

AUSTRALIA AND ARGENTINA: THE ASIA PACIFIC AND LATIN AMERICA

Address by Senator Gareth Evans, Minister for Foreign Affairs and Trade, to the Argentine Council for Foreign Relations, Buenos Aires, 11 March 1992

This is my first visit to Argentina and the first visit by an Australian Foreign Minister to South America for eighteen years. So I appreciate very much the honour you have done me by inviting me to address this important and influential body.

For the first decades of this century there were some remarkable, and often remarked, parallels between Australia and Argentina - having as we did such similar resource and demographic bases, and economic outlooks. But in the 1930s our political and economic paths turned apart, and I think we have to acknowledge that - some significant recent points of contact notwithstanding (in particular our work together on Antarctica and the Cairns Group) - we are largely unfamiliar with each other, and the assumptions and priorities of our foreign policies are largely unknown to each other

So what I want to do on this occasion is to give you some idea of Australia's outlook on the world, and in particular on how we are managing our relationship with the Asia Pacific region. There are many dimensions to Australian foreign policy these days, but the single most important of them is our commitment to comprehensive engagement with our own region. From being a country that thought of itself for most of its first two centuries of European settlement as an isolated Anglo-Saxon outpost - looking 20,000 km across the world to Britain and Europe for our economic ties and cultural identity - Australia

has been in recent decades a country very much coming to terms with a new destiny. It is one that recognises that the Asia Pacific (and especially the Western Pacific rim) is where we live, must survive strategically and prosper economically, and must find a place and role if we are to develop our full potential as a nation.

I hasten to add that this outlook is not narrowly parochial. We are very conscious of the far-reaching process of change that has been under way in Latin America for the last five years or so - almost as dramatic in its way as the change which has swept Europe. We are conscious in particular of the new outward-looking orientation, economically and politically, of most Latin American countries, which has created many new opportunities for linkages between us. And we are of course also conscious that not only is there a much greater focus in Latin America now than ever before on looking west to the Asia Pacific, but that - at least so far as the Pacific coast countries are concerned - there is an actual

overlap between the Latin American and Asia Pacific regions. (Although for present purposes, to avoid confusion, I shall refer to the "Asia Pacific" in the way it is most commonly nowadays defined - as embracing just the countries of the Western Pacific rim and North America.)

I will return a little later to the theme of our relationship with Latin America, and Argentina in particular, and the inter-relationship between Latin America and the Asia Pacific. But at the outset, let me say a little more about the environment in which we find ourselves across the other side of the Pacific.

Australia's economic focus on the Asia Pacific reflects the region's dynamism, its openness and its interdependence. The Asia Pacific economies now account for half of global production and about 40 per cent of world trade. And with economic growth has come the creation of a regional economic map crisscrossed with the ties of interdependence. The successful economies of the Asia Pacific region are outward-looking. They have taken advantage of the relatively open post-War international economic order and depend heavily on global rather than simply regional trade and investment. As a whole, the region is strongly committed to the liberalisation of international trade.

The Asia Pacific security picture is, with the end of the Cold War, more complex and less certain. Three key elements are involved. First, there is the reality of the diminishing (or at least less than all-pervasive) presence of the superpowers. Secondly, there is a correlative growth in the capacity for influence of the region's other major powers, Japan and China. And finally, there is a significantly growing military capability in a number of other regional countries, reflecting their new economic strength. The area is not without its potential flashpoints - the Korean peninsula and the disputed islands of the South China Sea conspicuous among them. And non-military threats to security (like the movement of peoples, the spread of crime and disease and environmental problems) also have the capacity to contribute to regional tension, particularly in the absence of developed habits of looking at security on a region-wide basis.

The pace of political change within countries in the Asia Pacific over the last few years has been on any view remarkable although certainly no more remarkable than in your own region. Democratic principles have made significant strides forward in South Korea, Taiwan and Hong Kong. Elections are due in Thailand soon and the UN Secretary General has scheduled elections for April next year in Cambodia. It is the case that hopes of change in Burma have for now, been thwarted, and political repression continues in China, North Korea and Vietnam but these can be seen as negative elements in a generally positive environment.

Australia's response to these changes, economic and political, represents a great turn-

around in our contemporary history: this dynamic, changing region, from which we sought essentially to protect ourselves in the past is now the region that offers Australia the most. Certainly it now dominates our economy: nearly 75 per cent of our exports are to the Asia Pacific (60 per cent going to North East Asia and South East Asia alone) and more than two-thirds of our imports are sourced there. And the same historic shift is clear in terms of security. The need to live in Asia strategically has led us to realise that we must seek security with Asia rather than from it.

The centre-piece of our economic response to the region has been the Asia Pacific Economic Cooperation process (APEC), the formation of which in 1989 resulted from an Australian initiative to meet the glaring need for an organised focus for economic policy cooperation. APEC is not in any way intended to a nucleus of a trade bloc. On the contrary, its principle aims have been to support the Uruguay Round of multilateral trade negotiations and the strengthening in that context of a fair and liberal international trading system. And one of the key items on its present agenda is the achievement of regional trade liberalisation in a way that is quite non-discriminatory as against the rest of the world.

The same themes of interdependence and cooperation have marked Australia's response to regional security developments. We see the need for a multidimensional approach, focusing not just on military capability, but upon traditional diplomacy (of the sort we employed to a very positive effect in Cambodia), economic and trade relations, development assistance and human contacts generally. More specifically, we have been urging for some time the need for a substantial regional dialogue on security issues, involving a combination of bilateral and multilateral forums. Part of this dialogue should be directed towards evolving confidence-building measures of the kind that, inter alia, would make strategic views and military intentions more transparent, and create a greater sense of mutual assurance in the region. A multilateral dialogue is already developing out of the annual "Post Ministerial Conference" meeting of the Association of South-East Asian Nations (ASEAN) with its dialogue partners: this is emerging in some ways as the political and security parallel to APEC as a vehicle for regional economic cooperation.

The time I have devoted to the changes in the Asia Pacific and Australia's adjustment to these is an indication of the overwhelming importance to us of that region. It is true that for a variety of reasons - including distance, language and culture - Australia has not developed substantial links with Latin America. Australians have not, by and large, travelled here, done business here or seriously studied this region. Yet the nature of the modern world does not tolerate isolation and in the last decade or so - as part of a natural process of outreach on both sides - bilateral contacts and multilateral cooperation started to grow.

Recent developments in Latin America have carried emerging Australian interest in the region a considerable stage further. As I said at the outset, as you know much better than

me, political and economic change in your region really has been almost as dramatic as that sweeping Europe. In 1981 ten out of the seventeen Latin American countries were under military rule. Today none is, and almost all have recently held elections for new governments. Civilian governments have had varying success in establishing their authority over military forces and security agencies. Extra-judicial executions, disappearances and internal armed conflicts continue in some parts of the region, but in general the human rights situation has improved out of sight.

The economic changes have been no less important. The economies of Latin America, almost without exception, have been in the past based on a centralised form of state capitalism, with tariff protection, import substitution, large external debts and hyper-inflation. Reforms under way in most countries now show over the region as a whole an emphatic drive towards market-based economies, privatisation and trade liberalisation.

It would be foolish to assume that habits of centuries will be swept aside in an avalanche of political and economic reforms that will transform Latin America overnight. And it may conceivably be the case that if economic reforms are not quickly successful there could be a reversion to old political habits. However, the reforms are being reinforced strongly by the emergence of economic integration within Latin America and with North America - along with an inclination, of particular interest to Australia and on which I have already remarked, to be more outward-looking toward the Asia Pacific region.

This sort of regionalism is not new in Latin America - certainly there are precedents on which the region can build, compared with the almost blank page on which the Asia Pacific has had to write its experiments in multilateral economic and security cooperation. Latin American regionalism has in the past been hindered by the tension between economic nationalism and, on the other hand, structural reform and trade liberalisation. Economic liberalism is now, however, in the ascendant and provides the momentum behind the plethora of recent economic integration initiatives. If these initiatives become fully established, it will be much more difficult for countries to back-track to the comfortable, inward-looking nationalism of the past.

Economic cooperation in Latin America has gone much further than in the Asia Pacific. The Andean Pact in the north and Mercosur in the south are functioning trade agreements, whereas APEC is, less ambitiously, a forum for economic cooperation. On the other hand, APEC can build on much greater intra-regional flows of trade. Most Latin American economies conduct less than a third of their trade with others in the region, whereas in APEC the comparable figure is more than two thirds.

What is of common importance to both regions is that economic and trade cooperation be trade creating rather than trade diverting and retain the current emphasis on trade liberalisation. Our experience with APEC so far suggests that the real value of regional

economic cooperation is greatest when it enhances the open, outward-looking economic character of the region. We accept the assurances of regional governments in Latin America that their agreements will likewise create trade rather than divert it.

As in the Asia Pacific, cooperation on regional security in Latin America has been a sensitive matter. It would seem, however, to an Asia Pacific observer such as myself that the need in Latin America has been less: there has been no major armed conflict this century between countries in the region. Still, as with economic cooperation, the roots of regional political cooperation in Latin America go back much further than in the Asia Pacific, the Organisation of American States being one of the oldest regional associations in the world.

Our experience in the Asia Pacific and yours in Latin America of regional cooperation, economic and political, are clearly different. But we can learn from our different strengths. The important point is that, in an increasingly interdependent world, we need to develop new and innovative ways for dealing with problems and taking advantage of opportunities that are simply beyond the scope of any single nation-state.

Indeed, many of these problems can be resolved only on a global scale. So Australia and Argentina find themselves involved in cooperation with each other on issues of sometimes crucial national interest.

The most conspicuous recent example of our multilateral cooperation has been the Cairns Group of agricultural fair traders in the Uruguay Round. Australia and Argentina are, in exports of some commodities, competitors. But we and other fair trading agricultural exporters share the common burden of a system of global agricultural trade heavily corrupted by the protectionism and production and export subsidies of other producers, principally the European Community.

Australia and Argentina were both instrumental in the formation of the Cairns Group in 1986. The Group was intended to focus the attention of the Uruguay Round on the necessity of reform of global agricultural trade, and it has done just that. It has become an important third force in the negotiations of the Round alongside the United States and the European Community. It has ensured that agriculture is central to the success of the Round, and has made clear to the major trading powers that without an agreement on agriculture, there will be no agreement at all.

The importance of this cooperation is commensurate with the importance of obtaining a successful outcome to the Uruguay Round. If negotiations do not produce such a result soon, the Round will be overtaken by the Presidential election process in the United States. A delay of that order could damage the standing and effectiveness of the General Agreement on Tariffs and Trade. The GATT is, admittedly, imperfect, but the countries

that profit most from its trading system based on rules are precisely those, like Argentina and Australia, that do not have the economic or political muscle alone to impose their trading will.

Other areas of multilateral cooperation between Australia and Argentina might not have the urgency of the Uruguay Round, but they are still important examples of the way in which middle powers, acting together, can further their diverse global interests. We are both Original Parties to the Antarctic Treaty, and share an interest in maintaining a system that for thirty years has protected the Antarctic environment, kept Antarctica free of political conflict and preserved it as an area of scientific enquiry from which nuclear weapons and military activities are prohibited. The continued effectiveness of the Antarctic Treaty system was underlined by the success of the Australian-France initiative, supported by Argentina, to establish a comprehensive environmental protection regime for Antarctica which bans mining there.

Australia and Argentina are both notably active members of the Conference on Disarmament. We share the attitude that global security is a global concern and, as such, should not be left solely to the discretion of the major powers.

Australia's chief priority in this area is the conclusion of a convention banning chemical weapons. We believe that now is the time to finalise the Chemical Weapons Convention and I have been encouraged by the indications that Argentina shares fully our hopes to put in place as soon as possible a global ban on these inhumane weapons. One way in which Australia has been seeking to prepare for a Chemical Weapons Convention is by taking serious steps at the national level in preparation for the implementation of the Convention. One of the few countries to have taken any similar action is Argentina, by its establishment of a prototype for the national authority required to implement the Convention.

We also share, as a central disarmament objective, nuclear non-proliferation. So Australia welcomes warmly Argentina's joint accession with Brazil to fullscope IAEA safeguards, as well as action taken to bring into force the Treaty of Tlatelolco. Given the importance Australia attaches to the Nuclear Non-Proliferation Treaty as a pillar of international security, I hope strongly that the Treaty will be strengthened by the eventual accession of Argentina. Similarly, Argentina's adoption of the guide-lines of the Nuclear Suppliers Group will contribute to global non-proliferation efforts.

In terms of the bilateral relationship, I believe there is much that we can learn from each other. As I said at the outset, there are obvious similarities in our two countries' size, natural endowments and - at least in the early years of this century - economic histories. At the beginning of this century both our countries enjoyed standards of living that few others could match. This economic success - based on efficient, large-scale, export-

oriented agriculture - suffered in more recent decades from the declining terms of trade for agricultural exports, and more recently still the loss of European markets and the more general corruption of global agricultural trade. Similarly, we both pursued industrialisation through import substitution behind high protective walls - although in Australia's case never quite to the same extent as here. We have both come to realise that this kind of model simply cannot provide the competitive economy necessary to maintain and enhance the standards of living to which we aspire.

The economic reforms being carried out in Australia and Argentina - and they have been quite dramatic in both our countries - will provide a basis for closer economic cooperation between us. Bilateral trade between Australia and Argentina is reasonably healthy. It has grown substantially in recent years. Argentina is Australia's second largest export market in Latin America, but with total trade between us last financial year just \$195 million it has to be acknowledged that overall levels are very modest.

The lack of direct transport links and the absence of complementarities have hindered trade. But we do offer each other prospects. The experience of the European Community has shown that similar strengths in production need not be a barrier to trade in a fair and open market. And the establishment of a direct air link between Australia and Argentina shows that problems of transportation can be overcome. There may also be prospects for Australian investment in Argentina, particularly in mining where Australia's large and efficient mining companies can help Argentina develop its resources. As evidence of Australia's confidence in the potential of the Argentine economy and the role we can play in it, we have recently established a regional office of the Australian Trade Commission in Buenos Aires to assist Australian exporters.

Clearly, links between Australia and the Asia Pacific on the one hand and Argentina and its regional neighbours on the other will grow. In turn, Latin America and the Asia Pacific are both attracting greater attention in the rest of the world as they realise their enormous potential. I am confident that as the countries of each region achieve their domestic economic reform agendas, and benefit from regional economic integration, their attention will turn to more distant opportunities.

Moreover, I think we have both learned from working in the Cairns Group and elsewhere that national interests are not necessarily satisfied by clubbing together with countries traditionally regarded as "like-minded": we can and should make common cause and build coalitions, in the many areas of international relations where we have common objectives.

I believe that Australia and Argentina, countries influential in their region and with a long history of involvement in multilateral affairs, are destined to enjoy ever closer and stronger links. I hope that my visit will contribute to the process of forging them.

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