

LEBANON : TOWARDS A BRIGHTER FUTURE

Opening address by Senator Gareth Evans, Minister for Foreign Affairs, to Lebanon Beyond 2000 Conference, ANU, Canberra, 8 September 1995

Three visits: three snapshots.

In 1968, my first visit to Beirut, strolling around the Place des Martyrs, on a balmy August evening, buying a shwarma and some felafel at a little stand next to a movie theatre on one corner of the square; eating it on a bench watching the world amble by - Maronites, Sunnis, Shiites, Druze or whoever - relaxed and serene.

Then in 1992, going back to Beirut for the first time since the 1975 civil war had begun, and before anyone was really sure it was over; driving back to the Place des Martyrs area, just to the east of the Green Line dividing a by now shattered city; and seeing, in the square I remembered so vividly, nothing but a line of rubble around its edges: totally, utterly, comprehensively destroyed.

Then in July 1995, with Immigration Minister Nick Bolkus for the reopening of the Australian Embassy in Rue Bliss; going back again to where the Place des Martyrs had been; seeing this time a vast construction site, complete with huge billboards picturing what the reconstructed square and indeed whole port precinct would before long look like; with the construction process only being held up by a massive archaeological effort under way to reveal, map and to the extent possible preserve, that extraordinary series of layers of history - from Phoenician to Greek to Roman to Byzantine to Arab to Crusader to Ottoman - which have always made this coast, and the country which has inherited it, such a very special place.

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The most successful countries in the Middle East will be those with a clear vision of themselves after the peace process, and the sense of purpose to reach that vision - through all the bumps and by-ways that lie ahead before that process is complete. These qualities are readily apparent in Lebanon today. There two

months ago, I couldn't help but be impressed by the vibrancy of the economic regeneration taking place, and the rebuilding of Lebanon's political institutions now under way. Nor could I be anything but impressed by the sense of purpose and optimism that is guiding Lebanon's redevelopment, and the new sense of confidence that appears to be emerging in all areas of Lebanese society.

It was this sustained improvement in Lebanon's political, security and economic circumstances, which led the Australian Government to reopen the Australian Embassy in Beirut. Our decision to re-establish an official diplomatic presence reflects our confidence in Lebanon's future and our support for the Lebanese people's efforts to rebuild their country. It is a major step forward in the development of our bilateral relationship: I will come back shortly to talk about how we might develop that relationship further in the context of Lebanon's revival.

Of course Australian support for the aspirations of the Lebanese people is not new. Right back at the beginning in 1943, the Australian diplomat - and later Foreign Minister and Governor-General - Richard Casey, played a critical role, in his capacity as representative of the British War Cabinet in the Middle East, in demanding that the French honour their earlier promises and grant Lebanon its independence. Nuclear testing is not the first time on which we have strongly differed with the French...

In more recent times we have been making very clear over several years that we oppose any activity in Lebanon by outside forces which compromise Lebanese sovereignty. We have consistently supported international efforts to enable the Lebanese Government to exercise its sovereign rights without hindrance. We see this as an indispensable component of a just and lasting peace settlement in the Middle East. Australia recognises, in particular, that the implementation of UNSCR 425, and respect by Israel and Lebanon for each other's legitimate security needs, will be essential elements of a settlement between the two countries.

Australia will continue to oppose violence in southern Lebanon and along Israel's northern border. We deplore all violence against civilian targets and UN peace keepers. The increase in acts of aggression in southern Lebanon since the beginning of this year has been particularly disturbing. We have called upon Israel and Lebanon to work to lower tension in the region, and to concentrate on bringing about a negotiated settlement.

Australia has supported efforts toward the reconciliation of formerly opposing Lebanese groups and the strengthening of the Lebanese state in line with the Taif Accords. We believe these Accords offer the most promising basis for dealing with the political, social and religious challenges facing Lebanon. As political and economic regeneration continues, the capacity of the Lebanese government to embody the spirit of the Lebanese people will be further strengthened.

One of the trickiest challenges confronting Lebanon is the future of the Palestinian refugees. Australia supports the right of return of Palestinian refugees as detailed in UNGA Resolution 194, which also of course mentions the alternative of compensation. But we acknowledge the difficulty of implementing the resolution except in the context of a comprehensive regional settlement - and it will be a difficult enough issue to resolve even in that context. Until that settlement is reached, and indeed beyond that time, Australia will look to Lebanon to adhere to its humanitarian responsibilities towards the Palestinians within its territory. The memory of Sabra and Shatila will not be lightly erased, and it's up to every relevant party, group and government - not only in Lebanon but in the wider region - to help find a just future for the dispossessed Palestinians.

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What of the larger peace process, then, and the prospects for a durable and comprehensive regional settlement?

Since my last visit to the Middle East in May 1992, very considerable headway has obviously been made. The Oslo Accord, the Declaration of Principles between Israel and the PLO, and the establishment of the Palestinian Authority have changed the political face of the Middle East. I don't think it is naively optimistic to believe those changes are irreversible, even if the way ahead is still full of frustration and peril.

One by one, albeit with varying degrees of reluctance and anxiety, Arab states are gradually forging ties with Israel. There is a new sense of openness and cooperation in the region. Jordan, for example, has repealed domestic laws directed against Israel and will host the region-wide Amman Economic Summit in late October this year. Egypt-Israel relations have improved to the extent that an oil refinery joint venture is currently under way between the two countries.

Relations between Israel and Oman, Tunisia and Morocco continue to progress. And for all practical purposes, as Arab countries continue to upgrade their relations with Israel, the last vestiges of the Arab boycott are being swept away.

While these developments are obviously heartening, significant obstacles to peace remain. In the Israel-Palestinian track, the current stage of negotiations addressing the conditions for the election of a Palestinian Council have yet to be finally bedded down. And none of the much more difficult final status issues, including Palestinian statehood, settlements, refugees and Jerusalem have even begun to be addressed.

In the Syria-Israel track - with which progress on Resolution 425, and Lebanon more generally is, as we all know, inextricably linked - the record of progress to date is at best mixed. The window of opportunity that has enabled movement in some areas of the peace process is closing as elections draw closer in Israel and the United States. It will be harder for Yitzhak Rabin to hold his fragile Labor coalition together as the temptations of electoral grandstanding grow stronger. And US decision-making on any matter of domestic political sensitivity - as the Middle East always has been - is likely to be out to lunch once the primary season commences, if not before. The peace process has not been a great respecter of deadlines so far, but that is becoming more a matter of concern than it has been. Of course sitting and waiting is an option - and is one that has appealed to both Syria and Israel more than most others - but there is an obvious risk, if the political landscape changes next year. It will not be a matter, then, of living with a manageable status quo, but rescuing something from a downhill landslide.

The task, as it has been from the outset, is to encourage the parties to move beyond defensive power politics towards a cooperative approach to problem solving, and a wider vision of what might be achieved in the region of which they are all historically fated to be part. The task is to win acceptance for the idea that the future lies in cooperative security - with its emphasis, among other things, on achieving security with others rather than against them.

Australia has continued to do whatever we can to encourage that approach in every dimension of the peace process. I don't wish to overstate our involvement in, or impact on, that process. Australia has not been a party to the Arab-Israeli conflict, and we are unlikely ever to be able to play a major diplomatic role in mediation or the like. But we have been, and are now still, prepared to participate

in a way that is commensurate with our resources to facilitate, as best we can, the process of reconciliation between Israel and its Arab neighbours. To do this effectively we need an understanding of the problems that face the Middle East, and to be engaged in the institutions and processes that are working to solve them.

I have always believed that a lasting vision of peace must properly embrace the entire Middle East, because the region's economic, social and security problems are interlinked. That is why the multilateral arm of the peace process is so valuable. It brings together most of the regional parties to the peace talks, a wide variety of Arab states and non-regional states which feel able and willing to contribute to the building up of regional networks.

Australia has contributed significantly to peace building at state level by our active participation in two of the multilateral tracks of the peace process, namely the Arms Control and Regional Security (ACRS), and the Water Resource Working Groups. We look forward to the day that Lebanon participates in these multilateral elements of the peace process, and is also able to benefit from the discussions and projects that they initiate.

In addition to our participation in the peace process, Australia is providing personnel to both the Multinational Force and Observers (MFO), and the United Nations Truce Supervision Organisation (UNSTO). The MFO in particular, which is presently being commanded by an Australian, and which I had the pleasure to visit in the Sinai in July, has been a low cost success story. It has enhanced communication between Egypt and Israel and has provided an important underpinning to peace between both countries. We have made this long-standing commitment of Australian military personnel as a good international citizen, and as a country with a sincere interest in seeing a more cooperative approach to security in the region. While it is premature to make any commitment at this stage, Australia would certainly give sympathetic consideration to any request to participate in a peace keeping capacity on the Golan Heights in a mission based on the MFO model, if such an invitation were to be extended.

More broadly, we will continue to urge all sides to consider constructive ideas on political issues and call on all parties to the conflict to respect their international obligations. During my July visit to the Middle East, I took the opportunity to remind all participants in the peace process that Australia regards a commitment to meeting these obligations as a vital part of continued progress toward a durable

peace in the region. I also made, as you would expect, direct and firm representations on human rights issues to all sides: there is still plenty to be concerned about in this respect.

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Even with so much in the peace process still so unresolved, the challenge of rebuilding Lebanon economically is being met with great enthusiasm and success. Economic growth reached 8.5 percent in 1994 and is predicted to run at around 8 per cent in 1995-6. It is especially encouraging that economic growth in 1994 was largely generated by investment, a development which bodes well for growth in the future. Investment in industrial machines and equipment, for example, is reported to have exceeded US\$130 million in 1994, compared to US\$2 million in 1990. The consumption of cement has increased by 700 per cent over a similar period.

While figures such as these are unlikely to be sustainable in the long-run, they point to the potential that currently exists in Lebanon for outside investors and traders. I was therefore pleased to see a significant commercial presence - over 200 Australian business delegates - in Beirut at the time of the reopening of the Australian Embassy, with some returning to Lebanon at the invitation of the Lebanese Government.

Evidence of confidence in Lebanon's economic and commercial future is plentiful. International banks are establishing offices in Beirut, having recognised the potential that exists for Lebanon to regain its status as regional financial centre. A project to reestablish the infrastructure of the commercial area in Beirut began in January 1995 and is expected to be completed in three years. Growth in sectors such as real estate, banking, industry and tourism is also a cause for optimism.

To finance its rapid development, Lebanon has a ready source of investor capital in its own Lebanese diaspora - important given that funds from Gulf countries have not been so plentiful as in the past, and that international aid donor attention has tended to be focused on the Palestinians. According to the Central Bank of Lebanon, the diaspora holds capital reserves of some US\$35-40 billion. So far only US\$3 billion of this amount has been deployed in Lebanon. The construction sector, pursuing both private and public projects, will remain an important vehicle in the repatriation of such capital.

Another sign of confidence has been the return of tourism to Lebanon. In 1994 there were more than 350,000 non-Syrian visitors to Lebanon, particularly from Jordan, Germany, France, Italy and Japan. The substantial Australian presence in Beirut for the reopening of the Embassy will, I hope, kick-off a similar resurgence in Australian tourism.

Lebanon's reconstruction offers trade and economic cooperation opportunities for Australian business people prepared to engage seriously with the Lebanese market. The Australian Government is looking to the Australian Lebanese community in particular, with its language and cultural skills and commercial contacts, to exploit openings for Australian business.

The reopening of the Australian Embassy will itself provide new opportunities to expand trade. At present, our two way trade is small. In 1994, total Australian exports to Lebanon were \$A6.8 million, while imports were only \$A3.2 million. Market opportunities in Lebanon, however, are sufficiently promising to justify the establishment of an Austrade office, and such an office will open in Beirut this December. Marketing staff from Austrade's Riyadh office have recently been in Lebanon assessing the situation and evaluating potential opportunities.

The Australian Embassy in Beirut and the Austrade office will closely monitor economic developments and help Australian companies pursue commercial opportunities. The Lebanese Government has plans for massive expenditure over the next decade for the rehabilitation of central Beirut and major projects involving electricity services, telecommunications, building and roads. Opportunities arising out of this type of development will be the most important element in our developing trade relationship. I look forward to Australia further developing its reputation in the Middle East as a reliable supplier of high quality goods and services, particularly in the high technology end of the market.

Australian business interest in opportunities in Lebanon is already apparent. The Australia Lebanon International Business Council delegation, led by Mr Anthony Khouri, was in Lebanon at the time of the opening of the Embassy on an exploratory business mission. Next week Michael Rizk will lead a delegation to Lebanon under the auspices of the Australian Lebanese Chamber of Commerce which will cover a variety of products and industries. The Australia Arab Chamber of Commerce is encouraging its members to investigate opportunities in Lebanon, particularly in infrastructure and development. The task now is for

Australian companies to get themselves short-listed as potential goods and services suppliers for contracts in Lebanon, so the Australian Government can provide focused support for bids at senior levels.

It is also heartening to see events taking place that demonstrate the enthusiasm and confidence of the business community in Lebanon in our trading relationship. The Syrian-Lebanese Trade Fair, to begin in Sydney in about two weeks, is an important example of this.

The building of a substantial trading relationship between Australia and Lebanon will be assisted by the strong connections that exist between our two countries. The profile that Lebanon enjoys in the minds of Australians is greater than any other Arab country. Australians admire Lebanon's rich and ancient history, touched as it has been by nearly all the great civilisations of the past. We have welcomed the presence in Australia of over 200,000 Lebanese and their descendants.

The Australian Lebanese community has played an extraordinarily positive role in building and maintaining linkages between Lebanon and Australia. Lebanese Australians have brought with them notable contributions to Australian society in business and commerce, politics, education, sport and the arts. They have maintained a strong commitment to their adopted homeland while also cherishing their cultural and ethnic heritage. We are delighted that they have done so, giving tangible expression to what Australian multiculturalism is all about. This retention of a sense of Lebanese identity means that, quite apart from anything else, the Australian Lebanese community should be at the forefront of the efforts of Australian business in realising the potential for greater trade and commercial links between both countries, and we warmly encourage them to play that role.

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This conference represents a valuable opportunity to examine in more detail the themes I have outlined here, and no doubt quite a few others as well. I wish you every success as you debate and reflect upon the prospects for a country with strong historic and contemporary links to Australia. Lebanon is a microcosm of the potential as well as the perils of the emerging Middle East. If it succeeds, Lebanon will serve as an example of what can be done through enterprise, political courage and the commitment of its citizens to forging a reinvigorated society.

I believe Lebanon will succeed. It needs the support of its neighbours and its expatriate communities. And it does need to examine its domestic institutions, and the challenges it faces in terms of the development of civil society. This conference will contribute to that process, helping to define the pathways Lebanon needs to follow to achieve the future it so richly deserves - and to enable us, all once again, to enjoy eating shwarma on balmy evenings in the Place des Martyrs.