in Yogyakarta on 6-7 December 2004, which brought together a range of faith and community leaders from across the region. Importantly, delegates jointly delivered key messages to regional faith communities, including their strong commitment to fostering peace and respect for religious diversity in the region and underscored the message that violence and terrorism had no basis in religious values. The Interfaith Dialogue also agreed that empowerment of the moderates at all levels of society was necessary. Ministers welcomed the proposed Yogyakarta International Centre for Religious and Cultural Cooperation that would complement such a goal. Given the success of the Yogyakarta meeting and the need to ensure that those who support peace and tolerance set the agenda in the region, Ministers announced that Australia and Indonesia would jointly organise another Interfaith Dialogue meeting, possibly in conjunction with another regional partner.

BUILDING STRONG TRADE AND INVESTMENT LINKS

24. Ministers underscored their commitment to trade liberalisation, noting the significant benefits it had brought to both their countries. Ministers reaffirmed their commitment to lower tariffs and other barriers to trade so that Indonesian and Australian exporters and consumers continued to benefit. Ministers welcomed the continued recovery in trade between the two countries, with two-way trade increasing to A\$8.49 billion in 2004. Ministers welcomed the contribution of the two Business Councils and their efforts in broadening the bilateral relationship. The Business Dialogue Forum with Australian and Indonesian business had resulted in substantial discussion on key bilateral commercial issues and on possible areas for further economic linkages. Ministers looked forward to the Joint Business Councils' meeting and annual Trade Ministers' Meeting in Bali in April.

25. Ministers welcomed progress on initiatives stemming from the annual Trade Ministers' Meeting which included the Australia-Indonesia Automotive Summit, production of an investment guide for the Indonesian agribusiness sector and the Australia-Indonesia Investment Group. Such initiatives will bring further trade and investment opportunities for companies from both countries. Australian Ministers noted Australia would continue its program of trade policy training for Indonesian officials. Ministers agreed to discuss further support for SME development.

26. Ministers welcomed the growing links in legal co-operation between the two countries and the wide range of work continuing under the Working Group on Legal Co-operation.

ASEAN-Australia and New Zealand Free Trade Agreement (FTA)

27. Ministers welcomed the decision by Leaders at the ASEAN-Australia and New Zealand Commemorative Summit in Vientiane on 30 November 2004, to launch negotiations on a free trade agreement. They also welcomed Leaders' endorsement of the set of FTA negotiating principles including a commitment to an FTA that was comprehensive in scope, covering trade in goods, services and investment, and that provided for technical assistance and capacity building to enable all parties to benefit fully from the agreement. They acknowledged the FTA would provide added impetus to the already strong trade linkages between Australia and Indonesia and offered scope to strengthen investment ties. Ministers welcomed the commencement of negotiations in Melbourne in February 2005.

World Trade Organization (WTO)

28. Ministers placed the highest priority on the successful conclusion to the WTO Doha Round of trade negotiations, stressing that the WTO membership will need to work together to ensure an ambitious result consistent with the Doha mandate. Such a result would make a substantial contribution to economic growth and development in the Asia-Pacific region. Ministers agreed that to achieve significant progress by the Hong Kong Ministerial Meeting in December 2005, it was necessary to aim for concrete progress in key negotiations on agriculture and on industrial products and to achieve a critical mass of high-quality services offers – noting the May 2005 deadline for revised services offers. Ministers strongly supported work to ensure the development dimension of the Doha Round was appropriately and effectively represented across the negotiations. The need for technical assistance and capacity-building was highlighted to continue to support developing country efforts to participate in the negotiations and implement WTO obligations. Australia and Indonesia agreed that to secure these results they and other WTO Ministers should use every opportunity, including through APEC, to promote real progress in the Round during 2005.

29. Ministers acknowledged the ongoing importance of the Cairns Group in pressing for a substantial outcome in the negotiations on agriculture. It is expected that the Cairns Group would support special and differential treatment for developing countries having regard for their rural development, food security and or livelihood security needs. Ministers noted that the forthcoming Cairns Group Ministerial Meeting in Colombia from 30 March to 1 April, would provide a timely opportunity to consider ways to progress the negotiations this year.

APEC

30. Ministers noted the importance of APEC as a key regional forum and reiterated their commitment to APEC's trade and investment liberalisation objectives and to its valuable economic and technical cooperation work. Ministers agreed to enhance cooperation in the lead up to Australia hosting APEC in 2007. They emphasised that both Indonesia and Australia were looking for APEC to make a strong political contribution to the WTO Doha Round and enhance its important capacity-building work on trade liberalisation and facilitation, counter-terrorism and human security issues. Ministers welcomed Indonesia's hosting of the 2nd APEC Oceans-Related Ministerial Meeting (2nd AOMM) in Bali in September 2005.

AUSTRALIA-INDONESIA DEVELOPMENT AREA (AIDA)

31. Ministers noted that the further development of AIDA rested primarily with the private sector. Ministers announced a review of AIDA which should provide the impetus for other private sector activity. Australian Ministers highlighted that the Australian development assistance program had a major focus on underdeveloped regions of Eastern Indonesia, including through the new A\$30 million Australia Nusa Tenggara Assistance for Regional Autonomy (ANTARA) initiative. The five year ANTARA program will assist with improving regional governance, increasing incomes and building better basic services. Australian Ministers also noted the ongoing implementation of the five year A\$4 million program for SME assistance in Eastern Indonesia. Ministers welcomed the Australian announcement that funds from the Australia-Indonesia Partnership for Reconstruction and Development could be targeted to develop the areas covered by AIDA. The commitment of the Australia-Indonesia Business Council and the Indonesia-Australia Business Council to provide technical assistance to SMEs in the region was an excellent initiative.

32. Ministers noted the Working Group reports at Annex B.

DATES AND VENUE FOR THE EIGHTH MINISTERIAL FORUM AND SIXTH AIDA MINISTERIAL MEETING

33. Ministers concluded that the seventh meeting of the Australia-Indonesia Ministerial Forum had been of substantial value. They welcomed the opportunities it had provided for both countries to reaffirm their mutual commitment to building the bilateral relationship and in developing concrete proposals to take this forward. Ministers acknowledged the important contribution made by their respective business communities to the success of the forum.

34. Ministers agreed that the eighth Ministerial Forum and the sixth AIDA meeting is tentatively scheduled to be held in Indonesia in 2006.

The Hon Alexander Downer MP
Minister for Foreign Affairs

HE Aburizal Bakrie
Coordinating Minister for Economic Affairs

Canberra, 18 March 2005

Seventh Australia-Indonesia Ministerial Forum

Australian Delegation

The Hon Alexander Downer MP, Minister for Foreign Affairs (Co-Chair)

The Hon John Anderson MP, Deputy Prime Minister and Minister for Transport and Regional Services

The Hon Peter Costello MP, Treasurer

The Hon Mark Vaile MP, Minister for Trade

The Hon Philip Ruddock MP, Attorney-General

Senator the Hon Amanda Vanstone, Minister for Immigration and Multicultural and Indigenous Affairs

Senator the Hon Chris Ellison, Minister for Justice and Customs

Senator the Hon Ian Macdonald, Minister for Fisheries, Forestry and Conservation

The Hon Bruce Billson MP, Parliamentary Secretary for Foreign Affairs and Trade

Indonesian Delegation

HE Aburizal Bakrie, Coordinating Minister for Economic Affairs (Co-Chair)

HE Dr Hassan Wirajuda, Minister for Foreign Affairs

HE Dr Mari Pangestu, Minister for Trade

HE Dr Hamid Awaluddin, Minister of Law and Human Rights

HE Dr Sri Mulyani Indrawati, State Minister for Development Planning