

## AUSTRALIA'S ASIA PACIFIC FUTURE

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This election takes place at a crucial time - against a backdrop of dramatic change in the global and regional environment. The end of the Cold War and the emergence of the Asia Pacific region, and within it the East Asian Hemisphere, as the most dynamic region in the world have been the two great defining international changes of the last decade. At the same time, the conduct and nature of international relations are also being transformed by the continuing revolution in communications and information technology, the globalisation of markets and the emergence of urgent new transborder problems requiring cooperative solutions - including the environment, the plight of refugees, narcotics and terrorism. And international relations are also being transformed by growing recognition of the universality of fundamental human rights - and at the same time multiple threats to those rights.

This is not a time to be "relaxed and comfortable" about Australia's future: we have to go out there and win that future, in the region and in the world. We have to recognise that the change going on around us offers Australians a rare and priceless opportunity: to help build, actively and creatively, new economic and security structures and to find new ways to protect and advance our basic national interests. We can't just wait for the future to fall into our lap; we can't afford to be timorous and nervous about asserting and advancing our interests; we have to reach out and grab our opportunity with both hands.

And that is exactly how we have been conducting Australia's foreign policy over the last decade or more. We have understood the currents in play; we have carefully rethought and redefined our basic interests - in terms of security, economic prosperity and our interest in being and being seen to be a good international citizen; we have carefully assessed both our strengths and our limitations as an international player; we have defined and articulated bilateral, regional and global agendas capable of achievement; and we have allocated and applied the resources necessary to achieve those agendas.

### **The Government's Asia Pacific Record**

The results in the Asia Pacific region - to which I will confine my remarks today - speak for themselves.

There is, for a start, Cambodia: our successfully implemented UN peace plan - for which I

readily acknowledge Bill Hayden laid much of the groundwork - in many ways was the catalyst for much of what has followed. For two decades, as we all unhappily recall, Cambodia was an appalling human tragedy. It also represented an intractable regional security problem, in which all the major global and regional players were fighting a proxy war. Today that most serious threat to security in the region has been removed, and Cambodians have, in May 1993, democratically elected their own government. Whatever the Cambodian people are making of their freedom at the moment - and there are always disappointments along the way when countries are struggling to throw off experiences of this kind - there is no doubt that they are at least working out their own destiny themselves, free of external influence, free of Chinese support for the Khmer Rouge, and largely free of Khmer Rouge terror. I recall the chorus of cynics on the Opposition who guffawed and carped and insisted that none of this could be done - right up until the time we did it. Australia's effort in Cambodia made a bigger point. It showed the region, and ourselves, just what Australia could do as a creative, energetic middle power, using to maximum effort our power - not to impose, not to enforce, but to persuade.

APEC has been another success story. This has grown from being an Australian initiative for a formal ministerial dialogue in the Asia Pacific region - ambitious enough in 1989 terms - to being the key regional body for enhancing the economic development of the Asia Pacific region. Leaders summits, initiated by Paul Keating, have become a regular and accepted part of the regional agenda, and the previously unimaginable target of regional free trade and investment by the target years 2010/2020 has now been brought within our grasp.

Then there is the ASEAN Regional Forum (ARF). This is not as well known as APEC but is already becoming the key forum for addressing and enhancing Asia Pacific security. In July 1990 I made the suggestion at the ASEAN Dialogue Forum, along with my Canadian counterpart, that we should establish a regional security dialogue process - informal, confidence building, cooperative in character. The Opposition, I recall, were highly sceptical of the idea at the time (just as they were last year about our effort to kick start a cooperative dialogue process in the Indian Ocean region). But it was - after a cautious start - taken seriously in the region. In July 1994 the first meeting was held, with another one last year, and a third ministerial meeting coming up later this year. The process is evolving and advancing.

Of course it is the case that security relations between the major powers in our region - the US, Japan, China, Russia - will continue to define much of the region's security environment, and old fashioned realist power balancing has by no means run its course. But there is growing support for mobilising, alongside all that, trust and confidence building measures, preventive diplomacy and cooperative non-proliferation strategies: there is real potential to strengthen cooperative approaches to security in all these respects. Last year's ARF meeting, for example, did a great deal to defuse the tensions that had been at that stage rapidly building up in the South China Sea issue.

I should perhaps add, in the context of regional security architecture, that Mr Downer regularly amuses himself with the assertion that I am engaged in advancing some kind of secret containment policy towards China. Nothing could be further from the truth. I certainly advocate the steady expansion throughout the Asia Pacific, not least in our own corner of it, of a web of bilateral and multilateral security cooperation arrangements of varying degrees of formality, but it is absurd to suggest that such arrangements are directed against anyone. The whole point of cooperative security arrangements is to build security with others, not against them.

In the South Pacific sub region within the Asia Pacific, Australia has continued to play a leadership role, perhaps best demonstrated at the last South Pacific Forum here in Brisbane in 1994 when Paul Keating, with major input from Gordon Bilney, really did win acceptance around the region for a new, much more mature, approach to our cooperative partnership: one which dealt far more systematically than hitherto with the problems of managing micro-economies, of creating sustainable economic environments, in societies coping at the same time with very real challenges of international economic impact. We have, moreover, in the context of France's testing in the South Pacific, been key players in mobilising and supporting the opposition to that - as earlier we were the architect of the South Pacific Nuclear Free Zone itself, now at long last about to be signed by the US, UK and France.

While working away at building the regional architecture I have outlined, we have not been neglecting the bilateral relationships which are always crucial building blocks in any multilateral strategies, as well as being important in their own right in advancing particular national interests.

In the case of Indonesia, for example, of whom the Prime Minister has repeatedly said we have no more important relationship, our friendship has never been stronger. Too often the relationship is seen as a purely personal link between Prime Minister Keating and President Soeharto. That personal link is of course very close and fruitful. But it is replicated at other levels, and the Australia-Indonesia relationship now has great ballast, spanning close ties at many levels. The trade and investment relationship is going ahead very strongly. We have set up a new ministerial forum for dialogue with Indonesia at a very high level. Our two countries worked together on the peace settlement in Cambodia, APEC's historic commitment to free trade at Bogor, and the creation of the ARF. Capping this, the recent Agreement on Maintaining Security marks the historic recognition that we have not competing but entirely complementary security interests.

It perhaps needs to be added that the Agreement does not inhibit in any way Australia's ability to raise where necessary sensitive issues of concern with Indonesia, not least conditions in East Timor. On the contrary, since it reflects and demonstrates the new level of trust and confidence between us. We continue to urge Indonesia to implement a policy

of reconciliation with East Timor, involving a massive drawdown in the military presence there, increased economic opportunities and protection of the social, cultural and religious identity of East Timorese people, and hopefully a significant degree of political autonomy - consistent with the right to self determination which we still recognise, notwithstanding our recognition that Indonesian sovereignty has now replaced Portugal's.

Last December, of course, Mr Downer declared that the relationship between Australia and Indonesia had not improved over 13 years of Labor Government; it was still full of sharp difficulties he insisted (echoing his remark a few months earlier that the relationship was in 'tatters'). Just two days later, Australia and Indonesia signed the Security Agreement. Enough said. Even so, I notice Mr Downer in his address to this forum last week making the not only offensive, but hopelessly misinformed, assertion that Australia "double crossed" Indonesia over the Mantiri appointment. It would be premature to publicly retail the full story of that unhappy incident: that will have to await my memoirs. But it should be enough to say, again, that if the Indonesians felt that they had been treated this way, we would have been hardly likely to see the conclusion of the Security Agreement within a few months thereafter!

With all the other ASEAN countries we have relationships of considerable intensity and great cordiality, although not without differences of opinion on particular issues from time to time. With Japan, we have an extraordinarily fully rounded relationship, no longer just one dimensionally economic, but very mature, very close, and very cooperative politically: for example we're the only country with whom Japan continues to actively and regularly engage in a formal multi-member Ministerial council dialogue. We have also enjoyed a dramatically broadened and deepened relationship with Korea in recent years.

With China, we have also a very sound long standing relationship with a country that is obviously already, but is going to become even more so, the giant of the region. If US growth continues, as it is likely to in the next two or three decades, by no more than about 2.5 per cent annually, and China continues at rather less than it is at the moment, say 7 per cent annually, then by 2020 the Chinese economy will be bigger than that of the United States. That's a huge development, and one that is making everybody in the region think about the possible consequences accordingly. But in our relationship with China, we haven't - as I have already made clear - played any containment game: we are in the engagement business. The Chinese know that, understand it, and appreciate it as the only sensible business to be in. I have to say, in this respect, that Mr Downer's comparison at this forum last week between contemporary China and the Germany of the Kaisers was a most unhappy and unhelpful one: I cannot think of a line, throwaway and thoughtless as it probably was, more calculated to cause offence than the reference to the Germans then being "unable to cope in a mature and constructive way with their new role" - with its clearly implicit suggestion that China might in the near future develop similarly expansionist ambitions.

With the United States, whom we are regularly accused by the Coalition of neglecting, it is simply the case that our relationship is as warm and as positive and as constructive as I can ever recall it being. It is a relationship that is strong across the political and strategic and the economic dimensions; it extends to both sides of the political fence and it will be perfectly sustainable whatever the future course US politics takes - though I have to say that the idea of a Pat Buchanan Presidency does fill us all with more than a little trepidation. The relationship is so close that it does enable us to take on the United States where we believe this is demanded, as often, for example, in the context of the argument about economic protection by the US towards its grain growing farmers at the expense of ours. What we haven't done is confuse conceptually the nature of our relationship with the United States, and indeed the nature of our global responsibilities, in the way that Tim Fischer has on so many occasions: dangling the prospect of Australian support for the Joint Facilities being used as a bargaining ploy to trade off against our concerns with aspects of US trade policy.

Without embarking on a complete tour d'horizon around the region, let me just add this of Papua New Guinea, which again we are accused of neglecting. We have had a somewhat bumpy, rocky road to run, particularly over the last twelve months as Papua New Guinea has gone through a period of quite extraordinary economic difficulty, not to mention the continuing political difficulties involved in the Bougainville issue and related developments. But we have come through that period in a way that has made the relationship, I believe, stronger and more constructive than it's ever been. That was the feeling of all the participants at the Ministerial Forum meeting at Kavieng late last year. And it was reflected in a letter - not a mere diplomatic nicety: Australia and Papua New Guinea know each other too well to go in for that! - which I received just before Christmas from the Prime Minister and Foreign Minister, Sir Julius Chan, who said that the relationship between Australia and Papua New Guinea "has matured even further and risen to new levels of goodwill and mutual advantage".

One important measure of the success of our engagement, in recent years with the Asia Pacific region, and in particular with North and South East Asia, has been our economic record. Australia's strong export performance over recent years has lifted our economy on to a new and higher growth path - this has been a product of not only our domestic economic policy and highly activist trade policy, but the gradual (and overdue) development of an export culture by Australian business. The outlook is for the maintenance of an export growth rate approximately double that achieved in the 1970s and 1980s; as a result, we now have the ability to grow the economy faster - a full percentage point faster - than was possible in previous decades. That extra percentage point will be crucial in meeting our domestic unemployment target of more than 5 per cent of the labour force by 2000. Present indications are that exports to GDP in 2000/1 will be around 23 per cent, compared with around 19 per cent in 1994/95 and only 15 per cent in 1982/83.

Asia has been crucial to that achievement. Australia's total merchandise exports to Asia have grown at a trend rate of 13 per cent per annum during the last decade, around double the rates of growth into Europe and the Americas. Last year, Australia's exports to Asia amounted to two-thirds of Australia's merchandise exports, and South East Asia overtook the European Union as our second largest regional market (after North East Asia). That overall growth figure is impressive enough. But it is the diversification of our export markets, and the increased technological sophistication of what we sell into them, that is the key to our long-term success. Over the past two decades the proportion of Australia's merchandise exports to non-Japan Asia more than doubled from 18 per cent to 40 per cent.

One of the arguments that we continually hear from the Opposition - Mr Downer tried it on here last week - is that our share of the market in East Asia has been declining. This criticism is utterly misconceived. While our overall East Asian market share is a slightly smaller portion of the East Asian cake in relative terms than it used to be, this is a statistical quirk based on the fact that there has been explosive growth in that market in areas where we have traditionally exported less (ie manufactures), and less growth in the areas where we have traditionally exported more (ie commodities). The main point is that our share of the East Asian market is bigger in absolute terms than it has ever been, and so is worth more to our economy. And in the things we actually export, not only our volumes but our sectoral shares have increased. Between 1989 and 1993 energy went up 17 per cent (from a 6 per cent share to 7 per cent), manufactures went up 14 per cent (from an 0.7 per cent share to 0.8 per cent); agricultural products up 4.5 per cent (from an 11 per cent share to 11.5 per cent), and minerals went up 2 per cent (from a 22 per cent share to 22.4 per cent).

### **The Coalition Alternative**

When it comes to assessing the alternative on offer from the Opposition, let me say at the outset that I don't in this context regard "me tooism" as a vice: I happen to think it very important that Australia maintain the maximum amount of bipartisanship in its foreign policy in order to avoid sending mixed and unhelpful messages. So I particularly welcome the Coalition's stated intention to follow in our footsteps and make engagement with the Asia Pacific its highest priority. But that said, I have some very serious concerns about the way in which that rhetorical commitment seems likely to be carried through in practice.

The basic problems are a lack of knowledge, understanding and feel for the East Asian Hemisphere as it now is; a disposition to look backwards rather than forwards in approaching the region; a disposition to make statements and strike attitudes which are positively offensive in the region; and some very bad policy decisions already taken which reinforce all the points I have just made.

In the Coalition leadership, we just haven't seen the hard yards being put into becoming

involved with the countries and with the key players of the region, that has been characteristic of so many individual ministers in this Labor government. The truth of the matter is that - with the partial exception of Tim Fischer, who has striven hard over the years to make some acquaintances and develop some relationships in South and South East Asia - the Opposition leadership team in foreign affairs simply doesn't know the region, and is not known by it, to the extent necessary if we are going to continue the kind of progress that we've made. An inability to name the current Prime Minister of Thailand is simply a symptom of a larger problem.

To make up for this widely perceived deficiency, John Howard has been taking recently to listing all the Coalition's great achievements in Asia. He has been harking back to the Colombo Plan in 1950, the Hakone trade treaty signed with Japan by John McEwen in 1957, and Malcolm Fraser's Pacific Economic Cooperation Council in 1980. All of them, I frankly acknowledge, were very worthy achievements for their time. But they are hardly evidence of a contemporary feel for the reality of the region, which has made an art form of rapid, ceaseless change. (And of course, in any of these lists of Coalition achievements in Asia, one will search in vain for any reference to the tragic miscalculation of Vietnam: on the contrary we find John Howard still asserting, last week on *4 Corners*, that Australia's involvement in the Vietnam War was right - apparently the only thing on which he hasn't changed his mind recently; and we find Tim Fischer a few weeks ago attacking Robert MacNamara for admitting he was wrong to have waged the War.)

Recent evidence for a lack of contemporary perspective on the region by the Coalition is abundant. John Howard's Policy Launch had him referring several times to the Asia Pacific as "that region", rather than "our" or "this" region. Alexander Downer's Foreign Policy Launch reference to "turning our faces to the East [not meaning] turning our backs on the West" is the view of a man looking out at the world from Stoke Lodge in London, not looking North from Australia. As was his recent newspaper interview reference to the Australian Government being "obsessed" with Asia at the expense of our ties with Europe and North America. Perhaps the most revealing statement was this one from Mr Downer's speech to the Young Liberals last month:

It was through our close links with the US, UK and France that we [that is, the conservative Australian government of the day] were able to exercise more influence over the destiny of South East Asia between thirty and forty years ago than we do today. Everyone has been conveniently persuaded to forget that today.

Surely the whole point of the changes that have swept the region is that it is absolutely not the role of Australia, let alone the US, UK or France, to exercise "influence over the destiny" of South East Asia or any other country or group of countries in the region. South East Asia has changed. It perceives itself, and others perceive it, very differently from a generation ago. Only the Coalition hasn't changed.

There are plenty of other recent statements and actions on record by the Coalition that demonstrate not merely outdated attitudes but positively offensive ones. In this category is Mr Downer's reference - on which I've already commented - to parallels which might be drawn between the Germany of the 1870s and subsequently, and China in the 1990s and beyond. So too is the extraordinary performance of Messrs Howard and Downer in administering (for crude domestic political reasons, without any regard to the foreign policy consequences) a calculated snub to the Vietnamese Communist Party leader Do Muoi in Australia last year. In the usual way, the Opposition Leader was invited to meet our guest, attend the official lunch for him and support the Prime Minister's speech of welcome. He chose not to see Do Muoi at any stage during the visit, not to have a Shadow Minister see him, not to attend the lunch and not to ask one of his senior colleagues to represent him. According to official records, this is the first time this has happened. It is interesting to note, in response to Mr Downer's claim that the real problem was that Do Muoi had been received at too senior a protocol level, that he was received here in exactly the same way he had been received in China, Japan and New Zealand: and Mr Howard had seen the Chinese Party Secretary, Hu Yaobang when he visited Australia at exactly the same protocol level a few years ago.

Just as potentially damaging in all this has been the Coalition leadership's pusillanimous response to the recent run of public statements by parliamentarians and candidates over the last few weeks - nine such statements, if one includes the latest contributions of Messrs Katter and Burgess this week - which collectively reinforce the impression that there is an ugly current of racism resurfacing in this country, and that many members of the Coalition are either overtly willing to give respectability to it or are just so stupidly insensitive they cannot appreciate the damage they are doing. Unhappily, so weak has been the response of the Coalition leadership to these incidents that the impression has certainly arisen that even if they are not racist themselves, and I don't believe they are, they are not actively anti-racist. And in this day and age that perception is not only deeply troubling in terms of social harmony in Australia, it is potentially disastrous in terms of our engagement with Asia.

This kind of thing really does worry leaders and commentators around the Asia Pacific region. I'm not making it up. This sentiment was expressed very cogently in the *Singapore Business Times* for example, on 10 October last year - long before the racism issue erupted here, but two days after John Howard made a major defence policy speech in which he raised the spectre again of threats from the north:

Perhaps Mr Howard is again out to stoke up a little paranoia about Australia's immediate northern neighbours to buttress his voter support among Australians of European descent. It's a bit of political legerdemain he employs once in a while although it doesn't seem to have done him much good the last time when he unsuccessfully tried to make political capital of



an anti-Asian immigration sentiment. He should know that strutting around like this would only make him open to attack about his credibility if he does gain office...How is he going to deal with South East Asian leaders?

This is a question I think that has to be answered. There is a real danger that Asian leaders will immediately see John Howard for what he is: a man of the past; a man who is not comfortable with Asia; a man the likes of whom simply hasn't strutted our stage for a generation.

Add to all this some of the policy decisions the Coalition has announced, and you can see why I'm troubled. I am referring in particular to three recently announced decisions. First, to cut \$382 million off the aid budget, striking out in the process over fifty projects, many of them involving water, sanitation and related engineering, education institutions and the like already agreed with governments in the region; secondly, to redirect aid funding from the My Thuan bridge in Vietnam to other unspecified community projects, notwithstanding that this had been identified by the Vietnamese Government as its highest aid priority; and, thirdly, to carve at least \$40 million annually from the Department of Foreign Affairs and Trade running costs - which will mean either the closure of some 21 Asian pacific posts (since the Coalition wants to upgrade, not downgrade, our relations with Europe and North America) or, alternatively, the reduction of the Department back in Canberra to an empty shell of officers (who won't under Coalition policy be retrenched, but only subject to attrition) sitting at empty desks, without telephones or cables, being administered by a Management Division and with only a functioning Public Affairs Division left to explain to the world why Australia no longer does foreign affairs and trade.

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Mr Downer has pledged in his speech to this forum last week that he will "continue the process of engagement with Asia ... but with less pazzazz (sic) than Mr Keating and Mr Evans".

There certainly does not seem much risk of Australian foreign policy under Mr Howard and Mr Downer being conducted with too much pizazz. Of course they will continue to attempt to engage with the region, and they will be politely received around the region when they do. The Deputy Governor of Indonesia's National Defence Institute, Juwono Sudarsono, for one, made that clear in an ABC Radio interview on 7 February much quoted by Mr Downer. But what was more interesting was the portion of the interview not so widely quoted, responding to a question about Indonesian perceptions:

On a personal level, Mr Howard is perhaps perceived as more aloof,

perhaps more detached, more European oriented, I would say less Asia-centric oriented. I think the Liberal and National Party has traditionally been conceived as more Europe centric, and the party has been identified with business and with the elite in Australia. It is very much oriented to Europe and America, and perhaps less sensitive to issues in Asia.

Again, a commentary by Takeshi Suzuki in the respected Japanese newspaper *Asahi Shimbun* on 29 January reported that while Paul Keating had pursued "Asian diplomacy" including APEC and the Security Agreement with Indonesia, John Howard had "tried to contain this strategy by calling on the Labor Government not to ignore the deep historical ties Australia has with Europe". John Howard is described as "very conservative and Western-leaning...who has himself commented in the past that Asian immigration should be curbed". Again, one finds the foreign editor of the *Singapore Straits Times* commenting on 16 February, of a possible Coalition Government:

This may be bad news for Asia. For one, the Opposition is so prone to making insensitive racist remarks publicly that these do not appear to be mere slips of the tongue.

And Mr Downer, of course, continues to have his own problems. The *Singapore Business Times* editorial on 23 February put it this way:

Mr Downer's posturing may be pointing to a more profound problem. By all accounts, Mr Downer is not hugely burdened by knowledge or experience of Australia's near neighbours. His responses suggest that, despite being a mere 44 years old, he lives in a mental time zone of a generation or two ago. He does not seem to understand this region and, worse, may not be interested in making the attempt.

This is not a very helpful set of perceptions at a time when we do want to be seen unequivocally not only as members of the broader Asia Pacific community, but of the East Asian Hemisphere within it. We don't want our political leaders to think and act and be perceived as nervous outsiders, continuing to feel uneasy and somewhat threatened by our northern neighbours. We want them to behave like confident insiders, excited by the opportunities for Australia's future our own region now so obviously and abundantly presents.

Gough Whitlam and those who followed him into the Lodge - Malcolm Fraser, Bob Hawke and Paul Keating - have all been strong foreign policy Prime Ministers. The truth of the matter is that John Howard would be a very weak foreign policy Prime Minister: timid, myopic, ill-informed and backward looking. And that's the very last thing that Australia and Australians need at this point in our history, on the eve of the 21st Century.

