

AUSTRALIA IN ASIA

Address by Senator the Hon Gareth Evans QC, Minister for Foreign Affairs and Trade of Australia to the Foreign Correspondents Club of Thailand, Bangkok, 9 September 1992

Future generations will look back on the late 1980s and early 1990s as a crucial watershed in Australian history - a period when we really set about, for the first time, seriously and systematically redefining our identity so as to give preeminence not to Australia's history, but to our geography.

In the last half century, if not before, there have been of course many previous attempts by Australian governments of various stripes and colours, and by business, academics and other segments of the Australian community, to make connection with our Asian neighbourhood, and to reduce that sense of distance which has been part of the feeling on both sides for so long.

There was, for example, the strong support given by the Chifley Labor Government immediately after the Second World War to the establishment of Indonesia's independence; the role played by the Menzies Governments, and in particular Foreign Ministers Spender and Casey, in the introduction of the Colombo Plan and all the development assistance programs which followed, and in the steady growth of diplomatic relations with both old and newly emerging Asian nations; the active pursuit of trade relations with Japan, so much so that it became by 1970 our largest trading partner; the ending by the early 1970s of the White Australia immigration policy; and above all the huge role - itself of a watershed character - played by the Whitlam Labor Government between 1972 and 1975 in recognising China, ending our entanglement in Vietnam, and generally bringing a refreshing new spirit of independence to the conduct of Australian foreign policy which has been by and large maintained during the changes of government which followed.

Until quite recently, however, it has been difficult to argue that any really fundamental change of national mindset was going on. For most of the two hundred years since European settlement in 1788 it was the case that Australia fought against the reality of its own geography. We thought of ourselves, and were thought of by just about everyone else, as an Anglophonic and Anglophilic outpost - tied by history, language, demography, culture, economics and emotion to Europe and North America. The foundations for change in those perceptions were being laid - in all the ways I have just listed, and others as well - over the whole period since the Second World War. But a recognisable new edifice - built upon those foundations, and presenting a striking new face to the world -

has really only emerged over the last five years or so.

I continue to think that the key conceptual breakthrough was the Defence White Paper presented to Parliament in 1987 by the then Defence Minister Kim Beazley. That spelt out for the first time in our history a coherent policy of defence self reliance - essentially being able to look after ourselves in all contingencies short of a major war, without need to rely on our traditional "great and powerful friends". New confidence in our defence capability engendered by the White Paper and its implementation did, in an important sense, liberate Australian foreign policy. Australian foreign ministers became able to think more freely and more systematically about how to protect and advance Australian national interests, without needing to look quite so much at how our initiatives and reactions would impact on crucial alliance relationships.

Following hard on the heels of this development, international events erupted in a way which gave us all a great deal to think about, and which very much consolidated the emerging sense that Australia had to find its basic destiny in its own region. The collapse of Soviet communism and the end of the Cold War forced a fundamental reassessment, in the Asia Pacific as everywhere else, of security and strategic realities. The case became compelling for thinking about regional security relationships in a new way, with countries coming to see that their future security was best guaranteed by building multiple layers of interdependence between nations - finding security with others rather than against them. The Gulf crisis and a number of other regional conflicts have forced us to focus, in a way that really nobody had done since the foundation of the United Nations, on the role of international organisations and collective security principles in maintaining and securing peace.

On another front, international and domestic economic recession, the agonising slowness of international trade liberalisation negotiations, the ever increasing competition on world markets for our traditional commodity exports, and the recognition (to which we have been responding throughout the 1980s) that we needed to restructure the whole Australian economy to make us more competitive and outward looking, all forced us to think much more pointedly than we had previously done about the need to harness our economy much more clearly to the dynamic growth in the region to our north. Not just the Australian government, but the whole Australian business community, started to focus as never before on trade and investment with the region.

At the same time as all these events were reverberating, and partly in response to them, there has been occurring within Australia - largely the initiative of our new Prime Minister, Paul Keating - a quite sharp and lively debate on the nature of our national identity, and some of the symbols and institutions which express it. The question has been posed as to whether we really can be a truly independent Australian nation - and project ourselves as such, especially to our neighbours - when we have the flag of another nation in the corner of our own, and when under our Constitution our titular Head of State lives

half a world away and our working Head of State - the Governor General - is merely her delegate. These remnants of our colonial history of course do not inhibit in any practical way our freedom of action, and it may be some time yet before popular sentiment is firmly on the side of change, but that the debate is occurring at all is a measure of the feeling, which is so tangible in Australia now, that we are today better defined as a nation by our geography than our history.

If the last five years or so have been a watershed period in our national evolution, where then have we got to? How strong these days is Australia's Asian connection? How do we now define it? What is its current content and its future?

Geography. It has to be acknowledged that geographically, in any strict technical sense, Australia is not and cannot be part of Asia: we are not in Asia, but alongside it. What we are unequivocally part of is the Asia Pacific region - that sweeping crescent of countries, with the ASEANs at their centre, stretching up and around through North East Asia to embrace eventually North America, and south-east through Australia and New Zealand to embrace the Pacific Island countries and perhaps eventually (though not in anyone's thinking at the moment) South America. Australia has always been conscious of itself as, geopolitically, a Pacific nation - with long-established and close relationships with the Pacific island countries and across the ocean to the United States and Canada. The big change of recent years, which the present Government has done its best to encourage both within Australia and the region, has been the acceptance of "Asia Pacific" terminology as nowadays more appropriately descriptive in fixing our bearings. It signals that, in defining or place in the world, we now look north as much as we ever did east and beyond.

Demography. Demographically, Australia remains overwhelmingly more European than Asian, but it is important to appreciate nonetheless how rapidly things are changing as a result of non-European immigration over the last twenty years, and in particular a generous refugee resettlement policy which has involved us, for example, in being easily the highest per capita recipient in the world of Indo-Chinese refugees. There are now 600,000 Australians of Asian descent: that is 3.5 per cent of the population, and the figure is expected to grow to 7 per cent in the next twenty years.

It is perhaps worth making the point in this context that Asia itself is hardly homogeneous demographically and culturally. In the great arc of countries from Japan to Afghanistan - where there was no word for "Asia" before the Europeans came, and no "Asian" consciousness - there are six or more major different cultural traditions, great ethnic diversity and a multitude of living languages. While we in Australia are manifestly not an Asian people, we are more or less equidistant, culturally and demographically, from all its elements. The Indonesian Kompas newspaper correspondent, Ratih Hardjono, recently described us, in a book of that name, as the "White Tribe of Asia": as such we are well poised to have good and close relations with all the other Asian "tribes".

Economics. Australia's most developed connection with Asia is economic, and the story is worth telling in a little detail, particularly the scale of recent increases in trade and investment activity. At one level we have been doing business with Asia for a very long time, taking advantage in Australia of the natural fit between our raw materials and the need of North East Asia as it industrialised: Japan has been our biggest market since 1966 (and, as I have already noted, our biggest overall trading partner since 1970). Moreover, Australian technical specialists have long been active in the region, and many scores of thousands of Asians have studied in Australia.

We realised, however, by the early 1980s that we were profoundly limiting the opportunity to link our economy more comprehensively to the dynamic growth occurring in Asia by the continued operation of inward-looking protectionist policies. A massive program of structural reform over the last decade has resulted in Australian companies being much more internationally competitive, exporting much more and, moreover, exporting much more at the sophisticated end of the productive spectrum.

Australian export volumes have reached record levels, despite subdued world trading conditions and depressed commodity prices: in the Australian financial year ending June 1992 they were 10 per cent above year-earlier levels and growing at just on four times the world rate. The growth in our manufactured export volumes in particular in both 1990 and 1991 was the fastest of any OECD country.

The Asia Pacific region, particularly North Asia and South East Asia, has been of central importance in this strong trade record. Around 60 per cent of Australian merchandise exports are sold to Asian economies, and North Asia and South East Asia accounted for over 60 per cent of our total growth in merchandise exports between 1981 and 1991: and eight markets there are in our top twelve. Merchandise exports to South East Asia now exceed those to either the US or the EC, a marked change from the late 1970s when the EC share of our exports was twice as large as that of South East Asia.

Of all sectors of our exports, perhaps the most pleasing result has been in Elaborately Transformed Manufactures which have grown the fastest of all our exports - over 300 per cent between 1981 and 1991. Many of you doubtless still think of Australia's principal exports as being of primary products and minerals. You may thus be surprised to learn that in the last financial year, exports of ETMs to the Asia Pacific region overall reached almost \$7.5 billion in 1991 compared to only \$5.1 billion for unprocessed primary products (excluding minerals and fuel). The fastest growing major markets for Australian manufactured goods are in North Asia, with exports of both STMs and ETMs to those markets rising by more than 700 per cent between 1981 and 1991.

We have been exporting successfully in areas as diverse as biotechnology, remote telecommunications, agricultural technology, coal power generation, mining and minerals

exploitation, and ports and airport development. Overall, Australian manufactured exports to the region have recently been increasing at rates of around 30 per cent per annum.

There has also been a broadening in the range of Australian imports from the region, with just on 40 per cent of our imports now coming from East Asia. A decade ago, petroleum dominated our imports from South East Asia. Since then, the share of oil has halved to account for only around one-third of our total imports from that region. Over the same period we began importing a much wider range of manufactured goods from South East Asia and these manufactures are now the largest component of our imports. Imports of more sophisticated manufactured goods such as machinery and transport equipment from North Asian economies such as Taiwan and the Republic of Korea have also increased in recent years.

The Australian Government has been supporting these developments in every way we can. At the level of trade promotion, the Australian Trade Commission - or Austrade - now has fully half its total overseas resources concentrated in Asia. Among the newer offices opened have been Austrade-managed Consulates in the important Japanese regional centres of Nagoya and Fukuoka, and new offices in Hanoi, Phnom Penh, and Surabaya. Plans are also afoot to establish Consulates in Sendai and Sapporo in Japan, and an Austrade office in Vientiane.

To enhance further our understanding of the economic forces which are shaping the region, the Australian Government has established in my Department an East Asia Analytical Unit to conduct a number of studies on Australia's relations with the Asian economies. It recently published a major analysis of trade and investment links with North East Asia (following up the earlier widely acclaimed study by Professor Ross Garnaut), and is presently embarked on a major companion study for South East Asia. Other studies being carried out cover future demand for grains in China, scenarios for change in the Korean Peninsula to the year 2000, post-1997 economic integration in South China, and North East Asian manufactures imports.

Diplomacy. Australia's trade diplomacy in recent years has also been sharply focused on Asia, most visibly in our initiation of the Asia Pacific Economic Cooperation (APEC) process in 1989, bringing together the then 12 (now 15) major trading economies of the Asia Pacific region in a cooperative exercise designed to improve mutual understanding of our respective economic environments, lead over time to reduced overhead and infrastructure costs, and in particular to achieve a wider region-based momentum for trade liberalisation. In the fourth Ministerial Meeting here in Bangkok this week we will be hearing reports from ten working groups on issues such as harmonisation and standardisation of regulations, development of data bases and information flows, and physical impediments to trade and investment; hopefully we will also be reaching agreement on the establishment of a permanent APEC secretariat; and we will also, I expect, be giving new impetus to a major policy exercise on regional trade liberalisation.

Regional efforts of this kind are of course supplemented by trade diplomacy at the global and bilateral levels. Despite all the obvious frustrations, we see the GATT and the current Uruguay Round as still representing the most important opportunity to provide a broad and comprehensive framework for world trade, and to avoid the development of global trade-diverting trade blocs. We remain committed to the Round - and in particular to our role as Chairman of the Cairns Group of fair agricultural trading nations (which include four ASEAN nations) because the potential benefits, if agreement is reached, simply cannot be obtained through regional or bilateral means alone.

We have also continued to pursue a complex bilateral trade policy agenda. Significantly enhanced access for Australian beef to the ROK, the introduction of food safety standards for some grains and fruits in Japan based on international safety standards, reduction of tariff rates applicable to Australian confectionery entering Thailand, and the participation of Australian firms in half a dozen trade exhibitions for manufacturing industries in Singapore in the first half of 1992 are just some recent examples of effective bilateral negotiation contacts.

If I may shift the focus from trade to more traditional diplomacy, Australia in recent years has also been concentrating a great deal of its diplomatic effort into the Asian and Asia Pacific region. You will be well aware of the role we played over the period 1989-91 - building on a sustained effort by my predecessor Bill Hayden - in initiating and helping bring to fruition the UN Peace Plan for Cambodia, which currently involves the UN's biggest ever peacekeeping operation. Fragile as it continues to be, it is generally accepted that the implementation of this plan was the only way of taking the international tension out of the region's most intractable security problem, and at the same time giving the Cambodian people a chance of respite after their appalling experience since 1970 of war, civil war, genocide, invasion and civil war again.

In addition to many individual exercises in bilateral bridge-building (most notably with Indonesia), and in regional policy development (eg with our Chemical Weapons Regional Initiative), perhaps our most high profile role has been in encouraging a new regional security dialogue process in response to the uncertainties generated by the end of the Cold War. At successive ASEAN PMC meetings we have been urging debate on the meaning and relevance these days of concepts like common security, collective security, deterrence and the balance of power, and on ways of developing confidence in enhancing cooperative strategies. We recognise, of course, that progress is only likely to be achieved in practice by gradual, incremental measures in which the confidence of each relevant party is won and consolidated step by step along the way - but we are encouraged by the extent to which that process has already evolved.

An important element in our diplomatic effort has been the gradual rebalancing in

resource allocation away from our traditional focus on Europe towards a significantly greater concentration of resources in Asia. In last month's Australian Budget, for example, we announced the closure of three European missions. That was accompanied at the same time by the addition of ten senior staff at a cost of \$A1.2 million per annum to Australian diplomatic missions in Asia, including Jakarta, Tokyo, Bangkok, Seoul and Kuala Lumpur; the opening of a new Consulate-General under Austrade management in Guangzhou, to take advantage of the extraordinary rapid growth in the South China region; and the allocation of additional funds of \$A4.1 million over four years to enable the Australian Commerce and Industry office in Taipei to expand its resources to promote Australia's trade, investment and other unofficial relations with Taiwan.

Culture. Effective engagement of the kind Australia is now seeking with Asia cannot be pursued only at diplomatic and business levels: it has to involve broad based people-to-people contact (of the kind that we are now generating through huge increases in tourism and in the provision of educational, services, as well as through our migration program), and it has to involve efforts by countries to get inside - as it were - each other's minds. We have certainly seen educational, information and cultural programs as having an important role to play in projecting a contemporary image of Australia in the region and reducing stereotypes held about us, and at the same time giving Australians a better understanding of the region and our role in it.

With all this in mind, a number of well-resourced foundations have been established to foster better mutual understanding - currently covering China, Japan, the Republic of Korea, Indonesia and India - the last three of which have been established in the last three years. The Government has also assisted in the foundation of other bodies such as the Asia Australia Institute whose purpose is to promote greater two-way knowledge of Australia in the region. And we recently established a Council for Australia Abroad to coordinate the activities of all those agencies, government and semi-government, that are involved in external promotion of Australia: one of the first fruits of this will be a major exercise in Korea in November involving trade exhibitions, cultural events and seminars in a combined promotional package.

It is also worth noting that the Australian Government is currently aiming, through its National Policy on Languages, to increase the proportion of Australian students in their final high school year studying a language other than English to 25 per cent nationally by the year 2000. In seeking to meet this target, the Government has given special encouragement to the development of national curriculum material in six Asian languages of major importance to Australia, namely Thai, Japanese, Mandarin, Korean, Vietnamese and Malay/Indonesian.

For all these efforts, it has to be acknowledged that the forging and shaping of impressions that countries and peoples have of each other is the product of generations of history, and cannot be rapidly changed. But it is my own judgment that there has been a very rapid

evolution in recent years, at all levels of Australian society, away from crude stereotyping towards a much more sensitive awareness and understanding of the complexity and significance of Asian societies, and a similar movement - although slower to penetrate below the most actively involved elites - in Asian attitudes towards Australia.

As we develop a closer, more engaged relationship with our Asian neighbours there are bound to be particular issues which cause bumps along the way. One obvious area of continuing sensitivity is likely to be human rights - and in particular political and civil rights - where Australia tends to have strongly held views often seen as inappropriate elsewhere in the region. But these issues can be handled in a productive rather than destructive way.

On the part of our neighbours, it is a matter of appreciating that we put forward views on these issues not because of patronising Western arrogance, but because we sincerely believe that values of universal application are involved, inherent in the United Nations Charter, and that it is not necessarily interference in internal affairs to be concerned with the inviolability of human dignity. On Australia's part, it is a matter of appreciating that most of our neighbours strongly believe, and understandably, that economic and social rights are at least as important as political and civil rights, and of emphasising them accordingly; of recognising that what matters is the result at the end of the day, not the size of the drum that is beaten along the way; and in that context, that how something is said is as likely to determine a response as much as what is said. It is not a matter of denying our tradition or our values to tread, on occasion, a little more softly than one might with Europeans and North Americans: it is just a matter of learning the business of normal neighbourhood civility.

In my book written with Bruce Grant and published last year - Australia's Foreign Relations: in the World of the 1990s - I described Australia as a middle power with an internationalist outlook and a strong Asia Pacific orientation. Still the twelfth biggest economy in the world, with a GDP roughly equivalent to all six ASEANs combined, we are not an insubstantial presence in this region. But equally we are conscious that, with a population of just over 17 million in a world of five-and-a-half billion - and when our ASEAN neighbours alone outnumber us twenty to one - we should not get exaggerated notions of our capacity for influence.

Our outlook is one where we seek neither to dominate, nor to allow ourselves to be dominated by, our regional neighbours. We strongly believe that all of us in the region have much to offer each other by working closely and cooperatively together. We want to engage with Asia in a clear-eyed spirit of partnership, with strong mutual respect and strong mutual understanding, working together secure a safe and prosperous future for us all.

Thai Prime Minister Anand, in a very friendly speech just over a week ago (2 September) to the Australian-Thai Business Council, said to Australia this: "If you can make up your mind as to who you are and where you belong and where you want to be in the future, Asian countries like Thailand would readily accept your decision." I can assure the Prime Minister that we have made up our mind, and that we know that this is the region - Asia and the Asia Pacific - where we in Australia must make our future.

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