

Australian Politics and the Study of Regional Integration

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One thing that makes the study of Australian politics interesting and important is that a set of Australian political institutions—the Council of Australian Governments (COAG)—sits at the heart of a functioning trans-Tasman Single Economic Market.

Since signing the Australia—New Zealand Closer Economic Trade Agreement in 1983, trans-Tasman economic relations have evolved from an inclusive but conventional free trade agreement to a successful effort to construct a regional ‘single market’. This three-decade record of ‘deepening’ economic integration arguably resembles the European experience more closely than any other contemporary effort to integrate economies regionally.

The evolution of trans-Tasman economic relations and COAG institutions offer investigators potential for insights in three important areas of contemporary inquiry: regional institutional design, international diffusion of policies and institutions, and the evolving regional architecture of the Asia Pacific. The following considers each of these areas in turn.

Design of regional institutions

Because trans-Tasman institutions are both similar to and different from Europe’s supra-national institutions, they suggest the possibility of alternative designs for regional institutions. Observers have been unable to agree whether or how processes of regional integration in Europe might be compared to those elsewhere. The failure of other regions to mirror Europe’s deepening integration or supranational institutions has generated an unhelpful conflict. Some analysts insist that Europeans have blazed a singular trail that other regions must follow, while others claim European integration is a phenomenon *sui generis*.

The fact that trans-Tasman economic integration has evolved similarly, though not identically, to Europe suggests the possibility of alternative paths to ‘deep’ economic integration. The existence of supra-national institutions in both regions indicates that ‘deep’ economic integration may be impossible without some dilution of national sovereignty. Supra-national institutions in both regions function to mitigate uncertainties accompanying ‘deep’ integration by: defining parties’ obligations, monitoring their compliance, settling disputes and refining obligations.

Trans-Tasman institutions, however, differ markedly in form from their EU counterparts. The European Commission, Court of Justice (ECJ) and Parliament possess policy-making capacities across a broad range of issue areas that makes them potential competitors for the member states that created them. The prospect of competition from powerful supra-national agencies has

understandably created ambivalence toward the European format among some national policy makers in Europe and elsewhere. EU laws also have 'direct effect' legal status within member states. This has permitted private actors—firms and individuals—to drive integration forward by using national courts to force member state governments to comply with their EU treaty obligations, which the ECJ has considerable authority to interpret.

Trans-Tasman supra-national institutions, on the other hand, do not create powerful agencies with broad competencies. Rather, where they create supra-national agencies (for example: Joint Accreditation System Australia—New Zealand (JASANZ), Food Safety Australia and New Zealand (FSANZ); Trans-Tasman Therapeutic Products Administration (TTTPA or, simply, TPA)) or pool sovereign decision-making in a COAG ministerial council,¹ trans-Tasman institutions limit the competence of actors to specific issue areas. So, for example, while the European Commission, Court and Parliament have broad powers over 'single market' issues, the planned TPA's powers are limited to control of pharmaceuticals and medical devices.

Also, trans-Tasman arrangements like FSANZ (but not TPA!) delegate legislative authority to supra-national agencies but retain executive functions in national agencies. Such arrangements limit possibilities for supra-national entrepreneurship and 'spillovers' between policy areas that are not guided by intergovernmental agreement. Also, trans-Tasman institutions have no 'direct effect' legal force. Private actors cannot use courts to drive integration forward. Nonetheless, trans-Tasman institutions remain supra-national in design and offer an alternative to European arrangements for managing the uncertainties of 'deep' economic integration. This alternative may be more palatable to policy makers concerned about ceding national sovereignty than the EU's institutional format.

Policy and Institutional Diffusion

The creation of a single market encompassing the Australian Commonwealth, states, territories and New Zealand might also contribute to our understanding of processes by which policies and institutional formats move internationally. A large literature describes how—in particular—the EU has 'exported' norms, policies and institutions to new member states and states in its 'neighbourhood'.

These studies emphasise the role of mechanisms such as legal compulsion, material conditionality and socialisation. Australian and New Zealand policy makers were very conscious of European developments in creating the trans-Tasman Single Economic Market. They consciously adopted, and adapted, mechanisms from the European single market programme, including 'mutual recognition' as a mechanism for policy coordination. Interestingly, European policy makers had no means of compulsion and very weak levers of

¹ On many issues COAG ministerial council rules specify decision making by majority or qualified majority vote.

conditionality with which to influence their Australian and New Zealand counterparts.

What is more, trans-Tasman economic integration began as a reaction to UK accession to the European Economic Community and the accompanying loss of European markets to Australian and New Zealand agricultural producers. Antipodean policy makers regarded European integration with ambivalence—as an example of liberal integration internally, but of mercantilist trade-diversion externally. Understanding how and why some ‘lessons’ of European integration—but not others—were adopted and adapted to trans-Tasman circumstances offers another example of what might be gained from the study of Australian politics.

In this regard, it should be noted that ASEAN and Australia and New Zealand, as ‘CER’ (‘Closer Economic Relations’ derived from ANZ**C**ERTA), have institutionalised efforts to learn from each other’s experience of integration in the CER-ASEAN Integration Partnership Forum (IPF).

Asia Pacific Regional Architecture

Study of trans-Tasman economic integration might also provide surprising insights into the evolving architecture of the Asian Pacific region. Many observers focus on the role of great powers, especially China and the United States, in setting the agenda for integration in the region. They often overlook the actions of small powers. In the Asia Pacific region, however, small powers have led the way toward ‘deep’ economic integration. For example, ASEAN and CER negotiated—as two regional groupings—the ASEAN-Australia-New Zealand FTA (AANZFTA), which both regions now regard as the benchmark for other trade negotiations even as they continue to advance their relationship within the IPF. Similarly, current negotiations for the Trans-Pacific Partnership (TPP) evolved out of the ‘P4’ negotiations between Brunei, Chile, New Zealand and Singapore.

The P4 countries sought to deepen integration between themselves by opening up trade in services, boosting investment and coordinating regulatory policies. They viewed cooperation between themselves explicitly as a model that could potentially attract other Asia Pacific countries. With the expansion of the P4 to the TPP, negotiations now include Australia and two other ASEAN countries (Malaysia and Viet Nam). While it is unclear whether and to what extent small powers like Australia, New Zealand, Malaysia and Singapore can shape (secret!) negotiations with the United States, it is clearly their strategy to shape the evolution of the Asia Pacific regional architecture through this process. To understand Australian and New Zealand intentions with regard to the Asia Pacific, one must recognise their roots in trans-Tasman economic integration.

Creation of a trans-Tasman Single Economic Market involved the re-creation of a set of existing, quasi-federal, Australian institutions and their supra-national extension to include New Zealand. This process involved a selective ‘learning of lessons’ from the European experience and has now become a source of ‘lessons’

in its own right within attempts to advance economic integration within the Asia Pacific. The study of the Australian federation stands at the heart of these developments and, therefore, warrants our interest and attention.