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Datum

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*Für Bernd,
meine Eltern,
Christa und Günter.*

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ABBREVIATIONS

ABS	Australian Bureau of Statistics
ACP	African, Caribbean, Pacific Group of States
APEC	Asia Pacific Economic Cooperation
ALP	Australian Labor Party
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ASEM	Asia-Europe Meeting
ATMEG	Agricultural Trade and Marketing Experts' Group
AUD	Australian Dollar
Benelux	Belgium, the Netherlands, Luxembourg
CAP	Common Agricultural Policy
CFSP	Common Foreign and Security Policy
COASI	Correspondance Asia, Oceania
CoR	Committee of the Regions and Local Authorities
COREPER	Committee of Permanent Representatives
COREU	Correspondance Européenne
CSCE	Conference on Security and Cooperation in Europe
DFAT	Department of Foreign Affairs and Trade
EC	European Community
ECJ	European Court of Justice
ECSC	European Coal and Steel Community
EDC	European Defence Community
EEC	European Economic Community
EFTA	European Free Trade Association
EMU	Economic and Monetary Union
EP	European Parliament
EPC	European Political Cooperation; European Political Community
ESC	Economic and Social Committee
ETM	Elaborately Transformed Manufactures
EU	European Union
EUMC	European Union Military Committee

EUR	Euro
Euratom	European Atomic Energy Community
FDI	Foreign Direct Investment
GAERC	General Affairs and External Relations Council
GATT	General Agreement on Tariffs and Trade
IGC	Invergovernmental Conference
IMF	International Monetary Fund
IPM	Interparliamentary Meeting
JCLEC	Jakarta Centre for Law Enforcement Cooperation
JHA	Justice and Home Affairs
MEP	Member of the European Parliament
NATO	North Atlantic Treaty Organisation
OECD	Organisation for Economic Cooperation and Development
PM	Prime Minister
PM & C	Department of Prime Minister and Cabinet
PSC	Political and Security Committee
QMV	Qualified Majority Vote
RBA	Reserve Bank of Australia
RELEX	European Commission Directorate-General for External Relations
SEA	Single European Act
SPS	Sanitary and phytosanitary
TEC	Treaty Establishing the European Community (also referred to as Treaty of Rome)
TEU	Treaty on European Union (also referred to as Treaty of Maastricht)
UK	United Kingdom (of Great Britain and Northern Ireland)
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
US, USA	United States, United States of America
WEOG	Western European and Others Group (in the United Nations)
WTO	World Trade Organisation

1. INTRODUCTION

Due to its colonial history and its largely European ancestry Australia has always been considered a “Western”, if not European nation, even though it is geographically located in the Asia-Pacific. As incumbent Australian Prime Minister Rudd (PM 2008c) mentioned,

“The historical connections between Europe and Australia are profound. Europe has nurtured Western civilisation. Australia has inherited, embraced and adapted that great civilisational tradition. The modern state of Australia is heir to European philosophical and political thought.”

As a result, Australia is sometimes regarded as a “*misplaced continent*” (Murray 2005, 35) struggling between its colonial history and its geographical proximity to Asia (Blainey 1995, 72). An understanding of these historical and geographical circumstances is vital to the analysis of Australian foreign policy choices, as at different points in time, Australian foreign policy priorities have been attached to the United Kingdom, the Asia-Pacific, the alliance with the US or Europe – depending on the incumbent government.

In the beginning, the relationship between Australia and Europe was almost exclusively focused on the United Kingdom (Murray et al. 2002, 395), because its former colonial status ensured close political and economic ties. When the idea of European integration emerged, Australia was very sceptical about the British application for membership in the EC in 1961, as it feared it would lose preferential treatment in the Commonwealth and consequently its main overseas market (Murray et al. 2002, 397-398). In the years following the British accession turbulent disagreement over the Common Agricultural Policy (CAP) characterised the relationship between the European Community and Australia (Elijah et al. 2000, 1). However, closer bilateral cooperation has emerged since the early 1990s, resulting in very strong, yet asymmetrical economic relations and converging political perspectives (Murray et al. 2002, 395).

Even though Australia has liaised with the European Union since its creation, and more intensely since the UK's accession to the EU, the relationship between the European Union and Australia *"has received little attention in academic literature"* (Elijah et al. 2000, p. 1). This might stem from the fact that Australian foreign policy analysts and commentators have discovered the increasing importance of the European Union *"only recently"* (Murray et al. 2002, 395). Moreover, literature research has revealed that even though this topic might have *"received little attention"* (Elijah et al. 2000, p. 1) in Australian academic literature, it has been virtually neglected by scholars in the European Union. According to Murray (2003, 104) *"study from the EU side has been minimal"*. In addition, these analyses have usually focussed on the relationship between Australia and the UK, clearly *"for historical and Commonwealth reasons"* (ibid.). Consequently, no considerable research on EU-Australia relations has been undertaken by scholars in Europe.

Despite the lacking academic discourse Philomena Murray, Director of the Contemporary Europe Research Centre at the University of Melbourne, published some benchmark research on this topic, investigating the history and nature of EU-Australian relations (Murray 2000, 2002a, 2002b, 2003, 2005; Murray et al. 2002). Although it was undertaken from an Australian perspective, this research is undoubtedly highly valuable. New research on this topic is necessary, as the most recent relevant academic publications date back as far as 2005 (Kenyon & Kunkel 2005; Murray 2005). Consequently, current developments like the change of government in Australia in November 2007, which resulted in (1) the willingness of both interlocutors to *"upgrade EU-Australia relations through a new Partnership Framework"* (EC RELEX 2008), (2) the promotion of a *"new era of creative engagement between Australia and the EU"* (ibid.) and (3) planned cooperation in international trade, climate change, the Asia-Pacific and the fight against international security threats (ibid.) could not be analysed in past publications. Thus, the analysis of these current developments from a European Union perspective will constitute a crucial part of this thesis.

Based on the above considerations, the main research objectives are (1) to examine the nature and state of EU-Australia relations primarily from a European Union perspective in the light of the recent changes, (2) to identify issues of mutual importance with regard to cooperation and conflict and (3) to assess areas of future cooperation and potential synergies.

In order to achieve these research objectives, thorough knowledge of both political systems and of the history and nature of the relationship between the European Union and Australia is indispensable. Therefore, the following three chapters aim at providing this basis. The political system of Australia and the European Union will be presented in chapters 2 and 3, respectively, during which, aspects of foreign policy will be discussed in detail. Conversely, chapter 4 is aimed at analysing the development of EU-Australia relations.

Based on these foundations, a qualitative study (chapters 5 to 8) will constitute the core of this thesis. As there is hardly any literature on the relationship in general and the recent developments in particular, obtaining first hand information is of vital importance. Therefore, qualitative interviews with experts of the European Commission, Members of the European Parliament and Australian experts were conducted in order to address the research objectives mentioned above.

2. POLITICAL SYSTEM OF THE COMMONWEALTH OF AUSTRALIA

“Australia inherited democratic government in the 1850s without any need for a war of independence or even a campaign to throw off the colonial rule. Parliamentary democracy was a birthright. It was taken for granted, with the sun, the beaches and a winning cricket team, as part of the environment.”

(Weller 2004, 630).

2.1. Historical background

In order to fully understand the nature of the Australian political system, it is essential to become acquainted with Australia's historical origins.

The first European (Dutch) encounter with what used to be known as “Terra Australis Incognita”¹ dates back to 1606 (AGCRP 2008a). In the following 164 years various ships from Europe sailed across Australian waters. However, it was not until 1770 that Lieutenant James Cook claimed Australia's east coast as instructed by King George III of England at Possession Island² naming it New South Wales (ibid.). Moreover, Lieutenant Cook charted Australia's east coast. It took almost eight years before the first British settlers arrived in Australia. Captain Arthur Philip, who was supposed to establish the first British colony in Australia, and his First Fleet with approximately 1350 settlers on board landed at Port Jackson³ and Camp Cove on 26 January 1788 (ibid.) with the intention to establish the first British colony in Australia. From 1788 until 1823 New South Wales was a penal colony (ibid.). However, the first free settlers started to arrive from 1793 and continued throughout the following years (ibid.). Following New South Wales' example, new colonies were established: Van Dimen's Land (later to become known as Tasmania) was established in 1825, Western

¹ Latin for „unknown southern land“.

² Today Possession Island is located in far north Queensland. When James Cook claimed Possession Island he named Australia's east coast New South Wales, however, Queensland chose to separate from New South Wales in 1859 (AGCRP 2008a).

³ Today Port Jackson is home to Sydney's CBD, the world-famous Sydney Opera House and Harbour Bridge.

Australia in 1827, and South Australia in 1836 (ibid.). Victoria separated from New South Wales in 1851, while Queensland followed Victoria's example in 1859 (ibid.). The area of today's Northern Territory was initially a part of New South Wales, before it was given to South Australia in 1863 (ibid.). In 1912 it separated from South Australia and became a part of the Commonwealth of Australia (ibid.). When the Commonwealth of Australia was founded in 1901, New South Wales gave a part of its territory to the newly founded Commonwealth in order to establish Canberra⁴ as the capital city of Australia (ibid.).

From a political scientist's point of view there is one especially interesting feature of the British colonies in Australia; even though Australia was initially designed as a penal colony, a political and administrative system was introduced as early as 1823. The New South Wales Act set up a Legislative Council and a Supreme Court, thereby giving the British colony its first Parliament (AGCRP 2008a). The members of the Legislative Council were appointed by Britain's Secretary of State and had the power to advise the New South Wales Governor (NAA 2009). They could, in normal circumstances, defeat a law proposed by the Governor and controlled the local appropriation of revenue (ibid.). Bills had to be certified by the Chief Justice of the Supreme Court as compatible with English law and had to be set before the British Parliament in order to become a law (ibid.). Moreover, the Monarch still had the power to veto decisions made by the Governor of New South Wales and the Legislative Council (ibid.). Even though the Legislative Council and the Supreme Court were by no means fully autonomous institutions, they were "*a first step towards a 'responsible' Parliament in Australia*" (AGCRP 2008a). This is an important fact to be kept in mind when analysing the Australian political system.

Another politically significant aspect of Australia's history is the establishment of the Commonwealth of Australia. By the second half of the 19th century Australia consisted of six colonies, each of them having their own military and railway gauges, for instance (AGCRP 2007). The federation of these six colonies began as a dream of some political pioneers like Alfred Deakin, Henry Parkes or Edmund Barton, even though it was initially not a particularly popular idea (ibid.). In order to draft a Federal Constitution, the Premier of New South Wales, Henry Parkes, who is also referred to as

⁴ The Australian Capital Territory (ACT) was established in 1911 with Canberra being its capital (AGCRP 2008b).

the “Father of Federation”, invited his colleagues to a meeting in Melbourne in 1890 and in Sydney in 1891(ibid.). The Australian Constitution was put to a referendum twice, as it was rejected the first time in 1898 and was only successful the following year (ibid.). On 1 January 1901 the Commonwealth of Australia was inaugurated (ibid.). This shall, however, not imply that Australia immediately became independent and sovereign. In fact, Australia was “*a self-governing governing colony within the nation of the British Empire. Britain still had control over Australia’s international relations, and Australian parliaments could not make laws repugnant to Britain. Australians were British subjects*” (Oz Politics 2009). Australia achieved independence and sovereignty gradually (ibid): Firstly, the executive branch became independent after the Imperial Conferences of 1926 and 1930 (ibid.). This was also confirmed by the Imperial Statute of Westminster in 1931. Secondly, independence for the Commonwealth Parliament was achieved through the 1931 Imperial Statute of Westminster and the 1942 Statute of Westminster Adoption Act (ibid.). Thirdly, the international community recognised Australian nationhood between the end of the First and the end of the Second World War (ibid.). Finally, independence for the judiciary was achieved through the 1968 Privy Council (Limitation of Appeals) Act (ibid.).

The idea of Federation was definitely very progressive and of extraordinary significance for Australia, however, it must not be forgotten, that “race” was “*a key factor in the ambition for Federation, with the dream of a ‘white nation’ uppermost in the minds of federalists*” (AGCRP 2007). With the establishment of the Commonwealth of Australia indigenous people were excluded from political participation and denied citizenship rights. These rights were only recognised after a successful referendum on this issue in 1967 (AGCRP 2007; AGCRP 2008a).

A brief historic abstract of Australia would however be incomplete without mentioning its indigenous aspects. When discussing Australia’s history, one is tempted to define Australia as a “young” country, as its colonial history only begins in the 1770s with the arrival of first British explorers (Carter 2006, 5). However, Australia can be seen as an “old” country as well. After all, indigenous peoples (Aborigines and Torres Strait Islanders) have inhabited the country for 40,000 to 60,000 years, being the “*longest-surviving civilisation on the planet*” (ibid.). Therefore, when analysing Australian history, there are always two perspectives to be considered: The “white”

historiography tends to emphasise the “young” aspects of Australian history, which is often contrary to the Aboriginal perspective. This is not surprising, as *“history is a series of present arguments, not a series of past events. Its truths are always subject to interpretation and re-interpretation”* (Carter 2006, 12). This becomes most evident on 26 January every year. On this day most white Australians commemorate and celebrate the arrival of the First Fleet under Captain Arthur Philip at Camp Cove in 1788. However, for many indigenous people this day is a day of protest and mourning (AGCRP 2008a).

Another clash of interpretations becomes evident in the idea of Australia as an “empty land”. When Captain Cook arrived in Australia in 1770 he had the instruction to annex the land if it was uninhabited or take possession of suitable places with consent from the native peoples (Carter 2006, 69). The first settlers clearly saw that the land was anything but uninhabited, however, they did not take notice of any signs of “civilisation”, as they could not find any villages or domesticated animals (ibid.). Although the land was never officially declared “terra nullius”⁵ (Carter 2006, 70), the indigenous peoples were de facto dispossessed, displaced and denied any rights. It is cynical to declare a culture that has inhabited Australia for 40,000 to 60,000 years “uncivilised”, when in fact, Aborigines have lived in harmony with nature and practiced sound “*environmental management and exploitation*” (Carter 2006, 76).

The last example for a discrepancy of interpretations of history has recently been in the centre of media attention due to the Rudd Government’s new approach towards history, with an emphasis on the so-called “Stolen Generations”. As the settlers spread further and their contacts and sexual encounters with the indigenous community increased, the number of so called ‘half-cast’ children increased as well. This constituted a source of discomfort and anxiety to the public, the Church and policy-makers. Both States and Church “*aimed to protect as well as advance civilization by completely eliminating Aboriginality in this hybrid form*” (van Krieken 2004, 127). This was conducted by removing Aboriginal children from their families, cutting off their contact with their relatives and cultural roots, and placing them in institutions or white foster families. That is why the victims of this policy are frequently referred to as “Stolen Generations”. Even though the official concern was to protect children from being neglected, often the true reason for these procedures was often the belief that

⁵ Land belonging to nobody.

“Aboriginal blood could be ‘bred out’ over successive generations” (Carter 2006, 421). This dark chapter in Australian history was not critically discussed or resolved for a long time. Successive governments refused to apologise, as there was an unexpressed fear that an official apology would *“open the government to massive compensation claims”* (Carter 2006, 423). However, Kevin Rudd chose to follow a different path and officially apologised for the injustice indigenous Australians had been subjected to in the past centuries (PM 2008a) – less than four months after being elected the Prime Minister of Australia in November 2007.

Recapitulating the most significant aspects of Australian history, it is important to understand the difference between the notion of Australia being a “young” or an “old” country. However, for the following analysis of the political system and the relations with the European Union, the notion of “young” Australia will be the predominant perspective.

2.2. Constitutional framework and distinctive features of the political system

2.2.1. The hybrid system

Like most features of the political system, the Constitution of the Commonwealth of Australia cannot be analysed without first understanding the historical context out of which it has emerged. Before the Constitution came into effect on 1 January 1901 its drafters spent much time debating about its contents (HoR 2008d). It is important to mention that many of them were politicians from Australian colonies, which were independent self-governing entities not willing to lose too much power to the newly founded Commonwealth of Australia (Parkin & Summers 2006, 46-47). When agreeing on the formal Constitution, the drafters were influenced by the Westminster notion of responsible government and by the US notion of federalism (Parkin & Summers 2006, 47). Therefore the final version of the Constitution of the Commonwealth is actually a compromise between these two notions and is the origin of the so-called Australian hybrid system, which combines both elements of the Westminster and of the US model (“Wash-minster”) (ibid.).

Responsible government (Westminster model)

Firstly, the elements of the Westminster model, which were adopted in the Australian political system, will be discussed. In the United Kingdom, the Parliament consists of two chambers: the unelected House of Lords and the elected House of Commons. The House of Commons is therefore meant to represent the citizens and to fulfil legislative functions, whereas the government is the executive body. However, there is no clear separation of legislative and executive powers, since the party (or coalition) winning the majority of seats in the House of Commons (or the House of Representatives in Australia) also wins the government (Parkin & Summers 2006, 47). The Prime Minister and other ministers are directly drawn from the members of the winning party of the House of Commons in the UK or the House of Representatives in Australia (Weller 2004, 632). Nevertheless, the Parliament is a very important body, as the government cannot raise taxes or spend money without its authorisation. Essentially, this is the fundamental principle of the Westminster system, which was also adopted in Australia (Parkin & Summers 2006, 48).

Moreover, the term “responsible government” is used to describe the interrelation between the government and the parliament, as the government is drawn from and responsible to the parliament (ibid; HoR 2008f, 1).

Still, there is one important aspect that differentiates the British political system from its Australian counterpart: Great Britain does not have a written Constitution, whereas Australia does (Parkin & Summers 2006, 49). The reason for Great Britain not having a formal written Constitution can be found in the long history of the British Parliament out of which common law and many unwritten conventions evolved throughout the course of time. Australia could not build its political system on such a long political and institutional history. Moreover, many drafters of the Australian Constitution insisted on written rules in order to protect their interests against the newly established Commonwealth of Australia (ibid.). This argument leads to the second aspect and formative feature of the Australian hybrid political system, namely federalism.

Federalism (US model)

Federalism is the second facet of the Australian hybrid model and can be defined as “a political solution to the problem of how to combine previously separate self-governing entities to form a new common national government” (Parkin&Summers 2006, 50). The Australian Founding Fathers faced the same problems as their American counterparts did about 120 years before. The Australian continent consisted of more or less populous British colonies. There are three reasons why the model of federalism was adopted in Australia (Parkin & Summers 2006, 50-51): Firstly, the less populous states were concerned about introducing a new national (Commonwealth) government, because they feared it could be dominated by representatives of the more populous states, making it difficult to have their voices be heard on a national level. Secondly, the economic depression of the 1890s favoured the belief, that there would be significant economic advantages in creating a single Australian common market instead of continuing to uphold trade barriers between the states. Thirdly, the drafters of the Australian Constitution knew that the US model had worked quite well. Therefore, three key features of the US federal system were introduced in Australia (Parkin & Summers 2006, 52): the Senate, a specified division of powers between the Commonwealth government and the State governments and judicial review.

In the Australian Senate each state is represented equally independent of its population (ibid.). The Senate consists of 76 Senators – twelve are elected from each of the six states⁶ for six-year terms, whereas only two Senators are elected in the Australian Capital Territory (ACT) and the Northern Territory⁷ for a term of three years (DoS 2008a, 1). Unlike the British Upper House, the House of Lords, the Senate has the same powers as the House of Representatives, except for the right to initiate and amend bills that impose taxation or appropriate money (DoS 2008b, 5; HoR 2008c, 3). This causes tensions with regard to the principle of responsible government (Parkin & Summers 2006, 55). As all laws must be approved by the parliament as a whole (HoR 2008a, 6), the government is dependent on both chambers of parliament. In practical terms it is rather difficult for a government to obtain a majority in the Senate as well, even though the Howard government managed to do so in the 2004 federal election, for

⁶ The six states are (in alphabetical order): New South Wales (capital: Sydney), Queensland (capital: Brisbane), South Australia (capital: Adelaide), Tasmania (capital: Hobart), Victoria (capital: Melbourne), Western Australia (capital: Perth).

⁷ The two territories are: Australian Capital Territory (ACT, capital: Canberra), Northern Territory (capital: Darwin).

instance (UWA 2009). Whenever this situation occurs, the government becomes disproportionately powerful, making it easier to pass laws in such circumstances. Nevertheless, the Senate's behaviour was one of the reasons that contributed to the Constitutional crisis in 1975, which will be explained in chapter 2.2.2.

The second key feature of the US federal system adopted by Australia was the specified division of powers and responsibilities between the national government and the state governments (Parkin & Summers 2006, 52). Section 51 of the Constitution⁸ determines that the states retain whatever residual powers are not explicitly given in this way to the Commonwealth. Moreover Section 109 states that the Commonwealth law prevails in case of a conflict between these two federal levels. In practice the Commonwealth is assigned with *“trade and commerce, postal, telegraphic and telephonic services, defence, currency, banking, quarantine, copyright, migration, marriage and divorce, pensions, external affairs and conciliation and arbitration of interstate industrial disputes”* (DoS 2008b, 2). Residual powers, like public schools, public housing, police, roads, personal welfare services, public hospitals etc. are left to be exercised by the states (Parkin & Summers 2006, 52). Initially the state governments were intended to be the government the citizens encounter first and most often, which is the case even today (ibid.).

The third feature of federalism is judicial review (Parkin & Summers 2006, 53). The Australian High Court, which is the counterpart of the American Supreme Court, acts as an “umpire” between the national and state governments (ibid.). It has the power to determine the meaning of the Constitution and to invalidate laws that it determines exceed the powers given to the government by the Constitution (ibid.).

Even though federalism in Australia can be seen as the structure of the Senate, the federal-state division of powers and the separate state Constitutions, Australia remains rather centralist. The centralist hegemony of the Commonwealth can probably be seen best when looking at its dominance in taxation collections⁹. Today the income tax is collected by the Commonwealth, but the revenues are only partly given back to the states, sometimes in form of “tied grants” (Weller 2004, 631), as will be explained in the following paragraph. States do have the right to levy taxes, but the states' citizens

⁸ All quotations of the Constitution of the Commonwealth of Australia refer to the following website: <[http://www.comlaw.gov.au/comlaw/comlaw.nsf/440c19285821b109ca256f3a001d59b7/57dea3835d797364ca256f9d0078c087/\\$FILE/ConstitutionAct.pdf](http://www.comlaw.gov.au/comlaw/comlaw.nsf/440c19285821b109ca256f3a001d59b7/57dea3835d797364ca256f9d0078c087/$FILE/ConstitutionAct.pdf)>, viewed 12 November 2008.

⁹ For a discussion of taxation collections and its significance for federalism see Carling (2008).

must pay the federal tax first, and then the one of the state (ibid.). Obviously, states levy less taxes than the Commonwealth does. Consequently, states have only a small tax base and are therefore very dependent on Commonwealth resources (ibid.). The Goods and Services Tax (GST) is collected by the federal government as well, but is returned completely to the states (Weller 2004, 631).

Moreover, there is another feature of the so-called “vertical fiscal imbalance”, which basically describes a situation in which “*the revenue collection of the Commonwealth and State governments does not match those governments' expenditure responsibilities*“ (Queensland Treasury 2008). In other words, the states do not levy enough taxes in order to fund their own expenditures, making them very dependent on Commonwealth funding (ibid.). There are two ways the Commonwealth can provide the money needed by the states (ibid.): (1) general revenue assistance (mostly as GST entirely returned by the Commonwealth) and (2) specific purpose payments, commonly known as “*tied grants*”. Furthermore, Section 96 of the Constitution provides that the Commonwealth Parliament “*may grant financial assistance to any State on such terms and conditions as it thinks fit*”. What is known as “*tied grants*” rather resembles bribery in some cases. Special purposes payments or tied grants are paid to the states provided they meet the objectives the Commonwealth has previously set for them (OECD 1997, 83).

Furthermore, the drift towards centralism was advantaged by the High Court. The High Court's interpretation of common law and the Constitution doubtlessly allowed the Commonwealth to consolidate its power (Wiltshire 2006, 190). Moreover, dramatic events or crises (like the Port Arthur massacre in 1996¹⁰) always encourage demand for national leadership even in areas of clear state responsibility. Finally, it is important to restate that the Australian Constitution was never based on a strict separation of Commonwealth and state powers anyway.

¹⁰ What has become known as the Port Arthur massacre was Australia's deadliest killing spree. On 28 April 1996 a young man killed 35 people and injured many more at the historic prison colony in Port Arthur (Tasmania), which is a popular tourist attraction. The man was arrested and sentenced to life imprisonment (Port Arthur 2009).

Analysis

An interesting question is whether the advantages of the Australian federal system outweigh its disadvantages. In order to answer this question, it is necessary to describe both the advantages and disadvantages of federalism.

Firstly, federalism guarantees that the (state) government remains close to the people, their needs and wishes. This is especially important for such a large country like Australia. It would probably be impossible to govern an area of 7,686,850 square kilometres with an absolutely centralistic system. It might be easier now, but it was definitely impossible when the Constitution was agreed on.

Secondly, it encourages the regions or states to find unique solutions to their unique problems. One example is Queensland, who introduced a unique method of funding and controlling its public hospital system, for instance (Surrao et al. 2002).

Thirdly, federalism is an obstacle for the dominance of the majority. In the past 25 years the government could gain a majority in the Senate only once. This occurred from 2004 to 2007 for the Liberal-National coalition government under Prime Minister John Howard (DoS 2008a, 5; UWA 2009)

Nevertheless, there are some limitations of federalism. Since the separation of powers between the federal government and state governments remains unclear in many respects, it can lead to overlaps and over-regulation of the government policies as well as contradictions. Moreover, federalism can lead to unhealthy inequality, competition and rivalry between states. One facet of this competition is stealing major sports events from other states¹¹ and trying to attract industry at the expense of other states.

Recapitulating the benefits and limitations of federalism in Australia, it is important to add one more crucial fact. Even though Australia is a federation, the states cannot really change their own political direction at will, because an imbalance exists in the distribution of powers between the Commonwealth and the states. Nevertheless, some federal features do exist and do function. Establishing the Commonwealth of Australia as a federal country was a wise decision of the Founding Fathers. After all, Australia has always been a huge country impossible to run with a purely centralist political system. However, *“federal power, whether social, economic or international, is far greater than originally envisaged in 1901.”* (Weller 2004, 632)

¹¹ For an example of stealing major sports events from other states see Benson & Sikora (2007).

2.2.2. Formal Constitution vs. informal conventions

As already stressed, Australia does have a written Constitution unlike the UK (HoR 2008d, 1). Nevertheless, the Constitutional framework does not only consist of the formal Constitution, but also of informal conventions, which are “common law” built up over many years (HoR 2008f, 1; Parkin & Summers 2006, 54).

The formal Constitution mentions the Governor-General as the monarch’s representative. Section 61 goes even further and states: “*The executive power of the Commonwealth is vested in the Queen and is exercisable by the Governor-General as the Queen's representative, and extends to the execution and maintenance of this Constitution, and of the laws of the Commonwealth.*” This section highlights the most significant discrepancy between the formal Constitution and informal conventions. In practice the Prime Minister (who is not mentioned in the Constitution), and his Cabinet perform all executive tasks (HoR 2008f, 2; Parkin & Summers 2006, 54). Moreover, the Governor-General uses his powers only in accordance with the Prime Minister’s and the other ministers’ advice (HoR 2008f, 4). He assigns the winning party or coalition to form the government and he appoints ministers as recommended by the party leader (Parkin & Summers 2006, 54-55). Nevertheless, the Constitution accredits a range of so-called reserve powers to the Governor-General, which he – by convention – usually exercises only on ministerial advice (HoR 2008f, 2-4). He can dissolve (or refuse to dissolve) the House of Representatives (Section 5), dissolve the House of Representatives and the Senate simultaneously on the occasion of a deadlock (Section 57) and appoint or dismiss ministers (Section 64). The use of these reserve powers and the consequences thereof will be discussed in the next section when the Constitutional Crisis of 1975 will be analysed.

Moreover, the Constitution mentions the institutions of the House of Representatives and the Senate, declaring that elections must be held periodically, that ministers have to be Members of Parliament (who by convention are Members of the House of Representatives, not of the Senate), and states that the Government cannot spend money without the Parliament’s appropriation (Parkin & Summers 2006, 54). However, by convention, a government resigns by convention if its budget is refused, even though this did not happen in 1975, either (Parkin & Summers 2006, 59). Figure 1 on page 15 illustrates the discrepancy between the formal constitution and informal conventions.

Figure 1: Constitution vs. conventions

	<i>How achieved</i>	<i>Formal appointment pursuant to Constitution</i>	<i>Constitutional functions</i>	<i>Conventions applying / functions in practice</i>
Sovereign	Inherited.		Head of Executive Government and one of constituent parts of the Parliament, but these functions are delegated to the Governor-General. Appoints the Governor-General. May disallow an Act of Parliament (but this has never been done).	Head of State. Only necessary personal function is to appoint the Governor-General. May on occasion perform acts normally carried out by the Governor-General, such as opening a session of Parliament or assenting to an Act of Parliament. Acts as advised by the Prime Minister.
Governor-General	Selected by the Prime Minister.	By the Sovereign, as her representative in Australia.	Represents the Queen as head of Executive Government and one of constituent parts of the Parliament. In most matters must act as advised by the Federal Executive Council.	Performs functions of Head of State. Normally in all matters acts as advised by the Prime Minister and Ministers. Has reserve powers to act independently in emergencies. The extent of these and way they should be exercised are not agreed on.
Prime Minister	Leader of the party which has the most Members of the House of Representatives. Is elected leader through internal party processes.	By the Governor-General as a Minister of State. By the Governor-General as a member of the Federal Executive Council.	As for Ministers. The position of Prime Minister is not recognised by the Constitution.	The Governor-General commissions the leader of the party (or coalition) with the largest number of Members of the House of Representatives to form a Government. The Prime Minister chairs Cabinet and is in practice the Head of the Executive Government.
Ministers	Selected by the Prime Minister from Members of the House of Representatives and Senators from the party or coalition of parties in government. The Prime Minister's selection may be constrained by internal party processes.	By the Governor-General as Ministers of State. By the Governor-General as members of the Federal Executive Council. (Ministers must be appointed to the Federal Executive Council. Ministers must be Members of the House of Representatives or Senators, or become so within three months of appointment).	As Ministers, to administer Departments of State. As Executive Councillors, to advise the Governor-General. The Cabinet is not recognised by the Constitution.	Senior Ministers are in charge of larger or more important departments, and are normally members of the Cabinet. Junior Ministers may be in charge of a small department, or assist another Minister in the administration of a larger department. The Cabinet is, in practice, the heart of the Executive Government. All major policy and legislative proposals are decided by the Cabinet.
Parliamentary Secretaries	As for Ministers.	As for Ministers (Parliamentary Secretaries are a class of Ministers designated as Parliamentary Secretaries).	As for Ministers.	Parliamentary Secretaries assist Ministers in the administration of their departments.
Executive Councillors	As for Ministers.	By the Governor-General (there is no constitutional restriction on who should be appointed).	To advise the Governor-General.	Only Ministers and Parliamentary Secretaries are appointed (generally for life). Only Executive Councillors who are members of the current Government advise the Governor-General.

Source: HoR 2008f, 4

Constitutional Crisis of 1975

When the Labor Party under Prime Minister Gough Whitlam won the elections in the House of Representatives, there was a deadlock in the Senate. There were 29 Labor, 29 Liberal-National and 2 Independent Senators (DoS 2008a, 5; UWA 2009). The situation changed dramatically, when one of the Independents died and the second one resigned. According to democratic considerations and conventions, the state

governments usually send Senators from the same party to replace the vacant seats in the Senate (Parkin & Summers 2006, 58). In 1975, however, Queensland and New South Wales did not do so and instead, nominated two Coalition (Liberal–National) Senators (ibid.). Therefore, the Whitlam government no longer had a majority in the Senate.

The opposition leader, Malcolm Fraser, announced that the Senate would refuse the budget unless new elections were called. Formally the Senate did act within its powers given by the Constitution, but it acted against the convention of responsible government, which only makes sense when the second chamber takes the same course of action as the first chamber (ibid.).

Prime Minister Whitlam refused to resign even though he knew very well that budget would not pass in the Senate. He acted within his formal powers, too, but once again he chose a way contrary to the convention that stated the Government must have support in Parliament in order to remain in office (ibid.).

Finally, on 11 November 1975 Governor-General John Kerr dismissed the Whitlam government, appointed the opposition leader as “caretaker” Prime Minister and announced the double dissolution of the Parliament (Parkin & Summers 1975, 58–59). The Liberal-National coalition under Fraser won the following elections (UWA 2009). John Kerr did act in accordance with Section 64 of the Constitution, but against the convention that the Governor-General should only appoint a Prime Minister with a majority in the House of Representatives and against the convention of acting on recommendation of the Prime Minister (Parkin & Summers 2006, 59).

Analysis

The crisis of 1975 clearly mirrors the discrepancy between the written Constitution and informal conventions. It is probably a paradox of the Australian political system that actions taken by political leaders, who formally act within their powers given by the Constitution, can have such drastic effects on the political stability of a country. Nevertheless, the hybrid system as a whole advantages such outcomes, because the Senate is (almost) as powerful as the House of Representatives. This may appear to be a good means of democratic control, but it eventually led to a political deadlock and impasse in 1975. However, this should not imply that the Australian

hybrid system is particularly vulnerable to political deadlocks and instability. There was only one Constitutional crisis in 108 years of parliamentary democracy in the Commonwealth of Australia.

2.2.3. Monarchy or republic?

Since the early 1990s there has been a debate about converting Australia from a monarchy to a republic (Irving 2000; Cross 2007). The Queen does not play an active role in Australian politics and the transformation into a republic would not have made much difference to political day-to-day business, as Australia can already be seen as a “de facto republic” in practical terms (Parkin & Summers 2006, 61). In 1999, a referendum on the question of the head of state took place.

An important question the drafters of the referendum (15 delegates of the so-called People’s Convention) faced was, however, the method of appointment of the new head of state. While the supporters of the minimalist model only “*sought to sever the connection with the British monarch, but otherwise change the Australian Constitutional framework as little as possible*” (Parkin & Summers 2006, 62), there were also experts in favour of a more radical change to the Constitution, e.g. the incorporation of a Bill of Rights (ibid.). Furthermore, there were advocates of a direct election of the head of state, whereas others supported the model of the Prime Minister appointing the head of state (ibid.)

On 6 November 1999 the following two questions recommended by the People’s Convention were put to the electorate in a Constitutional:

“to alter the Constitution to establish the Commonwealth of Australia as a republic with the Queen and the Governor-General being replaced by a President appointed by a two-thirds majority of the members of the Commonwealth Parliament” (Irving 2000, 111)

and

“to alter the Constitution to insert a preamble” (ibid.)

This was eventually rejected by 56 per cent in the referendum (Parkin & Summers 2006, 63).

Analysis

The rejection of the referendum should not be overestimated. The fact that the Australians voted against the proposal does not consequently mean that they rejected the idea of establishing a republic. Firstly, it has to be highlighted that the Australian electorate has always “*shown great caution in relation to changing the Constitution*” (Parkin & Summers 2006, 63). Only eight of the 44 referendum questions passed the vote of the electorate (ibid.; Weller 2004, 632). Secondly, public opinion polls revealed that it was not the idea of becoming a republic that was rejected; it was the proposed model of a republic with a head of state endorsed by two thirds of both houses of Parliament that the electorate disliked. In fact “*a model in which the head of state was selected by politicians and not directly elected by the people was unpopular.*” (ibid.)

2.3. Relevant aspects of the political system in detail

After the description of the relevant historical aspects and distinctive features of the political system, the main actors and institutions in the Australian political system shall now be identified.

2.3.1. Legislative power - the Parliament of Australia

The Parliament of Australia consists of the Queen, who is represented by the Governor-General, and the two houses (HoR 2008f, 1). The lower house, the House of Representatives, has 150 members and is elected for a maximum of three years (Parliament of Australia 2008a). The Senate, the Upper House, has twelve Senators from each of the six states, respectively, and two Senators each from the two territories, totalling 76 senators (DoS 2008a, 1). While state senators are elected for a term of six years, territories Senators are only elected for three-year terms (Parliament of Australia 2008a.). However, in order to ensure a “*continuing, but rotating, membership*” (DoS 2008a, 3), half the senators are elected every three years. Furthermore, there is a link between the number of members of the House of Representatives and the number of

senators; Section 24 of the Constitution provides that “*the House of Representatives shall be composed of members directly chosen by the people of the Commonwealth, and the number of such members shall be, as nearly as practicable, twice the number of senators*”. However, territory senators are not part of this calculation (DoS 2008a, 3). This so-called nexus provision is aimed at preventing the House of Representatives from becoming too large and powerful (ibid.). Nevertheless, the Parliament may change the number of senators in order to proportionally change the number of members of the House of Representatives, which happened in 1948 and 1983 (ibid.).

Thus, elections for the House of Representatives and the Senate are held every three years, respectively, unless they are dissolved sooner (DoS 2008a, 3; HoR 2008b, 1). Usually they are held on the same day. Candidates for the House of Representatives must be Australian citizens and be eligible to vote, i.e. not be convicted of certain crimes, not be citizens of a foreign country and not be undischarged bankrupts (ibid.). There are two interesting aspects with regard to parliamentary elections. Firstly, voting is compulsory – not only for parliamentary elections, but also for all national, state and local elections (Weller 2004, 635). It is mandatory that every Australian citizen above the age of 18 must enrol as a voter (HoR 2008b, 1). As registration and voting are compulsory, enrolled voters who fail to cast a ballot have to justify their absence and can be fined (20 \$) if the excuse is not regarded adequate or sufficient (AEC 2007; Weller 2004, 635).

The second interesting aspect with regard to the elections for the House of Representatives concerns the preferential system of voting. Elections for the Senate are based on a preferential system as well, however, “*the House of Representatives and the Senate have different electoral means for registering electors’ preferences*” (DoS 2008a, 2). Elections for the House of Representatives employ a single transferable vote (Weller 2004, 635). Voters have to rank the candidates in order of their preference – they are not allowed to vote for only one candidate (HoR 2008b, 2). In order to be elected into the House of Representatives, the candidate has to be supported by the majority (50 percent + 1 vote) of the electors in his constituency. If no candidate receives more than 50 percent of first preference votes, the candidates with the fewest votes are progressively eliminated and the next preferences of their voters distributed among the remaining candidates. This takes place until a candidate finally receives

more than 50 percent of the votes (DoS 2008a, 2; HoR 2008b, 2). Figure 2 will illustrate the preferential system of voting based on a concrete example:

Figure 2: Example of the distribution of votes in a preferential voting system

First preference votes counted					
candidate	A	B	C		
votes	45	30	25		
C's second preferences distributed, two possibilities are shown					
candidate	A	B	A	B	
1st preference votes	45	30	45	30	
2nd preference votes	<u>10</u>	<u>15</u>	or	<u>4</u>	<u>21</u>
total votes	55	45	49	51	
	A elected		B elected		

In this example the candidate with the fewest votes (C) is excluded and his or her votes shared between candidates A and B according to whether the voters had ranked A or B as their second choice. Note that this could result in either A or B being elected, depending on the distribution of preference.

Source: HoR 2008b, 2

As Australia is currently divided into 150 constituencies¹², exactly one member of the House of Representatives is drawn from each electoral division. Therefore, the aim of preferential voting is to secure one candidate with a majority of votes, allowing the candidate to win the seat for his/her constituency in the House of Representatives (DoS 2008a, 2).

The initial position for Senate elections is somewhat different, as each state elects six senators. Using proportional representation voting, the objective is to identify the six candidates, who obtained “*a number of votes equal to or exceeding a required quota*” (ibid.). Candidates, who receive more votes than the required quota, distribute their surplus votes in accordance with their voters ranking of preferences (ibid.). However, the system of proportional representation in the Senate was only introduced in 1948; prior to that the “first past the post” and the group preference system were used (DoS 2008a, 1). Therefore, it is now comparatively easier for smaller parties and independents to be elected into the Senate, than into the House of Representatives, contributing to the phenomenon, that the government rarely gains a majority in the

¹² Currently there are 49 electoral divisions in New South Wales, 37 in Victoria, 29 in Queensland, 15 in Western Australia, 11 in South Australia, 5 in Tasmania, 2 in the Australian Capital Territory and 2 in the Northern Territory (HoR 2008b, 3).

Senate¹³. In the 48 years following 1961 on there were only eight years where the government had a majority in both houses of Parliament (Parkin & Summers 2006, 55); John Howard was the last Prime Minister who managed to obtain a majority in the Senate from 2004 to 2007 (DoS 2008a, 5; UWA 2009)

The party or coalition of parties winning the majority of seats in the House of Representatives forms the government (HoR 2008e, 1; HoR 2008f, 1), after being authorised to do so by the Governor-General (Parkin & Summers 2006, 55). Furthermore, by convention, the Governor-General appoints the ministers in accordance with the recommendation of the leader of the winning party or coalition of parties (ibid.). While ministers can be members of either of the houses, the Prime Minister and the Treasurer by convention have to be members of the lower house (Weller 2004, 632). The political culture in the Australian House of Representatives is probably best described by Uhr (from a publication in 1995 cited in Weller 2004, 633):

“Australian politics is played like Australian sport, up front, down to earth and with a blatant desire to win at any cost.”

Even though the Senate was historically seen as the State’s House and intended to protect the interests of the less populous states against the newly founded Commonwealth of Australia (DoS 2008c, 1), it is now a comparatively powerful upper house, as *“the powers of the two Houses to initiate and amend bills are identical except in relation to bills that impose taxation or appropriate money.”* (DoS 2008b, 5). In fact, the Australian Senate is currently regarded one of the most powerful upper parliamentary house in the world (DoS 2008a, 1). However, according to Section 53 of the Constitution *“proposed laws appropriating revenue or moneys, or imposing taxation, shall not originate in the Senate“*. Similarly, the Senate cannot amend money bills (in contrast to all other bills), but it can only request amendments to such bills (ibid.; Weller 2004, 633). Nevertheless, apart from the restrictions concerning money bills and taxation, the Australian Senate has considerable rights and possibilities to fulfil its role as a *“check on government”* (DoS 2008c, 2). As outlined above, it is rather

¹³ For a detailed breakdown of Senate election results since 1948 (including a detailed information on party affiliations) see DoS (2008a, 5). For details an all Australian elections UWA (2009).

difficult for the government to gain a majority in the Senate due to a different voting system. Consequently, government legislation does not always easily pass the Senate and is subject to genuine debate, negotiations and consultation with all parties in order to gain a majority (ibid.). Therefore, the Australian Senate is (except for the case when the government does have a majority in the Senate) a powerful instrument for holding the government accountable.

2.3.2. Executive power – cabinet government and Governor-General

Under the Constitution (Section 61) the “*executive power of the Commonwealth is vested in the Queen and is exercisable by the Governor-General as the Queen's representative, and extends to the execution and maintenance of this Constitution, and of the laws of the Commonwealth.*” Consequently, the Governor-General has, among other things, the right to (1) appoint and dismiss ministers, (2) appoint judges, (3) be commander in chief of the defence forces, (4) assent to legislation that has been passed by both Houses of Parliament and to (5) block or propose amendments to any law passed by both Houses of Parliament (HoR 2008f, 2-3). In practice, however, the he/she¹⁴ does not exercise these rights and only acts on (Prime-) ministerial advice (HoR 2008f, 3). Typically the Governor-General, who is appointed by the Queen based on the Prime Minister's recommendation, performs ceremonial functions as the head of state on behalf of the Queen (ibid.). In addition to the rights outlined above, the Governor-General holds so-called reserve powers, including the right to dissolve the House of Representatives or both Houses in a “Double Dissolution” (ibid.). However, these powers are only to be exercised in extraordinary circumstances, i.e. with constitutional experts not being able to agree on the nature and scope of these circumstances (ibid.). As mentioned in section 2.3.1., the Governor-General is – along with the House of Representatives and the Senate – regarded a constituent part of the Parliament (HoR 2008f, 4). Consequently, the Governor-General combines and fulfils both legislative and executive functions. In order for a bill to become an Act of Parliament and part of the law of the land, the Governor-General has to assent to the bill (HoR 2008a, 4-5).

¹⁴ On 5 September 2008 Quentin Bryce was sworn in as the first female Governor-General of Australia (GG 2008).

In practice, however, the Prime Minister is the Head of the Executive Government (HoR 2008f, 4). Even though the Prime Minister is not mentioned in the Constitution (Weller 2004, 630), he draws his power from the majority in the House of Representatives, and hence, from the people (HoR 2008f, 2). Consequently, the Governor-General appoints the leader of the strongest party (or coalition of parties) in the House of Representatives to the Prime Minister (HoR 2008f, 4). Ministers are appointed by the Governor-General based on the recommendation of the Prime Minister (ibid.). The Prime Minister heads a Cabinet of currently 19 senior ministers (PM 2009a), which is in reality the most significant policy-making body of the government (HoR 2008f, 2). In addition to the members of Cabinet, the current Rudd government has ten “*assistant ministers who are allocated responsibility for sections of the departmental duties*” (Weller 2004, 641). Moreover, there are currently twelve Parliamentary Secretaries who “*assist or represent ministers in their administrative responsibilities*” (HoR 2008f, 2).

2.3.3. The judiciary

Under the Constitution, the High Court and other federal courts have the power to interpret laws and judge whether they apply in individual cases (HoR 2008f, 3). As outlined in Section 71 of the Constitution, the “*judicial power of the Commonwealth shall be vested in a Federal Supreme Court, to be called the High Court of Australia, and in such other federal courts as the Parliament creates, and in such other courts as it invests with federal jurisdiction.*” While judges (currently six Justices and one Chief Justice) are appointed by the Governor-General on the advice of the Prime Minister, they can only be removed from office by the Governor-General as a result of misbehaviour or incapacity, but only after a request from both Houses of Parliament (ibid.).

2.3.4. Political parties

The two most dominant parties in Australia are the Labor and the Liberal Party. Founded in 1891, the Australian Labor Party is the oldest political party in Australia (ALP 2009; Weller 2004, 637). The Liberal Party was founded in 1944 as a response to Labor’s domination. The leader of the opposition, Robert Menzies, wanted all non-

Labor parties to unite in order to constitute a strong opposition (LPA 2009). Nevertheless, *“both parties were initially based on class”* (Weller 2004, 637).

An interesting aspect in regard to the two major parties in Australia concerns the selection of party leaders. Party leaders can only be selected by the parliamentary group, consequently, *“no one outside gets a vote”* (Weller 2004, 639). What is even more interesting is the fact that *“a vote can be called at any meeting”* (ibid.). Therefore, the Prime Ministers are dependent on the support of their party group in Parliament, which is why they are usually keen on establishing good relations with backbenchers and other parliamentary party members (ibid.). After all, *“accountability to the party room is constant; action can be immediate. That simple truth affects the way that Cabinet and parliamentary politics operate”* (Weller 2004, 640.).

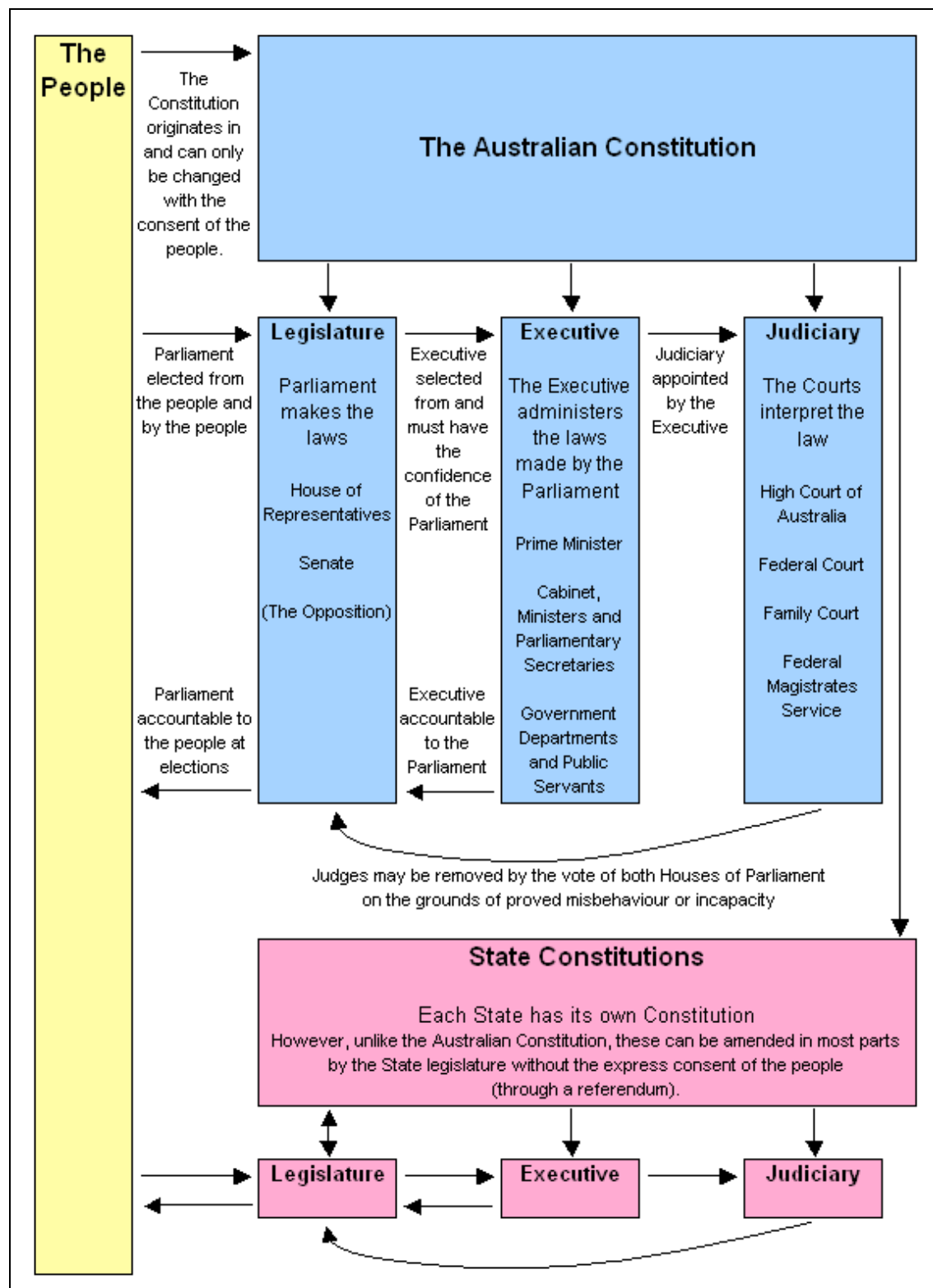
Even though Australia was one of the first countries to introduce female suffrage, it took 40 years for a woman to be elected into the House of Representatives (ibid.). Women have been extremely underrepresented in the government, with only four out of the 20 members of the current Cabinet being female (PM 2009a). Nevertheless, the opportunities for women in political top-positions seem to have improved. Not only does the Rudd government account for the first female Deputy Prime Minister, but also for the first female Governor-General (GG 2008; PM 2009a).

Until the 1960s Aboriginal peoples had been denied the right to vote (Weller 2004, 641), therefore, it is not surprising that they are virtually non-existent in Commonwealth politics. Similarly, first generation immigrants are underrepresented. According to Weller (2004, 641) *“it takes two or more generations before those waves of migration have an impact on national politics”*, even though Australia is a traditional nation of immigrants.

2.3.5. Summary

After the brief discussion of the most relevant aspects of the Australian political system, Figure 3 on page 25 presents a model of the Australian political system and is intended to be a brief summary of the information given in the sections above. As the constitutional framework and relevant aspects of the Australian political system have been discussed so far, the next chapter shall emphasise the distinctive features of Australian foreign policy and the foreign policy-making process.

Figure 3: Model of the Australian political system



Source: Oz Politics 2008

2.4. Foreign policy

2.4.1. Distinctive features of Australian foreign policy

In order to undertake an analysis of Australian foreign policy, it is necessary to define this term first. According to Gyngell & Wesley (2003, 23) foreign policy “*relates to the management of disturbances to a range of policy spaces that either originate from sources external to the country, or can be addressed at sites external to the country*”. What becomes evident in this definition is a crucial factor of foreign policy – the external environment.

However, before discussing Australia’s external environment, it is important to examine its internal environment first, as they are intertwined. With an area of 7,686,850 square kilometres, a coastline of 25,600 kilometres and a population of 21,262,641¹⁵ Australia is an extremely large, but sparsely populated country. However, Australia is also one of the most urbanised countries in the world with 89% of the total population living in urban areas; vast areas remain uninhabited.

With regard to the external environment, Australia’s neighbours are of particular interest. Australia is surrounded by the Pacific Ocean to the east, the Antarctic to the south, the Indian Ocean to the west and the Asian continent to the north. Therefore, there are two significant aspects of the Australian external environment. Firstly, it is characterised by geographic isolation. Secondly, Australia’s neighbouring (Asian) states are “*different in history, language, culture, society, economy and politics*” (Gyngell & Wesley 2003, 10). Hence, Australia is sometimes referred to as the only “Western” country in a region, where it culturally does not fit in.

Despite or maybe because of its geographical isolation, Australia has been an active actor on the world stage since federation in 1901 (ibid.). For example, Australia sent troops to almost every major war. Australian troops were involved in the Boer War in South Africa, in both World Wars, in Korea, Vietnam, both Gulf Wars, Afghanistan and most recently in Iraq (ibid.). Furthermore, Australia played a leadership role in the only two United Nations peacekeeping missions in the Asia-Pacific; 1992-1993 in Cambodia and 1999-2001 in East Timor (ibid.). This involvement can, therefore, be regarded as a commitment to multilateralism. Moreover, Australia was a founding

¹⁵ The figures concerning area, population, urbanisation, etc. refer to the CIA World Factbook (CIA 2009a).

member of both the League of Nations and the United Nations (ibid.) and also made a significant commitment to the establishment of the Asia-Pacific Economic Cooperation (APEC 2009).

Apart from geographical isolation, there are two more factors that might have lead to Australia's activism with regard to its foreign policy. Firstly, Australia has always been concerned about instability and uncertainty in its international environment and therefore interpreted events in this light (Gyngell & Wesley 2003, 11). As Gyngell & Wesley (2003, 10) conclude, "*Australians are prone to watch the world around them apprehensively*". Secondly, Australia has developed a sense of being a "middle power" (Gyngell & Wesley 2003; Jones & Benvenuti 2006; Ungerer 2007). According to Ungerer (2007, 540), "*Australia's self-identification as a middle power has been one of the strongest influences on the form and conduct of Australian diplomatic practice*". Even though there is no academic consensus on a general definition of a middle power (Ungerer 2007, 539), some features are regarded as being important. Firstly, middle powers tend to have specific interests in global or regional issues, but lack the power and capacity to impose their will (Gyngell & Wesley 2003, 11; Ungerer 2007, 540). Therefore, middle powers have to find "*specific, niche opportunities to exercise their power and influence*" (Ungerer 2007, 540). Typically, middle powers rely on multilateral institutions, are committed to promoting international legal norms, and use their diplomatic, military and economic resources pro-actively in order to achieve their goals (Ungerer 2007, 539).

Consequently, being a middle power, Australia is dependent on coalition building in order to make its voice heard on a global level. With regard to coalitions there are two perspectives in Australian politics. The first view is to stick to "*great and powerful friends*", like former Prime Minister Menzies stated (cited in Gyngell & Wesley 2003, 12). In the past it was the United Kingdom and more recently the United States, which fall into the category of "great and powerful friends". The second and younger idea (promoted by Prime Minister Paul Keating, for instance) is to reinforce ties with the closest neighbours, i.e. Asian countries (ibid.).

Apart from coalition building and closer ties with strategic allies, Australian politicians sometimes tend to implement more activist foreign policy than other middle powers do, given the geographic isolation and lack of close powerful neighbours. Alexander Downer, Minister for Foreign Affairs and Trade in the Howard coalition

government, gave the following pertinent analysis: *“We are a middle power with the capacity to influence events. We have to make our way in the world in a way other countries don’t”* (cited in Gyngell & Wesley 2003, 11).

2.4.2. Foreign policy-making in Australia

Activism, geographical isolation and lack of strong neighbours, the need for coalition building, the middle power concept and multilateral commitments have been defined as distinctive features of Australian foreign policy. Now, a description of the main actors in the Australian foreign policy-making process follows.

In general, foreign policy is usually concerned with trying to anticipate, preventing, reacting to or initiating certain events on the world stage. According to Gyngell & Wesley (2003, 24) foreign policy issues

“are defined by whether a certain event introduces significant disturbance into the policy space. The limits of quietude and disturbance are determined by the goals set for foreign policy, or the expectations about how the foreign policy apparatus should promote or protect given social values”.

But who is responsible for setting the goals for foreign policy? Which actors are involved in the formulation and implementation of foreign policy in Australia? According to Firth (2005, 76), concentration of power is the *“defining characteristic of foreign policy-making in Australia”*, as the executive branch plays a predominant role. In practice, the Prime Minister, the Foreign Minister, the Trade Minister, the Cabinet, senior public servants (also referred to as bureaucrats) and ministerial staff are the makers of Australian foreign policy (ibid.). The bureaucracy acts as an advisor to the Minister of Foreign Affairs, because it has access to necessary information and has the experience and expertise to interpret the information available, hence, wielding significant influence on the formulation of foreign policy (Firth 2005, 77).

The main institution and source of bureaucrats involved in the foreign policy-making process is the Department of Foreign Affairs and Trade (DFAT). Initially, the Department of External Affairs was established in 1935 (Firth 2005, 78). The first

challenge of the newly founded department was to escape from London's diplomatic dominance in the 1940s and to establish an Australian identity on the world stage (ibid.). In 1987 the Department of Trade was incorporated into the Department of Foreign Affairs, establishing today's DFAT (ibid.). This merger of departments clearly mirrors the significance trade has in Australia's foreign affairs. Moreover, DFAT is responsible for Australia's diplomatic missions all over the world, including missions to multilateral organisations, e.g. to the UN in New York, to the OECD in Paris or to the European Communities in Brussels (DFAT 2009a). Because overseas missions have been subject to cost reduction, DFAT is now employing considerably less diplomats and has less overseas representations; in 2003 only 15 percent of DFAT staff was working overseas (Firth 2005, 78). Even though embassies are expensive to maintain, diplomats play a crucial role as they are "*Australia's eyes and ears abroad*" (Firth 2005, 79) and are the source of important information and thorough analyses.

Even though DFAT is the most prominent department with regard to the process of foreign policy-making, the Department of Prime Minister and Cabinet (PM&C), Defence, Treasury and the Department of Immigration and Multicultural and Indigenous Affairs also wield influence on foreign policy (Firth 2005, 80). Moreover, the Howard government established the Australian Strategic Policy Institute (ASPI) as an independent research centre¹⁶ (ibid.).

With regard to the powers of the legislative branch in foreign policy, the Parliament has "*little say*" (Firth 2005, 81). In fact, Parliament cannot prevent the ratification of treaties or stop government from declaring war (ibid.). The only active role Parliament can play is in Question Time and parliamentary committees (ibid.). The Australian Parliament indeed has three committees dealing with foreign affairs. The Joint Standing Committee on Foreign Affairs, Defence and Trade was established in 1952 and draws members both from the House of Representatives and from the Senate (Firth 2005, 83). Its major activities include meeting visiting parliamentary delegations and making overseas visits, holding inquiries, inspecting defence installations and publishing comprehensive reports (ibid.). The Senate Standing Committee on Foreign Affairs, Defence and Trade was formed in 1971 and only consists of six to eight Senators. This committee is also responsible for many comprehensive reports of foreign

¹⁶ According to its website, ASPI is "*is charged with the task of informing the public on strategic and defence issues, generating new ideas for government, and fostering strategic expertise in Australia*" (ASPI 2009).

policy, for which it can – just like the Joint Standing Committee – request a government response (Firth 2005, 83-84). Most recently the Joint Standing Committee on Treaties was established in 1996 in order to provide an incentive for government to “table” treaties in Parliament, i.e. lay treaties on tables in both houses for MPs to examine them before ratification (Firth 2005, 84). The reason for the establishment of this committee once again deals with the discrepancy between the Constitution and informal conventions. While the Constitution gives the executive the sole power to make treaties, they used to be ‘tabled’ prior to ratification by convention (ibid.). However, successive governments since the 1970 “*increasingly ignored parliament in both signing and ratifying treaties*” (ibid.). Now the Joint Standing Committee on Treaties possesses the treaties for at least 15 days, including a National Interest Analysis. However, the government may still bypass the Parliament in especially “*sensitive or urgent*” situations without first “tabling” treaties (Firth 2005, 86).

With regard to foreign policy-making in Australia, the power is distributed very unequally in favour of the executive. Therefore, “*Parliament might require and report, but the executive decides*” (Firth 2005, 86).

3. POLITICAL SYSTEM OF THE EUROPEAN UNION

After the description of the political system of the Commonwealth of Australia, its distinctive features and constitutional framework, as well as its characteristics with regard to its foreign policy, the attention shall now be drawn to the political system of the European Union. The European Union is based on a complex interaction of institutions, which have emerged over the course of time. In order to understand the implications of the formation of the Common Foreign and Security Policy (CFSP), the main instrument of the European Union's foreign policy, and in order to analyse the role of the European Union as an international actor in general and the relations between the European Union and Australia in particular, it is imperative to deal with historical and institutional aspects of European integration. Hill & Smith (2005a, 7) also stress the significance of history with regard to the European Union's international relations:

“An historical understanding of the origins of the EU's international relations is essential, as they have highly particular characteristics and are still affected by readings of the past.”

Therefore, these aspects shall be addressed first, followed by an outline of the Common Foreign and Security Policy (CFSP) and an analysis of the European Union as an international actor.

3.1. Brief introduction, historical and institutional aspects

“We must build a kind of United States of Europe [...] Therefore I say to you: ‘Let Europe arise’ ”

(Winston Churchill, Speech at the University of Zurich, 19 September 1946¹⁷)

Contrary to some recent interpretation, the roots of the European Union have never been solely economic. There was definitely an economic perspective, as Europe's

¹⁷ Winston Churchill was one of the pioneers who first promoted the idea of European unity. The full speech can be downloaded from the website of the Council of Europe (2009).

dependence on American supply after the Second World War had severe effects on its trade balance deficit (Pollak & Slominski 2006, 17). However, the idea of European integration was primarily concerned with the formation of a new peace framework after the Second World War, which intended to limit the powers of the nation states (ibid.). The devastating aftermath of the Second World War, the fear of the Soviet Union gaining strength and the initiative of some political pioneers and masterminds like Jean Monnet, Winston Churchill, Robert Schuman, Alcide de Gasperi and Konrad Adenauer was conducive to European integration (Pollak & Slominski 2006, 18). Five motives are mirrored in the idea of European integration (Weidenfeld & Wessels 2006, 15-16.): (1) the desire for a new self-image as an alternative to nationalist leadership; (2) the desire for security and peace: the nation states were not able to prevent the Second World War. In politically instable times and with the Soviet Union becoming stronger, the belief that only European unity could protect its citizens gained momentum; (3) the desire for freedom and mobility after the constraints during the World Wars; (4) the hope for economic prosperity by means of a common market; (5) the hope for regaining power jointly: as the international system seemed to become increasingly bipolar after the Second World War, the only possibility for European states to regain some power in the international system was to cooperate and act jointly.

An important prerequisite for a successful start of European integration was the commitment of both Germany and France to reconcile their differences. The Second World War and “*the legacy of the Nazi era [...] had left Germany a pariah nation*” (Bache & George 2006, 97). On the other hand the existence of a Federal Republic of Germany posed a problem for France, as the threat of the re-emergence of this former power was omnipresent (Bache & George 2006, 89-103; Pollak & Slominski 2006, 24-28). Moreover, France was concerned how to ensure continuing supply of coal from the Ruhr for its own steel industry (ibid.). Therefore, on 9 May 1950 Robert Schuman, French Minister of Foreign Affairs, presented a plan for pooling the coal and steel supplies of both France and Germany under the auspices of a supranational organisation (ibid.). Other European states were invited to participate, however, only Italy and the Benelux states accepted the invitation (ibid.). The British government was particularly sceptical about the commitment to supranationalism (ibid.). In addition, Britain strongly emphasised its close ties to other Commonwealth countries: “*In every respect except distance we in Britain are closer to our kinsmen in Australia and New Zealand on the*

far side of the world, than we are to Europe” (Stirk & Weigall from a publication in 1999 cited in Pollak & Slominski 2006, 26). On 18 April 1951 France, Germany, Italy, Belgium, the Netherlands and Luxembourg signed the Treaty of Paris establishing the European Coal and Steel Community (ECSC) (Pollak & Slominski 2006, 26). For the first time these states were willing to give up their sovereign powers with regard to their coal and steel industry and accept the majority decisions of the ECSC bodies (Pollak & Slominski 2006, 27-28). Article 2 of the Treaty of Paris¹⁸ outlines the ultimate goals of the ECSC:

“The European Coal and Steel Community shall have as its task to contribute [...] to economic expansion, growth of employment and a rising standard of living in the member states.”

Under the Treaty of Paris the ECSC member states gave all their powers regarding the coal and steel industry (e.g. investment assistance, market and price regulation, the elimination of custom duties and other trade barriers) to the supranational, nine member, High Authority (Bache & George 2006, 103; Pollak & Slominski 2006, 27). Furthermore, the Council of Ministers, which consisted of one national government representative from each member state, fulfilled legislative functions (ibid.). The Common Assembly had the power to request reports from the High Authority and force it to resign with a two-third majority (ibid.). The responsibility of the Court of Justice, which consisted of judges drawn from national judiciaries, was to examine the actions taken by the High Authority with regard to their legality (Bache & George 2006, 103).

After the successful communitisation of the coal and steel industry, the motivation for further political integration gained momentum. However, the project to establish a European Defence Community (EDC) and the proposal to create a European Political Community (EPC) failed in 1954 (Pollak & Slominski 2006, 30), as governments were evidently *“not prepared to surrender their sovereignty”* (Bache & George 2006, 106). Despite this setback, the process of European integration did not stop completely. It was

¹⁸ For access to European Union law, including treaties, international agreements, case law, etc. see the European Union’s EurLex website: <<http://eur-lex.europa.eu/>>, viewed 15 April 2009.

merely the direction of integration that changed; the process of political integration was paused in favour of economic integration. Hence, the Treaties of Rome created the European Economic Community (EEC) and the European Atomic Energy Community (Euroatom) in 1957. The explicit objective of the EEC was the creation of a common market inter alia based on the elimination of trade barriers, the establishment of a common customs tariff and the establishment of the four freedoms (Bache & George 2006, 129; Pollak & Slominski 2006, 32): (1) the free movement of goods, (2) the free movement of persons, (3) the free movement of services and (4) the free movement of capital. The institutional framework of the EEC followed ECSC's example (ibid.): A supranational Commission was the equivalent of the High Authority and consisted of nine Commissioners, who were appointed by national governments. The Council of Ministers comprised one representative from each member state and decided upon the Commission's proposal. The rights of the Parliamentary Assembly were limited, as it was only intended to act as a consultative body. The 142 members were initially appointed by national parliaments from their own members, however, the Treaty of Rome made provisions for direct elections at a later date. The Assembly eventually changed its name to European Parliament (EP) in 1962 and held the first direct elections in 1979. The last institution of this framework was the European Court of Justice (ECJ), consisting of one judge from each member state, and of one head judge, who was appointed by the Council of Ministers. The role of the ECJ was to interpret the Treaty of Rome and to act as arbiter in disputes between the member states and the EEC institutions. The only institution not having an equivalent in the ECSC was the newly founded Economic and Social Committee (ESC), which played an advisory role.

Euratom employed a similar institutional framework, consisting of an Assembly, a Commission, a Council, a Court of Justice and an Economic and Social Council (Pollak & Slominski 2006, 33). It is remarkable that the basic institutional arrangements established in the 1950s have remained until today (ibid.). Therefore, recapitulating the time between the creation of the ECSC and the Treaties of Rome, it might be argued that

“if the failure of the EDC had meant several steps backwards in the process of integration, the Treaties of Rome promised a major leap forward.” (Bache & George 2006, 116).

In 1960, as a response to the establishment of the EEC, a group of other European states not willing¹⁹ (or able²⁰) to contribute to economic integration on a supranational level founded the European Free Trade Association (EFTA) (Pollak & Slominski 2006, 33). At that time Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom preferred economic cooperation on an intergovernmental level (ibid.).

The early years of the EEC were particularly successful for the Commission while under the presidency of Walter Hallstein who acted in a very proactive manner (Bache & George 2006, 130-131). As a result of this success, the member states gave their consent to accelerating the process of creating a common market and introducing a Common Agricultural Policy (CAP) (ibid.). However, the prevailing mood changed drastically when French President Charles de Gaulle unilaterally vetoed the British application for membership in the EEC in 1963 and pursued a strategy of the “empty seat” in the Council of Ministers in reaction to the French rejection of the plans for funding the CAP (Bache & George 2006, 131-136; Pollak & Slominski 2006, 34). In contrast to the successful actions taken by the Commission, de Gaulle wanted to enhance intergovernmental structures, as outlined in the Fouchet Plan²¹ (Bache & George 2006, 132). This crisis was averted in 1966 in the so-called Luxembourg Compromise, which basically introduced an “*agreement to disagree*” (Pollak & Slominski 2006, 34). France interpreted this compromise as the right of the governments of the member states to “*veto proposals where they deemed a vital national interest to be at stake*” (Bache & George 2006, 134).

During this time, the Merger Treaty was signed in 1965, which aimed at merging the institutions of the ECSC, EEC, and Euratom in order to increase efficiency (Bache & George 2006, 596; Pollak & Slominski 2006, 35). Consequently, there was

¹⁹ The United Kingdom was particularly cautious with regard to giving up national sovereignty in favour of a supranational institution (Bache & George 2006, 99).

²⁰ Prior to the conclusion of the main founding document of the Austrian Second Republic (the Austrian State Treaty between the Allied Powers and Austria) Austria had to make concessions to the Soviet Union to “*maintain permanent neutrality of the same type as that maintained by Switzerland*” (Memorandum on the outcome of the negotiations between the government delegations from Austria and the Soviet Union; Moscow, 15 April 1955). Therefore, the Soviet Union reminded Austria that a participation in the EEC would not be in line with its neutrality (Pollak & Slominski 2006, 33).

²¹ French President de Gaulle presented the Fouchet Plan to other members of the Communities in 1961. The plan proposed forming a “*confederation of states with a Council of Ministers, a Consultative Assembly of seconded national parliamentarians, and a Commission*”, which, unlike the Commissions of the Communities, would not be a supranational body with independent powers, but would rather consist of national officials (Bache & George 2006, 132).

only one Assembly, one Commission, one Council of Ministers, and one Court of Justice for the three independent Communities (ibid.).

Understandably, the period after the Luxembourg Compromise commenced with low expectations at best (George & Bache 2006, 137). The change of government in both France and Germany provided fertile ground for the Hague Summit in December 1969, which explicitly aimed at relaunching European integration (George & Bache 2006, 140). Therefore, (1) the completion of outstanding business after the 1965 crisis (i.e. granting the European Community (EC) its own resources), (2) the enlargement of the EC, i.e. the accession of Denmark, Ireland and the United Kingdom in 1973 and (3) the strengthening of integration efforts, i.e. the creation of an Economic and Monetary Union (EMU) as well as the establishment of a common foreign policy under the auspices of the European Political Cooperation (EPC) were defined as the three objectives of the Hague Summit (Bache & George 2006, 142; Pollak & Slominski 2006, 35; Weidenfeld & Wessels 2006, 22).

The institutionalisation of the European Council, the meeting of heads of state and government, took place in 1974 on the initiative of French President Giscard d'Estaing and German Chancellor Schmidt (Pollak & Slominski 2006, 36). It was agreed to hold these summits three times a year in order to give general guidance on the direction of the EC (Bache & George 2006, 278). Still, this body had no legal basis until the Single European Act (SEA) came into force in 1987. Moreover, it is not directly answerable to the European Parliament (EP) and is not subject to judicial review by the ECJ (Bache & George 2006, 144). It may therefore be argued that the creation of the European Council “*was symbolic of a profoundly inter-governmental era in the history of the EU*” (ibid.).

The 1980s were characterised by the Mediterranean Enlargements with Greece joining the EC in 1981, and Spain and Portugal acceding in 1986. The agreement on the Single European Act (SEA) in 1987 marked another highlight of European integration (Bache & George 2006, 150-163; Pollak & Slominski 2006, 37-39).

“Although modest in the changes that it introduced in comparison with the hopes of federalists in the European Parliament and within some member states (particularly Italy), the SEA rejuvenated the process of European integration.” (Bache & George 2006, 160)

In fact, the mere objective of the SEA was the completion of the common market as outlined in the Treaty of Rome (ibid.). Apart from economic implications the SEA introduced several institutional changes on a political level (Pollak & Slominski 2006, 39): (1) single majority voting was introduced in the Council of Ministers, (2) the cooperation procedure was introduced, thereby giving more powers to the European Parliament (EP), and (3) the European Council and the European Political Cooperation (EPC) were for the first time given a legal basis.

The “*acceleration of history*”, as former Commission president Delors referred to the events after the collapse of the Soviet Union and the end of communism in Eastern Europe, contributed to further steps towards European integration (Bache & George 2006, 168). The next considerable leap forward was the Treaty on European Union (TEU), which was the result of the preceding intergovernmental negotiations prior to the Maastricht summit in December 1991 (ibid.). Even though it may be argued that the TEU is “*the lowest-common-denominator bargaining position of governments*” (ibid.), it represents a significant legal basis, as it established the three-pillar structure, more commonly known as the European Union (EU) (ibid.). The EEC was renamed into European Community (EC) and was placed in the first supranational pillar, whereas the intergovernmental Common Foreign and Security Policy (CFSP) and Justice and Home Affairs (JHA) were allocated in the second and third pillar, respectively (Pollak & Slominski 2006, 41). Figure 4 on page 38 illustrates the framework of the European Union as discussed above.

The TEU introduced several innovations (Bache & George 2006, 170-171): (1) The Economic and Monetary Union (EMU) was created which was later responsible for the launching of the Euro as in world money markets in 1999 and as real currency and in 2002, this included all EU member states, except Denmark, Sweden, and the United Kingdom, (2) The Committee of Regions and Local Authorities was formed in line with the principle of subsidiarity, establishing as a general principle of the EC, and (3) The co-decision procedure was extended in order to strengthen the European Parliament. “*In sum, these measures provided a strong political dimension to the economic imperatives that had dominated the integration process to date*” (Bache & George 2006, 171).

Figure 4: Pillars of the European Union (under the Treaty on European Union)



Source: <http://eur-lex.europa.eu/en/droit_communaute/union_europeenne.gif>

In 1995 three former EFTA members joined the European Union: Austria, Finland, and Sweden (Pollak & Slominski 2006, 42). When application talks with twelve predominantly Eastern European candidate countries began in the late 1990s, it became evident that institutional as well as decision-making provisions would have to be made in order to cope with the enlargement of 15 to 27 members (Pollak & Slominski 2006, 43). Even though the Treaty of Amsterdam, which was signed at the European Council

in June 1997, was supposed to address the institutional drawbacks and problems associated with decision-making procedures after the planned enlargement, its scope remained rather modest (Bache & George 2006, 185).

However, a new position of the High Representative for the CFSP was created, the number of seats in the EP was limited to 700, and the Schengen Agreement was incorporated into the Treaty of Amsterdam (Pollak & Slominski 2006, 43).

As the Treaty of Amsterdam failed to make institutional provisions for the accession of new members to the European Union, the European Council had to take up these issues in Nice in December 2000 (Pollak & Slominski 2006, 44). Negotiations were tedious and lengthy, as there were particular tensions with regards to voting weights under the qualified majority vote (QMV) between larger and smaller states (Bache & George 2006, 200). However, after four days and one night the following agreement was reached (Bache & George 2006, 196-200; Pollak & Slominski 2006, 44; Europa Press Releases 2003): (1) the larger member states agreed to give up their second Commissioner, hence the Commission would be comprised of one Commissioner from each member state. After the accession of the 27th member a ceiling will have to be negotiated, limiting the number of Commissioners and agreeing on a fair method of appointment. (2) The number of votes allocated to each member state in the Council of Ministers was changed. With the new total number of votes in the Council rising to 321, a qualified majority vote now requires 232 votes as well as a majority of member states. Furthermore, verification that the majority vote represents at least 62% of the total population can be requested, stopping the adoption of the decision, if this condition is not met. Moreover, the qualified majority vote was extended into approximately 30 new areas, while keeping the veto in other areas. (3) The distribution of seats in the European Parliament (EP) changed and rose to 732 once the new members had acceded.

Eventually²², the Treaty of Nice entered into force in February 2003 (Europa Press Releases 2003) and paved the way for the accession of ten new members in May 2004: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia (Pollak & Slominski 2006, 46). Bulgaria and Romania acceded to the EU in January 2007, raising the total number of members to 27 (Europa Press Releases 2006).

²² The Irish population had rejected the treaty at first and only ratified it in the second attempt in 2002.

The European Union soon realised that there was a need to “*connect the EU more closely with its citizens*” and to establish a framework that would allow “*the EU to speak with one voice on international issues*” (Bache & George 2006, 204). Therefore, a Constitutional Convention was created in 2001, which was responsible for drafting a Constitutional Treaty comprised of four parts: Part I addressed principles, institutional provisions and objectives, Part II comprised the European Charter of Fundamental Rights, Part III was devoted to provisions governing the policies and functioning of the European Union, while Part IV outlined general and final provisions of the Constitutional Treaty (Pollak & Slominski 2006, 48-49). The Constitutional Treaty never entered into force, as the French and Dutch population rejected the treaty put forward in a referendum in May and June 2005 (ibid.). After all actors had recovered from the referendum-shock, a new effort was undertaken in June 2007 with the Agreement on the Treaty of Lisbon, which is also known as the Reform Treaty. Nevertheless, the Irish population rejected the treaty in a referendum. Once again the European Union is at crossroads. Even though Bache & George (2006, 222) investigated the rejection of the Constitutional Treaty, the concluding remarks of their analysis can also be applied to the rejection of the Treaty of Lisbon:

“The question raised by the current crisis is not whether the EU will survive - it surely will. The question raised is ‘what kind of EU will emerge from the crisis’”.

3.2. Common Foreign and Security Policy (CFSP)

3.2.1. European Political Cooperation – The hour of birth of foreign policy in the European Community

In 1957, the signing of the Treaty establishing the European Community (TEC) not only created a common market based on the elimination of trade barriers, the implementation of a common customs tariff and the promotion of the four freedoms, but also the first time the economic relations of the EEC were given an external dimension (Bache & George 2006, 515; Luif 1995, 31). However, the member states soon realised that they could only fully benefit from economic integration if they cooperated more closely on a political level (Opi & Floyd 2003, 300). At the Hague Summit in 1969,

given the need to coordinate external economic relations of the six member countries, the Heads of States and Governments agreed to establish a system to coordinate foreign affairs (Bono 2006, 337; Opi & Floyd 2003, 303). This purely intergovernmental mechanism was named European Political Cooperation (EPC) and was based on traditional diplomatic procedures, like periodical meetings of Foreign Ministers and Foreign Office political directors (Bache & George 2006, 516; Bono 2006, 338). Apart from these meetings other institutional innovations emerged in the course of time. COREU (correspondance Européenne) telex link, for instance, allowed officials in the Ministries of Foreign Affairs to communicate with each other confidentially (Bache & George 2006, 516). Moreover, EPC was governed by rules of general international law; therefore, agreements could only be taken unanimously (Bono 2006, 338). Consensus, confidentiality and consultation were the three key characteristics of EPC in practice, however, states avoided formal commitments to allow for easier renegotiations in case of future disagreement (ibid.). This lack of legal obligations combined with the absence of institutional links between the EPC and the EC was responsible for the modest success in the first years (Bono 2006, 339). As the EPC had no secretariat to provide administrative support, the responsibility became that of the member state holding the presidency of the Council at that time (Bache & George 2006, 516). Consequently, continuity was hard to maintain, as the persons responsible rotated every six months (ibid.). Therefore, to “*ease the problems in the six-monthly transition between presidencies*” (ibid.) rules of procedure were codified in a document (The Coutumier), which later became “*EPC common law*” (Bono 2006, 340).

Even though the EPC machinery “*purported to add, strengthen and facilitate the economic integration objectives laid down in the EC Treaties*” (Bono 2006, 338), it was initially placed outside the framework of the treaties and only in 1987 did it receive a legal basis in Title III of the Single European Act (SEA) (Bache & George 2006, 515; Luif 1995, 32). Consequently, EPC acquired the status of primary law (Bono 2006, 338), therefore becoming part of the *acquis (communautaire)*²³ requiring every new member state to accept and comply. While Article 30 of the SEA was concerned with the EPC practice, Article 2 institutionalised the European Council, which was originally

²³ The French term *acquis (communautaire)* refers to “*the body of laws, policies, and practices that have accumulated over the lifetime of the European Communities, and now the European Union*” (Bache & George 2006, 584). Every new member state joining the European Union has to fully accept the *acquis* and comply with it (ibid.).

established in 1974 (Opi & Floyd 2003, 303). However, the SEA also made further institutional provisions with regard to EPC (Bono 2006, 340): (1) The Presidency of EPC was established, (the member state presiding the Council of Ministers also held the presidency of EPC and had the right to coordinate national positions and take initiatives) (2) a Secretariat was created in order to assist the Presidency, (3) National Political Directors formed the Political Committee, whose responsibility was to ensure impetus and continuity, (4) The Commission and the European Parliament (EP) were associated with EPC.

It may, therefore, be argued that the inclusion of EPC in the SEA highlights the emergence of close ties between political and economic integration. Even though EPC was initially rigidly separated from EC matters²⁴, the two areas have become increasingly interrelated in the course of time, particularly after the signing of the SEA (Bache & George 2006, 516-517). This stems from various developments (ibid.). (1) The separation of EC and EPC was overcome in the course of time. The “Euro-Arab dialogue” in 1974 accelerated this development, as the Arab representatives insisted on linking economic and political topics. (2) The Commission has gradually become a more important actor after the breakdown of the rigid EPC/EC distinction, even though it was initially excluded from participation in foreign policy²⁵. (3) After the Commission became involved in EPC meetings, it started acting as an administrative bridge-builder between the Council of Ministers and the EPC, as the latter did not have its own Secretariat until 1987. (4) As the Commission was gaining importance in EPC, reports to the European Parliament (EP) were introduced for reasons of democratic legitimacy. Consequently, the development of EPC can be characterised as reaching from pure intergovernmentalism to the cautious blend of elements of political and economic integration.

Despite some successes, like a high degree of unity in the United Nations (UN) or a common position at the Conference on Security and Cooperation in Europe (CSCE) in Helsinki in 1975, there were substantial failures (Bache & George 2006, 517). These shortcomings were concerned with the inability to respond effectively to the Soviet

²⁴ The idea of rigid distinction of EC and EPC matters was particularly promoted by the French government (Bache & George 2006, 516).

²⁵ The Commission's role gained significance after the creation of the European Council in 1974. Even though the European Council was originally designed as an intergovernmental conference of the Heads of States and Governments, it soon became a „*supreme political instance of both the EC and the EPC*“, as the President of the Commission was invited to participate in European Councils (Bono 2006, 339).

Invasion in Afghanistan in December 1979, to the Gulf Crisis in 1990-1991 and to the crises in former Yugoslavia in the early 1990s (Bache & George 2006, 532).

3.2.2. Transforming European Political Cooperation into Common Foreign and Security Policy

In the beginning of the 1990s, the European Community faced fundamental tasks. On one hand it was struggling to come to terms with the crises in the Gulf region and in former Yugoslavia, while on the other hand it was in the process of transforming itself into the European Union (Bache & George 2006, 521). However, it was the *“uncoordinated action at the beginning of the Yugoslav crisis [that] displayed the EPC’s fragility”* with regard to coordinating its foreign policy actions (Opi & Floyd 2003, 307). This shortcoming raised the member states’ awareness of the need to strengthen structures for cooperation in foreign and defence policy (ibid.).

In January 1991, the future evolution and direction of EPC was discussed at the Intergovernmental Conference (ICG) (Bache & George 2006, 521). In principle, there were two perspectives on the future development of EPC (ibid.): While France and Germany wanted to allocate EPC within the framework of the European Community, thereby allowing for majority voting in the Council of Ministers, the United Kingdom disliked precisely this idea of majority voting and feared that the establishment of a common security and defence policy would possibly undermine NATO operations.

Eventually, the Treaty of Maastricht²⁶ adopted a three-pillar structure (Bache & George 2006, 522; Opi & Floyd 2003, 307). As already mentioned in chapter 3.1., the first supranational pillar comprised the European Communities, while the second and third intergovernmental pillar consisted of the newly created Common Foreign and Security Policy (CFSP) and Justice and Home Affairs (JHA), respectively. It may be argued that *“the TEU really represented a victory for the minimalist position on CFSP”* (Bache & George 2006, 522), as decisions of principle had to be taken unanimously, while only implementation measures could be adopted using majority voting. Nevertheless, majority voting could only be employed if all states accepted that procedure in a particular case (ibid.).

The TEU also established two links between the EC in the first and the CFSP in

²⁶ Also known as Treaty on European Union (TEU).

the second pillar (Opi & Floyd 2003, 308): (1) Article 28 TEU²⁷ provides that operating expenditure can be charged to the budget of the European Communities if the Council decides so by unanimity, as the European Parliament has to assent to the provision of non-compulsory funds, its role in the CFSP was thereby strengthened. (2) The CFSP introduced Article 301 to the TEC, stating that the “*Council shall act by a qualified majority on a proposal from the Commission*” in order to implement a common position or joint action, which were decided by unanimity in the context of the CFSP, “*to interrupt or to reduce, in part or completely, economic relations with one or more third countries.*”

3.2.3. Objectives of the CFSP as outlined in TEU

In contrast to the imprecise provisions of EPC in the SEA (Opi & Floyd 2003, 309), the Treaty of Maastricht (TEU) defines five overall objectives of the CFSP. The TEU contains words and phrases that “*had hitherto been politically unacceptable*” (White 2001, 96); not only was the term “foreign policy” explicitly included for the first time, but “security” and “common” mentioned in the same context. Under Article 11.1 TEU the objectives of the European Union’s CFSP “*covering all areas of foreign and security policy*” are:

- (1) “*to safeguard the common values, fundamental interests, independence and integrity of the Union in conformity with the principles of the United Nations Charter,*”
- (2) “*to strengthen the security of the Union in all ways,*”
- (3) “*to preserve peace and strengthen international security, in accordance with the principles of the United Nations Charter, as well as the principles of the Helsinki Final Act and the objectives of the Paris Charter, including those on external borders,*”
- (4) “*to promote international cooperation,*”
- (5) “*to develop and consolidate democracy and the rule of law, and respect for human rights and fundamental freedoms.*”

²⁷Hereinafter, the numeration of Articles refers to the 2003 consolidated version of the TEU. While the original version of the TEU devotes Article J to J.11 to CFSP, the consolidated version replaced the original numeration with Articles 11 to 28.

Furthermore, Article 11.2 TEU calls for member states to cooperate actively and in mutual solidarity in order to enhance the European Union's foreign and security policy activities. Actions in opposition to the EU's common interest are to be avoided.

With regard to the objectives outlined in Article 11.1 TEU there are two interesting features worth considering. Firstly, the definition of CFSP objectives remains very vague and general. Firstly, the reference to "*all areas of foreign and security policy*" defines the area of action of the CFSP "*in the broadest terms*" (Eeckhout 2004, 164). Moreover, the objectives of the CFSP are "*so general that they do not circumscribe the scope of the CFSP*" (ibid.). It may also be argued that the provisions made in Article 11.1 TEU are intended to be general policy principles instead of precise operational objectives (Keukeleire from a publication in 1998 cited in Eeckhout 2004, 143), or even the institutionalisation of certain "*core values of the European Union*" (Eeckhout 2004, 143). Notwithstanding the different interpretations of the CFSP objectives, it is surprising that the first legal foundation of the CFSP lacks a clear demarcation of objectives. Secondly, the phrase "*all areas of foreign and security policy*" should be read with caution. According to Article 47 TEU the CFSP is not the only pillar responsible for the European Union's external affairs, but it is also "*constitutionally juxtaposed to the EC's external policies*" (Eeckhout 2004, 165). Therefore, the CFSP is only responsible for areas of the European Union's external affairs, which do not lie within the remit of the EC (ibid.).

3.2.4. Institutional framework of the CFSP as outlined in TEU

Under the TEU there is a single institutional framework for all three pillars, therefore, the same actors are involved in EC (first pillar) as well as CFSP (second pillar) matters (Opi & Floyd 2003, 310). More precisely, the Council of Ministers²⁸, the Committee of Permanent Representatives (COREPER²⁹) and the European Commission were given the joint responsibility for decision-making with regard to the EC and the CFSP in order to enhance more coherence in foreign affairs (Peterson 1998, 7; White 2001, 97). However, due to the supranational character of the EC and the strong intergovernmental traits of the CFSP, the power among the EU institutions is distributed differently in the second pillar (Opi & Floyd 2003, 310-312), as the following

²⁸ Also referred to as Council of the European Union or simply Council.

²⁹ Abbreviation of the French term *comité des représentants permanents*.

paragraph illustrates:

Firstly, the role of the European Council³⁰ gained significance in the CFSP, as it was entrusted with the definition of principles and guidelines in general and with the provision of principles for joint actions in particular. Secondly, the decision-making power was left to the Council of Ministers, stressing the predominantly intergovernmental character of the CFSP. Consequently, it is the Council's responsibility to adopt common positions and joint actions, as will be explained later. Moreover, the representation of the European Union "*in matters coming within the common foreign and security policy*" (Art. 17.1 TEU) was delegated to the Presidency of the Council³¹. Thirdly, the position of the European Commission was slightly enhanced. Article 18.4 TEU outlines that the Commission is "*fully associated in the tasks*" of CFSP, however, the lack of further specifications leaves much room for interpretation. In contrast to this terminological uncertainty the Commission was given the right to refer any questions related to the CFSP and to submit proposals to the Council of Ministers (Article 22.1 TEU). Unlike procedures in the first pillar³², the Commission shares these rights with the member states in CFSP matters. Notwithstanding the CFSP's importance, it is essential to highlight that the CFSP is not the only aspect of the EU's foreign policy. Not surprisingly, "*the Commission is solely responsible for a number of external policies of the EU, such as trade, [...] humanitarian [and] development assistance, rehabilitation and reconstruction and sanctions regulations*" (European Commission 2002). Fourthly, the European Parliament (EP) still lacks substantial power with regard to the CFSP. It cannot change the direction of the CFSP, however, it can request information from the European Commission and the Presidency and make recommendations to the Presidency (Article 21 TEU). Moreover, it has to hold an annual debate on the development and implementation of the CFSP (ibid.). Most importantly, as already mentioned in chapter 3.2.2., the EP has to assent to the provision of non-compulsory funds, e.g. CFSP operating expenditure, provided the Council has decided unanimously. Lastly, the most striking aspect with regard to the unequal distribution of power between the EU

³⁰ According to Article 4 TEU the European Council shall consist of the Heads of States and Governments of the member states and of the President of the European Commission. Moreover, the Ministers of Foreign Affairs and a Member of the Commission shall take on a supportive role.

³¹ The Presidency of the Council of the European Union rotates every six months.

³² The European Commission has the sole right to refer questions or submit proposals to the Council of Ministers in the first pillar, i.e. in Community matters (European Commission 2002).

institutions in the first and second pillar is the exclusion of the jurisdiction of the European Court of Justice (ECJ) in CFSP matters. This implies that member states or the Commission cannot bring an infringement action against another member state. Under Article 11.2 TEU, it is the Council's responsibility to ensure that the principles outlined in the relevant Articles of the TEU with regard to the CFSP are complied with. However, this lack of judicial review by the ECJ only applies for actions taken in the second pillar. Therefore, the same institutions are subject to judicial review by the ECJ for their actions taken in the first pillar. Eeckhout (2004, 145) refers to the theoretical possibility of recourse to the International Court of Justice, even though it is "*hardly conceivable*" in practice.

3.2.5. Instruments of the CFSP as outlined in the TEU

In order for the newly created CFSP to become a successful part of the European Union and meet the objectives outlined in Article 11.1 TEU, certain decision-making instruments had to be agreed on. Therefore, three new instruments for the implementation of the CFSP were introduced (Eeckhout 2004, 398-408; Opi & Floyd 2003, 312-314):

The first new instrument, systematic cooperation (Article 12 TEU), was explicitly created in order to ensure that the objectives outlined in Article 11.1 TEU were met. Systematic cooperation was concerned with the mutual consultation on foreign policy issues between member states in the Council of Ministers. The common position was the second instrument to be introduced in the TEU. Interestingly, the TEU did not provide a definition of this particular instrument. Only the Treaty of Amsterdam set out to create more precision by "*offering some type of definition*" of common positions (Eeckhout 2004, 399). According to Article 15 of the consolidated version of the TEU, "*Common positions shall define the approach of the Union to a particular matter of a geographical or thematic nature*". Once they have been adopted unanimously by the Council of Ministers, all member states have to comply with this position and take necessary domestic measures in order to execute this position. Prominent examples include common positions imposing economic sanctions against Libya, Haiti or the Federal Republic of Yugoslavia. However, common positions may also aim at defining a code of conduct that member states have to adhere to whilst participating in international organisations' meetings. Not only did the Treaty of Maastricht lack to

provide a definition of common positions, it also did not precisely define the nature and scope of joint actions. As the third instrument, only Article 14 of the consolidated TEU provides the legal basis for joint actions: “*Joint actions shall address specific situations where operational action by the Union is deemed to be required*”. Even though the TEU made no satisfactory distinction between common positions and joint actions, joint actions imply the sharing of resources between member states. In practice, it is easier to agree on a common position than on a joint action. Just like common positions, joint actions are adopted by unanimity in the Council of the European Union. However, in order for a joint action to be adopted, the Council must first unanimously decide that a specific foreign matter should be addressed employing a joint action. With regard to the mode of decision-making, a qualified majority vote (QMV) was introduced for implementing common positions or joint actions for the first time. However, it has not been used so far.

In spite of the importance of the CFSP provisions made in the TEU, the inconsequence with regard to precise definitions can be regarded as a substantial shortcoming of the Treaty of Maastricht. “*The TEU appeared to have created some kind of halfway house between informal co-ordination of policies and the adoption of formal legal instruments with specific legal effects*” (Eeckhout 2004, 398). Therefore, the Treaty of Amsterdam set out to address these shortcomings.

3.2.6. Reform of the instruments and decision-making processes of the CFSP after the Treaty of Amsterdam and the Treaty of Nice

The Treaty of Amsterdam, May 1999, once more set out to improve the CFSP with regard to avoiding shortcomings, which were evident in the sometimes inappropriate response to sudden crises (Opi & Floyd 2003, 320). Interestingly, member states were willing to introduce more supranationalism in the second pillar, as also reflected in the wording of the Treaty (ibid). While Article J.1 of the TEU always refers to the “*Union and Member States*”, the Treaty of Amsterdam only makes mention of “*the Union*”.

Moreover, the Treaty of Amsterdam changed some aspects of the CFSP in general and decision-making processes in particular (Bache & George 2006, 523; Bono 2006, 347-353; Opi & Floyd 2003, 320-322). The most significant change was the

appointment of a High Representative. This amendment of the TEU stems from the internal and external perception of the CFSP as being “faceless”. In order to ensure visibility and leadership, the position of a High Representative for the Common Foreign and Security Policy was created. The High Representative would simultaneously act as Secretary-General of the Council of the European Union. Javier Solana, former Secretary-General of NATO, was appointed the first High Representative for the CFSP and has remained in office until today. Apart from the High Representative’s role as the “face” of the European Union’s external relations, he supports the Presidency of the Council. Moreover, Declaration number six annexed to the Treaty of Amsterdam provides the legal basis for the creation of the Policy Planning and Early Warning Unit, which supports the High Representative by monitoring and assessing current event of interest to the CFSP. The second major change brought about by the Treaty of Amsterdam deals with the instruments of CFSP. Principles and general guidelines, as well as the newly added common strategies emerging from these principles and guidelines, have to be agreed on by unanimity. In contrast to that, joint actions, common positions and implementing decisions can be adopted by a qualified majority vote, except for cases having military or defence implications. More precisely, common strategies shall be implemented by the Council by means of adopting joint actions and common positions. The Treaty of Amsterdam also allowed for so-called “constructive abstention” with regard to decisions without military or defence implications. Thereby, a member state has the option to abstain from voting, without vetoing the decision. In such a case, the abstaining state is not legally bound by the vote, whereas the EU as a whole is committed to the decision. However, the abstaining state must not hamper the implementation. Nevertheless, a decision cannot be adopted if the members in the Council abstaining from voting represent more than a third of the weighted votes. Lastly, the amendments introduced by the Treaty of Amsterdam (Art. 24) endowed the CFSP apparatus with some powers to conclude international agreements with third countries and international organisations. Furthermore, the Treaty of Nice rephrased this Article and highlighted the role of the Union as a distinct entity, as “*Agreements concluded under the conditions set out by this Article shall be binding on the institutions of the Union*“. Thus, the wording of this Article implies that the European Union as a distinct entity concludes agreements with third countries and international organisations, rather than the member states acting collectively.

3.2.7. Current nature and institutional framework of the CFSP

After the provisions of the historical as well as legal background as identified in Chapters 3.2.1.-3.2.6., the main actors in the current CFSP institutional framework shall be addressed. The coordination of CFSP matters takes place in five layers (European Commission 2002; Wessels 2008, 398-403):

(1) The European Council comprises the peak of the CFSP hierarchy. It is responsible for the definition of principles and general guidelines of the CFSP, as well as for the adoption of common strategies. (2) The Council of the European Union, more precisely the General Affairs and External Relations Council³³ (GAERC), is endowed with the formulation of joint actions and common positions. (3) The High Representative for Common Foreign and Security Policy, whose position was introduced by the Treaty of Amsterdam, acts along with the Presidency as the external representative of the European Union and assists the Council in the implementation of CFSP matters. The High Representative is supported by the General Secretariat of the Council, which works closely with the Directorate-General for External Relations (RELEX) of the European Commission. (4) The Political and Security Committee (PSC), which is composed of national senior officials, is entrusted with the preparation of Council meetings. The most significant function of the PSC is its leadership role in areas of conflict, where it is advised by the European Union Military Committee (EUMC). (5) Experts from EU member states form the 36 Working Groups, which prepare policy documents for consideration in the CFSP. Moreover, this layer also includes the cooperation of Ambassadors in third countries within the framework of Heads-of-Mission Meetings.

The institutional framework presented above shall not imply that other actors are not involved in the CFSP. While the powers of the European Parliament are restricted to requesting information and making recommendations, the European Commission has become an important actor within the CFSP framework (Weidenfeld & Wessels 2006, 271). With regard to referring questions or making proposals to the Council, the European Commission has the same powers in the CFSP as member states (European Commission 2002). Moreover, the Commission (Directorate-General External

³³ This composition of the Council of the European Union brings together the Foreign Ministers of the member states as well as the External Relations Commissioner (Council of the EU 2009; European Commission 2002).

Relations) is responsible for the administration of more than 120 delegations in third countries and the liaison with international organisations (European Commission 2008a). On the other hand, the Commission is solely responsible for external policies of the EU falling into the first pillar, like external trade or sanctions regulations (European Commission 2002).

3.3. The European Union as an international actor

Grasping the external relations of the European Union is anything but easy. Even former European Commission President Jacques Delors used to refer to the European Union as an “*unidentified political object*” (Zielonka 2008, 472). This is due to the complex, multi-level nature of EU external relations, which co-exist in the first pillar (external economic relations, trade sanctions, development aid), the second pillar (CFSP, diplomatic and military activities), and the third pillar (justice and internal security of border-crossing nature) (Fröhlich 2008, 14).

According to Diez & Whitman (2002, 55) the existing literature on the foreign policy of the European Union can “*largely be divided into approaches that treat EU foreign policy either in comparativist or in sui generis terms.*” While comparativist studies focus on the question of whether or not the international role of the EU can be compared to other states or international organisations, supporters of the sui generis approach assess the EU’s international role as unique.

This has been the starting point for scholarly discourse, which has delivered much insight into this complex topic (e.g. Diez & Whitman 2002; Fröhlich 2008; Hill 1993; Hill 2004; Hill & Smith 2005a; Hill & Smith 2005b; Zielonka 2008). The study at hand does not set out to review or compare various theoretical approaches with regard to the European Union or its foreign policy. Instead, in order to provide a theoretical and terminological background for the empirical study in chapters 5 to 7, the two most suitable concepts and perspectives on the international role of the European Union will be discussed in this section. In order to describe the two most suitable concepts for the purpose of the study at hand, these two questions shall be addressed:

- (1) How can the European Union’s activities around the world be conceptualised?

(2) From which three perspectives can the EU's international existence and impact be analysed?

In order to answer the first question, the attention shall be drawn to Hill's (1993) analysis of the European Union's so-called "*capabilities-expectations gap*". Hill's approach seems suitable for the analysis of the relationship between the European Union and Australia, for its aim is "*to look at the functions which the Community (EC) might be fulfilling in the international system, but also at the perceptions which are held of its role by third parties*" (Hill 1993, 306). In order to analyse the external activities of the twelve EC-members³⁴, Hill (1993, 308-310) employed the two basic concepts of actorness and presence. Thereby, actorness refers to the question, whether the EC – or EU now – "*can be termed a genuinely independent actor in international relations*" (Hill 1993, 309). In this context, Hill (ibid.) follows Sjöstedt's definition of an international actor. Thus, an international actor is (1) delimited from its environment, (2) autonomous with regard to making its own decisions (and laws), and (3) has structural prerequisites for becoming involved on the international level (e.g. a legal personality³⁵ or the ability to negotiate with third parties). In contrast to that, the concept of presence refers to the way the European Union is perceived³⁶ in international affairs. This concept "*accepts the reality of a cohesive European impact on international relations despite the messy way in which it is produced*" (ibid.).

These concepts of actorness and presence are of vital importance for the analysis of the various functions that the European Union performs in the international system. Following Hill's (1993, 307) line of argument, it is not reasonable to focus on a single role Europe might play. Instead, the aim is to provide deeper understanding for the various external functions of the European Union. Therefore, function refers to the assumption that "*within the international states system some actors have an identifiable presence*" to such a degree that certain events may or may not have occurred in a different way without this particular actor's presence (Hill 1993, 310). Hill (ibid.) credits the European Union with four functions it has already performed in the past and

³⁴ At the time Hill was writing this article, the Treaty of Maastricht (TEU) was not yet ratified. Therefore, he refers to „the Twelve“ or the EC throughout the text.

³⁵ Currently only the two Communities (European Community and Euratom) have a full legal personality, i.e. „the power to conclude and negotiate agreements in line with its external powers, to become a member of an international organisation and to have delegations in non-member countries“ (Europa Glossary 2009). See also footnote 44.

³⁶ For an interesting study of how the EU's commitment in international affairs is perceived by Australian and New Zealand media see Rogahn (et al. 2006).

with six other functions, possibly performed by the EU in the future. However, it should be highlighted that these functions were identified in 1993, when the EC consisted of only twelve members and was in the process of transforming itself into the European Union. The following four functions performed by the EC in the past were determined (Hill 1993, 310-312): (1) stabilising Western Europe after the Second World War and during the second half of the 20th century, (2) managing world trade as the most important economic entity on a global scale (in terms of trade balance), (3) being a principal voice of the developed world in relations with the South, with regard to acting as a link between the rich and the poor, e.g. in the UN, and (4) providing a second Western voice in international diplomacy (apart from US dominance). With regard to the possible future functions of the EC (from a 1993 perspective) the following aspects were identified by Hill (1993, 312-315): (1) replacing the USSR in a new world order after the collapse of the Soviet Union, (2) acting as a regional pacifier in the area behind the former Iron Curtain (3) being a global intervenor; (4) mediating conflicts, (5) building bridges and links between the rich and the poor, and (6) acting as a joint supervisor of the world economy (along with the USA, the IMF and former GATT).

Since the EC/EU had performed the four tasks in the past, it is expected by both insiders and outsiders to perform the future tasks successfully. This is a serious challenge “*to the actual capabilities of the EC, in terms of its ability to agree, its resources, and the instruments at its disposal*” (Hill 1993, 315). Because the actual capabilities do not meet the high expectations, Hill (ibid.) refers to this issue as the “*capabilities-expectations gap*”. In addition, there are two reasons for the existence of this gap (Hill 1993, 318): firstly, because a truly coherent system and its full acting capabilities have not yet been realised, and secondly, because the EU itself, including outsiders, have simply chosen to ignore this inconvenient fact.

Even though the capabilities-expectations gap was identified in 1993, the concept still seems applicable today. The future functions the European Union could have performed, as outlined by Hill (1993, 312-315), might have been different in reality. This, however, does not impact the capabilities-expectations gap, as there is still a clear discrepancy between the EU’s ambitions and perceptions on the world stage and the actual capabilities. Consequently, Bache & George (2006, 522) argue that “*the start of CFSP did not suggest a great leap forward in either the capabilities or the ambitions of the EU.*”

The second suitable approach for providing a theoretical background for the study at hand are Hill's & Smith's (2005a, 7-13; 2005b, 398-406) three perspectives for the analysis of the EU's international existence and impact: (1) the EU as a sub-system of international relations, (2) the EU as part of the wider processes of international relations, and (3) the EU as a major power impacting on international relations. These perspectives were introduced in order to come to terms with the multiplicity of actors, levels, and policies contributing to the European Union's role in the world, provided that no typical international relations theory or approach seemed suitable for grasping this particularly complex topic (Hill & Smith 2005b, 398).

The first perspective, which regards the European Union as a sub-system of international relations, examines three distinct issues (Hill & Smith 2005a, 7-9). Within this perspective the first field of interest is concerned with the way the European Union has dealt with its own internal relations, i.e. the relations between its member states. The second field of interest deals with the question concerning the preferences and interests of the member states can be coordinated for international purposes in such a way that collective action and policy-formation emerge as a response to the outside world. Finally, the question concerning what ideas bind the EU member states together is discussed, whereby the role of the historic European "heritage" is highlighted in this context.

The second perspective on the EU's international role defines the European Union as part of the wider processes of international relations, i.e. the "*common mechanisms, formal and informal, through which international problems are confronted*" (Hill & Smith 2005a, 9-10). This perspective focuses on the European Union's international involvement and activities in the light of major contemporary global issues (ibid.). In particular the EU's capabilities and capacities with regard to shaping international processes are addressed, as well as the extent of EU involvement in international issues in comparison to other actors.

The third perspective deals with the European Union as a power in international relations (Hill & Smith 2005a, 11-13). Power refers to the influence the European Union exerts in international relations. More specifically, the way in which the EU "*impacts on the shape of the global arena*" and on other actors is examined (Hill & Smith 2005a, 12). Hill & Smith (2005b, 403-404) suggest that the extent to which the European Union can make a difference to outcomes on the world stage can be measured

by both the actual patterns of events and by external perceptions. They draw the conclusion that the European Union can be regarded as a significant power, which has the capacity to influence the international arena, if it is measured in relative terms against the capabilities and powers of other actors (ibid.). Even though China and India have the potential to become superpowers, it will take a long time until they have reached that status. Therefore, according to Hill & Smith (2005b, 404) only the USA has more power to influence the shape of international politics than the European Union.

It is also important to put the power of the European Union into perspective. The EU undoubtedly exerts a majority influence in external trade and regulatory matters (ibid.). This is in line with Zielonka's (2008, 475) reasoning, which argues that the EU *"has also used economic power to further its objectives, including the instruments of sanction, bribes and even coercion."* Examples like the 899 million euro antitrust fine imposed on Microsoft for failing to comply with European regulatory demands or the more recent record fine of 1,06 billion euro imposed on Intel for *"violating EC Treaty antitrust rules on the abuse of a dominant market position"* (Europa Press Releases 2009a) support this reasoning. However, the impact of classical diplomacy of the 27 member states should not be underestimated (Hill & Smith 2005b, 404). It may be argued further that the European Union places emphasis on joint diplomacy, as it currently has more than 120 delegations of the European Commission in third countries at its disposal. Moreover, both the rejected Constitutional Treaty and the subsequent Treaty of Lisbon set out to establish a diplomatic corps of the European Union (External Action Service of the European Union) under the auspices of the High Representative for the CFSP. Finally, the European Union has *"small but useable military capabilities"* (ibid.).

In his 2007 speech to the College of Europe in Bruges, David Miliband, the incumbent British Secretary of State for Foreign and Commonwealth Affairs, described the powers of the European Union as follows:

"We can use the power of the EU – the size of our single market, our ability to set global standards, the negotiating clout of 27 members, the attractions

of membership, the hard power of sanctions and troops, the power of Europe as an idea and a model – not to substitute for nation states but to do those things to provide security and prosperity for the next generation.”

(Miliband 2007, 1)

4. DEVELOPMENT OF EU-AUSTRALIA RELATIONS

This chapter will explore the development of EU-Australia relations in order to provide a background for the study in the following chapters. Firstly, Australia's early focus on the United Kingdom will be discussed. Secondly, the conflict over the European Union's Common Agricultural Policy (CAP) will be presented. Thirdly, Australia's focus on new bilateral relations with the European Union will be highlighted. Finally, a comparison between the state of EU-Australia relations under Prime Minister John Howard and more recently under Prime Minister Kevin Rudd will be made, highlighting current developments. The comparison of the Australian and EU perspective with regard to research on EU-Australia relations shall mark the transition to the next chapter.

4.1. Australia's early focus on the United Kingdom

“For decades after 1901 a great majority of Australians continued to see themselves as British folk living overseas, good and solid members of a British family of nations which played an essentially united role in the world.”

(Gelber 1992, 66)

Australia's interest in European integration began as early as 1948, when the idea of a Western European Customs Union was discussed at an informal level (Murray et al. 2002, 396). It was not primarily the idea of European integration itself, which captured Australian attention; it was rather, through thorough observation, the question of possible British involvement and its implications for Australia (Elijah et al. 2000, 2). Australia feared that the Commonwealth as a whole and the system of imperial preference³⁷ would be undermined by the potential accession of the UK to the EC (Murray et al. 2002, 397-398). Even though Australia tended to see its role and foreign policy through a British lens (Reynolds 2005, 347), the concerns with regard to the British accession to an integrated Europe were predominantly, at that time, of economic

³⁷ The system of imperial preference introduced in 1932 included raising tariffs against countries outside the Empire, “thus creating a British-led trading bloc, which actively discriminated against those not involved” (Shaw 1966 cited in Murray et al. 2002, 397).

nature. The UK was Australia's most important trade partner, as Australia's economy was developed to supply raw materials and primary produce to the UK, while, at the same time, being a market for British manufactured goods (Elijah et al. 2000, 5). At the time of the first British application for membership into the EC, Australia feared it could lose 20 per cent of its total exports and up to 70 per cent of exports specifically to the UK (Murray et al. 2002, 397). Indeed, the exports to the UK dropped to just 11 per cent by 1970, however, Australia managed to develop new export markets and become more independent from the UK. Therefore, Australia was not being economically struck by the British accession to the EC in 1973 (Elijah et al. 2000, 7). "*The persistence of the British frame of reference for Australian foreign policy*" (Reynolds 2005, 347) is highlighted by the establishment of Australian diplomatic relations with the EC in March 1962 - shortly after the first British application for EC membership (Murray et al. 2002, 397).

The EC and the Commission soon became the centre of Australia's diplomatic action with regard to trade policy (Elijah et al. 2000, 7). Even though the Common Agricultural Policy (CAP) had always been anathema to Australia, agriculture was to become "*the major point of contact – and of conflict*" in the following years (Murray et al. 2002, 398).

4.2. Conflict over the EU's Common Agricultural Policy (CAP)

"Cows in Europe earn \$3 in government subsidies while half the world's people live on less."

(Murray 2005, 99)

According to Murray (2005, 106), the relationship between Australia and the EC was overshadowed by the EC's Common Agricultural Policy (CAP) beginning with the British accession to the EC in 1973 and lasting until the mid-1990s. In these 20 years, Australia tended to see the EC only through a "CAP-lens", labelling the EU obstructionist and protectionist (Murray 2005, 108). In order to assess whether this image of the EC/EU was the expression of Australian "*victim mentality about the CAP*" (Murray 2005, 107), or whether the CAP was indeed an obstacle to healthy agricultural trade relations, both the EU and the Australian perspective must be taken into account.

With regard to the EC/EU perspective, the CAP was introduced on the basis of the 1957 Treaty of Rome in the early 1960s and was the first redistributive common policy of the EC (Bache & George 2006, 379). The CAP was created as a response to price fluctuations of agricultural produce and in order to ensure food supply in post World War II Europe (Murray 2005, 99-100). However, the importance that the French government attached to agriculture should not be underestimated in this context (Bache & George 2006, 381). Due to their determination to maintain a significant rural population by means of agricultural subsidies, the French were the driving force of the creation of the CAP. On the other hand, Germany was eager to cut its comparatively high food prices in order to ensure fair competition in industrial products³⁸. Due to the interrelationship between food prices and production costs, all member states agreed to equalise food prices in order to ensure fair competition in the common market (Bache & George 2006, 400). Therefore, Articles 38 to 47 of the Treaty Establishing the European Economic Community (also known as the Treaty of Rome) are devoted to establishment of a Common Agricultural Policy (CAP). Article 39.1 outlines the following objectives of the CAP:

“(a) to increase agricultural productivity by developing technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, particularly labour;

(b) to ensure thereby a fair standard of living for the agricultural population, particularly by the increasing of the individual earnings of persons engaged in agriculture;

(c) to stabilise markets;

(d) to guarantee regular supplies; and

(e) to ensure reasonable prices in supplies to consumers.”

Prior to the first CAP reform attempts in the 1980s, the so-called Price-Support System was the central instrument of the CAP (Bache & George 2006, 379), where Ministers of Agriculture agreed on prices for agricultural products every year. In case

³⁸ Higher food prices lead to the call for higher wages, consequently increasing production costs.

the prices rose above or fell below the agreed levels, the Commission would buy up or release the previously bought products onto the market in order to maintain the agreed price levels. The prices were set at a relatively high level, in order to ensure that the least efficient farmers would still have a reasonable income (ibid.). However, this led to “*obscene levels of overproduction*” (Dinan 1999, 341), because the prices encouraged more efficient large-scale farmers to maximise their output and guaranteed them a return on their investment (Bache & George 2006, 379).

With more than 50 years of allowed controversial history, the CAP continues to be one of the most significant policy areas in the European Union, which is also apparent in the EU budget. In the financial framework for 2007 – 2013, the spending on agriculture, rural development, environment and fisheries accounts for 43 per cent of the total EU budget (European Commission 2009a).

From an Australian perspective, the problems concerning the CAP stemmed from three interrelated factors (Elijah et al. 2000, 7-8): (1) Australia’s position as a major exporter of agricultural produce, (2) Australia’s dependence on the UK as its major export market for agricultural produce and the implications after the UK accession to the EC in 1973, and (3) the nature, importance and role of the EC’s CAP both within the EC and with regard to the relations with third countries, including Australia. More precisely, the following two aspects of the CAP were particularly problematic for Australia (Murray et al. 2002, 398-399): (1) Australian imports to the EC were severely restricted because of the EC’s “*internal price controls and barriers*” (ibid.) e.g. with regard to dairy, beef, sugar and cereals, and (2) Australia’s role as an exporter of agricultural produce was even more undermined, when the EC became a net exporter. This development stemmed from huge EC subsidies and internal pricing structures, which allowed EC farmers to sell their over-supply at considerably lower prices on the world market. In addition, Australia was caught in the crossfire, when the US launched its Export Enhancement Program as a response to European produce being sold at extremely subsidised prices on the world market (Murray et al. 2002, 399). Consequently, Australia’s exports were also negatively affected, even though Australia was not the primary target of this US retaliation policy (ibid.).

When Australia was directly confronted with the severity of CAP implications on its trade balance in the 1970s, Prime Minister Fraser suggested introducing regular high-level meetings between EC and Australian representatives (ibid.). This idea was

finally institutionalised in 1979 and the first Ministerial was held in 1981 (ibid.).

In the beginning, these meetings were not particularly successful due to very inflexible EC bureaucracy and the “*bruising argumentative style*” employed by the Australian side, which was coupled with the firm conviction that “*they were ‘in the right’ and that the workings of the CAP, particularly in external markets, were unjust*” (Elijah et al. 2000, 9-10). As addressed by Burnett (from a publication in 1983 cited in Elijah et al. 2000, 46), the Australian argumentative manner, no matter how sophisticated and polished, would not have changed the CAP. Still, these robust Australian attacks on the EC left a bitter aftertaste and saw EC-Australia relations reach an all-time low (Murray et al. 2002, 399). The discrepancy between the Australian and the EC perspective on agricultural issues becomes most evident in this context. While Australians tend to see themselves as victims of the powerful, inflexible and unjust CAP behemoth, the EC meets this Australian “*crusade*” with complete incomprehension (Murray 2005, 110).

However, this noise in the communication process not only harmed the overall relationship between the EC and Australia, but it also prevented the Australian side from realising that the EC itself was deeply divided on the CAP issue, therefore preventing an opportunity to liaise with influential Europeans who were also critical of the CAP (Murray 2005, 112).

Even though CAP issues were still on the agenda at Ministerial meetings in the early 1980s, the overall tone was less confrontational under Prime Minister Hawke, which might also stem from his wish to improve the relationship between the EC and Australia (Elijah et al. 2000, 10). Even the Commission described the meetings as being held “*in a spirit of constructive dialogue*” (Murray et al. 2002, 400). This thaw was also accelerated by the 1985 Andriessen Agreement, which outlined the Commission’s commitment “*not to supply subsidised beef to Australia's traditional markets of Japan, Malaysia, Singapore, South Korea and Taiwan*” (EC DEL 2009a). This does not, however, imply that the Australian voice complaining about the CAP was heard or taken into account in Brussels (Elijah et al. 2000, 12).

The agreement to put agriculture on the agenda of the Uruguay Round of GATT negotiations changed both the context and the nature of EC-Australia relations (Murray 2005, 400-401). This is shown in two ways. Firstly, the decision shifted agricultural negotiations from a bilateral to a multilateral level, hence increasing Australia’s

influence as it was not the only state fighting for liberalisation in agricultural trade any more. Australia found support in multilateral fora like the GATT and the OECD and was able to utilise international pressure with regard to the CAP to achieve at least minimum success. It may therefore be argued that the shift to multilateral negotiations was the first step to breaking down some inflexible and contested CAP structures, although this is not to imply that the conflict has been overcome completely. Secondly, the Australian initiative for the creation of the Cairns Group in 1986 also contributed to the consolidation of Australia's role in negotiations. The Cairns Group is a coalition of 19 agricultural-exporting members³⁹, which lobbies for the liberalisation of agricultural exports (Cairns Group 2009). For the first time "*Australia was no longer a lone voice at the negotiation table with the EC*" (Murray 2005, 113).

Moreover, the shift of agricultural negotiations to a multilateral level had two implications for the state and nature of the EC-Australia relationship (ibid.): (1) The asymmetry of the relationship with a bigger and more influential EC (in terms of population, GDP and as an overall political player) was partly evened up in the area of agricultural negotiations thanks to the Cairns Group, and (2) the shift of agriculture to a multilateral level fostered the expansion of the EC-Australia dialogue to issues beyond agriculture.

In the early 1990s the external pressures on the EC and its CAP increased resulting in the 1992 CAP reform (Murray et al. 2002, 401). The key feature of this reform was to reduce the intervention prices for key agricultural products and to offset the impact of these cuts on producer incomes by direct payments (European Commission 2009b). Even though the Australian Department of Foreign Affairs and Trade (DFAT) assessed this reform in a cautiously positive way, the Howard government once again chose a more confrontational style towards the EU in the context of the CAP (Elijah et al. 2000, 15).

In spite of the "*burden of memory*"⁴⁰ with regard to the CAP, the major agricultural conflict between the EC/EU and Australia has been overcome and has led to an expansion of the relationship beyond the CAP (Murray et al. 2002, 402).

39 The current members are: Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Peru, the Philippines, South Africa, Thailand and Uruguay (Cairns Group 2009).

⁴⁰ The first chapter of Murray's (2005) book is devoted to the problems of the European-Australian relationship in its first decades. The title of this chapter is "*The burden of memory*".

4.3. Strengthening the relationship beyond the CAP and the UK

From the 1980s onwards, slow, but persistent convergence between the EC/EU and Australia could be witnessed. With the first signs of thaw in the context of the CAP and with the conclusion of the Uruguay Round of GATT negotiations the relationship between the EC/EU and Australia was gradually upgraded (Murray et al. 2002, 402). Hence, there was “*scope to expand the relationship with the EU into new and more productive areas*” (Evant & Grant 1995, 309). Moreover, the cooperation between the Delegation of the European Commission in Canberra and the Australian government, and particularly former Trade Minister Tim Fischer in the late 1990s, considerably led to diminishing “*the official animosity towards the CAP*” (Papadakis 2001, 136).

According to Murray et al. (2002, 402-410), there are three factors which have influenced the development of the current relationship between the European Union and Australia: (1) the development of a strong economic relationship beyond the CAP, (2) the increase in high-level political contacts and an agenda covering a wide range of issues and (3) Australia’s engagement in the Asia-Pacific and the EU’s interest in that region.

4.3.1. Stronger economic relationship beyond the CAP

With regard to the first factor, the EU-Australian economic ties became closer in the 1990s (Elijah 2000, 17). As Figure 5 on page 65 illustrates bilateral merchandise trade has constantly increased from the 1970s onwards with the late 1980s and 1990s displaying the largest growth rates. In the 1990s, 25 per cent of Australia’s exports went to the EU, in contrast to only 17 per cent to Japan or 15 per cent to the United States (ibid.). Additionally, the EU accounted for 20 per cent of all Australian overseas transactions (ibid.). Table 1 on page 64 exemplifies these major trends for 1998 and 2000 in absolute numbers.

However, it may be argued, that the nature of this economic relationship is characterised by inequality and asymmetry, as Australia only accounted for approximately 1.5 per cent of the total EU trade in the same time frame (Murray et al. 2002, 403). This asymmetry also becomes evident in considerable trade deficits, which have increased over the last years, as outlined in Figure 6 on page 65.

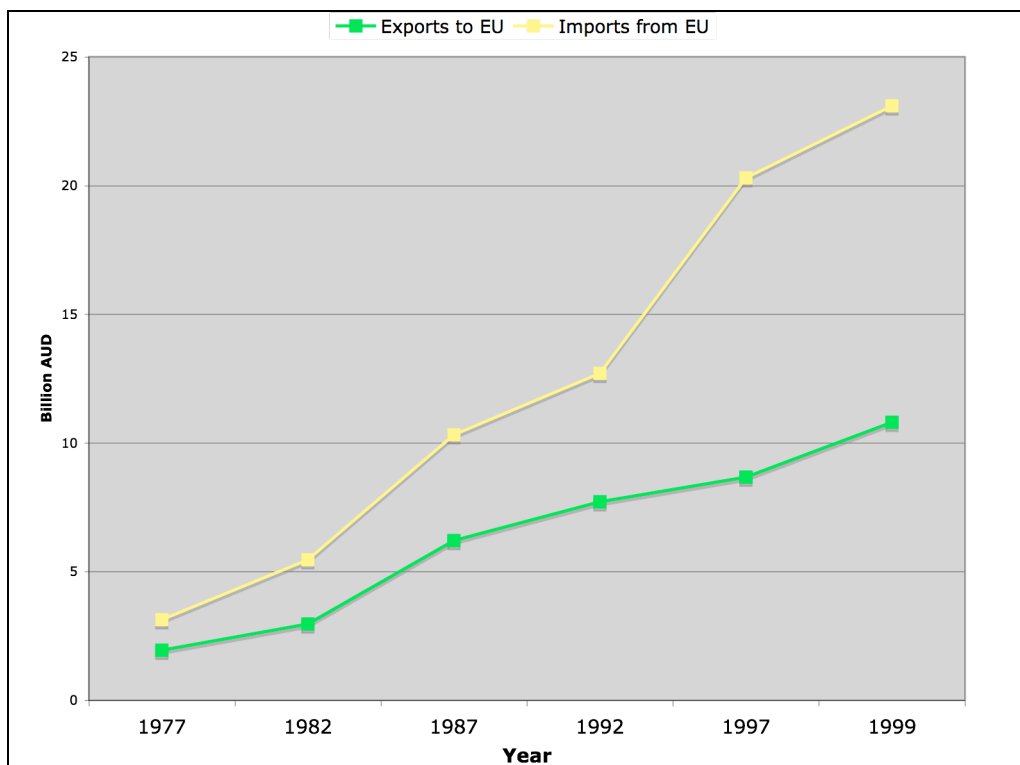
Table 1: Australia's economic relations with the EU in 1998 and 2000 (in AUD)

Merchandise trade	1998	2000
Exports	\$ 12.3 billion	\$ 12.5 billion
Imports	\$ 23.1 billion	\$ 25.5 billion
Merchandise trade balance	- \$ 10.7 billion	\$ - 13.0 billion
Trade in services	1998	2000
Credits	\$ 5.1 billion	\$ 6.3 billion
Debits	\$ 6.7 billion	\$ 7.2 billion
Services trade balance	- \$ 1.6 billion	\$ - 0.9 billion
Foreign investment	1998	1999 (end of June)
Inwards total	\$ 194.5 billion	\$ 199.6 billion
Inwards direct	\$ 57.3 billion	n.a.
Outwards total	\$ 73.9 billion	\$ 73.9 billion
Outwards direct	\$ 29.7 billion	n.a.

Source: Own illustration based on data provided by Elijah et al. 2000, 18 and Papadakis 2001, 138

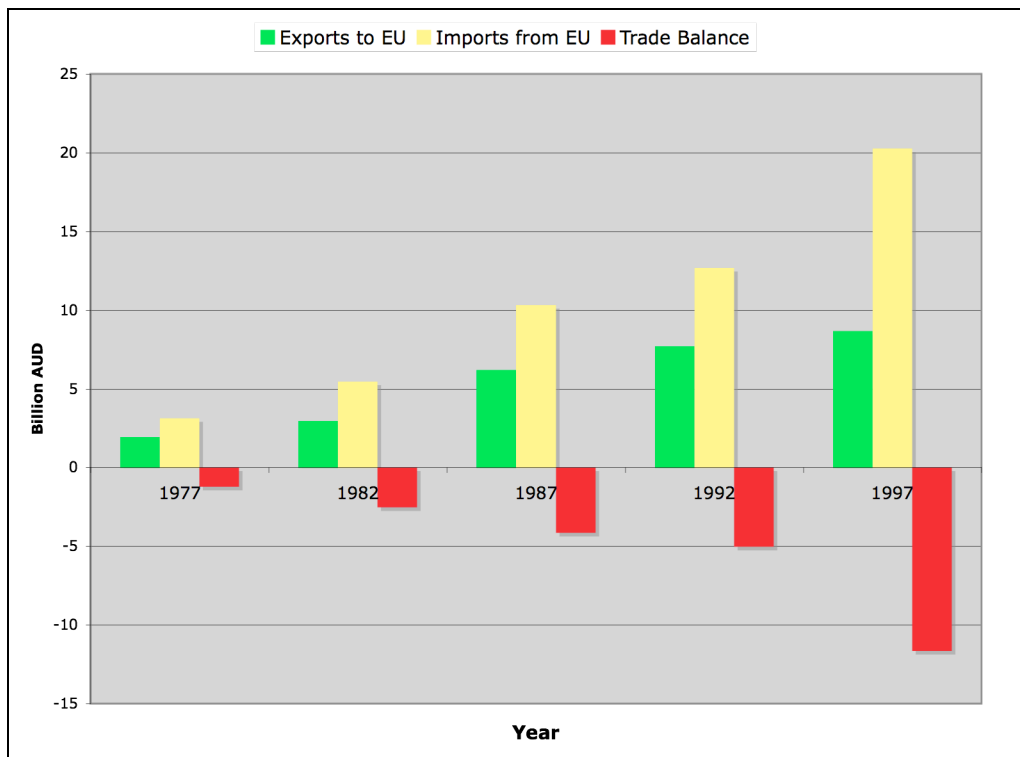
Even though the relationship might appear asymmetrical in absolute terms with regard to merchandise trade, this asymmetry does not necessarily imply disadvantages for either partner. Firstly, trade in services is much more balanced, as outlined in Table 1. Secondly, by the end of June 1999, the European Union invested almost 200 billion Australian dollars, becoming the largest foreign investor (Papadakis 2001, 138). Therefore, in spite of the considerable merchandise trade deficit, the degree to which Australia could benefit from the remarkable volume of service exports to the European Union and from the amount of EU foreign investment should not be underestimated. Consequently, asymmetry cannot be regarded as a disadvantage for Australia in this context.

Figure 5: Development of Australian merchandise trade with the EU 1977 - 1999



Source: Own illustration based on data provided by Elijah et al. 2000, 18

Figure 6: Australian merchandise trade with the European Union 1977 - 1997



Source: Own illustration based on data provided by Elijah et al. 2000, 18

Conversely, the European Union also benefited from closer ties with Australia. Some EU members came to regard Australia as a gateway to the Asia-Pacific in the 1990s before the Asian economic crisis of 1997 (Papadakis 2001, 138). From 1994 to 1997, more than 160 companies from the EU established their regional headquarters in Australia, before further expanding into the Asia-Pacific (ibid.). This is not surprising, as Australia's close cultural, historical, and linguistic ties with Europe are beyond controversy.

The 1990s were characterised by healthy development and growth of economic relations, although important European developments like the Single Market did not attract much Australian attention (Murray et al. 2002, 406). Nevertheless, both government and business acknowledged the positive implications of the free movement of goods, services, capital and labour and the advantages of a single customs document (Elijah et al. 2000, 20). Similarly, the creation of the Economic and Monetary Union (EMU) and the introduction of the euro “*were not widely debated for two reasons*” (Murray 2005, 72): Firstly, the UK (Australia's main frame of reference with regard to trade in Europe) did not introduce the euro. Secondly, the euro was not expected to become a major reserve currency. In spite of this expectation, the Reserve Bank of Australia (RBA) held approximately 45 per cent of international reserves in euro in 2004 (ibid.).

In contrast to Murray's (ibid.) analysis, Papadakis (2001, 133) regards a “*lack of 'literacy' concerning Europe*” combined with a strong Asia-centric focus of Australian foreign and trade policy in the late 1990s, becoming the main reason for the initial misjudgement of the EMU. This attitude was reflected “*in the scepticism in 1996 about the capacity of the EU to achieve Economic and Monetary Union (EMU), even a few months before it was realised*” (ibid.).

Recapitulating the development of the economic relations between the European Union and Australia, the upgrade of trade beyond the CAP can be seen as the most important facet of the 1990s.

4.3.2. Increase in high-level political contacts

Apart from the economic agenda moving beyond the CAP conflict, high-level political contacts have influenced the current nature and scope of the relationship

between the European Union and Australia (Murray et al. 2002, 402-410). Moreover, political issues gaining significance in the 1990s led to an increase of high-level political contacts and the conclusion of agreements between the European Union and Australia (Elijah et al. 2000, 21-28; Murray et al. 2002, 406-409; Murray 2005, 61-68, 82-87; Papadakis 2001, 140-145).

Even though formal Ministerial meetings between Australia and the Commission were institutionalised in 1981, other high-level contacts were initiated throughout the course of time. Since 1981, annual inter-parliamentary meetings (IPMs) between the Parliament of Australia and the European Parliament have been held (EP 2009). It is worthy to note that these meetings have been “*less acrimonious than those at ministerial level*” (Murray et al. 2002, 407). Additionally, regular meetings between Australian and European Commission officials were initiated (Elijah et al. 2000, 21). This level of cooperation was undoubtedly enhanced in 1981 by the formation of the European Commission’s Delegation to Australia in Canberra, as the Head of Delegation acts as the “*official representative of the European Commission in Australia*” (EC DEL 2009b). Interestingly the Australian government aimed at providing a forum for regular discussion on current developments in agricultural commodity trade by reviving the Agricultural Trade and Marketing Experts’ Group (ATMEG) in 1991 (Elijah et al. 2000, 21).

The first signs indicating that the trade agenda has moved beyond the CAP can be found in the 1980s, when the Labour government declared its commitment to trade liberalisation (Murray et al. 2002, 407). This commitment was in line with the Commission’s ideals, consequently resulting in regular bilateral and multilateral trade negotiations covering competition policy, industrial tariffs, investment, and services (ibid.). As Australia and the European Union appeared to be “*whistling the same trade tune*” (Raffin 2008, 83) in the WTO with regard to the elimination of non-tariff trade barriers and trade liberalisation, high-level consultations on trade were not confined to agriculture any more (Elijah et al. 2000, 22).

May 1990 can be regarded a significant date for the widening and improvement of EU-Australia relations. As the Australian government acknowledged the political dimension of the EC’s external relations, the EC and Australia agreed to “*enhance both the level and the quality of their political contact on foreign policy questions*” (Murray et al. 2002, 407), resulting in dialogues on Ministerial level on European Political

Cooperation (EC DEL 2009c). Meetings on Ministerial level took place whenever deemed necessary, while meetings with the Presidency Political Director were held every six months (ibid.). Moreover, annual meetings at the Troika⁴¹ level, twice-yearly bilateral meetings with the EU-Presidency and regular meetings at the annual ASEAN Regional Forum⁴² (ARF) and at the annual ASEAN Post Ministerial Conference⁴³ were introduced (Elijah et al. 2000, 22). Consequently, the development of closer political ties between the European Union and Australia not only becomes evident in the introduction and institutionalisation of new fora for joint dialogue, but it is also emphasised by the mere number of meetings (Table 2). Additionally, Appendix 1 provides an overview of all levels of political dialogue between Australian and European Union officials.

Table 2: High-level political meetings between the European Union and Australia (1997-2004)

Type of meeting	Number of meetings
Consultations with the EU Presidency	13
Annual Ministerial consultations, Senior Officials' and ATMEG meetings	21
Total number of Australian Ministerial visits to Brussels and European Commissioner visits to Australia	33
Total number of Parliamentary Delegation visits	4

Source: Own illustration based on data provided by EC DEL & DFAT 2004

Apart from the enhancement of both the level and quality of the EU-Australian

⁴¹ Definition of the Troika (Europa Glossary 2009a): “*Since the Treaty of Amsterdam, the Troika has brought together: (1) the Foreign Affairs Minister of the Member State holding the Presidency of the Council of the European Union; (2) the Secretary-General/High Representative for the common foreign and security policy; (3) the European Commissioner in charge of external relations and European neighbourhood policy. The Presidency can also be assisted, where necessary, by the representatives of the future Presidency (Article 18 of the Treaty on European Union).*”

⁴² The ARF aims at fostering dialogue on political and security issues in the Asia-Pacific and comprises the following participants: Australia, Bangladesh, Brunei Darussalam, Cambodia, Canada, China, European Union, India, Indonesia, Japan, Democratic Peoples' Republic of Korea, Republic of Korea, Laos, Malaysia, Myanmar, Mongolia, New Zealand, Pakistan, Papua New Guinea, Philippines, Russian Federation, Singapore, Sri Lanka, Thailand, Timor Leste, United States, Vietnam (ARF 2005).

⁴³ The Association of Southeast Asian Countries (ASEAN) was established in 1967 and consists of Brunei Darussalam, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, and Vietnam. The ASEAN Post Ministerial Conference with dialogue partners (e.g. the European Union or Australia) is held after the annual ASEAN meeting (Elijah et al. 2000, 48, endnote 37).

political dialogue, the number of bilateral agreements has increased significantly since the mid 1990s (Appendix 2). Prior to that the 1982 agreement between the European Atomic Energy Community (Euratom) and the Government of Australia concerning the transfer of Australian nuclear material to Europe was the only bilateral agreement (EC TO 2009). The widening of the relationship between the European Union and Australia in the following twelve years resulted in the signing of the Wine Agreement in 1994 (Murray et al. 2002, 407), which was further amended in 2003 (EC TO 2009). As outlined in Article 1 of this agreement, the overall objective was to “*facilitate and promote trade in wine originating in the Community and in Australia on the conditions provided for in this agreement*”, i.e. on the basis of reciprocity and non-discrimination. It is not surprising that the Wine Agreement led to a substantial increase in Australian wine exports to the European Union, as the agreement provided a basis for the acceptance of Australian wine-making practices in the EU and for the removal of technical barriers to exports of some Australian wines (Elijah et al. 2000, 23).

The Agreement on Scientific and Technical Cooperation was also signed and entered into force in 1994 and was later expanded in 1999 (EC TO 2009; Murray 2005, 83). The agreement enabled Australian and European researchers to be full participants in either Australian or European research programmes, the latter managed by the European Commission (Murray et al. 2002, 407). Even though the agreement broadened in 1999, the six initial areas of cooperation under Article 4.2 were biotechnology, medical and health research, marine science and technology, environment, information and communication technologies. It is noteworthy, that this was the first agreement of this kind to be concluded by the European Community⁴⁴ with an industrial country outside Europe and that the agreement included rules relating to intellectual property (EC TO 2007).

Negotiations on a Mutual Recognition Agreement on Conformity Assessment were also initiated in 1994 and eventually concluded in 1998. Australian certification facilities were thereby accredited in the European Union, leading to a reduction of time and costs of (manufactured) product certification and to the facilitation of trade (Elijah et al. 2000, 23; Papadakis 2001, 140).

⁴⁴ Unlike the second (Common Foreign and Security Policy) and third (Cooperation in Justice and Home Affairs) pillar, only the first pillar (European Community and Euratom) has a legal personality. Consequently, only the European Community “*has the power to conclude and negotiate agreements in line with its external powers*” (Europa Glossary 2009b). Conversely, the European Union as such does not have “*institutionalised treaty-making powers*” (ibid.). See also footnote 35.

In 1995, following the successful conclusion of these agreements and the constructive bilateral efforts, first attempts were made to consolidate EU-Australian cooperation by means of a Framework Agreement, i.e. a formalised cooperation structure (Murray et al. 2002, 408). In April 1996, Australian Foreign Minister Alexander Downer announced that the relationship between the European Union and Australia had entered a “*new phase*“, further paving the way for negotiating a “*Framework Trade and Cooperation Agreement accompanied by a Joint Political Declaration*” (Elijah et al. 2000, 26). The Framework Agreement was initially intended to enhance and diversify trade, investment as well as cooperation on multiple issues between the European Union and Australia (ibid.). Moreover, a budget line for the European Commission’s Delegation to Australia was envisaged in order to provide a financial background for a wide range of projects, including the areas covered by existing and possible future agreements (Papadakis 2001, 141). However, the idea of a Framework Agreement was soon abandoned by the Australian government, as it refused to sign an agreement, including a human rights clause (Murray et al. 2002, 408). Following a Council decision in May 1995 a so-called human rights clause must be included in all bilateral agreements of general nature with third countries (Brandtner & Rosas 1998, 473). This human rights clause provides that “*respect for fundamental human rights and democratic principles as laid down in the Universal Declaration of Human Rights of 1948 [...] inspire the internal and external policies of the parties and constitute and ‘essential element’ of the agreement*” (ibid.). Australia’s vehement and dismissive reaction to the human rights clause is even more surprising, given that this standard clause does not transform the basic nature of the agreement (Brandtner & Rosas 1998, 474), that it does not aim at establishing new human rights standards, but merely seeks to reaffirm existing commitments, which “*as general international law already bind all states as well as the EC in its capacity as a subject of international law*” (Brandtner & Rosas 1998, 475). Therefore, it is rather surprising that the Australian Howard government reacted in such a renunciative manner to the human rights clause when abandoning the Framework Agreement. As the Australian government refused to partner trade with human rights, a non-binding, but face-saving Joint Declaration⁴⁵ was signed in June 1997 (Brandtner & Rosas 1998, 474; Murray et

⁴⁵ The key agreements between the European Union and Australia can be downloaded from the European Commission’s (Directorate-General External Relations also known as RELEX) website: <http://ec.europa.eu/external_relations/australia/docs/index_en.htm>, viewed 15 May 2009.

al. 2002, 408; Papadakis 2001, 142).

This first political declaration was indeed modest in scope, still it provided (1) a definition of common objectives including the support of democracy, the rule of law as well as the respect for human rights and the UN Charter, (2) a statement of areas of enhanced dialogue and cooperation comprising trade, environment, employment, science and training and development issues ,and (3) a framework for further political consultations ranging from inter-parliamentary meetings to consultations on official and ministerial level. Moreover, the introduction of possible summit meetings between the President of the European Council, the President of the European Commission, and the Prime Minister of Australia was mentioned in this Declaration.

The lack of a formalised Framework Agreement did not have any substantial effects with regard to high-level political contacts, which continued on a regular basis and addressed a multitude of areas ranging from veterinary checks to security and geopolitical issues in the Asia-Pacific region (Murray et al. 2002, 408-409).

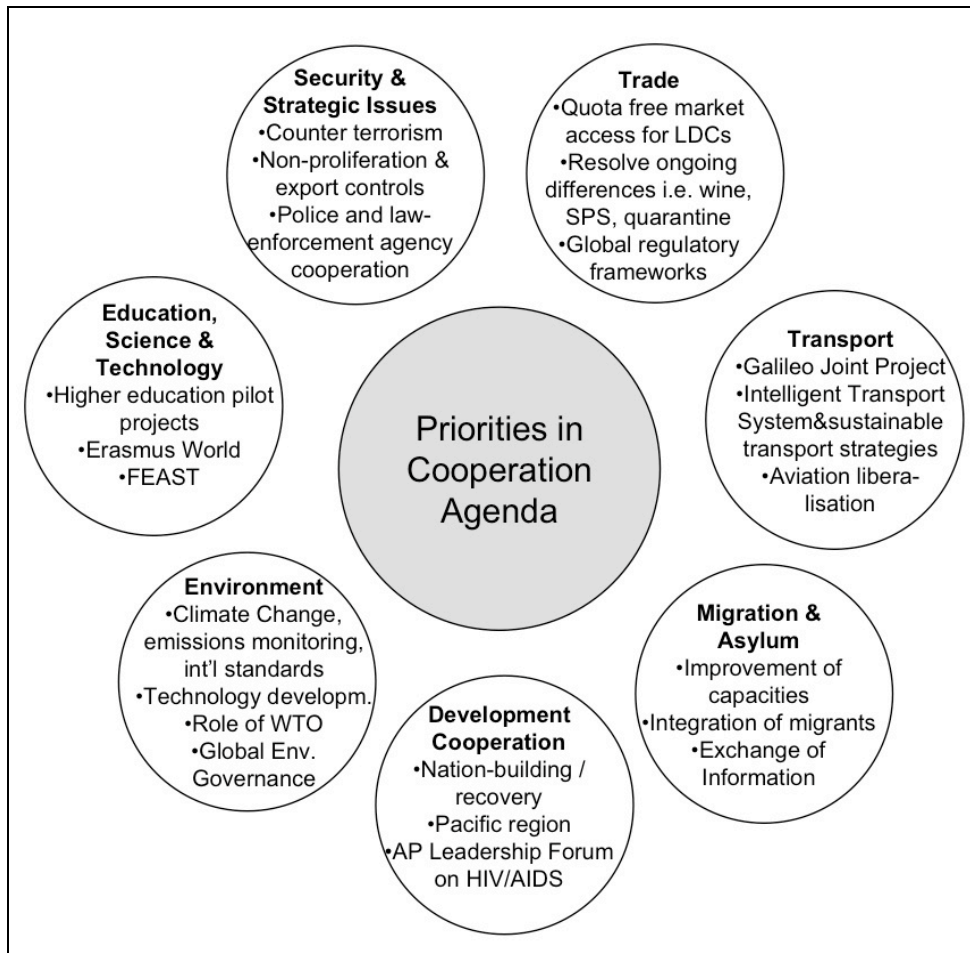
The 2002 ministerial consultations in Brussels paved the way for the 2003 Agenda for Cooperation⁴⁶. At this meeting, both Australia and the European Union agreed to “*take stock of developments in [their] relationship since the signing of the Joint Declaration and to identify priorities for future cooperation*” (Agenda for Cooperation). While the objectives defined in the 1997 Joint Declaration were reaffirmed, Figure 7 on page 72 summarises the seven key areas of cooperation as outlined in the 2003 agenda. Furthermore, it is noteworthy, that the agenda for cooperation was concluded for a lifespan of five years (EC DEL & DFAT 2007), hence provisions for a subsequent agreement would have to be made by 2008.

Recapitulating the 1980s, which saw the emergence and development of high-level political contacts, two aspects are noteworthy. Firstly, the levels of political consultations were marked by both diversification (now ranging from regular inter-parliamentary meetings, official and Ministerial consultations to occasional summits between the EU Presidency, the Commission’s President and the Australian Prime Minister) and intensification with regard to the frequency and regularity of meetings. Secondly, the areas of dialogue increased substantially, moving beyond the disputed CAP and trade barriers, hence fostering cooperation on a multitude of new issues, inter

⁴⁶ See footnote 45.

alia including science and higher education, security and strategy as well as environmental issues.

Figure 7: High priorities and key areas as set out by the 2003 Agenda for Cooperation



Source: Own illustration based on Murray 2005, 89 and the 2003 Agenda for Cooperation

4.3.3. Australia's engagement in the Asia-Pacific and the EU's interest in that region

Not only did closer economic and political cooperation beyond the conflict over the CAP contribute to the state and nature of current EU-Australia relations (Murray et al. 2002, 402-410), but Australia's engagement in the Asia-Pacific and the EU's growing interest in that region are also responsible for the enhancement of cooperation and closer relations.

From an Australian perspective, the Asia-Pacific region has been of particular interest since the 1980s. In the time from 1983 to 1996 the Hawke and Keating Labour governments defined Asia as the highest priority in foreign policy, hence placing emphasis on geographical, not historical ties (Elijah et al. 2000, 28-29). To the disadvantage of Europe, Foreign Affairs Minister Gareth Evans defined Asia as the most important area for the Australian national interest (Murray et al. 2002, 409). Even though Evans' successor, Liberal Party Foreign Minister Alexander Downer, was more cautious with regard to underestimating Europe's role in Australian foreign policy, Downer still reiterated that "*Australia's highest foreign policy priority is closer engagement with Asia*" (Downer from a publication in 1997 cited in Papadakis 2001, 135). This judgement made in 1997 largely stemmed from economic forecasts, which saw East Asia growing two and a half times faster than the rest of the world and defined this region as the "*key locomotive of the world economy*" (ibid.).

The European Union followed the same line of (economic) reasoning with regard to justifying its interest in closer relations with Asia. Under the 1994 German Presidency the Commission presented a "*New Asia Strategy*" (CEC 1994), outlining its plans for closer engagement in Asia as being driven by economic and security interests. Firstly, the Commission relied on World Bank estimates that by 2000, Asia and Southeast Asia would account for half the growth in the global economy. Secondly, the post-cold-war "*regional environment of unparalleled political fluidity*" (CEC 1994, 1) posed a concern to the European Union, which consequently decided to cooperate more closely with Asia in order for both partners to "*play a constructive and stabilising role in the world*" (ibid.). Accordingly, the Commission concluded that "*the European Union needs therefore to accord Asia a higher priority than is at present the case*" (ibid.).

Motivation and shared interests are not the only common features with regard to EU-Asia and Australia-Asia relations. The EU and Australia sought to engage in Asian regional fora. Both Australia and the European Union participate in regular meetings at the annual ASEAN Regional Forum (AFR) and at the annual ASEAN Post Ministerial Conference (Elijah et al. 2000, 22), even though they are not ASEAN members. Moreover, both Australia and the European Union created multilateral regional fora in Asia in order to provide an institutional basis for future dialogue. Australia was the

driving force with regard to the creation of the Asia Pacific Economic Cooperation⁴⁷ (APEC), whose overall objective is to provide “*stability, security and prosperity for [the members’] people*” (APEC 2009). Conversely, the European Union (particularly France) and Singapore initiated Asia-Europe Meetings⁴⁸ (ASEM) in 1996, in order to enhance the relationship and cooperation between these two major blocs (Murray et al. 2002, 409). Despite strong Australian lobbying and European, Japanese, South Korean and Philippine support Australia was not invited to participate in this particular forum (Elijah et al. 2000, 29). This can be attributed mostly to Malaysian Prime Minister Mahathir’s opposition⁴⁹ to Australian membership (Murray 2003, 104). Therefore, with the European Union not belonging to APEC and Australia not being a part of ASEM, cooperation opportunities between the EU and Australia in regional Asian fora has indeed been limited.

In the 1980s and 1990s, the notion that Australia had to choose between Europe and Asia prevailed in Canberra (Elijah et al. 2000, 28). Until the mid 1990s, the choice was clearly Asia. This idea of mutually exclusive foreign policy priorities was only partially overcome by the Howard government. Alexander Downer, Australian Minister of Foreign Affairs, stated that “*an Asia first policy does not mean Asia only [...] So, just as Australia would urge Europe not to be narrowly Euro-centric, the Australian Government will not make the mistake of being exclusively concerned with our immediate region*” (Downer from a publication in 1997 cited in Papadakis 2001, 136). However, in the period after the terrorist attacks on the World Trade Center in 2001. The Howard government intensified its relations with the United States. If Europe did not feature prominently on Labour’s foreign policy radar screen in the 1980s and 1990s, Europe’s role and significance for Australia was once again downplayed in the post

⁴⁷ Currently, the following 21 countries are APEC members: Australia, Brunei Darussalam, Canada, Chile, People's Republic of China, Hong Kong China, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Chinese Taipei, Thailand, United States and Viet Nam (APEC 2009).

⁴⁸ ASEM currently comprises the 27 EU members, the EU Commission, the ASEAN Secretariat and 16 Asian countries, including Brunei Darussalam, Cambodia, China, Indonesia, India, Japan, Korea, Laos, Malaysia, Mongolia, Myanmar, Pakistan, Philippines, Singapore, Thailand, Viet Nam (ASEM InfoBoard 2009).

⁴⁹ This blockade was just another one of Prime Minister Mahathir’s jibes on Australian and Western leaders. Even though Mahathir has to be credited with leading Malaysia “*on a remarkable development path*” (CNN 2003), he seldom left out an opportunity to trade barbs with Western leaders (ibid.). On the other hand Australian Prime Minister Keating’s comment on Mahathir’s failure to attend the first APEC meeting in Seattle in 1993 (stating that the concept of APEC was bigger “*than Mahathir and any recalcitrants*”) led to “*a frosty period in leader-to-leader relations that has extended to Keating’s successor, John Howard*” (ibid.).

9/11-period, as the Howard government increasingly concentrated on a stronger alliance with the US (Murray 2003, 104) as a result of the new security threats and focused primarily on bilateral relations with European member states, therefore undermining EU-Australia relations (Murray et al. 2002, 410).

However, this shall not imply that EU-Australia relations were downgraded in the course of time. On the contrary they improved due to Australia's expertise in the Asia-Pacific and shared EU-Australian values and interests in that region, including trade, development aid and security issues. It may be argued that Australia's role in the Asia-Pacific is of particular interest for the European Union for two reasons. Firstly, according to Murray (2005, 257) the EU has benefited from the expertise of Australia's Asian specialists on current events in the Asia-Pacific and South Pacific region, particularly with regard to human rights and security issues. This expertise not only stems from Australia's geographical proximity to that region, but also from Australian leadership in international security interventions in East Timor and in the Solomon Islands in 2003⁵⁰. Secondly, Australia has been touted as fulfilling the function of a culturally familiar headquarters for Asian operations of European companies (Murray 2005, 257-258). In fact more than 135 companies from the EU had their regional headquarters in Australia in 2005, including Ericsson, Philips, Siemens and many others (Murray 2005, 271).

It is not surprising that both Australia and the EU might be economically more interested in Asia than in each other (Murray 2005, 257). However, the political dimension of EU-Australian cooperation in Asia should not be underestimated, as "*their combined weight might help push Asian partners to open markets as well*" (Wise from a publication in 1996 cited in Murray 2005, 257). It may be argued, that both Australia and the European Union have been well advised to work closely on "*befriending the awakening tiger*" (Raffin 2008, 86).

4.3.4. General remarks on EU-Australia relations up to the end of the 1990s

From the mid 1980s onwards gradual but persistent convergence between the European Union and Australia took place. With the CAP losing its status as primary priority in EU-Australia relations, new issues of mutual concern and interest could be

⁵⁰ For further information on these missions see Ayson 2007 & Wainwright 2005.

placed on the cooperation agenda. While trade links have strengthened throughout the course of time, political ties have been institutionalised in terms of regular meetings and consultations on multiple political and official levels. Moreover, Australia's expertise in the Asia-Pacific region has been valued by the European Union. Therefore, it may be argued that “[on] balance, however, official levels of understanding of, and emphasis on, the importance of Australia-EU links increased over the period under review” (Papadakis 2001, 135), given the Australian government's understanding of the broader EU-context (Murray 2005, 88).

4.4. Developments under Prime Minister John Howard (1996-2007)

As already discussed in the previous sections, the relationship between the European Union and Australia was undoubtedly enhanced and strengthened under Prime Minister Howard in general terms, with the 1997 Joint Declaration and 2003 Agenda for Cooperation being signed and trade links moving beyond the CAP conflict. However, there were also lines of conflict and areas of mutual misunderstanding in EU-Australia relations. Firstly, the Howard Coalition government's focus on bilateralism and on the national interest contributed to the USA gaining the status of a special ally in every respect. Secondly, environmental issues including measures to combat climate change were the areas of greatest dispute and incomprehension.

4.4.1. A new foreign policy agenda – Strengthening bilateral ties

In 1996, the Australian foreign policy agenda was subject to a paradigm shift when the Howard Coalition (comprising the Liberal and National Parties) won the elections. The Coalition positioned its foreign policy objectives against traditional Labor values, including the middle power label⁵¹, multilateral and regional engagement through the WTO and APEC and the faith in the United Nations system (Capling 2005, 42; Ungerer 2007, 548-549). This opinion was also expressed in the 1997 foreign policy White Paper (cited in Ungerer 2007, 549):

⁵¹ According to Liberal Party Foreign Minister Downer the middle power label “sells us short and overlooks the rich potential that Australia has to play a vital role in the world”. As he refused to “accept Australia merely as a middle power”, he rather preferred the “pivotal power” label (Downer cited in Ungerer 2007, 549).

“A central feature of the Government’s approach to foreign and trade policy is the importance it places on bilateral relationships as a means of advancing Australia’s interests [...] Australia must be realistic about what multilateral institutions such as the United Nations can deliver.”

It is not surprising that the new foreign policy agenda underlined the significance of bilateral relations, particularly with the United States, Japan, China and Indonesia (Capling 2005, 49). The negotiations of a free trade agreement with the United States were also in line with Howard’s bilateral preferences. This agreement has been criticised for favouring the United States at the expense of discriminating against other major trade partners like Japan, China or even the European Union (Capling 2005, 55). Moreover, Australia’s decision to negotiate a free trade agreement with the US did not only stem from economic considerations, but other motives like the Australian desire to strengthen strategic and political links with the United States seemed to prevail (Capling 2005, 53). In August 2002, Foreign Minister Alexander Downer declared that this particular trade agreement between Australia and the United States would *“help engender a broader appreciation – in both countries – of the bilateral security alliance”* (cited in Capling 2005, 53). As can be seen in the above quotation the view that Australia had to stick with and rely on *“great and powerful friends”* (Capling 2005, 14) apparently gained momentum in the period after the terrorist attacks on 11 September 2001. This line of reasoning may partly be explained by Prime Minister Howard’s very personal experiences. John Howard was in Washington D.C. on 11 September 2001, in a hotel directly next to the Pentagon when it was attacked (Summers 2007). Howard had met President Bush, his *“political soul mate”* (ibid.), for the first time the day before the attacks. Seeing the devastation and being at the epicentre of consternation and fear, Prime Minister Howard announced the day after the attacks that *“Australia will provide all support that might be requested of us by the United States in any action that might be taken”* (ibid.). It may therefore be argued that Howard’s commitment to the US, including the free trade agreement and the unquestioned fealty in Iraq, *“is a personal, partisan one - not the kind of multilayered, apolitical liaison that a robust and resilient alliance requires”* (ibid.). Consequently, the Howard government seemed to have regarded the United States as *“great power protector”* (Murray 2005, 35) who would be willing and able to look after its little brother across the Pacific.

Understandably, Australia's relations with the US intensified in the period of insecurity following September 2001. However, *"Australia is still regarded in some quarters in Europe as the US's deputy sheriff of the Asia-Pacific region, despite denial from official Australian sources"* (Murray 2005, 13), which might also have had effects on EU-Australian relations.

4.4.2. Unfortunate choice of words

Apart from the EU's loss of importance for Australia in political terms due to Australia's choice of the United States as strategic and political ally in an era of insecurity, Prime Minister Howard's occasional rhetoric can also be regarded as counterproductive to healthy relations with the European Union. Prime Minister Howard seemed to have a vivid recollection of his position as Minister for Special Trade Negotiations with the EC in the late 1970s (Murray et al. 2002, 399), which was not particularly successful. In 1998 Prime Minister Howard stated:

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

(cited in Murray 2005, 14).

First of all this unfortunate choice of words did not contribute to a convergence between the European Union and Australia on agricultural issues, nor was it conducive to providing a healthy diplomatic environment. Moreover, it mirrored John Howard's political U-turns with regard to diplomatic contacts with the European Union⁵². However justified the criticism on the CAP may be, this statement (along with some other verbal attacks) does not do justice to the European Union's role as Australia's single most important economic partner in terms of trade in goods, services, and investment (Murray 2005, 14).

⁵² For pro- and anti-EU statements of Prime Minister John Howard see Murray 2005, 14.

4.4.3. Diverging perspectives on environmental issues

Even though Australia's role as "*US deputy sheriff*" (Murray 2005, 13) and Prime Minister Howard's occasional verbal attacks on the EU were not conducive to strengthening political relations between Australia and the EU, the diverging perspectives on environmental issues and climate change appeared to be the main stumbling block.

This divergence mostly stemmed from mutually exclusive positions on measures to combat climate change and the obvious unwillingness to understand or accept the other partner's view. Even though Australia has long criticised the principle of multifunctionality⁵³ in EU policies, Australia's opposition to ratifying the Kyoto Protocol was anathema to the European Union (Oxley 2002, 110-111). It may therefore be argued that even though climate change has been a contested issue in EU-Australian relations in general, "*there is particular tension [...] with emphasis on the Kyoto Protocol*" (Murray 2005, 155).

Australia's position, which was very similar to stance taken up by the United States, clearly mirrored "*the Coalition's emphasis on environmental pragmatism*" (Elliott 2001, 262), with "*practical*" and "*achievable*" being the most commonly used words in the context of the Kyoto Protocol (ibid.). Although Australia was one of the first countries to sign the United Nations Framework Convention on Climate Change (UNFCCC), it opposed ratifying the Kyoto Protocol to the UNFCCC due to the following reasons (Murray 2005, 155): Australia once again followed the American line of reasoning with regard to the Kyoto Protocol placing the burden of cutting emissions on coal-producing and coal-consuming industrialised economies (ibid.). Moreover, Australia's interests as "*the world's largest exporter of coal and one of the world's cheapest generators of energy, largely from the combustion of coal*" (Oxley 2002, 111) are obvious in this context. However, Australia was willing to support the Protocol, if (1) a global emissions trading system was provided for, (2) the US ratified the Kyoto Protocol, (3) all greenhouse gases and carbon sinks (e.g. forests) were included, and (4) Australia was granted special targets with regard to carbon dioxide emissions (ibid.).

The reasons for the Kyoto "*Cold War*" (Murray 2005, 155) between the EU and

⁵³ "*An activity is said to be multifunctional when it plays a number of roles that may contribute to the well-being of society*" (Government of Canada 2002). In the European Union multifunctionality is often mentioned in the context of agriculture, as agriculture is also credited with the following key roles: (1) protection of the environment and landscapes and (2) preservation of an active rural community.

Australia can largely be explained by mutually exclusive perspectives and positions on the framework of the Protocol. While Australia supported the inclusion of carbon sinks, the EU resisted precisely these efforts as well as the idea of establishing a global emissions trading system (ibid.).

Apart from the conflicting perspectives on factual issues, the roles both interlocutors chose to play added to mutual incomprehension. As the United States was very critical of the Kyoto Protocol, the European Union chose to take up the leadership role in environmental issues because no other country was willing to take this stance (Murray 2005, 156). Therefore, Australia's opinion on the Kyoto Protocol and the obvious similarities to the position of the US were indeed surprising to some EU officials, despite some understanding of Australia's strategic and security dependence on the US (ibid.). Conversely, Australia regarded the EU's leadership pretensions in environmental issues as a modern form of imperialism, while the European Commission was viewed as "*being very political on Kyoto and having very clear personal and national agendas*" (ibid.).

It may therefore be argued that while the EU condemned Australia for not complying with "*moral standards*" (Murray 2005, 155) Australia perceived the EU's perspective as merely reflecting "*its political economy*" (ibid.). Clearly this divergence could only be overcome if both interlocutors either drastically changed their opinions or if the political leaders (Prime Minister, Commission President, other important EU Heads of State) were replaced. This was the case in November 2007, when the Australian Labor Party won the elections and Kevin Rudd became the new Prime Minister of Australia.

4.5. Developments under Prime Minister Kevin Rudd (since 2007)

On 24 November 2007, a fresh breeze swept across Australia's foreign policy and external relations (with the EU and other major partners) when Labor candidate Kevin Rudd was elected Prime Minister. As an Oxford Analytica Daily Brief (2008) noted "*governments change, relations warm*". With regard to Australia's relations with the European Union the political thaw may be explained by the following factors, which will be further explained below: (1) a shift in foreign policy efforts towards traditional middle power values, (2) the Prime Minister's diplomatic background and expertise,

and (3) symbolic acts enforced by the Prime Minister which were in line with the EU's core values.

(1) As discussed in section 4.4.1. the Howard Coalition government interpreted Australia's role in the world as a "*pivotal*" rather than a "*middle power*", which was seen as selling Australia's real potential short (Foreign Minister Downer cited in Ungerer 2007, 549). In his position as shadow Foreign Minister of the Labor Party, Kevin Rudd has formulated the "*three pillars of foreign policy*" (Sheridan 2006), which he later reaffirmed as Prime Minister (Franklin 2008): engagement with the UN, the US alliance and "*comprehensive engagement with Asia*" (ibid.). Kevin Rudd also refers to his foreign policy approach as "*creative middle power diplomacy*" (Tisdall 2008). Even though the European Union is not explicitly mentioned in these foreign policy priorities, the strong commitment to multilateralism via the UN and the EU (Tisdall 2008), which was also praised by UN Secretary-General Ban Ki-moon (Sheridan 2008), replaced the strong bilateral focus of the Howard government (ibid.) and provided fertile ground for a stronger relationship with the European Union. Moreover, Kevin Rudd's early visit to Brussels as part of his first major overseas journey (only three months after being elected) was seen as a symbolic gesture for improving EU-Australian relations.

(2) Even though Kevin Rudd is Labor Prime Minister, he is not the stereotypical ALP leader. Assuming office at the age of 50, Kevin Rudd is relatively young for the position of a Prime Minister and is moreover "*unique as a leader in Australian political history in coming to the leadership entirely through foreign policy*" (Sheridan 2006). Rudd joined the diplomatic service and served in Stockholm and Beijing after gaining a Bachelor degree in Asian studies with majors in Chinese language (PM 2009b). Therefore, he represents a "*new Labor generation*" (Deutsche Welle 2007) and feels more comfortable on the diplomatic world stage than with trade unionists (ibid.). Bearing in mind his professional career, Kevin Rudd is primarily a diplomat. Consequently, he places more emphasis on foreign policy, gets more involved in foreign summitry⁵⁴ and is more comfortable in official international settings than his predecessor. This has also contributed to a political thaw in EU-Australian relations, as the Prime Minister chose not to follow the example of past governments to "*travel to Brussels, bash up the commission, issue a press release, then go home*" (Rudd cited in

⁵⁴ The Economist (2008) even calls Kevin Rudd's foreign involvement a "*love of foreign summitry*", as he spent nearly two of his first twelve months in office abroad.

Coorey & Davies 2008).

(3) Finally, certain actions taken by Kevin Rudd were of symbolic importance to the relationship between the European Union and Australia. Prime Minister Rudd's first major overseas working visit⁵⁵ took him to the United States (six days in March/April 2008), to Europe (seven days in April 2008) and to China (four days in April 2008) (PM 2008b). The fact that Brussels was on the Prime Minister's itinerary was definitely of significant symbolic value to EU-Australia relations, for three reasons: firstly, it underlined Kevin Rudd's "*international policy aspirations*" (ABC 2008), secondly, it mirrored the Prime Minister's commitment to multilateralism, and thirdly, it demonstrated that the EU was once again featured on Australia's foreign policy radar screen. These emphases are undoubtedly in line with the EU's core values, which is why the President of the European Commission, Jose Manuel Barroso, noted that the Commission has "*certainly noticed with satisfaction the emphasis the Prime Minister is placing on effective multilateralism [sic!]*" (ABC 2008). During the seven days in Europe, Kevin Rudd spent two days in Brussels and five days in the United Kingdom, indicating the importance Australia attaches to its relationship with the UK. Nevertheless, the inclusion of Brussels in his first overseas visit, along with traditional destinations like the US, the UK, and Asia, demonstrates Prime Minister Rudd's willingness to overcome the former governments' custom, which, at a political level, "*concentrated on [the] divisions, not on the things [the EU and Australia] could do together*" (Rudd cited in ABC 2008). Similarly, the nationwide newspaper, "The Australian" argued that:

„The China visit was obvious and self-explanatory, the Brussels trip was neither and not in the tradition of PMs' first visits. Negotiations for the trip ensured that Rudd would go to Belgium and meet the leadership of the EU in a calculated, deliberate shift in Australia's attitude and policy towards the EU. This was a clear diplomatic signal of the importance the Prime Minister attached to going to Brussels and EU headquarters. “

(Shanahan 2008)

⁵⁵ According to a media release, the purpose of this visit was "*to advance Australia's security, foreign policy and business interests, and to advance Australia's contribution to the global response on climate change*" (PM 2008b).

Apart from this important visit to Brussels in April 2008, there are certain other actions taken by Prime Minister Rudd, which are in accordance with the European Union's core values and its soft power status⁵⁶. On 3 December 2007, the Government of Australia ratified the Kyoto Protocol in its first official act "*demonstrating [the] Government's commitment to tackling climate change*" (PM 2007). Prime Minister Rudd presented the instrument for ratification of the Kyoto Protocol to UN Secretary-General Ban Ki-moon at the UN Conference on Climate Change in Bali on 14 December 2007, earning the Prime Minister praise and many rounds of applause (AAP 2007). The fast ratification of the Kyoto Protocol had a positive impact on EU-Australia relations for three reasons: Firstly, it demonstrated a clear paradigm shift in Australian foreign policy efforts away from John Howard's "*subservience to President Bush*" (EIU 2007). Secondly, it underlined the importance Prime Minister Rudd attaches to the issue of climate change. Finally, the ratification was in line with the European Union's core values in the area of climate change and complied with the EU's "*moral standards*" (Murray 2005, 155). Of course the ratification was largely a symbolic act, but "*as symbolic gestures go, this was one of the big ones*" (AAP 2007). Most importantly, it demonstrated a clear shift towards the moral standards and core values of the European Union, which was welcomed in Brussels and other European capitals: A German newspaper referred to Kevin Rudd and his Minister for the Environment as "*Weltenretter*" or "*world saviours*" (Stratmann 2007); Prime Minister Rudd was also awarded the EnBW (Energie Baden-Württemberg) Climate Prize for 2008 during the third German Climate Conference (Australian Embassy Germany 2008). It may, therefore, be argued that by ratifying the Kyoto Protocol "*the Rudd Government has moved from the US camp in the global warming debate to join the European position*" (ABC 2008).

Of course there has been criticism with regard to Kevin Rudd's major milestones. As the British newspaper "The Guardian" noted, the major political actions like the ratification of the Kyoto protocol "*have been largely symbolic and reflect and absence of substantive policy achievements*" (Soutphommasane 2008). Because analysis of the Rudd government's overall performance is not part of the study at hand, the presence or absence of "*substantive policy achievements*" (ibid.) will not be assessed. However, it must be noted that symbolic gestures do matter when it comes to rebuilding relations

⁵⁶ According to Zielonka (2008, 475) the European Union applies soft power with regard to "*shap[ing] institutions by setting agendas [and] rely[ing] on [its] normative power of attraction to spread values*".

with formerly neglected or misunderstood partners all over the world. Karns (2008, 3) addressed the challenges facing the new US president to “*rebuild US credibility, goodwill and soft power lost during the Bush administration*”. She furthermore outlined that “*symbolic gestures, words, and actions early in the new administration will be essential*” (ibid.). It may be argued that Australia lost some sympathy within the European Union during the Howard administration. But, Kevin Rudd’s early visit to Brussels and the fast ratification of the Kyoto Protocol demonstrate the new Prime Minister’s goodwill to “*upgrade EU-Australia relations*” (EC RELEX 2008). However symbolic these gestures might have been, they are nonetheless of vital importance to enhancing EU-Australia relations, which is also supported by Karns’ (2008) line of reasoning.

4.6. General Remarks on the relationship between the European Union and Australia

In order to fully understand the origin, development, and future of the relationship between the European Union and Australia, it is indispensable to outline certain distinctive features with regard to Australia’s geography, history, and trade with the EU.

4.6.1. Australia’s struggle between geography and history

“The struggle between Australia’s history and geography – the history dominated by British influence, the geography by proximity to Asia – has been an enduring theme in the country’s contemplation of itself.”

(Blainey 1995, 72)

Australia can be regarded as a nation of predominantly European origin and culture living on a “*misplaced continent*” (Murray 2005, 35) in close proximity to southeast Asia. During his first visit to Brussels, Prime Minister Rudd outlined the connections between Europe and Australia in a European Policy Centre Briefing (PM 2008c):

“The historical connections between Europe and Australia are profound. Europe has nurtured Western civilisation. Australia has inherited, embraced and adapted that great civilisational tradition. The modern state of Australia is heir to European philosophical and political thought.”

An understanding of these historical and geographical circumstances is vital to the analysis of Australian foreign policy choices. Moreover, these circumstances have two implications for the relationship between the European Union and Australia. Firstly, as discussed in previous sections, at different points in time Australian foreign policy priorities have been attached to the Asia-Pacific, the US alliance or Europe – depending on the incumbent government. These changing priorities clearly reflect the *“struggle between history and geography”* (Blainey 1995, 72). Secondly, Australia’s proximity to and expertise in Asia have implications for European companies, which often choose to establish regional headquarters in Australia in order to plan further expansions into the Asia-Pacific as a “Western” country in the region and in order to draw on local experts (Murray 2005, 257-258; Papadakis 2001, 138).

With regard to geography, the factor of distance is worth mentioning, given Canberra is located approximately 17,000 km southeast of Brussels. However, in times of globalisation, modern telecommunication technology and countless flights connecting Australia with Europe make the matter of distance seem negligible: *“[Australia] may well be regarded as a misplaced continent, but that is not tremendously useful in understanding EU-Australia relations once the role of distance has been understood”* (Murray 2005, 35).

4.6.2. Remarks on asymmetry

Another aspect which is frequently mentioned by Australian commentators is the asymmetry in EU-Australian relations. In fact, this asymmetry refers to many factors, including population size, economy and trade balance. Table 3 on page 86 compares geographical, demographical, and economical parameters of the EU and Australia.

Table 3: Comparison Australia - European Union (geography, population, economy)

	Australia	European Union
GEOGRAPHY		
Total area	7,686,850 sq km	4,324,782 sq km
Area in comparison to the world	12	13
Coastline	25,760 km	65,992.9 km
POPULATION		
Total population	21,262,641 (July 2009 est.)	491,582,852 (July 2009 est.)
Population in comparison to the world	55	3
Urban population	89% of total population (2008); population concentrated along the eastern and south-eastern coasts	n/a
ECONOMY		
GDP (purchasing power parity)	800.5 billion USD (2008 est.) 783.2 billion USD (2007) 753.1 billion USD (2006)	14.82 trillion USD (2008 est.) 14.66 trillion USD (2007) 14.34 trillion USD (2006)
GDP in comparison to the world	19	1
GDP per capita (PPP)	38,100 USD (2008 est.) 37,700 USD (2007 est.) 36,800 USD (2006 est.)	33,400 USD (2008 est.) 33,400 USD (2007 est.) 32,600 USD (2006 est.)
GDP per capita (PPP) in comparison to the world	26	37

Source: Own illustration based on data provided by the CIA World Factbook (CIA 2009a; CIA 2009b)

This data clearly mirrors the EU's dominant position with regard to population and economy size and explains why the relationship between the European Union and

Australia is often regarded as asymmetrical to the disadvantage of Australia. Moreover, the disproportionateness with regard to population and economy also affects the economic relations between the EU and Australia. Therefore, an overview of EU-Australian economic relations with regard to trade in goods, trade in services, and the level of foreign investment will be given in the following section. The data presented is only intended to summarise general trends in the economic relationship between the EU and Australia. Complete statistics can be found in Appendix 3.

4.6.3. Economic relations

The latest available data published by the Delegation of the European Commission to Australia (EC DEL 2008) and by the Directorate-General for External Trade of the European Commission (EC TRADE 2008) was used for the analysis of EU-Australian trade relations. Data was partly available in euro (EUR) and partly in Australian dollars (AUD), therefore annual euro exchange rates were calculated based on monthly exchange rates published by the Reserve Bank of Australia (RBA 2009). In order to compare the statistics in one currency, all available data was converted into euro prior to analysis. In this context it is also important to mention, that with regard to trade in goods, *“EU import figures are expected to be significantly higher than Australian export figures since the cost of overseas freight and insurance is included in EU import values but excluded from Australian export values”* (ABS 1998). However, the purpose of the study at hand is not to go into unnecessary detail, but to highlight general trends, which are of vital importance in order to develop a deeper understanding of EU-Australian relations. Consequently, the possible discrepancies between Australian and EU data are negligible, as they are not significant enough to influence the general trends (see section 4.6.3.1).

Nevertheless, general remarks on the balance of payments and on the diversification of trade have to be made prior to the discussion of the economic relationship between the European Union and Australia. The balance of payments can be regarded as the *“most complete measure”* (EC DEL 2008, 2) of an economic relationship between two countries or blocs, as it takes into account trade in goods and services, foreign investment income, as well as transfer payments. Consequently, the European Union has been Australia’s most significant economic partner in terms of the balance of payments since *“at least 1980, when the Australian Bureau of Statistics*

(ABS) first began keeping records of this” (ibid.). In 2007, the European Union accounted for approximately 68.5 billion Euros, the equivalent of 19 per cent of all Australian overseas transactions (ibid.). By comparison, the United States only accounted for 14 per cent of Australia’s overall two-way trade balance in 2007, followed by ASEAN (13 per cent), Japan (11 per cent) and China (10 per cent) (ibid.). It may therefore be argued that the European Union has been Australia’s “*largest economic partner*” (ibid.) for almost 30 years.

Apart from mere volume, the diversification of trade is another distinctive feature of Australia’s economic relationship with the European Union (EC DEL 2008, 3). According to the Delegation of the European Commission in Canberra, “*the diverse nature of Australia’s trade with the EU reflects the maturity of the economic relationship in comparison with most other major partners*” (ibid.). Accordingly, merchandise trade amounted to 54 per cent of Australia’s economic relations with the EU, while trade in services represented 17 per cent and investment made up 27 per cent of total transactions in 2007 (ibid.). From all of Australia’s major economic partners only the United States’ economic relationship with Australia is similarly diversified.

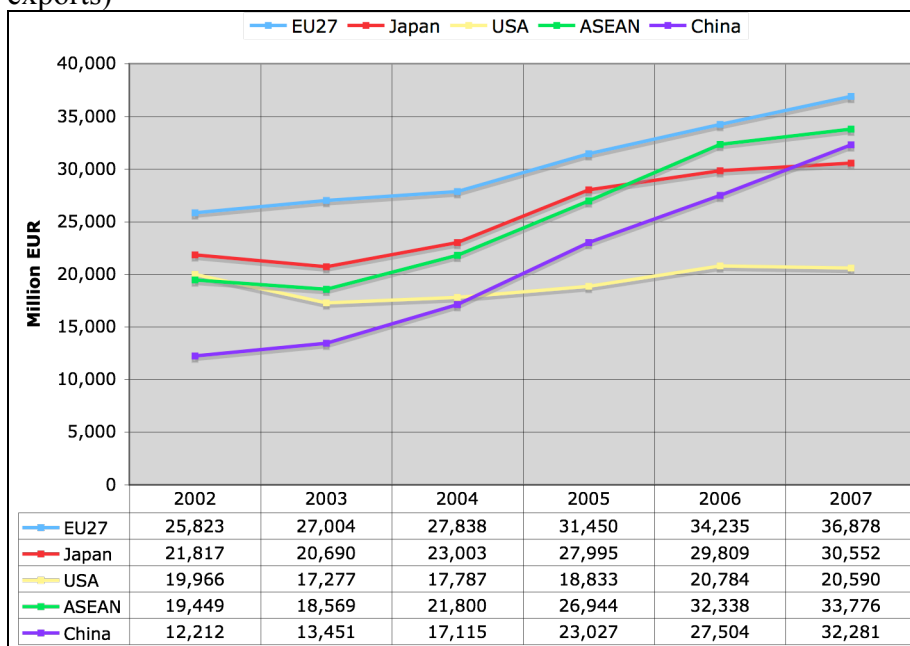
Bearing all these considerations in mind, the following analysis of EU-Australian trade relations will comprise three parts: (1) trade in goods (also referred to as merchandise trade), (2) trade in services, and (3) foreign investment. These three parts (sections 4.6.3.1. to 4.6.3.3.) will be based on an analysis of data provided by the European Commission’s Delegation to Australia (EC DEL 2008, 10 & 13), which will not be additionally quoted hereinafter. Only quotations referring to sources other than to these stated above will be specified.

4.6.3.1. Trade in goods

“*The EU has been Australia’s most important trade partner in terms of total merchandise trade since 1996*” (EC DEL 2008, 3). This development is also illustrated by Figure 8 on page 89 and by Figure 19 on page 153 (in percentage points). In 2007, Australia exported goods worth 11.7 billion Euros (or 11.4 per cent of all exports) to the European Union, making the EU its third largest export market behind Japan (19.5 billion Euros) and China (14.5 billion Euros), but well ahead of ASEAN (11.1 billion Euros) and the USA (6.1 billion Euros). Conversely, the EU had a much more dominant

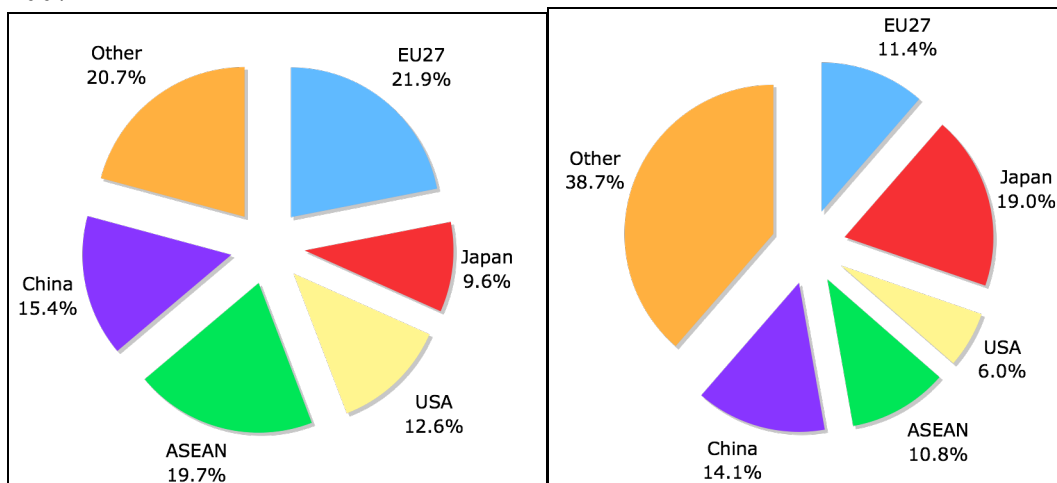
position as Australia's largest source of merchandise imports amounting to 25.2 billion Euros or 21.9 per cent of total imports in 2007 (see Figure 9). In 2007, the EU was the destination for only 11.4 per cent of all Australian merchandise exports. Still its dominance of the Australian import market (21.9 percent) strengthened its position as Australia's most significant two-way merchandise partner. However, this discrepancy between exports to and imports from the EU resulted in Australia's significant merchandise trade deficit of 13.4 billion Euros (see Figure 18 on page 153).

Figure 8: Australia's two-way merchandise trade with major partners (imports + exports)



Source: Own illustration based on data provided by EC DEL 2008, 10

Figure 9: Australia's major merchandise import partners 2007 / major export partners 2007



Source: Own illustration based on data provided by EC DEL 2008, 10

This trade deficit of 13.4 billion Euros in 2007 can be regarded as evidence for a significant asymmetry in EU-Australian economic relations. The asymmetrical relationship also becomes evident in another aspect, while the EU is Australia's most important partner in terms of both merchandise imports (share of 21.9 per cent) and total merchandise trade (share of 16.9 per cent), as well as Australia's third largest export market (share of 11.4 per cent), Australia only ranks 17th on the list of the EU's main trade partners, accounting for only 1.29 per cent of the EU's total merchandise trade in 2007 (EC TRADE 2008, 1-3). Similarly, Australia was only the twelfth largest merchandise export market (1.8 per cent of all EU exports) and only the 27th largest source of imports at 0.8 percent of all imports to the EU (ibid.). Table 4 and Table 5 on page 90 and 91 summarise the main aspects of asymmetry in the EU-Australian economic relationship.

Table 4: EU: Merchandise trade with Australia and the world 2007

	EU: Merchandise trade with Australia and the world 2007; in million EUR
Two-way trade with the world (imports + exports)	2,665,926
Two-way trade with Australia (imports + exports)	34,478
Australia's share of total EU two-way trade (imports + exports)	1.29 %
Rank	17 th
Imports from the world	1,426,008
Imports from Australia	11,769
Australia's share of total EU imports	0.83 %
Rank	27 th
Exports to the world	1,239,919
Exports to Australia	22,709
Australia's share of total EU exports	1.83 %
Rank	12 th

Source: Own illustration based on data provided by EC TRADE 2008, 1-3

Table 5: Australia: Merchandise trade with the EU and the world 2007

	Australia: Merchandise trade with the EU and the world 2007; in million EUR
Two-way trade with the world (imports + exports)	217,781
Two-way trade with the EU (imports + exports)	36,878
EU's share of total Australian two-way trade (imports + exports)	16.93 %
Rank	1 st
Imports from the world	114,847
Imports from the EU	25,152
EU share of total Australian imports	21.90 %
Rank	1 st
Exports to the world	102,934
Exports to the EU	11,726
EU's share of total Australian exports	11.40 %
Rank	3 rd

Source: Own illustration based on data provided by EC DEL 2008, 10

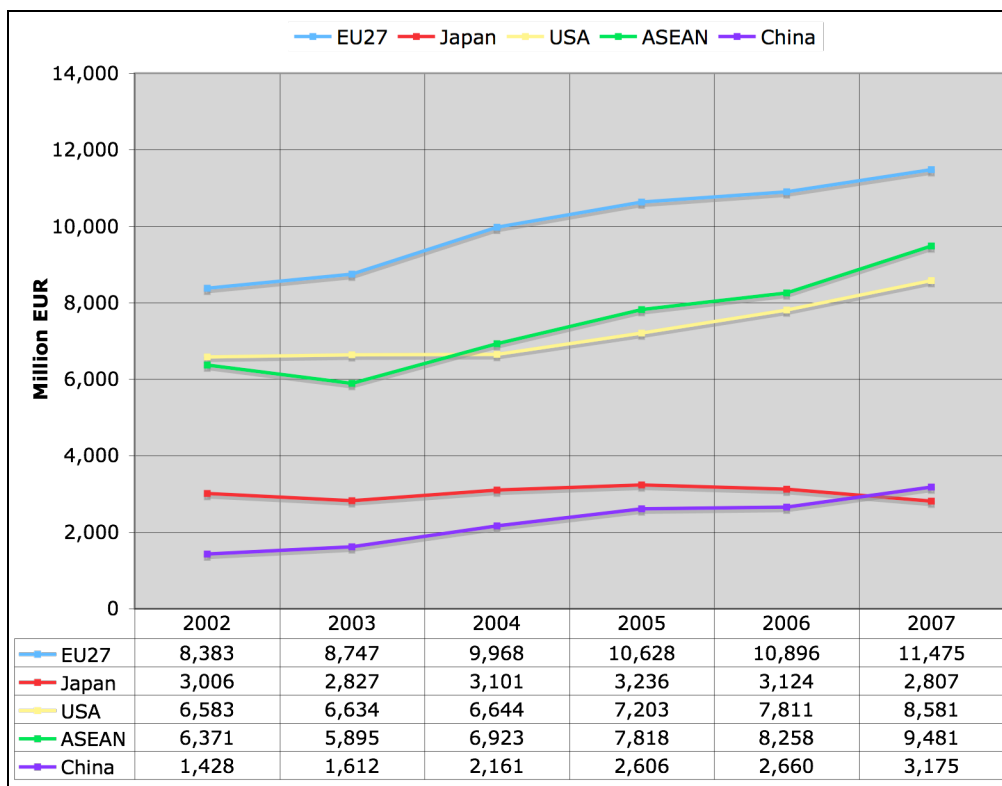
While the most significant features and general trends of merchandise trade relations between the European Union and Australia were outlined above, additional tables and figures can be found in Appendix 3.

However, only concentrating on mere numbers would sell the diverse economic relations between the European Union and Australia short. It is noteworthy that primary products comprise a declining proportion, whereas higher growths could be observed in Elaborately Transformed Manufactures (ETM) (EC DEL 2008, 4). This development also underlines the declining importance of the CAP to EU-Australian relations. Furthermore, *“Germany has surpassed the UK as a source of merchandise imports, and has been the largest source of imports from the EU for the last six years”* (EC DEL 2008, 5), which also supports the hypothesis that there has been a shift in EU-Australian relations, as Australia liberated from a CAP-centered and anglo-centric focus.

4.6.3.1. Trade in services

Australia's two-way trade in services with the EU amounted to 11.5 billion Euros in 2007, a share of approximately 20 per cent of Australia's total trade in services. Moreover, the European Union is Australia's largest partner for two-way services trade, well ahead of ASEAN and the United States, Australia's next largest partners after the EU. However, in 2007, there was a significant gap of almost two billion Euros between the first and the second largest Australian partner as Figure 10 illustrates. Nevertheless these figures seem considerably smaller compared to the 36.9 billion Euros of two-way merchandise trade with the EU. Yet the importance of the services sector should not be underestimated. According to recent estimates approximately 70 per cent of the GDP of the EU and Australia are made up of the services sector (EC DEL 2008, 8). It may therefore be argued that "[a]s global trade in this sector continues to expand, Australia and the EU will no doubt become even more important partners in two-way services trade" (ibid.).

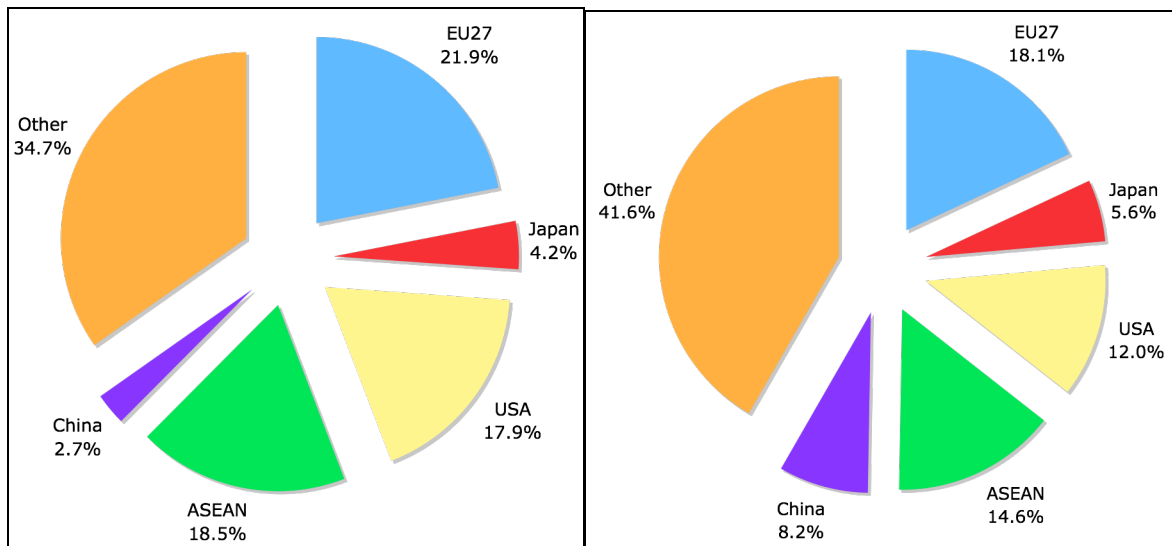
Figure 10: Australia's two-way services trade with major partners (imports + exports)



Source: Own illustration based on data provided by EC DEL 2008, 10

At this stage, the European Union is Australia's most important partner in services trade, accounting for 21.9 per cent (6.1 billion Euros) of total services imports and 18.1 per cent (5.3 billion Euros) of total services exports in 2007. Consequently, as Figure 11 indicates, the EU is both the “*largest market for Australia's services exports [...] and the largest source of services imports*” (EC DEL 2008, 7). However, the asymmetry in the economic relationship can also be observed in terms of trade in services. From a European Union perspective, Australia is the EU's 9th largest destination for services exports and its 11th largest source of services imports (EC DEL 2008, 7).

Figure 11: Australia's major services import partners 2007 / major export partners 2007



Source: Own illustration based on data provided by EC DEL 2008, 10

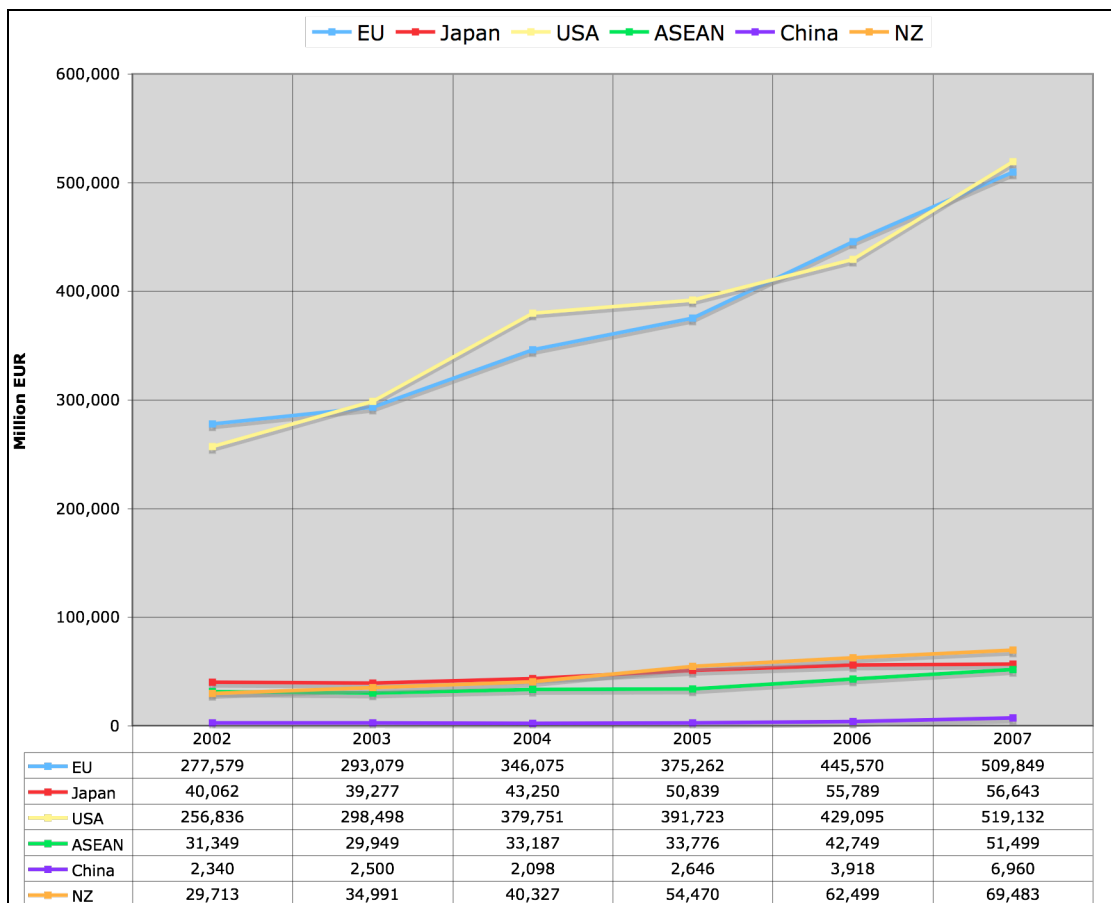
With regard to the composition of EU-Australian services trade, travel services dominate the relationship accounting for 52 per cent of Australia's two-way trade in services in 2007 (EC DEL 2008, 8). In 2007, trade in transportation services represented 24 per cent of Australia's two-way trade with the European Union and is the second most important sector.

While the most significant features and general trends of services trade relations between the European Union and Australia were outlined above, additional tables and figures can be found in Appendix 3.

4.6.3.3. Foreign direct investment

In 2007, the European Union was Australia's second most important two-way investment partner, accounting for 31.5 percent of Australia's total two-way investment worth 509.8 billion Euros. Only the US surpassed the EU by 9.3 billion Euros as Australia's most important two-way investment partner. Figure 12 illustrates the fluctuations in the development of the US and the EU as Australia's most important two-way investment partners. This figure clearly demonstrates the strength and importance of the EU and the US to Australia's stock of investment, while it highlights the lack of Asian presence.

Figure 12: Australia's two-way investment with major partners (inflows + outflows)

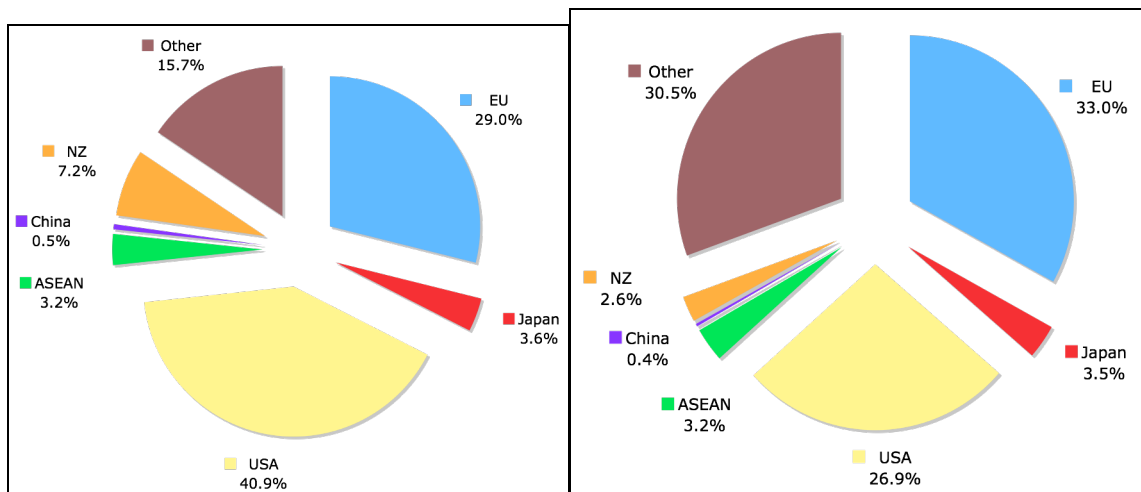


Source: Own illustration based on data provided by EC DEL 2008, 13

The United States' role as Australia's most important two-way investment partner stems from its dominant position with regard to being the most important destination for

Australian investment overseas. In 2007, Australian investment in the United States amounted to 246.6 billion Euros (or 40.9 per cent of total Australian overseas investment) compared to only 175.1 billion Euros invested by Australia in the EU (29 per cent of total overseas investment). Conversely, the European Union is Australia's largest source of investment comprising 33 per cent of total foreign investment in Australia (334.7 billion Euros) in 2007. By comparison, the United States only accounted for 26.9 per cent of foreign investment in Australia in 2007 (272.5 billion Euros). Figure 13 illustrates the stock of foreign investment in terms of inflows and outflows in 2007. Additionally, tables and figures in Appendix 3 outline and visualise complete investment statistics.

Figure 13: Level of foreign investment in Australia by major partners 2007 (inflows) / Level of Australian overseas investment by major partners 2007 (outflows)



Source: Own illustration based on data provided by EC DEL 2008, 13

The importance of European Union investment in Australia also becomes evident in terms of foreign direct investment (FDI) and jobs created. In 2007, the EU remained Australia's largest source of foreign direct investment valued at 83.1 billion Euros or 36 per cent of total FDI stocks, in comparison to the US accounting for 25 per cent or Japan accounting for 7 per cent of total FDI stocks (EC DEL 2008, 8). Moreover, a 2006 survey on EU investment in Australia (carried out by the Delegation of the European Commission and diplomatic missions of EU member states to Australia)

revealed that the approximately 2,300 EU companies in Australia⁵⁷ generated a total estimated turnover of 110 billion Euros (or 12 per cent of total sales in Australia) and directly created an estimated 400,000 jobs in Australia (EC DEL 2008, 9). When taking into account flow-on (multiplier) effects, these 2,300 EU companies can possibly be credited with the creation of an additional 775,000 jobs (ibid.). *“This makes total direct and indirect employment generated by EU investment more than 1.2 [sic!] million jobs, or around 12% of the Australian workforce”* (ibid.).

Once again asymmetrical tendencies can be observed with regard to investment flows. While the EU is Australia’s largest source of foreign direct investment (inflows of 83.1. billion Euros), Australia is the sixth largest *“identified source of foreign direct investment in the EU, with stocks of FDI totalling 17.3 [billion Euros] in 2006”* (ibid.). Consequently, these asymmetries are not as striking as in merchandise or services trade.

4.6.4. Concluding remarks on asymmetry and economic relations

Section 4.6.3. set out to outline and analyse EU-Australian economic relations in terms of merchandise trade, trade in services and foreign investment. The highlights of EU-Australian trade relations are summarised in Figure 14 on page 97. Drawing on this analysis, the following two conclusions can be drawn:

Firstly, bearing in mind the development of political relations between the European Union and Australia, *“[...] it can certainly be argued that the economic relationship has been undervalued by both the EU and Australia”* (Brooking from a publication in 1996 cited in Murray et al. 2002, 405). From an Australian perspective, trade with Asia was promoted in the 1990s due to impressive economic growth in this region. At the same time, trade relations with the European Union received less media, public, and political attention. On the other hand the European Union did not seem to take much notice of its hegemonic status as Australia’s most important and most stable partner in terms of economic relations.

Secondly, asymmetry is often mentioned in the context of EU-Australian economic relations – mostly by Australian commentators. Interestingly, this asymmetry

⁵⁷ According to this survey, 42 percent of the total turnover of EU companies is generated in manufacturing, while the finance and insurance sector accounts for another 17 per cent. Mining and wholesale trade account for just under 10 per cent each, while construction can be credited with another 9 per cent (EC DEL 2008, 9).

often seems to have a negative connotation. Therefore two concluding remarks on asymmetry have to be made: (1) Asymmetry in the economic relationship between the European Union and Australia is a matter of fact. It should be commented on and analysed unemotionally. Asymmetry does not necessarily disadvantage the weaker partner, as can be observed in EU direct investment in Australia. (2) Once asymmetry has been accepted as the “natural environment” of EU-Australian relations (see Table 3 on page 86 and trade statistics in Appendix 3), it is necessary to note that

“Apart from the transatlantic relationship, the EU is always the senior partner in its dialogues and this asymmetry applies not just to Australia but to most countries. This is one reason why many states negotiate with the EU as a bloc, evening out asymmetry somewhat.”

(Murray 2005, 173).

Figure 14: Highlights of EU-Australian economic relations

HIGHLIGHTS OF EU-AUSTRALIA ECONOMIC RELATIONS
<ul style="list-style-type: none"> • The EU has been Australia’s largest economic partner for over 25 years; • The EU is Australia’s largest partner in terms of two-way trade in goods, being its largest source of imports and third largest market for exports; • The EU is the largest market for Australia’s services exports and largest source of its services imports; • The EU is the largest investor in Australia and the second-largest destination for Australian investment overseas; • The EU is the principal destination for Australian exports of alcoholic beverages (mainly wine), nickel ores and lead, and the principal source for Australian imports of medicaments and specialised machinery; • Australia is the EU’s seventeenth largest partner in terms of two-way trade in goods, being its twenty-seventh largest source of imports and twelfth largest export market; • EU companies operating in Australia generate an estimated 1.2 million jobs.

Source: EC DEL 2008, 1

4.7. Current status of research with regard to EU-Australian relations

Asymmetry and inequality can also be observed in terms of academic attention and research on EU-Australian relations. According to Elijah (et al. 2000, p. 1), “*the relationship between Australia and the European Union has received little attention in academic literature,*” which might stem from the fact that Australian foreign policy analysts and commentators have discovered the increasing importance of the European Union “*only recently*” (Murray et al. 2002, 395). Moreover, literature research revealed that even though this topic might have “*received little attention*” (Elijah et al. 2000, p. 1) in Australian academic literature, it has been virtually neglected by scholars in the European Union. According to Murray (2003, 104), “*study from the EU side has been minimal*”. Moreover, these analyses have usually concentrated on the relationship between Australia and the UK, clearly “*for historical and Commonwealth reasons*” (ibid.). Consequently, no considerable research on EU-Australian relations has been undertaken by scholars in the European Union.

Despite the lacking academic discourse, Philomena Murray, Director of the Contemporary Europe Research Centre at the University of Melbourne, published some benchmark research on this topic, investigating the history and nature of EU-Australian relations (Murray 2000, 2002a, 2002b, 2003, 2005; Murray et al. 2002). Although it was undertaken from an Australian perspective, this research is undoubtedly highly valuable. Still, new research on this topic is necessary, as the most recent relevant academic publications date back as far as 2005 (Kenyon & Kunkel 2005; Murray 2005). Consequently, current developments like the change of government in Australia in November 2007 (which might lead to a new period of convergence between the EU and Australia as a consequence of Prime Minister Rudd’s foreign policy), the willingness of both interlocutors to “*upgrade EU-Australia relations through a new Partnership Framework*” (EC RELEX 2008), the promotion of a “*new era of creative engagement between Australia and the EU*” (ibid.), and planned cooperation in international trade, climate change, the Asia-Pacific, and the fight against international security threats (ibid.) all could not be analysed in past publications. Thus, the analysis of these current developments from a European Union perspective will constitute a crucial part of this thesis and shall be undertaken in the following chapters.

5. METHODOLOGY

5.1. Research objectives and rationale

The main objective of this study is to provide an analysis of EU-Australia relations from a European Union perspective with a particular emphasis on developments and potential changes after the election of Prime Minister Rudd on 24 November 2007.

As outlined in section 4.7., the relationship between the European Union and Australia has “*received little attention*” (Elijah et al. 2000, p. 1) in Australian academic literature apart from Philomena Murray’s studies (Murray 2000, 2002a, 2002b, 2003, 2005; Murray et al. 2002). The lack of European scholarly publications on this topic and the fact that the last relevant Australian publications date back as far as 2005 (Kenyon & Kunkel 2005; Murray 2005) both provide the basis for the study at hand.

Therefore, bearing in mind the nature of the relationship and the moderate levels of academic attention, this study aims at exploring the relationship between the EU and Australia from a *European Union perspective*. Consequently, the following current developments shall be taken into consideration: (1) the change of government in Australia in November 2007, which might lead to a new period of convergence between the EU and Australia as a consequence of Prime Minister Rudd’s foreign policy, (2) the willingness of both interlocutors to “*upgrade EU-Australia relations through a new Partnership Framework*” (EC RELEX 2008), (3) the promotion of a “*new era of creative engagement between Australia and the EU*” (ibid.), and (4) planned cooperation in international trade, climate change, the Asia-Pacific and the fight against international security threats (ibid.).

Thus, taking into account the change of government in Australia in November 2007, the main research objectives are

- (1) to analyse the past, current, and potential future nature and state of EU-Australia relations from a European Union perspective with particular focus on changes introduced by the incumbent Rudd administration,
- (2) to identify points of interest with regard to cooperation and conflict in the relationship between the European Union and Australia,

- (3) to assess the probability of a future convergence between the European Union and Australia with particular emphasis placed on areas of future importance, areas of future cooperation and potential synergies in spite of the asymmetrical nature of the relationship.

5.2. Research instrument

Bearing in mind the research questions to be answered in the present study, semi-structured interviews (Mason 2004) with predominantly European experts on EU-Australia relations were found to be the most suitable research instrument. The choice of this particular qualitative approach was influenced by two factors: (1) the limited amount of available information due to the small number of relevant publications and (2) the idea of a new EU-Australia Partnership Framework, which in the preparatory phase of the study at hand (May - July 2008) only existed as a plan and was in the process of being developed “*by bureaucrats from both sides*” (O’Malley 2008). Consequently, obtaining first-hand information from experts directly involved in this process was inestimably valuable.

Semi-structured interviews are based on an interview guide, which comprises themes, topics or questions to be covered during an interview, rather than “*a sequenced script of standardized questions*” (Mason 2004, 1020). This “*relatively open, flexible, and interactive approach*” (ibid.) also enables respondents to talk about “*events and experiences that are important from [their] point of view, that are relevant to the research but have not been anticipated*” (ibid.) by the interviewer. Therefore, this specific approach seems particularly suitable for the present study, given the interviews are intended to constitute the source of previously unavailable information. Therefore, qualitative interviews in general and semi-structured interviews in this context can be referred to as “*a construction site of knowledge*” (Kvale 1996, 2).

5.3. Sample size and sample characteristics

As for the sample size, six interviews with experts on EU-Australia relations were conducted in the course of this study. Initially, a total of six interviews was planned, five interviews with European experts working for European Union institutions and one

interview with an Australian expert based at the Australian Mission to the European Communities in Brussels. This initial choice of interviewees corresponds with Gläser & Laudel's (2004, 9) definition of the term "expert":

"Experts belong to a functional elite with specific, well-grounded expertise. The obvious interpretation of the term 'expert interview' is therefore an interview with members of these elites, who have access to special information due to their position."

(Gläser & Laudel 2004, 9; translated from German by the author⁵⁸)

Moreover, the need to maximise previously unavailable information is mirrored by the choice of semi-structured interviews with experts and is in line with Behnke's (et al. 2006, 238) line of reasoning:

"Expert interviews shall be regarded as a source of information; not the experts' general knowledge per se is tested, rather their expertise on specific issues is drawn on."

(Behnke et al. 2006, 238; translated from German by the author⁵⁹)

At the outset, an extensive search for experts who could possibly be contacted for interviews was carried out beginning in June 2008, prior to the summer break in EU institutions in July and August. From the very beginning it was known that most of these experts were located in Brussels. EU institutions are comparatively transparent in terms of the amount of information published online, therefore, the search for experts was carried out on the Internet. While organisational charts and full staff directories are available for most EU institutions, it is difficult to locate the proper individuals, because the European Union's web appearance is not particularly user-friendly due to its

⁵⁸ Original German quotation: „Experten [...] sind Angehörige einer Funktionselite, die über besonderes Wissen verfügen. Die nahe liegende Interpretations des Begriffs ‚Experteninterview‘ wäre deshalb die des Interviews mit Angehörigen solcher Eliten, die aufgrund ihrer Position über besondere Informationen verfügen“ (Gläser & Laudel 2004, 9).

⁵⁹ Original German quotation: „Experteninterviews sind als Informationsquellen zu betrachten, nicht das Wissen der Experten an sich wird erhoben, sondern das Wissen der Experten über einen bestimmten Sachverhalt“ (Behnke et al. 2006, 238).

complexity. As it takes some time to become acquainted with the Internet portal of the European Union⁶⁰, the Representation of the European Commission in Vienna was contacted with the request for assistance with regard to finding experts on the European Union's external relations with Australia. The Representation immediately provided potential contacts in the European Parliament and the European Commission. This prompt support definitely stems from the fact that liaising with and providing support and information for the general public is one of the main tasks of the respective European Commission Representations in the member states.

The next step was to contact the Australian Mission to the European Communities in Brussels. As the embassy's website does not comprise a detailed staff directory, it took a while to identify the adequate expert for the purpose of the study at hand. However, the embassy's willingness to help should find special mention here: Not only did a staff member agree to an interview, also an extensive contact list with potential experts outside the embassy (including European Union staff as well as former Australian officials currently working for other institutions in Brussels) was provided.

Subsequently, the potential respondents (found in the online staff directory of the European Commission and the European Parliament, as well as those recommended by the Representation of the European Commission in Vienna and the Australian Mission to the European Communities in Brussels) were contacted by telephone. This said, it should be noted that the Australian Embassy in Brussels and the Representation of the European Commission in Austria were also contacted by telephone, as experiences gained in past research projects have shown that this is the most effective method of contacting experts and senior officials.

Finally, six appointments for interviews with experts could be made, two with European Commission staff, two with Members of the European Parliament (MEPs), and two with Australian experts, one former and one present official currently working in Brussels. As absolute privacy was guaranteed to all respondents, the interviewees and interviews will remain anonymous. Hereinafter, respondents working for the European Commission will be referred to as European Commission experts or European Commission officials, Members of the European Parliament will be referred to as MEPs and the former and present Australian officials will be referred to as Australian experts or Australian officials. Moreover, a code was assigned to each group of respondents.

⁶⁰ Europa Internet portal, <<http://europa.eu>>.

European Commission experts were coded EC1 and EC2, Members of the European Parliament MEP1 and MEP2, and Australian experts AUS1 and AUS2. Table 6 summarises the codes assigned to each expert and outlines the location, where the interview was conducted.

Table 6: Codification of respondents

Code	Position	Location for conduction of interview
EC1	European Commission official	Brussels (BE)
EC2	European Commission official	Telephone
MEP1	Member of the European Parliament	Brussels (BE)
MEP2	Member of the European Parliament	Graz (AT)
AUS1	Australian official	Brussels (BE)
AUS2	Australian official (formerly)	Brussels (BE)

Source: Own illustration

Surprisingly, the response rate was high (75%), given the sample consisted of high officials. Therefore, possible reasons for this outcome shall be addressed. Firstly, careful research was undertaken with regard to the selection of adequate experts (with the help of the Internet, the Representation of the European Commission in Austria and the Australian embassy in Brussels). Secondly, all respondents and officials were contacted by telephone and often multiple times. In some cases it was possible to dispel initial concerns after the purpose and scope of the research project was explained in detail. Thirdly, Brussels' businesses resume their normal pace in September. Therefore, all potential respondents were contacted approximately two months in advance in order to schedule appointments for the last week of August and not conflict with normal business. Fourthly and most importantly, most respondents were happy to cooperate, resulting in a favourable atmosphere during most interviews.

5.4. Method of data collection

After the appointments with experts were arranged, an interview guide was developed based on the topics covered in the previous chapters. In order to address all research questions outlined in section 5.1., the interview guide was tailored to the

respondent's area of expertise. Consequently, a set of general questions (e.g. on the nature, state and future of EU-Australia relations) was included in every interview guide. Additionally, every interview guide comprised specific questions covering the respondent's area of expertise (e.g. trade, security issues). All interview guides can be found in Appendix 4.

Eventually, six personal interviews were conducted. Five were conducted in person and one via telephone. Four out of the five in-person interviews were carried out in Brussels during the last week of August 2008 and one in Graz in September 2008. Four interviews were conducted in English, as it is the official working language in EU institutions and because two of the respondents were native speakers. Two interviews were conducted in German, as this created a more "natural" conversation, given the interviewer and the two respondents are German native speakers. Moreover, conducting the interviews in the respective native or working language was intended to enable the respondents to be more precise in their responses and formulations. The interviews lasted between 35 and 75 minutes, however the average length was approximately 55 minutes. All interviews were recorded upon approval by the interviewees and absolute privacy was guaranteed.

5.5. Method of data analysis

With regard to data analysis, a strategy described by Miles & Huberman (1994, 10) was followed. According to Miles & Huberman (ibid.) data analysis consists of three steps: data reduction, data display, and conclusion drawing.

In the first step of data analysis, all recorded interviews were transcribed. As King (from a publication in 1994 cited in Gläser & Laudel 2004, 188) noted, "*difficult and timeconsuming though transcription is, there really is no satisfactory alternative to recording and fully transcribing qualitative research interviews*". In line with Gläser & Laudel's (2004, 188) suggestions, interviews were transcribed in standard orthography excluding non-verbal expressions, apart from the rare cases where these expressions influenced the meaning of the statement.

Next, a qualitative content analysis suggested by Gläser & Laudel (2004, 191-196) was performed. This is also in line with Miles & Huberman's (1994) step of data reduction, which refers to "*the process of selecting, focussing, simplifying, abstracting,*

and transforming the data that appear in written-up field notes or transcriptions” (Miles & Huberman 1994, 10). Gläser & Laudel (2004) modified a method developed by Mayring (2000, 1), *“an approach of systematic, rule guided qualitative text analysis, which tries to preserve some methodological strengths of quantitative content analysis and widen them to a concept of qualitative procedure”*. Accordingly, the texts (transcripts) are regarded as *“material containing data”* (Gläser & Laudel 2004, 193; translated from German by the author⁶¹). The core of qualitative content analysis is the extraction of data found in the texts, i.e. *“reading the text and deciding, which information is relevant for the study”* (Gläser & Laudel 2004, 194; translated from German by the author⁶²). Previously defined categories (based on theoretical considerations and the research question to be answered) are used as a “search grid” during this extraction process (ibid.). However, in contrast to Mayring’s method, these categories can be adapted during extraction and new categories can emerge *“if relevant information, which does not fit into the system of categories, is found in the text”* (Gläser & Laudel 2004, 195; translated from German by the author⁶³). Consequently, this approach takes into consideration both ex-ante defined categories, as well as ex-post developed categories, which are tailored to the actual information provided in the interviews.

Consistent with Miles & Huberman’s (1994, 10) sequence of steps, displays were produced. After the extracted data has been assigned to the respective categories, it was checked for redundancies and contradictions. In order to summarise the extracted data and make the analysis easier, within-case displays as suggested by Miles & Huberman (1994, 128) were produced, specifically because this format *“includes all respondents and all responses to the [...] research questions”*. Finally, following within-case analysis, cross-case displays (Appendix 5, Appendix 6, Appendix 7) were created out in order to *“be more conceptual, seeing main trends”* (Miles & Huberman 1994, 184), i.e. differences and similarities across the cases.

The last step of data analysis in Miles & Huberman’s (1994) model is conclusion drawing. After the presentation and discussion of the main findings in chapters 6 and 7,

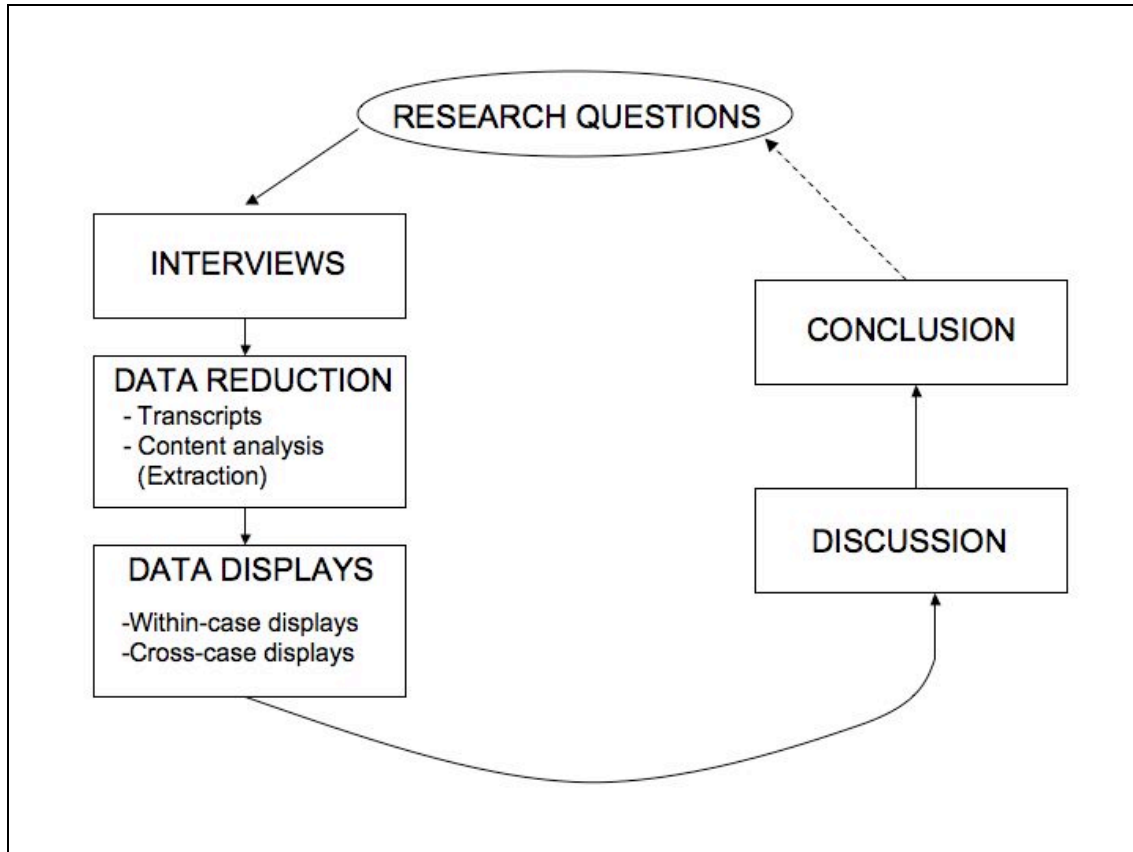
⁶¹ Original German quotation: “[...] *Material, in dem die Daten enthalten sind*” (Gläser & Laudel 2004, 193).

⁶² Original German quotation: *“Extraktion heißt den Text zu lesen und zu entscheiden, welche der in ihm enthaltenen Informationen für die Untersuchung relevant sind”* (Gläser & Laudel 2004, 194).

⁶³ Original German quotation: *“[...], wenn im Text Informationen auftauchen, die relevant sind, aber nicht in das Kategoriensystem passen”* (ibid.).

the conclusions drawn will be presented in chapter 8. Moreover, a summary of the analytical procedure applied to this study is displayed in Figure 15.

Figure 15: Analytical procedure



Source: Own illustration

6. FINDINGS

This chapter provides a comprehensive summary of the conducted qualitative interviews with experts on EU-Australia relations, thereby paving the way for the interpretation of these results in chapter 7. The following presentation of findings is based on cross-case displays as proposed by Miles & Huberman (1994, 184). These tables can be found in Appendix 5, Appendix 6 and Appendix 7.

Firstly, the nature and state of EU-Australia relations will be characterised. Secondly, points of interests, i.e. areas of cooperation as well as conflict will be outlined. Thirdly, the future of EU-Australia relations will be anticipated. Finally, other issues of importance brought up by the respondents will be discussed.

6.1. Nature and state of EU-Australia relations

6.1.1. Present nature and state of EU-Australia relations

In general, the current relationship between the European Union and Australia was described as good or very good. Five out of six respondents (AUS1, EC1, EC2, MEP1, MEP2) highlighted the relationship in a particularly positive way. While interviewee EC1 labelled EU-Australia relations as “*fantastic, very good, very promising*” in the light of the “*landmark change after the elections in November [2007]*“, respondent MEP2 emphasised the “*relatively close relations*”. Similarly, interviewee AUS1 mentioned “*a major upgrade in relations*” after the meeting of European Commission President Barroso and Australian Prime Minister Rudd.

Only one interviewee (AUS2) stressed that at the time he was an Australian senior official (1998-2001), the EU was not high on the agenda, as there were more immediate security concerns in the wider region after 9/11, e.g. in Indonesia. Moreover, both respondent EC1 and AUS1 declared the finalisation of the Partnership Framework agreement as both an overarching priority and a major upgrade of EU-Australia relations.

6.1.2. Partnership Framework⁶⁴

In the opinion of interviewee AUS1, the Joint Statement by European Commission President Jose Barroso and Australian Prime Minister Kevin Rudd (EC RELEX 2008), in which the Partnership Framework was introduced, “*is the new diplomatic script*”. According to respondent EC1, the motivation for the adoption of a new Partnership Framework covering “*the entire scope of relations*” (EC1) was to provide a backbone for EU-Australia relations and to create a new, more modern, more flexible, more up-to-date, more practical and more result-oriented document, which would allow the taking of the stock of relations at any time. Therefore, due to the result-oriented nature of the document and the inclusion of “action plans”, Australian officials hope this document “*will add momentum towards things actually being done*” (AUS1). As the Partnership Framework is only “*a political declaration*” (EC1) (which is not legally binding) the adoption process is much faster than for other official agreements, therefore allowing for the official adoption at the EU-Australia Ministerial Troika Consultations in Paris, 29 October 2008 (EC1).

With regard to the effects of the Partnership Framework on the general relationship between the European Union and Australia, the positive outcomes are twofold. Firstly, close cooperation and frequent working meetings and videoconferences of European Commission and Australian officials in the preparatory phase led to a reinforcement of EU-Australia relations (EC1). Secondly, the EU-Australian Partnership Framework is important in a global context, as these Partnership Frameworks are intended to set an example to other countries (MEP2).

6.1.3. Changes after Prime Minister Rudd came to power

All respondents mentioned changes in the relationship between the European Union and Australia after Prime Minister Rudd’s inauguration. Interviewee EC1 even referred to the recent developments as “*landmark change*”. The importance Prime Minister Rudd attaches to climate change, environmental issues, and the ratification of the Kyoto protocol were given credit for a major diplomatic thaw (AUS1, EC1, EC2,

⁶⁴ At the time the interviews were conducted (August and September 2008), the Partnership Framework, a new political declaration on EU-Australia relations to supersede the 2003 Agenda for Cooperation, was being negotiated. Therefore, gaining information at first hand was one of the main objectives of the interviews.

MEP1, MEP2). In this context both interviewee EC2 and MEP1 stressed that Australia's new stance on climate change and the Kyoto protocol positively changed the way Australia was perceived in the European Union. With regard to the public perception of Australia in the EU, respondent AUS1 explained that Prime Minister Rudd's national apology to the Aboriginal community quite unexpectedly generated a positive response in the EU.

Secondly, the importance Prime Minister Rudd attaches to multilateralism in general and EU-Australia relations in particular as well as the significant increase of Australian high-level visits to Brussels undoubtedly improved the relationship (AUS1, AUS2, EC1, EC2). Conversely, respondent AUS2 remarked that the increase of high-level visits to Brussels might just be "*the initial flurry of visits after a change of government*" and it was too early to judge the importance of these visits to the overall relationship, as in terms of Australian priorities the EU would always rank behind the United States and Asia.

Thirdly and more interestingly, EU-Australia relations under former Prime Minister Howard were also described as good, however, there used to be "*bad chemistry between individuals*" (EC1), i.e. between Prime Minister Howard and the European Commission (AUS1). Interviewee MEP2 also mentioned these personal relations in the context of centre-right developments in the European Union.

Fourthly, EU-Australia relations have improved due to the European Union's Common Agricultural Policy (CAP) losing some of its conflict potential (EC1, EC2, MEP2). This might stem from more mutual respect for respective positions (EC2) and less agricultural overproduction on world markets (MEP2). Consequently, the EU lost its scapegoat status in the WTO. According to respondents EC1 and EC2, the EU and its CAP were not blamed for the failure of WTO talks for the first time:

"Four, five years ago, whenever there was an APEC summit, headlines in the newspapers would be EU-bashing. Everything that went wrong in the world was because of the Common Agricultural Policy. [...] More recently, Australia does not blame the failure of the Doha Round to the EU. Australia kind of sides with the EU blaming the US, which is very novel." (EC1)

Finally, Prime Minister Rudd is closer to the EU stance with regard to climate change (MEP1, MEP2) and Australia's involvement in Iraq (AUS1, AUS2, MEP2) than his predecessor Howard, who tended to be much closer to the US in regards to the occasional dissatisfaction of the EU.

6.1.4. Trade

Not surprisingly, the trade relationship between the European Union and Australia is of an asymmetrical nature, as outlined in section 6.1.5., implying that in terms of trade the EU is more important to Australia than vice versa (EC1). The overall trade relationship between the European Union and Australia can be divided into four sub-groups. There is a particularly good relationship in terms of business, a good relationship in multilateral fora, a bit more complicated relations with regard to trade negotiations (even though they have become easier recently) and some frictions in bilateral policy (EC2). Furthermore, the EU and Australia are “*grown-up, developed countries*” (EC2), adding value to the relationship in terms of trade in goods and trade in services, which experienced strong average growth of approximately ten per cent a year over the last decade (EC2).

Interestingly, the “*excellent relationship*” (AUS1), between European Trade Commissioner Peter Mandelson⁶⁵ and Australian Trade Minister Simon Crean was particularly highlighted by three respondents (AUS1, EC1, EC2). Informal talks between these two players take place approximately once a week, resulting in a “*very good and trustful relationship*” (EC2).

6.1.5. Asymmetry

With regard to the asymmetry of the relationship between the European Union and Australia, all respondents acknowledged significant differences with regard to size (MEP1, MEP2, AUS1), trade and trade balance (AUS1, AUS2, EC1, EC2), reciprocal untying of aid (EC1), accessibility (AUS1) and distance (MEP2). Consequently, the EU is a key market and economic partner for Australia, while Australia is not the main trade

⁶⁵ In his capacity as Trade Commissioner Peter Mandelson was superseded by Catherine Ashton in October 2008, as he assumed office as Secretary of State for Business, Enterprise and Regulatory Reform in the UK on 3 October 2008.

partner for the EU (AUS1, AUS2, EC1, EC2). Moreover, reciprocal untying of aid (EC1) would give Australian firms and individuals' access to the EU aid procurement market, which is substantially larger than Australia's aid procurement market, given the EU is the world's largest single donor of development aid. Finally, there is a discrepancy with regard to the accessibility of senior officials (AUS1). It is reportedly easier for the EU to approach Australian Ministers and senior officials than it is for Australians to approach EU Commissioners.

In general, however, Australia is not as important to the EU as the EU is to Australia (EC1). According to respondent AUS1, *"Australia is not close to the top of the most important countries the EU deals with"*, as Australia has a similar position and *"does not cause trouble"* (AUS1). Consequently, as Australia is not an unstable area, and *"sees eye to eye"* (AUS1) on most issues of importance, *"there's not so much that's required"* (AUS1), which the Australian side *"understands"* (AUS1). Moreover, Australia is aware of the EU's priorities with regard to external relations (AUS1): neighbouring states are the highest priority, followed by the main powers (US, China, Japan, Russia) and former colonial (ACP) countries. Consequently, given the stable nature of the relationship between *"friendly partners"* (EC1), the asymmetry of importance is not surprising.

Despite the asymmetrical nature of EU-Australia relations, Australia tries to make its voice heard in Brussels by engaging in policy areas of common interest, showing high levels of expertise in areas the EU is not as well versed in (e.g. Asia, China, the Pacific) and by trying to have *"as much high-level contacts as possible"* (AUS1).

Notwithstanding the undeniable inequality in size, trade and accessibility, respondent MEP1 strongly stressed that asymmetry does not imply one partner is necessarily disadvantaged at the expense of the second partner. Rather both partners *can* benefit.

6.2. Issues of mutual importance in EU-Australia relations

6.2.1. Areas of cooperation

With regard to cooperation climate change was frequently mentioned in the interviews. According to respondent EC1, *"this used to be an area of confrontation,*

now this is an area of great promise”, which is a stance also supported by interviewee AUS1. Moreover, the role of Australia in the context of energy security was brought up by respondent EC1: the EU currently relies on energy resources (mainly oil) imported from instable countries or through instable regions. Australia is the world’s third largest uranium producer accounting for 19.2 per cent of global uranium production in 2007 (WNA 2009), which is of vital importance to nuclear power plants. Furthermore, Australia has the largest known recoverable resources of uranium, amounting to 23 per cent of the world total (ibid.) Apart from the unresolved problem of nuclear waste, nuclear power is a comparatively clean type of energy. Consequently Australia’s role as a major uranium supplier should not be underestimated in the context of energy security. While respondent EC1 mentioned Australia’s role as major uranium supplier in the context of cooperation, interviewee MEP1 assigned this issue to the areas of conflict. However, respondent MEP1 noted that Australia could draw on European expertise with regard to solar power if it was willing to do so.

Secondly, cooperation in multilateral fora, in general and the WTO, in particular was highlighted by two respondents (AUS1, EC2). With regard to cooperation in the UN, interviewee AUS1 pointed out that Australia’s stronger commitment to multilateralism and the United Nations under incumbent Prime Minister Rudd is perceived very favourably in the European Union, as this is in line with its core values. According to respondent EC2 the EU and Australia have the same priorities in the WTO with regard to rules, services and open markets of emerging countries.

Thirdly, development aid and security in the Asia-Pacific were included in the list of areas of cooperation (AUS2, EC1). However, interviewee AUS2 differentiated that point stressing that Africa is the EU’s main development priority, while Australia has no particular interests in Africa beyond Zimbabwe. Uniting forces with regard to the promotion of human rights and democracy was mentioned (AUS1, MEP2).

Fourthly, respondents AUS1 and AUS2 highlighted cooperation in counter-terrorism activities. Interviewee AUS2 stressed that cooperation on security issues takes place with member states, rather than the EU as a whole, because the EU clearly does not have sufficient security or intelligence capacities.

Finally, Prime Minister Rudd’s expertise on China (EC1) and cooperation with regard to international criminal law (MEP2) were also mentioned during the interviews.

6.2.2. Areas of conflict

Generally speaking there are no major differences, only frictions or tensions, as noted by the four respondents (AUS1, EC1, EC2, MEP2). However, the scope of these frictions is not comparable to the former conflict over the EU's Common Agricultural Policy (EC1, EC2, MEP2), as there is more mutual understanding and acknowledgement of CAP reforms in Australia (AUS1) and the “*very hard and harsh opinions about [the EU's] Common Agricultural Policy*” (EC1) have mellowed over the years. As respondent EC1 explained,

“You can't compare it, because agriculture was something much more blatant, you always dragged it with you. Now you have things that pop up [...]. But I'm sure we'll straighten it out. It's an irritant, not a friction.”

Both European Union and Australian officials (AUS1, EC1, EC2) mentioned geographical indications (GIs) as a source of friction. While the European Union urges the establishment of a worldwide register for geographical indications (EC1), Australia is opposed to extending geographical indications to recipes, e.g. Parma ham (AUS1), even though Australia “*has given up on wines*” (AUS1).

Moreover, the European Union is not satisfied with Australian bio-security and quarantine measures, including sanitary and phytosanitary rules (EC1, EC2). Consumer security and material recognition for goods was named as an area causing tension (EC2).

Conversely, Australian experts mentioned not knowing early enough about EU regulation attempts as a source of frictions (AUS1). Accordingly, the plans of the European Commission to regulate the level (ppm) of nickel in products caused tensions with Canberra, as six billion Australian dollars are at stake for Australian businesses (EC1). According to respondent AUS1 “*we are not concerned as much about EU protectionism, but about EU projectionism*” with regard to the EU projecting and imposing its standards on “*everybody*” (AUS1).

Respondent AUS1 and MEP2 also noted, that Australia's commitment to the US used to be a source of tension, especially with regard to the question concerning who

should play the role of a “*global policeman*” (MEP2).

In general, however, both sides seem optimistic about resolving whatever “*irritants*” (EC1) may occur, despite the frictions mentioned above. As interviewee EC1 noted, “*We are friendly partners. We talk.*”

6.3. Future of EU-Australia relations

6.3.1. General remarks

Overall, the future of the relationship between the European Union and Australia was described in a very positive way. According to respondent EC1 the future of EU-Australia relations is “*very rosy, very positive*”, which corresponds with interviewee AUS1’s line of reasoning, who anticipates a “*bright future*”.

Moreover, there are no foreseeable dramatic changes in the relationship (EC1). Rather, “*more of the same*” (AUS1) can be expected (MEP2). The reasons for this are twofold: On one hand, the EU and Australia are confronted by the same challenges like climate change, terrorism (EC1) or globalisation (MEP2). On the other hand, relations are already at the “*optimal level*” (AUS1). Consequently, the EU will probably remain Australia’s key market, key partner, and key global player (AUS1). This is also in line with respondent AUS2’s statement, who expects EU-Australia relations to “*continue on a very stable path*”, as there is no particular drive that would change the nature of the relationship.

Even though relations have always been quite good, the EU is “*very happy*” (EC1) with the current nature of the relationship. However, the relationship between the European Union and Australia will probably be less dynamic than with other regions like China or Indonesia (AUS2), as other partners might be less stable or require more attention (AUS2).

6.3.2. Areas of future importance and cooperation

Three out of the six respondents (EC1, MEP1, MEP2) mentioned the importance of environmental and climate change related issues for the future cooperation between the European Union and Australia. Moreover, renewable energy (EC1, MEP2), trade (AUS2, MEP2), cooperation in multilateral fora, and the UN (AUS2) and development

aid (MEP2) are believed to be important areas for cooperation and for the future relationship between the EU and Australia. Finally, respondent EC2 argued that the EU and Australia should work together on new trade initiatives, like investment, raw material, or a new WTO round.

6.4. Other issues of importance

Another interesting issue raised by the Australian experts (AUS1, AUS2) was the balance between the European Union and its member states with regard to Australian foreign policy priorities. Australian foreign policy makers always have to decide whether the European Union or its member states are the adequate contact in Europe for a particular policy issue. Moreover, many strategies require a Europe-wide approach, as Brussels has “*a monopoly on coordination*” (AUS1).

In contrast to all other respondents’ statements, interviewee AUS2 stressed that “*Australia’s engagement with Europe is primarily with member states [...] and much more focused on NATO than on the EU*”, given Australia’s biggest appointment overseas is in Afghanistan. Moreover, respondent AUS2 also argued that the EU as a whole is addressed with regard to trade, while security issues are primarily discussed with member states.

7. DISCUSSION OF RESEARCH FINDINGS

This chapter provides a discussion of the results presented above, whereby each of the research objectives is addressed. Firstly, the nature and state of the relationship between the European Union and Australia will be discussed from both a European Union and an Australian perspective. Secondly, issues of mutual importance with regard to cooperation and conflict will be addressed. Finally, the probability of a future convergence between the European Union and Australia will be analysed in the light of future areas of cooperation and potential synergies.

7.1. Nature and state of EU-Australia relations

7.1.1. Present nature and state of EU-Australia relations

In general, the current relationship between the European Union and Australia was described in a remarkably positive way both by European Union and Australian experts. While the favourable opinion was not surprising, the strength of words describing the relationship, e.g. “*fantastic*” (EC1), “*very promising*” (EC1) or “*relatively close*” (MEP2), was quite unexpected in this context.

Only one respondent (AUS2) explained that at the time he was a senior Australian official (1998-2001) the EU was not high on the agenda due to more immediate security risks in the region and in light of the 2000 Sydney Olympics. This opinion clearly contradicts with the stance taken up by the other interviewees. Possible reasons thereof shall be addressed.

Firstly, respondent AUS2 left the Australian public sector in 2001. Therefore, interviewee AUS2 is neither particularly acquainted with the developments of EU-Australia relations in the past seven to eight years nor with the most recent changes following Prime Minister Rudd’s inauguration, as he repeatedly stated. Secondly, security was respondent AUS2’s area of expertise, which explains his tendency to analyse problems and answer questions through a “security lens”. Consequently, he sometimes denied the importance of the EU, as it clearly has limited security or counter-terrorism responsibilities, while placing emphasis on the member states and NATO. Therefore, respondent AUS2’s statements make a differentiated view necessary, always bearing in mind the time he has been out of office and his clear security-focus.

This shall however not imply that interviewee AUS2's views were not highly valuable for the study at hand; it shall only underline the necessity to put some of his statements in perspective.

7.1.2. Changes after Prime Minister Rudd came to power

The interviews provided strong evidence for an improvement of EU-Australia relations after Prime Minister Rudd's inauguration in 2007. Continuing convergence with regard to agricultural trade issues, the adoption of Australian positions closer to the EU stance on important issues, Prime Minister Rudd's commitment to multilateralism, the importance Prime Minister Rudd attaches to the EU, and closer ties on a personal level were described as the most important changes.

However positive the changes brought about by the Rudd Government may be, it is important to note that the relationship between the European Union and Australia was also good before Prime Minister Rudd came to power (EC1), particularly in terms of trade. As already mentioned in section 4.6.3., the European Union has been Australia's most important and largest economic partner for more than 25 years (EC DEL 2008, 1). Nevertheless, political and diplomatic relations had not developed "*as fast as accepted*" (AUS1) under Prime Minister Howard, mostly as a result of two aspects. Firstly, respondent EC1 and AUS1 placed emphasis on "*bad chemistry between individuals*" (EC1), more precisely between the Prime Minister and the European Commission. As interviewee EC1 noted,

"We don't have fights about specific things, there was just a little bit of bad chemistry between individuals before the last elections. Actually, the bad chemistry might still be there, but the individuals are not there anymore."

The fact that both an Australian official and a European Union official stressed conflicts "*at the level of personalities*" (AUS1) strongly supports the line of reasoning in section 4.4.2. regarding PM Howard's complicated relationship with the European

Commission and the “*burden of memory*”⁶⁶ (Murray 2005, 5), therefore affecting the overall relationship.

Secondly, Prime Minister Howard’s unwillingness to ratify the Kyoto Protocol, as well as the proximity of his opinion on climate change and environmental issues to the US position “*tended to close doors in Brussels*” (AUS1). Respondent EC1 mentioned that the EU’s aspirations to talk about climate change were “*not received very well in the Southern hemisphere*” at that time. These statements clearly support the line of argument in section 4.4.3., indicating that the conflict over climate change could only be overcome if both interlocutors either drastically changed their opinions or if the political leaders (Prime Minister, Commission President, other important EU Heads of State) were replaced. It is therefore not surprising that the change of Government and the swift ratification of the Kyoto Protocol by the Rudd Government “*received a lot of kudos in Brussels*” (AUS1), hence leading to “*a stepping-up of the pace of interaction*” (AUS1).

Consequently, there was “*a landmark change after the elections in November [2007]*” (EC1), as evidenced by cooperation on issues of global importance, frequent meetings and Australian high-level visits to Brussels, good working relations between individuals and ambitious plans particularly promoted by the Australian side, which shall be explained in further detail.

As far as the improvement of political relations is concerned, Australia’s ratification of the Kyoto Protocol as the first official act of the new Australian Rudd Government was the starting point for a major diplomatic thaw between the continents and for cooperation on issues of global importance. Prime Minister Rudd’s stance on climate change and the actions taken by his Government absolutely correspond with the EU’s core values, just like Australia’s commitment to multilateralism (e.g. UN, WTO). Although it may be argued that the ratification of the Kyoto Protocol was a largely symbolic act, it undoubtedly generated momentum with regard to closer cooperation and warmer relations.

Moreover, Prime Minister Rudd’s early visit to Brussels emphasised the importance he attaches to a good working relationship with the European Union. Moreover, “*in the new Government, under the instruction of the Prime Minister,*

⁶⁶ Note for instance John Howard’s appointment as Minister for Special Trade Negotiations with the EC in the late 1970s (Murray et al. 2002, 399), which was not particularly successful.

Ministers are coming [to Brussels]” (AUS1). Respondent AUS2 explained this could be just the “*initial flurry of visits after a change of Government*”, however European Commission expert EC1 stressed that “*the Australians definitely became even more ambitious*” after the last election. As already outlined in the previous section, respondent AUS2’s statements have to be put in perspective due to the time he has been out of office and his apparent security-focus. Therefore, the responses of interviewee AUS1 and EC1 seem more reliable in this context, given both reiterated the implications of such frequent high-level visits to Brussels. According to respondent EC1

“[The EU was] also very happy with the fact that Prime Minister Rudd and Foreign Minister Stephen Smith have reiterated a number of times that they wanted to see more comprehensive, more inclusive relations with the EU. And with inclusive I understand [...] with the Union as a whole, which again is a pretty big step forward.”

Accordingly, the flurry of Australian Ministers arriving in Brussels shortly after the elections might be interpreted as a sign of these desired “*more comprehensive, more inclusive relations*” (EC1) with the EU. It may therefore be argued that Australia’s new leadership and the actions taken by it “*were conducive towards having a productive working relationship with the EU*” (AUS1), which is also evidenced by the “*excellent relationship*” (AUS1) between European Trade Commissioner Mandelson and Australian Trade Minister Crean.

With regard to ambitious plans, the Partnership Framework shall be analysed in the following section.

7.1.3. Partnership Framework⁶⁷

At the time the interviews were conducted in Brussels (August – September 2008), the Partnership Framework was still in the preparatory phase and due to be

⁶⁷ The European Union - Australia Partnership Framework can be downloaded from the European Commission’s website: <http://ec.europa.eu/external_relations/australia/docs/australia_pfw_en.pdf>, viewed 10 July 2009.

adopted at the EU-Australia Ministerial Troika Consultations in Paris at the end of October 2008. Therefore, obtaining information at first hand was very valuable for this study.

The need for creating a new declaration outlining the framework and goals of EU-Australia relations stemmed from the five-year lifespan of the previously adopted 2003 Agenda for Cooperation. As respondent EC1 noted, the EU and Australia decided to make a “*more modern, more flexible, more up-to-date*”, more practical and result-oriented document instead of merely renewing the 2003 Agenda, which has also been done with New Zealand in 2007. Irrespective of the initial plans to call the new document Joint Declaration, the document was drafted as a Partnership Framework. This development also stems from a stronger commitment of the Australian Government; According to respondent EC1

“The Australians definitely became even more ambitious after the election of Kevin Rudd and did not want to call it Joint Declaration, but Partnership Framework. We [i.e. EU representatives] always add document to that, because framework feels like agreement, and it is in fact just a political joint declaration called EU-Australia Partnership Framework.”

The Partnership Framework is only a political declaration and not legally binding. This could imply that it will not affect or change the overall relationship in any case. This is true to a certain extent. As respondent EC1 noted, “*it’s not like we are going to be confronted with something sea change different, just because we have this document.*” However, the process of drafting the document resulted in more frequent working meetings and videoconferences, consequently leading to more comprehension of each other’s procedures and closer ties between officials from both sides. As a result, the overall relationship has been reinforced. This is also in line with respondent EC1’s definition of diplomacy: “*You do diplomacy and external relations because you want to maintain and expand your friendly relations with friendly partners.*” In the light of this definition, the Partnership Framework will probably not dramatically change the relationship between the European Union and Australia. Rather, it will rather improve

the general comprehension either interlocutor's procedures and positions, therefore, reinforcing the relations.

Despite its lacking legally binding character, the Partnership Framework does constitute a leap forward compared to the preceding 1997 Joint Declaration and the 2003 Agenda for Cooperation. Apart from the much more general nature of the two preceding documents, the stronger commitment to the relationship is evidenced by the mere scope of the documents. While the Joint Declaration and Agenda for Cooperation only comprised four and six pages, respectively, the Partnership Framework utilises 22 pages to cover the entire range of EU-Australia relations. Moreover, it should definitely live up to the drafters' expectations, as it is truly more modern, more up-to-date, more practical and more result-oriented than its forerunners. With regard to the structure of the Partnership Framework, issues of mutual importance, shared challenges, areas of cooperation and the general nature of the relationship are outlined in the "perambulatory" part, followed by the definition of five common goals, the review mechanism as well as the framework for dialogue and consultations. Next, all five goals are discussed in detail. Therefore, rationale, long and medium-term objectives and areas of on-going collaboration are defined for each of the goals. Most importantly, an "immediate action" plan was included for all goals, outlining the actions and their desired outcomes.

Thus, the Partnership Framework really allows taking stock of the relations at any point in time, ticking off implemented actions and planning future measures. Figure 16 on page 122 provides a summary of the goals defined in the Partnership Framework, as well as the framework for dialogue and consultations.

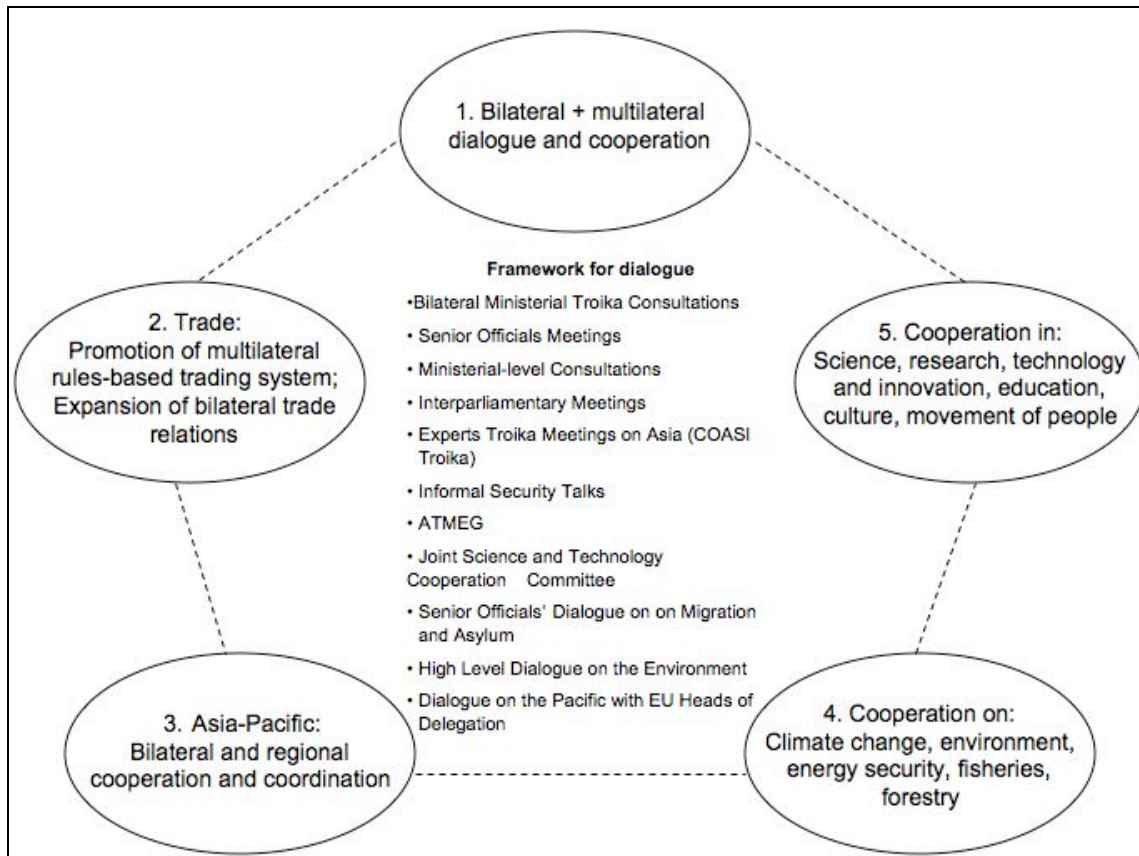
7.2. Issues of mutual importance

7.2.1. Asymmetry / Areas of on-going and future cooperation

With respect to the asymmetrical nature of EU-Australia relations all respondents quite rightly acknowledged major differences in size, trade and trade balance, reciprocal untying of aid, accessibility and distance. According to interviewee EC1, asymmetry in this case is "*a matter of numbers*". Certainly asymmetry in size, population, trade balance and importance to each other is undeniable. However, the guiding question should not be, which partner is weaker and hence disadvantaged by this inequality;

rather the focus should be on how an asymmetrical relationship can be beneficial to both partners.

Figure 16: Goals of the EU-Australia Partnership as defined in the 2008 Partnership Framework



Source: Own illustration

As respondent MEP1 noted, asymmetry does not necessarily imply one partner is inevitably disadvantaged. Inequality does not equal disadvantage. Both partners can make the most of their relations and achieve synergies if they are committed to a fruitful partnership. However, both the EU and Australia have to meet some prerequisites in order to benefit from their relationship, albeit its asymmetrical nature. First, prerequisites to be met by the EU will be outlined, followed by a detailed discussion of Australian prerequisites.

Firstly, in order to achieve synergies in the EU-Australia relationship, the EU has to recognise these potential synergies as a result of closer cooperation. Secondly, the

European Union should realise Australia's importance as a strategic partner in diplomatic "niches", e.g. in the Pacific region, in Asia in general or China in particular. Thirdly, the EU should be more conscious of Australia's importance as "*a global energy actor and key energy partner to the EU*" (Europa Press Releases 2009b), given Australia is the world's fourth largest coal producer, the world's largest coal exporter and the third largest hard coal exporter to the EU (ibid.), not to mention Australia's largest recoverable uranium resources worldwide (WNA 2009). Fourthly, the European Union should consider building coalitions with Australia as a like-minded "*friendly partner*" (EC1) on issues of global importance and in multilateral fora.

The interview with an expert of the European Commission (EC1) provided evidence that some of these prerequisites have already been met. Firstly, the European Union has come to realise cooperation in specific diplomatic "niches", e.g. the Asia Pacific, can be very fruitful. According to respondent EC1,

"There is a number of areas where we can benefit from friendly partners in that part of the world, particularly in the Pacific, where Australia has for reasons of geography and history access to a number of regional set-ups, Governments and island-states, where for us it is maybe a little bit more difficult. Although we are probably as present in an as big way in the Pacific as the Australians are, but the ties that exist are not as intense."

While Australia can provide expertise and access to regional set-ups, the European Union has leverage due to "*all of the money the EU puts there*" (EC1). Consequently, strategic cooperation in the Pacific is only a logical consequence of a result-oriented approach targeted at bringing stability to the region and scotching global security concerns. Moreover, respondent EC1 noted Prime Minister Rudd's close ties to China as another issue of importance to the EU:

"The fact that he is what he is, a Mandarin speaker, he lived in China, he likes China [...] is important for us as well."

Conversely, it may also be argued that both Australia and the EU might be economically more interested in Asia than in each other (Murray 2005, 257). However, the political dimension of EU-Australian cooperation in Asia should not be underestimated, as *“their combined weight might help push Asian partners to open markets as well”* (Wise from a publication in 1996 cited in Murray 2005, 257). Consequently both Australia and the European Union may be well advised to work closely on *“befriending the awakening tiger”* (Raffin 2008, 86). After all the EU’s international weight as a major player in world trade and Australia’s expertise on Asia complement one another in a very comprehensive and constructive way, and therefore, have the potential for displaying synergetic effects in the future.

Secondly, the reference made to Australia’s role as major producer and exporter of coal and uranium shall not be misunderstood as a promotion of certain types of energy in this thesis. Relying on non-renewable resources is problematic, particularly in the context of the current climate change debate. However, the European Union is still reliant on non-renewable energy resources, with only 9.2 per cent of the EU’s energy consumption in 2006 covered by renewable energy (EEP 2009). Therefore, dependency on non-renewable energy imports will remain important at least in the medium term. Even though crude oil and natural gas remain the main energy imports, Australia’s future role in the global energy market should be given some consideration. Still, more importance should be attached to European expertise with regard to solar or wind power in Australia.

Thirdly, there is evidence that the EU and Australia attach particular importance to cooperation in multilateral fora, e.g. to cooperation on climate change and the commitment to revive negotiations to complete the Doha Round of WTO talks (Europa Press Releases 2009c). According to respondent AUS1 and AUS2, Australia will play a more proactive role in multilateral fora in general and with the UN in particular. Moreover, this strong Australian commitment to multilateralism is perceived well by the European Union. As European Commission President Barroso told Radio Australia in April 2008 (ABC 2008):

“I think we both have a lot to gain in joining forces and exchanging experience in a number of topics of global concern. We have to deepen our bilateral relations and work closely on multilateral issues. And he has

certainly noticed with satisfaction the emphasis the Prime Minister is placing on effective multilateralisms [sic!]"

Moreover, a comprehensive study undertaken by Paul Luif (2008) indicates that the voting behaviour of Australia in the UN General Assembly has generally been very close to the EU. Since 2002, Australia has voted in opposition to the EU only on issues concerning the Middle East. Conversely, there has been much more consensus on human rights and security issues. Likewise Australia's application to join ASEM (Asia-Europe Meeting) in 2010⁶⁸ and the EU's participation at the Pacific Islands Forum in Cairns in 2009⁶⁹ recently strongly emphasises both interlocutors' decisive commitment to multilateralism.

With regard to prerequisites to be met by Australia in order to achieve synergies in EU-Australia relations, Australia will have to accept its role as a junior partner, position itself as a confident middle power on the world stage, and raise awareness about the EU at home.

In some publications, Australian scholars see the asymmetrical nature of EU-Australia relations as rather problematic. As Murray (2005, 7-8) noted, *"It is clear that Australia is far from the EU's thoughts. Perhaps the EU is not interested in Australia, but simply engrossed in its internal reform, constitutional processes and its new member countries."* On the other hand Murray highlighted the fact that the EU is always the senior partner in its external relations except for its relationship with the United States (Murray 2005, 173). Consequently *"asymmetry applies not just to Australia but to most countries"* (ibid.). While both opinions might be true, Australia would be well advised to accept the role of the "junior partner", position itself as a self-confident middle power and, using business terminology, focus on its competitive advantage with regard to thorough expertise on Asia and the Pacific. This is also in line with Evans & Grant's (1995, 344) analysis, which focuses on characteristic methods of middle power diplomacy being coalition-building with like-minded countries and employing *"niche*

⁶⁸ Australia will join the Asia-Europe Meeting (ASEM) at the next Leaders' Summit in Belgium in 2010 after successfully applying for membership in October 2008 (AMFA 2009).

⁶⁹ A large Delegation from the European Union attended the Post Forum Dialogue at the Pacific Islands Forum 2009 in Cairns, inter alia discussing greater donor harmonisation and between Australia and the EU (EC DEL 2009d).

diplomacy”, i.e. “*concentrating resources in specific areas best able to generate returns worth having, rather than trying to cover the field*”. This argument is also supported by Ungerer (2007), who states that Australia is a middle power with regard to external relations, regardless of its labelling (e.g. former Foreign Minister Downer’s “*pivotal power*” as opposed to the Labour Party’s “*middle power*”).

Therefore, the Rudd Government’s efforts to make Australia’s voice heard in Brussels, its strong commitment to cooperation on climate change, and world trade issues, as well as the fruitful dialogues in multilateral settings (e.g. WTO, UN, ASEM, Pacific Island Forum) provide strong evidence for Australia becoming a more self-confident and proactive middle power on the world stage. It may therefore be argued that both interlocutors meet the prerequisites to benefit from their relationship, albeit its asymmetrical nature.

Having outlined the basis for fruitful cooperation and potential synergies in the EU-Australian relationship, it is necessary to reiterate that the European Union is undoubtedly more important to Australia than vice versa, most specifically in terms of trade. This shall however not imply that the EU has nothing to gain from Australia. Consequently having “*a friendly partner*” (EC1) on the other side of the world, should not be underestimated, given that “*friendly partner*” started whistling the same tune with regard to most issues of importance to Europe. Furthermore, having a “*friendly partner*” (EC1) with a thorough knowledge of its own Asian and Pacific backyard can also be advantageous at times. As Professor Anthony Miller noted at a meeting of the First Annual Future Summit in 2004, “*We need to be armed to the teeth with knowledge of Asia*” (cited in Murray 2005, 178-179). Nevertheless, Australia should also be “*armed with knowledge and comprehension about Europe*” (ibid.). This recommendation brought forward by Murray (ibid.) does not only apply to the public sector, but mostly to the private sector, which is the key player in EU-Australia economic relations. Both European Union and Australian authorities should raise awareness in the Australian private sector about opportunities and characteristics of healthy trade relations with the EU. As Murray (2005, 179) argued, “*the impact of the EU is not always obvious – hence the tendency to undervalue its impact and to misunderstand it*”. Equally, closer cooperation in higher education and the promotion of exchange programs could contribute to providing more mutual comprehension and

raising the general awareness.

7.2.2. Trade / Areas of conflict

While areas of cooperation were discussed in the previous chapter, areas of conflict shall be addressed in this section. Interestingly, all specified areas of conflict, i.e. geographical indications, Australian bio-security, quarantine and SPS rules, the European Union's "*projectionism*" (AUS1), refer to trade. Nevertheless, all these areas of conflict were defined as "*frictions*" (EC2), "*tensions*" (AUS1), or "*irritants*" (EC1). In general, however, both Australian and European Union experts agreed that these differences are not "*huge*" (AUS1) and cannot be compared to the former conflict over the EU's Common Agricultural Policy (CAP). Positions on agriculture are still diverging, but they have "*mellowed*" (EC1) over the years, in part due to more comprehension and respect for each other's positions (EC2). Moreover, the optimistic attitude with regard to overcoming those frictions was quite surprising. As respondent EC1 mentioned, "*I'm sure we'll straighten it out. [...] We are friendly partners. We talk.*"

With regard to the general EU-Australia economic relations, section 4.6.3. shall be mentioned, where the latest available trade statistics were discussed and analysed in detail. Despite the extensive analysis in section 4.6.3., one aspect mentioned by respondent EC2 shall briefly be touched on. Interestingly, interviewee EC2 explained that there are particularly good relations in terms of bilateral trade and in multilateral fora, whereas trade negotiations and bilateral policy sometimes tends to be a bit more complicated (see areas of conflict described above). Thus, good relations in multilateral fora like the WTO might stem from the "*excellent*" (AUS1), "*good and trustful relationship*" (EC2) between European Trade Commissioner Mandelson and Australian Trade Minister Crean, who have regular (approximately once a week) discussion.

7.3. Future of EU-Australia relations

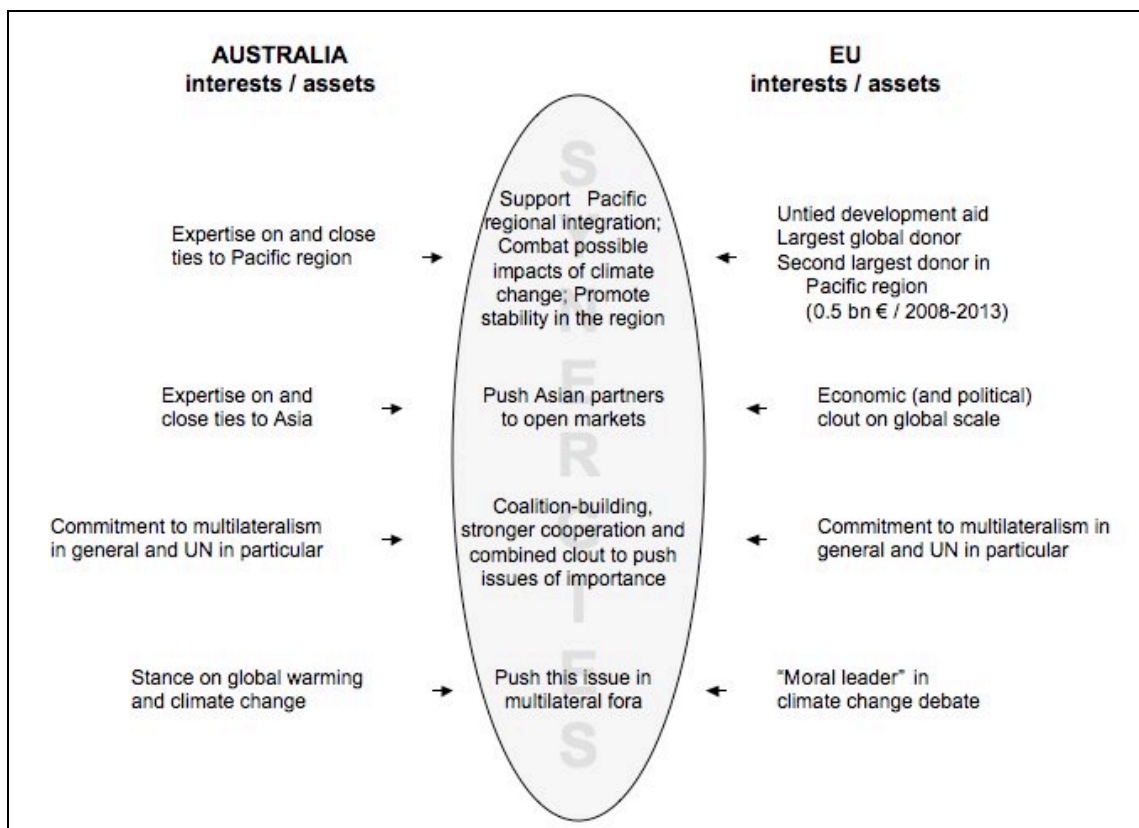
7.3.1. General remarks

Two aspects are interesting with regard to the future that the interviewed experts anticipate for the relationship between the European Union and Australia. On one hand,

no relevant changes are foreseeable. On the other hand, the expectations for the future are very positive and optimistic. Given Australia is a like-minded, stable country, independent from EU development aid, there is certainly less EU-attention required than with international “problem children”. Moreover, relations are expected to “*continue on a very stable path*” (AUS2), as the EU will remain a “*key global player*” (AUS1), key partner and key market to Australia. In addition, no relevant policy changes with regard to issues of importance (e.g. climate change, trade talks, multilateralism) are foreseeable at least as long as the Rudd Government remains in office. As respondent AUS1 noted, relations are already at the “*optimal level*”, making future prospects “*very rosy, very positive*” (EC1).

7.3.2. Areas of future importance and cooperation

Figure 17: Areas of cooperation and potential synergies



Source: Own illustration

While areas of on-going and future cooperation were discussed in section 7.1.4., Figure 17 on page 128 shall illustrate potential synergies, which could be achieved through stronger cooperation between the European Union and Australia. The left and right columns refer to specific Australian and European Union interests and assets, respectively, whereas the shaded column in the middle displays possible synergies as a result of cooperation between the European Union and Australia. Consequently, synergies may be achieved in the following four areas outlined below.

Firstly, Australia's expertise on and intense ties to the Pacific region are a consequence of history (strong engagement in the region) and geography (immediate vicinity). The European Union has recently become more ambitious and committed to providing development aid in the Pacific. 500 million euro will be made available for the period between 2008 and 2013, hence making the EU the second largest donor in the region after Australia. Moreover, the EU's decision to participate in the Pacific Island Forum in Cairns in August 2009 can be regarded as evidence for its interest in the region. Consequently, combining Australia's expertise and access to regional set-ups with significant EU funds is likely to display synergetic effects with regard to bringing stability to the partly volatile region. The crises in East Timor, Fiji or the Solomon Islands mirror the instability in the region and are often mentioned as a possible breeding ground for terrorism and insecurity. Therefore, joining Australian and EU efforts in the region is likely to favour the promotion of democracy and stability and prevent potential security threats. Similarly, potential synergies are probable in Indonesia with regard to the Jakarta Centre for Law Enforcement Cooperation (JCLEC), a *"joint Australian-Indonesian initiative to enhance knowledge of counter-terrorism"* (Murray 2005, 216). Australian expertise and close ties with Indonesia can be combined with EU *"support and funding"* (ibid.) in order to achieve synergies with regard to tackling security threats in the region with a clear focus on preventive measures.

Secondly, *"neither Canberra nor the Union hide the fact that, as traders, they are more interested in Asia than in each other"* (Wise from a publication in 1996 cited in Murray 2005, 257). Even though this view might be a bit exaggerated or at least focussed on the future (given the strong economic relations between the European Union and Australia), Asian markets have been credited with unequalled dynamics, growth and potential, consequently being very attractive for both interlocutors. Thus, Australia's expertise on Asia and the European Union's economic and political clout,

i.e. *“their combined weight may help push Asian partners to open markets as well”* (ibid.).

Thirdly, Australia and the EU belong to the same *“clubs and grouping”* (Murray 2005, 256), e.g. the United Nations Organisation, its bodies and its “Western European and Others Group”, the OECD, the WTO or the ASEAN Regional Forum. Consequently, both interlocutors could achieve synergies with regard to pushing issues of mutual importance by building coalitions with like-minded partners as well as facilitating stronger cooperation in these multilateral fora. The EU’s and Australia’s commitment to revive negotiations to complete the Doha Round (WTO) can be regarded as an example in this context.

Fourthly, Australia has recently joined the “EU camp” with regard to climate change policy. The EU has positioned itself as “moral leader” in the climate change debate and was happy to see that Australia abandoned the formerly adopted US stance and ratified the Kyoto Protocol. Consequently, both the European Union and Australia, which has been given much kudos in Europe for its proactive approach to climate change, could unite to raise awareness of the importance of this issue and put it on the political agenda in multilateral fora.

Finally, it is important to highlight that the above list is not exhaustive. Any areas of cooperation, e.g. in higher education and exchange programs, science and technology, migration and asylum or bilateral trade could be added to the list, as most of these issues are emerging in a global context. However, the four areas outlined in Figure 17 on page 128 are expected to generate the most substantial synergies in the medium-term.

8. CONCLUSION AND FUTURE PROSPECTS

The present study set out (1) to examine the nature and state of EU-Australia relations, (2) to identify issues of mutual importance with regard to cooperation and conflict, and (3) to assess areas of future cooperation and potential synergies. Based on the previous presentation and discussion of research findings, this chapter is intended to draw conclusions.

The first objective of this research was to examine the past, current and potential future nature and state of EU-Australia relations, whereas particular attention was paid to changes introduced by the incumbent Rudd Government. While relations were described as good in the past, there has been a landmark change after the election of Prime Minister Kevin Rudd in November 2007. Current relations were described in a particularly positive way, with attributes ranging from “*relatively close*” (MEP2) to “*fantastic*” (EC1). Particular sea change was reported to have occurred due to the following developments: (1) the “*bad chemistry*” (EC1) between former Prime Minister Howard and the European Commission, (2) the swift ratification of the Kyoto Protocol by the Rudd Government, (3) the proximity of Prime Minister Rudd’s opinions to core values of the EU, (4) the Rudd Government’s commitment to multilateralism, and (5) Prime Minister Rudd’s determination to foster “*more comprehensive, more inclusive relations with the EU*” (EC1), including his early visit to Brussels, the flurry of Ministers regularly coming to Brussels, the “*excellent*” (AUS1) working relationship between European Trade Commissioner Mandelson and Australian Trade Minister Crean as well as the joint effort to adopt a “*more modern, more practical, more result-oriented*” (EC1) Partnership Framework.

The second research objective was to identify issues of mutual importance with regard to cooperation and conflict between the European Union and Australia despite the asymmetrical nature of the relationship. Asymmetry in size, trade and trade balance, reciprocal untying of aid, accessibility, and distance are undeniable. However, inequality does not equal disadvantage if both partners choose to make most of their relations and foster cooperation in order to achieve synergies. In order for synergies to occur, the European Union has to: (1) recognise synergies as a result of cooperation, (2) acknowledge Australia’s importance as a strategic partner in the Asia-Pacific, (3) be more conscious of Australia’s role as a “*global energy actor*” (Europa Press Releases 2009b), and (4) consider building coalitions with like-minded “*friendly partners*” (EC1)

on issues of global importance and in multilateral fora. Likewise, Australia has to (1) accept its role as a junior partner, (2) position itself as a confident middle power and (3) raise awareness and increase comprehension of the EU within Australia. Moreover, there are particularly good relations in terms of trade. The EU has been Australia's most important economic partner for over 25 years (EC DEL 2008, 1). In 2007, the EU was Australia's largest partner in terms of two-way trade in goods and services and was the largest investor in Australia (ibid.). Relations in multilateral fora are credited with being good, too. Only trade negotiations and bilateral policy are areas of conflict. More specifically, geographical indications, Australia's sanitary and phytosanitary rules, biosecurity and quarantine as well as the European Union's "*projectionism*" (AUS1) are "*irritants*" (EC1) and cause "*frictions*" (EC2). However, most respondents agreed that the occasional frictions are not comparable to the severe and long-lasting conflict over the European Union's Common Agricultural Policy (CAP). Even though positions with regard to agricultural trade are still diverging, this issue lost much of its conflict potential due to more mutual comprehension and respect.

The third research objective was to assess the probability of a future convergence between the European Union and Australia with particular emphasis being placed on areas of future cooperation and potential synergies. Four areas of future cooperation and potential synergies could be identified: (1) cooperation in the Pacific region in order to promote democracy and stability as means of scotching insecurity and terrorism, (2) cooperation in Asia to tackle security threats (e.g. JCLEC) and push Asian partners to open markets, (3) cooperation in multilateral fora to push issues of mutual importance and build coalitions, and (4) cooperation with regard to climate change in order to raise awareness and push this issue in multilateral fora.

In conclusion, Australia's importance to the EU should not be overestimated. However, it should not be sold short either. This thesis shall do justice to Australia's role on the world stage and its importance to the European Union. Australia is a "Western" culture in an Asian neighbourhood, a "*friendly partner*" (EC1) and a friendly middle power with thorough expertise on certain diplomatic niches, as with the Asia-Pacific region. Moreover, Australia has recently joined the "EU camp" supporting issues of global importance in line with the EU stance and the EU core values (e.g. climate change). In accordance with the main findings of the present study, the relations

between the European Union and Australia have improved recently and have reached the “*optimal level*” (AUS1). Although, they are not expected to change dramatically in the foreseeable future, it would be desirable to tap the full potential of this asymmetrical, yet fruitful relationship. As an expert of the European Commission (EC1) noted:

“We are confronted with the same global challenges, be it international multilateral trade, where now we are definitely on the same end of the table, or global challenges like climate change or counter terrorism. We have exchanges, we work together. That is always very positive. I’m very optimistic.”

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APPENDIX 1: HIGH-LEVEL POLITICAL CONTACTS BETWEEN AUSTRALIA AND THE EUROPEAN UNION

Australian agency	EU agency	Topics	Regularity of meetings	Type of meeting
Prime Minister	President of European Commission	EU–Australian relations	Irregular. Provided for in the Political Declaration.	Prime Minister–President of European Commission Summit
Foreign Minister	European Commissioner for External Relations	EU–Australian relations	Annual	Ministerial Consultations
Agriculture Minister	European Commissioner for Agriculture	Common Agricultural policy, WTO talks	Annual and periodic in context of Quint meetings	Ministerial Consultations
Foreign Minister	Presidency of the Council	Foreign policy, security	Biannual (during each EU Presidency)	Troika, since May 1998.
Trade Minister	European Commissioner for Trade Relations	Trade, WTO	Regular, in the margins of WTO/ OECD meetings	Ministerial Consultations & visits to Brussels & Canberra

Australian agency	EU agency	Topics	Regularity of meetings	Type of meeting
Minister for Immigration/Justice	European Commissioner for Justice and Home Affairs	Immigration, Security		Ministerial Consultations & visits to Brussels & Canberra
Minister for Development Aid	European Commissioner for Development	Development Aid to South Pacific	Regular	Formal visits to Brussels & Canberra
Commonwealth Parliament	European Parliament	Parliamentary Dialogue	Annual	Formal Parliamentary Delegations
Australian Senior Officials	EU Senior Officials	Agricultural Trade and Marketing Experts' Group. Migration and Asylum	Annual	Annual Australia–EU Senior Officials' Meetings

Source: Murray 2005, 64-65

APPENDIX 2: LIST OF BILATERAL TREATIES BETWEEN THE EUROPEAN UNION AND AUSTRALIA

Official Title	Date of Signature	Type
Agreement between the European Union and Australia on the processing and transfer of European Union-sourced passenger name record (PNR) data by air carriers to the Australian customs service	30/06/2008	Bilateral
Agreement between the European Community and the Government of Australia on certain aspects of air services (*)	29/04/2008	Bilateral
Agreement in the form of an Exchange of Letters between the European Community and Australia pursuant to Article XXIV:6 and Article XXVIII of the General Agreement on Tariffs and Trade (GATT) 1994 relating to the modification of concessions in the schedules of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic in the course of their accession to the European Union	07/02/2006	Bilateral
Agreement between the European Community and Australia amending the Agreement on trade in wine	10/12/2003	Bilateral
Agreement amending the Agreement relating to scientific and technical cooperation between the European Community and Australia	08/07/1999	Bilateral
Agreement on mutual recognition in relation to conformity assessment, certificates and markings between the European Community and Australia - Final Act - Joint Declarations	24/06/1998	Bilateral
Exchange of Letters recording the common understanding on the principles of international cooperation on research and development activities in the domain of intelligent manufacturing systems between the European Community and the United States of America, Japan, Australia, Canada and the EFTA countries of Norway and Switzerland	04/04/1997	Bilateral
Agreement for the conclusion of negotiations between the European Community and Australia under Article XXIV:6 (Annex I)	22/12/1995	Bilateral
Exchange of letters between the European Community and Australia for the conclusion of negotiations under Article XXIV:6	22/12/1995	Bilateral
Agreement relating to scientific and technical cooperation between the European Community and Australia - Declaration of the Council and the Commission	23/02/1994	Bilateral

Official Title	Date of Signature	Type
Exchange of letters between the European Economic Community and the Government of Australia on the Arrangement between Australia and the Community concerning cheese	11/12/1984	Bilateral
Agreement between the Government of Australia and the European Atomic Energy Community concerning transfers of nuclear material from Australia to the European Atomic Energy Community - Letters sent to Australia from Euratom Member States which do not have bilateral agreements with Australia - Side Letters	21/09/1982	Bilateral
Agreement in the form of an exchange of letters between the European Economic Community and Australia on trade in mutton, lamb and goat meat	14/11/1980	Bilateral
(*) This treaty has not entered into force yet.		

Source: EC TO 2009

APPENDIX 3: AUSTRALIA'S TRADE STATISTICS - ADDITIONAL FIGURES

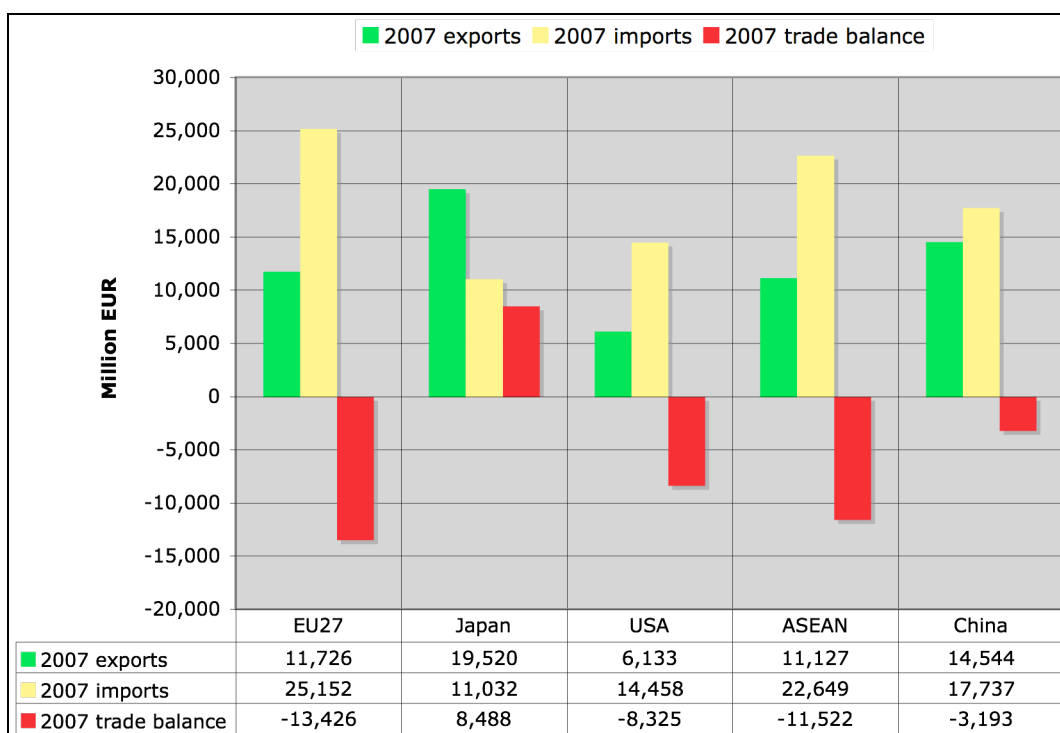
1. Merchandise trade

Table 7: Australia's merchandise trade statistics (in million EUR)

Exports	2002	2003	2004	2005	2006	2007	Share of total (%) 2007	% change 2007 on 2006	% change 2007 on 2002
EU27	8,679	8,947	7,897	9,244	12,340	11,726	11.40	-6.80	6.40
Japan	12,761	11,342	13,143	17,481	19,447	19,520	19.00	-1.50	10.70
USA	6,645	5,449	5,646	5,690	6,047	6,133	6.00	-0.50	-1.50
ASEAN	8,395	6,967	8,130	9,742	11,267	11,127	10.80	-3.10	7.60
China	4,819	5,237	6,514	9,905	12,220	14,544	14.10	16.80	25.80
Other	27,458	24,262	28,325	33,357	36,895	39,885	38.70	6.10	8.40
<i>World</i>	<i>68,756</i>	<i>62,204</i>	<i>69,653</i>	<i>85,420</i>	<i>98,217</i>	<i>102,934</i>	<i>100.00</i>	<i>2.80</i>	<i>9.40</i>
Imports	2002	2003	2004	2005	2006	2007	Share of total (%) 2007	% change 2007 on 2006	% change 2007 on 2002
EU27	17,145	18,056	19,941	22,206	21,894	25,152	21.90	12.70	6.30
Japan	9,056	9,348	9,860	10,513	10,362	11,032	9.60	4.50	2.60
USA	13,321	11,829	12,141	13,143	14,736	14,458	12.60	-3.70	2.00
ASEAN	11,054	11,602	13,671	17,202	21,072	22,649	19.70	5.50	15.80
China	7,393	8,214	10,601	13,122	15,285	17,737	15.40	13.90	18.70
Other	15,503	15,847	17,333	19,461	22,267	23,819	20.70	5.00	8.40
<i>World</i>	<i>73,472</i>	<i>74,896</i>	<i>83,547</i>	<i>95,647</i>	<i>105,616</i>	<i>114,847</i>	<i>100.00</i>	<i>6.70</i>	<i>8.80</i>
Imports + Exports	2002	2003	2004	2005	2006	2007	Share of total (%) 2007		
EU27	25,823	27,004	27,838	31,450	34,235	36,878	16.93		
Japan	21,817	20,690	23,003	27,995	29,809	30,552	14.03		
USA	19,966	17,277	17,787	18,833	20,784	20,590	9.45		
ASEAN	19,449	18,569	21,800	26,944	32,338	33,776	15.51		
China	12,212	13,451	17,115	23,027	27,504	32,281	14.82		
Other	42,960	40,109	45,657	52,818	59,162	63,704	29.25		
<i>World</i>	<i>142,228</i>	<i>137,100</i>	<i>153,200</i>	<i>181,067</i>	<i>203,832</i>	<i>217,781</i>	<i>100.00</i>		

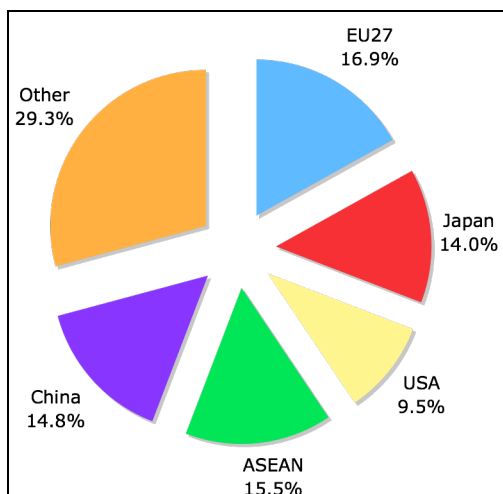
Source: Own illustration based on data provided by EC DEL 2008, 10

Figure 18: Australia's merchandise trade balance with major partners 2007



Source: Own illustration based on data provided by EC DEL 2008, 10

Figure 19: Australia's major two-way merchandise trade partners 2007 (imports + exports)



Source: Own illustration based on data provided by EC DEL 2008, 10

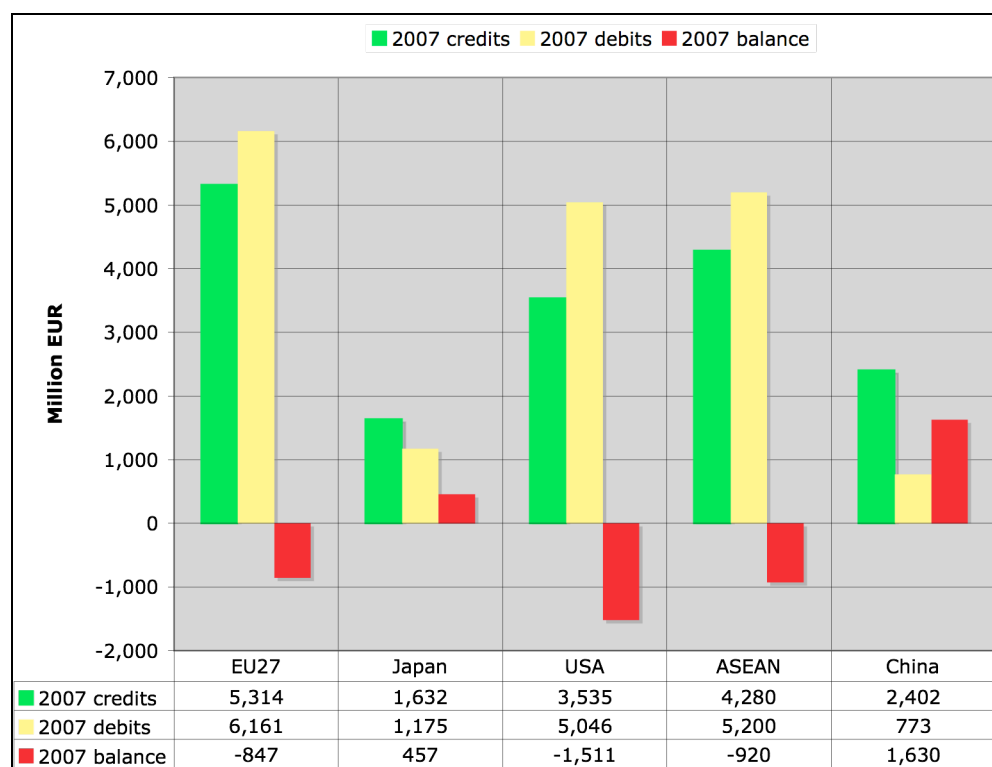
2. Trade in services

Table 8: Australia's services trade statistics (in million EUR)

Credits (Exports)	2002	2003	2004	2005	2006	2007	Share of total (%) 2007	% change 2007 on 2006	% change 2007 on 2002
EU27	4,007	4,284	4,712	4,889	4,952	5,314	18.10	5.30	4.10
Japan	1,988	1,755	1,919	1,961	1,856	1,632	5.60	-13.70	-3.50
USA	2,914	2,942	2,777	3,030	3,328	3,535	12.00	4.20	2.80
ASEAN	3,214	3,039	3,100	3,551	3,695	4,280	14.60	13.70	5.00
China	899	1,103	1,502	1,865	1,992	2,402	8.20	18.30	20.20
Other	7,709	7,840	8,866	9,674	10,509	12,219	41.60	14.10	8.40
<i>World</i>	<i>20,732</i>	<i>20,963</i>	<i>22,875</i>	<i>24,971</i>	<i>26,332</i>	<i>29,383</i>	<i>100.00</i>	<i>9.50</i>	<i>6.00</i>
Debits (Imports)	2002	2003	2004	2005	2006	2007	Share of total (%) 2007	% change 2007 on 2006	% change 2007 on 2002
EU27	4,376	4,463	5,256	5,738	5,944	6,161	21.90	1.70	6.50
Japan	1,018	1,072	1,182	1,275	1,267	1,175	4.20	-9.00	2.40
USA	3,669	3,693	3,868	4,172	4,484	5,046	17.90	10.40	5.20
ASEAN	3,157	2,855	3,823	4,267	4,563	5,200	18.50	11.80	10.70
China	529	509	659	741	668	773	2.70	13.60	7.00
Other	6,691	6,758	7,677	8,348	8,713	9,764	34.70	10.00	6.70
<i>World</i>	<i>19,440</i>	<i>19,349</i>	<i>22,465</i>	<i>24,541</i>	<i>25,638</i>	<i>28,119</i>	<i>100.00</i>	<i>7.60</i>	<i>6.80</i>
Imports + Exports	2002	2003	2004	2005	2006	2007	Share of total (%) 2007		
EU27	8,383	8,747	9,968	10,628	10,896	11,475	19.96		
Japan	3,006	2,827	3,101	3,236	3,124	2,807	4.88		
USA	6,583	6,634	6,644	7,203	7,811	8,581	14.92		
ASEAN	6,371	5,895	6,923	7,818	8,258	9,481	16.49		
China	1,428	1,612	2,161	2,606	2,660	3,175	5.52		
Other	14,400	14,598	16,543	18,022	19,222	21,984	38.23		
<i>World</i>	<i>40,172</i>	<i>40,313</i>	<i>45,340</i>	<i>49,512</i>	<i>51,970</i>	<i>57,503</i>	<i>100.00</i>		

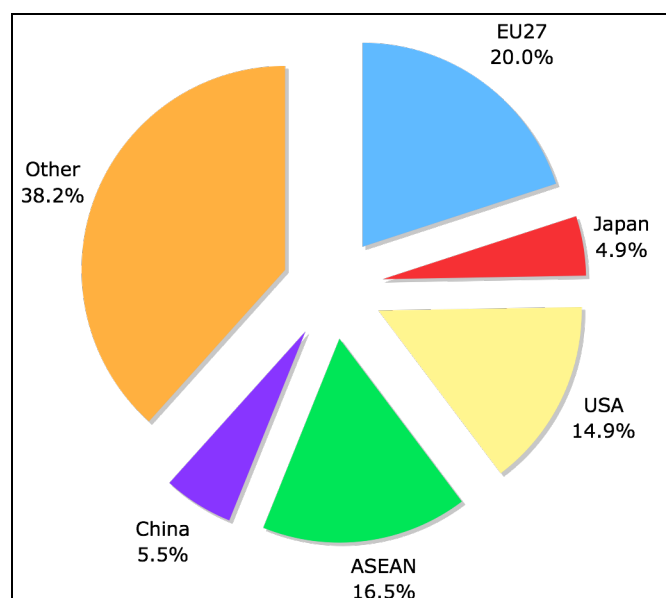
Source: Own illustration based on data provided by EC DEL 2008, 10

Figure 20: Australia's services trade balance with major partners 2007



Source: Own illustration based on data provided by EC DEL 2008, 10

Figure 21: Australia's major two-way services trade partners 2007 (imports + exports)



Source: Own illustration based on data provided by EC DEL 2008, 10

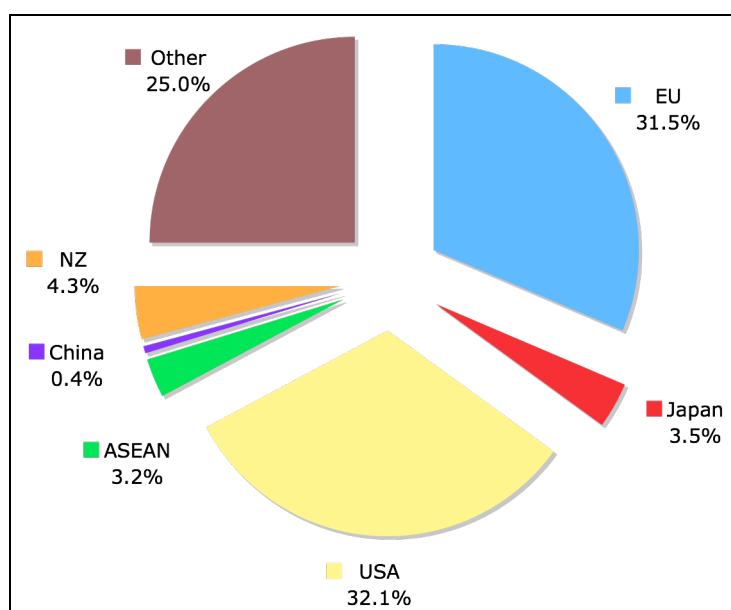
3. Foreign direct investment

Table 9: Australia's stock of foreign investment

Inwards	2002	2003	2004	2005	2006	2007	Share of total (%) 2007	% change 2007 on 2006	% change 2007 on 2002
EU	187,324	197,930	226,917	257,802	293,481	334,747	33.00	11.90	11.30
Japan	28,484	26,745	29,069	31,337	30,897	35,162	3.50	11.70	3.20
USA	137,364	165,681	214,288	205,299	223,263	272,548	26.90	19.80	11.50
ASEAN	19,862	18,767	19,677	22,993	28,557	32,297	3.20	11.00	10.20
China	1,636	1,722	1,352	1,397	2,104	3,811	0.40	77.70	13.40
NZ	10,639	11,443	12,818	16,689	21,147	26,190	2.60	21.50	19.20
Other	136,338	147,187	172,843	215,645	274,942	309,754	30.50	10.50	17.80
<i>World</i>	<i>521,647</i>	<i>569,476</i>	<i>676,964</i>	<i>751,162</i>	<i>874,392</i>	<i>1,014,509</i>	<i>100.00</i>	<i>13.80</i>	<i>12.90</i>
Outwards	2002	2003	2004	2005	2006	2007	Share of total (%) 2007	% change 2007 on 2006	% change 2007 on 2002
EU	90,256	95,149	119,159	117,460	152,089	175,102	29.00	13.00	12.90
Japan	11,578	12,532	14,181	19,501	24,892	21,481	3.60	-15.30	15.40
USA	119,471	132,816	165,463	186,424	205,832	246,584	40.90	17.50	14.00
ASEAN	11,487	11,181	13,509	10,783	14,192	19,202	3.20	32.80	7.70
China	704	778	746	1,249	1,814	3,149	0.50	70.30	33.40
NZ	19,074	23,549	27,509	37,781	41,352	43,293	7.20	2.70	17.50
Other	43,161	43,160	48,519	51,374	76,619	94,596	15.70	21.10	16.20
<i>World</i>	<i>295,732</i>	<i>319,165</i>	<i>389,086</i>	<i>424,573</i>	<i>516,790</i>	<i>603,408</i>	<i>100.00</i>	<i>14.60</i>	<i>14.20</i>
Inwards + Outwards	2002	2003	2004	2005	2006	2007	Share of total (%) 2007		
EU	277,579	293,079	346,075	375,262	445,570	509,849	31.51		
Japan	40,062	39,277	43,250	50,839	55,789	56,643	3.50		
USA	256,836	298,498	379,751	391,723	429,095	519,132	32.09		
ASEAN	31,349	29,949	33,187	33,776	42,749	51,499	3.18		
China	2,340	2,500	2,098	2,646	3,918	6,960	0.43		
NZ	29,713	34,991	40,327	54,470	62,499	69,483	4.29		
Other	179,499	190,347	221,362	267,019	351,561	404,349	24.99		
<i>World</i>	<i>817,379</i>	<i>888,641</i>	<i>1,066,050</i>	<i>1,175,734</i>	<i>1,391,182</i>	<i>1,617,917</i>	<i>100.00</i>		

Source: Own illustration based on data provided by EC DEL 2008, 13

Figure 22: Australia major two-way investment partners 2007 (inflows + outflows)



Source: Own illustration based on data provided by EC DEL 2008, 13

APPENDIX 4: INTERVIEW GUIDES

Interview guide: EC1

- 1.) How would you describe the current state of the relationship between the European Union and Australia?
- 2.) How would you describe the importance of the relationship between the European Union and Australia (from a European Union and Australian perspective)?
- 3.) Has the relationship changed over the years? If yes, how?
- 4.) Has the relationship between the EU and Australia changed since Mr. Rudd was elected PM of Australia?
- 5.) Prof. Murray (*Head of the Contemporary Europe Research Centre at the University of Melbourne*) refers to the relationship between the EU and Australia as being “asymmetrical“. Moreover, she sometimes uses the term “European Superpower“. Do you agree with this opinion?
- 6.) The 1997 Joint Declaration identifies a framework for dialogue and consultations (*consultations at Ministerial level, consultations between officials on both sides, summit meetings, inter-parliamentary delegations*). How is this framework translated into practice?
- 7.) Where can you identify areas of major conflict and areas of close cooperation / common interests?
- 8.) Which issues are currently being emphasised (*quotation joint statement Barroso/Rudd: “priorities for cooperation on international security, trade, development issues, the Asia-Pacific region, climate change and energy, science and education, aviation and movement of people, including visas“*)?
- 9.) Would you rate political links or trading links between the EU and Australia as being stronger?
- 10.) How would you assess the importance of the main agreements between the European Union and Australia? (*1997 Joint Declaration, 2003 Agenda for Cooperation*)
- 11.) How would you assess the newly planned Partnership Framework between the EU and Australia? (*Is it truly an upgrade, as mentioned in the Joint Statement by Mr. Barroso and Mr. Rudd?*)
- 12.) When will the Partnership Framework be finalised? What is the current state of negotiations?

- 13.) Who is involved in the development of the Partnership Framework?
- 14.) In 1996/1997 negotiations of a Framework Agreement failed due to the unwillingness of the Australian government to include a human rights clause. Will the new Partnership Framework include a human rights clause?
- 15.) If adopted, what will the Partnership Framework change with regard to the relationship between the EU and Australia (in practical terms)?
- 16.) What is the future of EU-Australia relations?
- 17.) Are closer ties between the EU and Australia desirable / beneficial to either partner / probable?
- 18.) In which areas is cooperation between the EU and Australia probable and desirable?

Interview guide: EC2

- 1.) How would you describe the current state of the relationship between the European Union and Australia?
- 2.) How would you describe the importance of the relationship between the European Union and Australia?
- 3.) Has the relationship changed over the years? If yes, how?
- 4.) Has the relationship between the EU and Australia changed since Mr. Rudd was elected PM of Australia?
- 5.) Prof. Murray (*Head of the Contemporary Europe Research Centre at the University of Melbourne*) refers to the relationship between the EU and Australia as being “asymmetrical“. Moreover, she sometimes uses the term “European Superpower“. Do you agree with this opinion?
- 6.) The 1997 Joint Declaration identifies a framework for dialogue and consultations (*consultations at Ministerial level, consultations between officials on both sides, summit meetings, inter-parliamentary delegations*). How is this framework translated into practice?
- 7.) The Joint Statement by EC President Barroso and Australian PM Rudd stressed the will of both partners to bring the Doha negotiations to a conclusion this year.
 - a. Was there any cooperation prior to the negotiations in Geneva?
 - b. How would you describe this cooperation (who worked together?)
 - c. What are the joint interests of the EU and Australia and what are the points of intersection with regard to the Doha negotiations?
 - d. Is the conclusion of the Doha round still on the agenda with regard to EU-Australia talks?
- 8.) Where can you identify areas of major conflict and areas of close cooperation / common interests?
- 9.) Which issues are currently being emphasised?
- 10.) How would you assess the importance of the main agreements between the European Union and Australia (*1997 Joint Declaration, 2003 Agenda for Cooperation*)?
- 11.) How would you assess the newly planned Partnership Framework between the EU and Australia? (*Is it truly an upgrade, as mentioned in the Joint Statement by Mr. Barroso and Mr. Rudd?*)

- 12.) If adopted, what will the Partnership Framework change with regard to the relationship between the EU and Australia (in practical terms)?
- 13.) What is the future of EU-Australia relations?
- 14.) Are closer ties between the EU and Australia desirable / beneficial to either partner / probable?
- 15.) In which areas is cooperation between the EU and Australia probable and desirable?

Interview guide: MEP1, MEP2

- 1.) Wie würden Sie die Beziehungen zwischen der EU und Australien allgemein beschreiben?
- 2.) Prof. Murray (Leiterin Contemporary Europe Research Centre - University of Melbourne) beschreibt die Beziehungen zwischen der EU und Australien als „asymmetrisch“ zu Gunsten der EU. Desweiteren spricht sie manchmal von einer „European Superpower“. Inwiefern teilen Sie diese Einschätzung?
- 3.) Gibt es Unterschiede in den Beziehungen zu Australien seit dem Regierungswechsel in Australien im November letzten Jahres?
- 4.) Wo sehen Sie Konfliktpunkte, wo gemeinsame Interessen bzw. Kooperation zwischen der EU und Australien?
- 5.) Wie schaut die parlamentarische Zusammenarbeit mit Australien in der Praxis aus?
- 6.) Welche Themen stehen zurzeit im Fokus der parlamentarischen Zusammenarbeit mit Australien?
- 7.) Wie wichtig ist der parlamentarische Austausch für die Beziehungen allgemein?
- 8.) Gibt es innerhalb der EU-Institutionen eine Zusammenarbeit bzw. einen Informationsaustausch in Bezug auf Australien (z.B. nach Besuch von PM Rudd)?
- 9.) Wie beurteilen Sie die Pläne von PM Rudd und der EK, ein Partnerschaftsabkommen (Partnership Framework) auszuarbeiten? Welche Implikationen könnte dies – aus Ihrer Sicht – für die Zukunft der Beziehungen zwischen der EU und Australien haben?
- 10.) Wie beurteilen Sie die Zukunft der EU-australischen Beziehungen?
- 11.) Wo sehen Sie Bereiche, in denen eine engere Zusammenarbeit zwischen der EU und Australien a) erstrebenswert und b) wahrscheinlich ist?

Interview guide: AUS1

- 1.) How would you describe the current state of the relationship between the European Union and Australia?
- 2.) How would you describe the importance of the relationship between the European Union and Australia (*from a European Union and Australian perspective*)?
- 3.) Has the relationship changed over the years? If yes, how?
- 4.) Has the relationship between the EU and Australia changed since Mr. Rudd was elected PM of Australia?
- 5.) Prof. Murray (*Head of the Contemporary Europe Research Centre at the University of Melbourne*) refers to the relationship between the EU and Australia as being “asymmetrical“. Moreover, she sometimes uses the term “European Superpower“. Do you agree with this opinion?
- 6.) How does Australia make its voice heard in Brussels? What is the embassy’s role in this process? Who is involved in the formulation of foreign policy concerning the EU (in practical terms)? Is there a coordination of actions within DFAT?
- 7.) (How) Is DFAT trying to find a balance between the engagement with the EU and the direct engagement with member states?
- 8.) Where can you identify areas of major conflict and areas of close cooperation / common interests?
- 9.) Which issues are currently being emphasised?
- 10.) How would you assess the importance of the main agreements between the European Union and Australia (*1997 Joint Declaration, 2003 Agenda for Cooperation*)?
- 11.) How would you assess the newly planned Partnership Framework between the EU and Australia? (*Is it truly an upgrade, as mentioned in the Joint Statement by Mr. Barroso and Mr. Rudd?*)
- 12.) Are you involved in the development of the Partnership Framework?
- 13.) When will the Partnership Framework be finalised? What is the current state of negotiations?
- 14.) In 1996/1997 negotiations of a Framework Agreement failed due to the unwillingness of the Australian government to include a human rights clause. The new Partnership Framework will not include a human rights clause – was this a consensus decision between the EU and Australia?

- 15.) If adopted, what will the Partnership Framework change with regard to the relationship between the EU and Australia (*in practical terms*)?
- 16.) What is the future of EU-Australia relations?
- 17.) Are closer ties between the EU and Australia desirable / beneficial to either partner / probable?
- 18.) In which areas is cooperation between the EU and Australia probable and desirable?

Interview guide: AUS2

- 1.) How would you describe the (former and) current state of the relationship between the European Union and Australia?
- 2.) How would you describe the of the relationship between the European Union and Australia (*from an Australian perspective*)?
- 3.) Has the relationship changed over the years? If yes, how?
- 4.) Has the relationship between the EU and Australia changed since Mr. Rudd was elected PM of Australia?
- 5.) Prof. Murray (*Head of the Contemporary Europe Research Centre at the University of Melbourne*) refers to the relationship between the EU and Australia as being “asymmetrical“. Moreover, she sometimes uses the term “European Superpower“. Do you agree with this opinion?
- 6.) What were the major Australian national security issues when you were part of the bureaucracy?
- 7.) What are the major national security issues at the moment?
- 8.) The president of the European Commission and the Australian Prime Minister agreed to “*upgrade EU-Australia relations through a new partnership framework, including priorities for cooperation on international security, trade, development issues, the Asia-Pacific region, climate change and energy, science and education, aviation and movement of people, including visas.*” Being an expert on international security issues, could these two blocks of countries really cooperate constructively on these issues?
- 9.) How could the EU and Australia cooperate on international security issues and in the South-Pacific in practice?
- 10.) Would it be beneficial to Australia seeing the European Union engage in e.g. development aid in its own “backyard”?
- 11.) What is the future of EU-Australia relations?
- 12.) Are closer ties between the EU and Australia desirable / beneficial to either partner / probable?
- 13.) In which areas is cooperation between the EU and Australia probable and desirable?

APPENDIX 5: CROSS-CASE DISPLAY (AUSTRALIAN EXPERTS)

Table 10: Cross-case display Australian experts, part 1

		AUS1 (focus on general relations)	AUS2 (focus on security issues & on time between 1998 and 2001)
1	Nature and state of EU-Australia relations		
1a	At present	<ul style="list-style-type: none"> Major upgrade in relations as discussed by European Commission President Barroso and Australian PM Rudd (e.g. Partnership Framework) 	<ul style="list-style-type: none"> At that time: Australia did not particularly focus on EU <ul style="list-style-type: none"> more immediate security concerns after 9/11 and in the region Jemaah Islamiyah in Indonesia EU was not key strategic security issue at that stage and was consequently not high on agenda
1b	Partnership Framework	<ul style="list-style-type: none"> Joint Statement by Commission President Barroso and PM Rudd, in which Partnership Framework was introduced, is "new diplomatic script" Embassy directly involved in negotiations of Framework Lead negotiators in Canberra Hope that Partnership Framework will "add momentum towards things actually being done" (action plans) 	<ul style="list-style-type: none"> n/a
1c	Changes after PM Rudd came to power	<ul style="list-style-type: none"> Under former PM Howard <ul style="list-style-type: none"> relationship had not developed as fast as expected no particularly close relationship between the PM and the Commission "at the level of personalities" PM Howard attached more importance to member states and particularly the UK than to the EU as a whole differences on climate change "tended to close doors in Brussels" Australia as US ally in Iraq Under incumbent PM Rudd <ul style="list-style-type: none"> ratification of the Kyoto Protocol as first official act national apology to Aboriginal population (unexpectedly generated positive response in the EU) early visit of PM Rudd to Brussels visits of a number of Australian ministers to Brussels Actions taken by new Government were conducive to strengthening ties with the EU and to accelerating the pace of interaction 	<ul style="list-style-type: none"> Too early to say Frequent Australian Ministerial visits to Brussels, might however be "initial flurry of visits after a change of Government" Still focused on US and Asia, EU will always be behind those priorities Change over the years: After 9/11 closer ties with individual member states (focus on sharing information), as EU does not have own intelligence agency Before change of Government Australia was much closer to US line; will now play a more proactive role in multilateral fora

Source: Own information

Table 11: Cross-case display Australian experts, part 2

1d	Trade	<ul style="list-style-type: none"> • “Excellent relationship” between European Commissioner Peter Mandelson and Australian Trade Minister Simon Crean, particularly in WTO context 	<ul style="list-style-type: none"> • Trade will be the primary focus of EU-AUS relations • Australia is booming economically, Australia is a significant resource exporter, but does not really impact on the EU
1e	Asymmetry	<ul style="list-style-type: none"> • Asymmetry of size, asymmetry of accessibility • Importance of relationship from Australian perspective <ul style="list-style-type: none"> ◦ one of Australia’s key relationships (size of EU market, EU as largest single development aid donor) ◦ dominated by economic engagement • Importance of relationship from EU perspective <ul style="list-style-type: none"> ◦ Australia is not one of the most important countries to the EU (same outlook, not a troublesome area, stable and well-developed country, “there’s not much that’s required”) ◦ evidence for lacking importance: accessibility of Commissioners 	<ul style="list-style-type: none"> • See 1d
2	Points of intersection		
2a	Areas of cooperation	<ul style="list-style-type: none"> • Cooperation • Climate change • Multilateralism (approach valued by the EU) • Multilateral trading system (WTO) • Promotion of human rights and democracy • Counter-terrorism cooperation 	<ul style="list-style-type: none"> • With regard to security issues: Cooperation with member states, not the EU as a whole (no security/intelligence capacity) • With regard to development aid as means of conflict prevention: <ul style="list-style-type: none"> ◦ EU plays a small role in East Timor ◦ EU also present in Aceh ◦ EU plays quite a big role in Fiji and Afghanistan ◦ Often EU engagement is pro forma, however EU has financial capacity Australia does not have ◦ nevertheless Africa is EU’s main development priority, whereas Australia has no particular interest in Africa beyond Zimbabwe
2b	Areas of conflict	<ul style="list-style-type: none"> • Not really huge differences, but tensions with regard to trade negotiations and particularly Geographical Indications (GIs) <ul style="list-style-type: none"> ◦ CAP (however Australia acknowledges reforms) ◦ EU protectionism (projecting norms, e.g. with regard to nickel) ◦ former commitment to US used to be source of tensions, luxury tax on cars, taxes on manufactured goods 	<ul style="list-style-type: none"> • n/a

Source: Own illustration

Table 12: Cross-case display Australian experts, part 3

3 Future of EU-Australia relations			
3a	General remarks	<ul style="list-style-type: none"> • EU-Australia relations will probably stay at the current level • EU-Australia relations are already at optimal level • EU will remain key market, key global player, key partner to Australia • Future is bright, but relationship will not be as dynamic as with China or Indonesia • see 3a, 3c 	<ul style="list-style-type: none"> • No particular drive that would change the nature of the relationship. • Relationship will continue on a very stable path
3b	Areas of future importance		<ul style="list-style-type: none"> • Cooperation in multilateral fora • Australia will play a more proactive role in the UN after the change of Government • Trade • see 3b
3c	Areas of future cooperation	<ul style="list-style-type: none"> • Closer cooperation not probable, rather expectation of "more of the same" as "it's already at the optimal level" • Process and relations already exploited, other regions require more attention by both the EU and Australia, both partners are stable 	
4 Other issues of importance			
4a	Australia's engagement with Europe	<ul style="list-style-type: none"> • Australian foreign policy tries to engage with (major) member states and employ a Community approach at the same time 	<ul style="list-style-type: none"> • Primarily with member states • Much more focused on NATO than on the EU, as Australia operates "within the wider NATO framework", e.g. in Afghanistan • Australia's engagement in Europe <ul style="list-style-type: none"> ◦ with the EU as a whole = focus on trade ◦ with the EU as its member states = focus on security • n/a
4b	Balance engagement with EU and member states	<ul style="list-style-type: none"> • Many strategies require Europe-wide approach (prepared in Canberra) • E.g. Passenger Name Record Agreement <ul style="list-style-type: none"> ◦ Pillar III Agreement ◦ decisions made in capitals ◦ lobbying in capitals (coordinated by Canberra) • E.g. East Timor <ul style="list-style-type: none"> ◦ only Portugal interested (for historical reasons) • E.g. counter-terrorism <ul style="list-style-type: none"> ◦ member states have more to say than EU • Strong relationship with the UK • But Brussels has a "monopoly on coordination", hence there is "more power, more opportunity to cooperate with Brussels" 	

Source: Own information

Table 13: Cross-case display Australian experts, part 4

4c	Making Australia's voice heard in Brussels	<ul style="list-style-type: none"> • By engaging in policy areas of common interest • By showing high level of expertise in areas the EU is not as versed, e.g. Asia, China and the Pacific • By being experts on issues where the EU lacks this level of expertise • By trying to have "as much high-level contacts as possible" in order to generate momentum 	<ul style="list-style-type: none"> • n/a
4d	Major security issues important to Australia	<ul style="list-style-type: none"> • n/a 	<ul style="list-style-type: none"> • Extremism/terrorism targeting Australians in Australia or in the region (e.g. Jemaah Islamiyah) • Afghanistan as biggest appointment overseas • Instability in the region (e.g. Vanuatu, Papua New Guinea, Fiji, East Timor)

Source: Own illustration

APPENDIX 6: CROSS-CASE DISPLAY (EUROPEAN COMMISSION EXPERTS)

Table 14: Cross-case display European Commission experts, part 1

	EC1 (focus on general relations)	EC2 (focus on trade)
1	Nature and state of EU-Australia relations	
1a	<ul style="list-style-type: none"> • Fantastic, very promising • Overarching priority: Finalisation of Partnership Framework Agreement 	<ul style="list-style-type: none"> • Very, very good relationship in terms of business • Very good relationship in multilateral fora • Trade negotiations are comparatively more complicated, but have become easier recently • Some frictions in bilateral policy
1b	<p>Partnership Framework</p> <ul style="list-style-type: none"> • Only political declaration, not legally binding • Forerunners: 1997 Joint Declaration and 2003 Agenda for Cooperation • Motivation <ul style="list-style-type: none"> ◦ provide backbone for EU-AUS relations ◦ create new, more modern, more flexible, more up-to-date, more practical and result-oriented document ◦ create document, which also allows stocktake of relations at any time • Issues <ul style="list-style-type: none"> ◦ entire scope of relations • Time frame <ul style="list-style-type: none"> ◦ EU adoption process much faster in this case ◦ document shall be adopted at the EU-Australia Ministerial Troika Consultations in Paris on 29 October 2008 • Positive outcomes of this document <ul style="list-style-type: none"> ◦ closer cooperation in preparatory phase ◦ much more frequent working meetings and videoconferences ◦ overall, relations will be reinforced 	<ul style="list-style-type: none"> • n/a
1c	<p>Changes after PM Rudd came to power</p> <ul style="list-style-type: none"> • Good relations before Rudd's election as well, only "bad chemistry between individuals" • Landmark change after Kevin Rudd's election due to <ul style="list-style-type: none"> ◦ Rudd's announcements on climate change and environment ◦ importance Rudd attaches to EU-AUS relations 	<ul style="list-style-type: none"> • Multilateralism as priority (Kyoto, PM Rudd's early visit to Brussels) <ul style="list-style-type: none"> ◦ changed the way Australia is perceived in Europe ◦ Europe and its citizens attach importance to Kyoto and multilateralism • Signing of Kyoto created new political and business momentum between EU and AUS

Source: Own illustration

Table 15: Cross-case display European Commission experts, part 2

1c	Changes after PM Rudd came to power (cont.)	<ul style="list-style-type: none"> less "EU-bashing with regard to CAP or failure of WTO trade talks CAP lost some of its conflict potential closer cooperation and more Australian high-level visits to Brussels 	<ul style="list-style-type: none"> Very good relationship <ul style="list-style-type: none"> particularly in multilateral fora good relationship and frequent talks between Trade Commissioner Mandelson and Australian Trade Minister Crean EU is not blamed for failure of WTO trade talks In terms of WTO talks, relations improved after Potsdam (June 2007) Still different interest in agriculture, but more respect for each other's position
1d	Trade	<ul style="list-style-type: none"> EU more important to AUS than vice versa Very good working relationship between Trade Commissioner Peter Mandelson and Australian Trade Minister Simon Crean 	<ul style="list-style-type: none"> EU and AUS both "grown-up, developed" countries Trade in goods quite important <ul style="list-style-type: none"> AUS exports mainly agricultural products, energy, minerals EU exports mainly medicaments, motor vehicles, machinery Trade in services <ul style="list-style-type: none"> EU is Australia's most important partner strong average growth of approx. 10 % a year over the last decade Very good and trustful relationship between Trade Commissioner Peter Mandelson and Australian Trade Minister Simon Crean; informal talks approx. once a week EU is Australia's first trading partner EU exports twice as much to Australia as it imports
1e	Asymmetry	<ul style="list-style-type: none"> Obvious and a matter of numbers EU more important to AUS in terms of <ul style="list-style-type: none"> trade reciprocal untying of aid Conversely, Australia is strategic partner <ul style="list-style-type: none"> in the Asia Pacific in terms of energy security in terms of climate change 	
2	Points of intersection		
2a	Areas of cooperation	<ul style="list-style-type: none"> Development aid and security in the Asia Pacific Energy security (Australian uranium deposits) Climate change PM Rudd's knowledge about China 	<ul style="list-style-type: none"> Close cooperation in multilateral fora Same priorities <ul style="list-style-type: none"> open markets of emerging countries rules services (binding of commitments in mode 1-3, new market access from emerging countries)

Source: Own illustration

Table 16: Cross-case display European Commission experts, part 3

2b	Areas of conflict	<ul style="list-style-type: none"> From EU-perspective: <ul style="list-style-type: none"> Geographical Indications (GIs) Australian biosecurity and quarantine systems (SPS) From Australian perspective: <ul style="list-style-type: none"> Nickel In general: Frictions are not comparable to former conflict over CAP 	<ul style="list-style-type: none"> Agriculture (CAP) used to be major difficulty, now more understanding Frictions over <ul style="list-style-type: none"> sanitary-phytosanitary (SPS) rules consumer security material recognition for goods GIs
3	Future of EU-Australia relations		
3a	General remarks	<ul style="list-style-type: none"> Future of EU-AUS relations “very rosy, very positive” No dramatic changes foreseeable; EU and AUS are confronted by same challenges (e.g. climate change, terrorism) EU-AUS relations have always been quite good, but the EU is “very happy” with the current nature of the relationship 	<ul style="list-style-type: none"> EU and AUS should work together on new initiatives <ul style="list-style-type: none"> on investment on raw material on a new WTO Round
3b	Areas of future importance	<ul style="list-style-type: none"> Cooperation on environmental and climate change related issues Renewable energy 	<ul style="list-style-type: none"> see 3a
3c	Areas of future cooperation	<ul style="list-style-type: none"> see 3b 	<ul style="list-style-type: none"> see 3a
4	Other issues of importance		
4a		<ul style="list-style-type: none"> Framework for dialogue <ul style="list-style-type: none"> Annual Ministerials / EU-Australia Troika Consultations Annual European Commission–Australia Senior Officials Meetings Trade Policy Dialogue ATMEG Senior Officials Dialogue on Migration and Asylum EU-Australia COASI Troika Experts Meeting Dialogues on energy issues (not formalised) Inter-Parliamentary Meetings (IPMs) 	<ul style="list-style-type: none"> Framework for dialogue <ul style="list-style-type: none"> Trade Policy Dialogue annual ATMEG bilateral visits mix of formal and informal talks at multilateral fora (e.g. G7) regular contact between Trade Commissioner Mandelson and Australian Trade Minister Crean

Source: Own illustration

APPENDIX 7: CROSS-CASE DISPLAY (MEMBERS OF THE EUROPEAN PARLIAMENT)

Table 17: Cross-case display Members of the European Parliament, part 1

		MEP1 (focus on environmental issues)	MEP2 (focus on general relations)
1	Nature and state of EU-Australia relations		
1a	At present	<ul style="list-style-type: none"> In terms of interparliamentary cooperation relations are normal good 	<ul style="list-style-type: none"> Relatively close relations Reason for close relations: European settlers and European orientation
1b	Partnership Framework	<ul style="list-style-type: none"> EP not directly involved 	<ul style="list-style-type: none"> Important in a global context Partnership Frameworks with countries like Australia are a role model for other countries
1c	Changes after PM Rudd came to power	<ul style="list-style-type: none"> PM Rudd's first official act: Ratification of the Kyoto Protocol, EU appreciated this deed Australia used to take up the US stance on climate change issues, which changed after Rudd's election 	<ul style="list-style-type: none"> Relations have improved recently Prices for agricultural products rose, leading to less overproduction, hence a traditional source of conflict lost importance More consensus between EU and PM Rudd on climate change issues Australia's position much closer to European stance, in the context of climate change and Iraq Personal relations between individuals changed due to centre-right developments in the European Union
1d	Trade	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> n/a
1e	Asymmetry	<ul style="list-style-type: none"> Significant difference with regard to population Asymmetry does not necessarily imply one partner is inevitably disadvantaged Both partners can benefit despite asymmetry 	<ul style="list-style-type: none"> Asymmetry as a result of differences in size and distance
2	Points of intersection		
2a	Areas of cooperation	<ul style="list-style-type: none"> Solar energy 	<ul style="list-style-type: none"> Human rights Promotion of democracy International Criminal Law Australia as role model for integration of migrants Development aid in the Asia Pacific (e.g. Fiji, Vanuatu) Learn from each other, exchange views on best practice
2b	Areas of conflict	<ul style="list-style-type: none"> Uranium and coal deposits in Australia Australia has no interest in Europe phasing out nuclear and coal-fired power plants 	<ul style="list-style-type: none"> Little to none, because problems relating to agriculture were solved

Source: Own illustration

Table 18: Cross-case display Members of the European Parliament, part 2

2b	Areas of conflict (cont.)		<ul style="list-style-type: none"> • Previous areas of conflict: <ul style="list-style-type: none"> ◦ CAP ◦ question who should play the role of a “global policeman”
3	Future of EU-Australia relations		
3a	General remarks	<ul style="list-style-type: none"> • Relations are developing well, AUS and EU can cooperate well • Impression that EU is perceived better in Australia and New Zealand than within the EU 	<ul style="list-style-type: none"> • Wider context of relations will change due to globalisation • Situation less dynamic with regard to the internationalisation of legal framework
3b	Areas of future importance	<ul style="list-style-type: none"> • Climate change • Trade • Finding a balance between trade and climate change (e.g. food miles) 	<ul style="list-style-type: none"> • Issues related to energy • Apart from that no dynamics, business as usual
3c	Areas of future cooperation	<ul style="list-style-type: none"> • see 3a and 3b 	<ul style="list-style-type: none"> • Energy • Climate change • Development aid
4	Other issues of importance		
4a	Interparliamentary Meetings (IPMs)	<ul style="list-style-type: none"> • Cooperation in interparliamentary context is not close • Delegation for Relations with Australia and New Zealand meets 3 – 5 times a year • Rotating biannual visits of the EP delegation to Australia • biannual visits of the Australian delegation to Brussels • Delegation of the European Commission to Australia and Australian Mission to the European Communities involved in planning of delegation visits • When in Australia: Meetings with Ministers (e.g. Foreign Affairs Minister, Environment Minister) 	<ul style="list-style-type: none"> • Rotating biannual visits of the EP delegation to Australia and biannual visits of the Australian delegation to Brussels • Administrative tasks performed by Delegation of the European Commission to Australia and the Australian Mission to the European Communities • Cooperation on parliamentary level not so valued by Australia; more contacts with Government and Ministers, which is rather atypical • Also bilateral contacts without involvement of the EU • Issues currently covered in the Interparliamentary dialogue <ul style="list-style-type: none"> ◦ energy and climate change ◦ education and exchange programmes ◦ typical topics like agriculture or environment

Source: Own illustration

ABSTRACT (ENGLISH)

While the history of EU-Australia relations began with the British accession to the European Union, the further development was marked by turbulent disagreement over the EU's Common Agricultural Policy (CAP) and a period of convergence and stronger cooperation beginning in the early 1990s. The topic of EU-Australia relations has generally received little academic attention; while there are some Australian publications, scholars in the European Union have virtually neglected this issue. Therefore, the ultimate goal of this thesis is to examine the current nature and state of the relationship between the European Union and Australia in the light of recent changes like the election of a new Australian Government, to outline specific issues of mutual importance in the relationship, i.e. areas of cooperation and conflict, and to specify areas of future cooperation and potential synergies. For these purposes qualitative interviews with experts from the European Commission, Members of the European Parliament and Australian experts were conducted. Results of this qualitative study suggest that there have been significant changes to EU-Australia relations since the election of Prime Minister Rudd, resulting in closer cooperation on some issues of global importance and a more favourable diplomatic environment. While the CAP appears to have lost most of its conflict potential, there are some comparatively minor frictions with regard to trade negotiations and bilateral policy. Also, future cooperation on four specific issues was discovered to be a significant element in fostering synergies.

ABSTRACT (DEUTSCH)

Die Beziehungen zwischen der Europäischen Union und Australien begannen mit dem Beitritt Großbritanniens zur EU. Die darauf folgende Entwicklung der Beziehungen war vom Konflikt über die Gemeinsame Agrarpolitik der EU gekennzeichnet. Erst in den 1990er Jahren fand eine Annäherung der beiden Partner statt, die in verstärkter Zusammenarbeit resultierte. Dennoch wurde dem Thema der EU-australischen Beziehungen kaum akademische Beachtung geschenkt. Während es einige australische Publikationen gibt, wurde dieses Thema von europäischen Wissenschaftlern geradezu vernachlässigt. Aus diesem Grund ist es das Ziel dieser Arbeit den Charakter und Zustand der gegenwärtigen Beziehungen zwischen der EU und Australien zu analysieren, besonders vor dem Hintergrund aktueller Ereignisse, wie beispielsweise dem Regierungswechsel in Australien. Darüber hinaus sollen Schnittpunkte der Beziehungen in Bezug auf Zusammenarbeit und Konflikte herausgearbeitet werden, sowie zukünftige Kooperationen und sich daraus ergebende mögliche synergetische Effekte erläutert werden. Zu diesem Zweck wurden qualitative Experteninterviews mit Mitarbeitern der Europäischen Kommission, Europaabgeordneten und australischen Experten durchgeführt. Die Ergebnisse dieser qualitativen Studie lassen darauf schließen, dass der australische Regierungswechsel einen signifikanten Einfluss auf die Beziehungen zwischen der EU und Australien hatte, beispielsweise in Bezug auf eine engere Zusammenarbeit in Bereichen von globaler Bedeutung oder in Bezug auf ein freundlicheres diplomatisches Umfeld. Während die gemeinsame Agrarpolitik augenscheinlich an Konfliktpotential verloren hat, gibt es kleinere Spannungen im Bereich der Handelsgespräche oder bilateraler Richtlinien. Darüber hinaus wurden vier besondere Bereiche identifiziert, die aller Wahrscheinlichkeit nach synergetische Effekte in der Zusammenarbeit zwischen der EU und Australien fördern könnten.

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