

Chapter 2

The 2003 White Paper: an overview

2.1 The Howard Government's first White Paper, *In the National Interest* (released in August 1997), argued that the two most important influences on Australia's foreign and trade policies in the next fifteen years would be globalisation and the central economic role of East Asia.

2.2 While the United States would remain the single most powerful country in the world, and continue to be fully engaged in East Asia, China's enhanced growth and increasing influence would be the most important strategic development over the next fifteen years.

2.3 *In the National Interest* stressed that while the Asian region was the highest priority, Australia was a country of global interests requiring policies broad in scope.

2.4 The principal strategies advocated were:

- strengthening and improving the productivity of the Australian economy,
- greater emphasis on expanding bilateral relationships, particularly with four core states (China, Japan, Indonesia and the United States),
- closer engagement with Asia,
- an unqualified commitment to racial equality and
- a 'selective approach to the multilateral agenda'.

2.5 The 2003 White Paper *Advancing the National Interest* has clearly been influenced by some major developments since 1997. The 1997 Paper was issued just at the onset of what became the Asian financial crisis, which involved significant setbacks for a number of regional economies, highlighted major problems of governance in some countries (particularly in financial management) and ushered in the process of change in Indonesia that saw the demise of the Suharto regime in May 1998. Major changes went on to occur in Australia–Indonesia relations during the transition to independence of East Timor.

2.6 The climate in international relations was then profoundly affected by the September 11 2001 attacks in the United States, by the subsequent declaration by the United States of a war against terrorism, by the US–led coalition intervention from late 2001 in Afghanistan, pursued with Australian participation, and by the bombing in Bali in October 2002. The context for the 2003 White Paper was clearly affected by these major developments.

2.7 In Asia, China has continued to maintain high growth rates and South Korea has been recovering from the financial crisis well. However:

- Japan has continued in a period of prolonged economic stagnation,
- the economies of Southeast Asia have not recovered their pre-1997 patterns of growth,
- Indonesia is undergoing a challenging process of democratisation and recovery, and
- ASEAN has lacked the leadership previously provided by Indonesia.

2.8 The United States, meanwhile, has continued to achieve both economic growth and a consolidation of its dominant position in economic and military strength, but has also been affected profoundly by what Professor Paul Dibb has described in a newspaper article as ‘...the intense feeling of anger and humiliation in Washington after the terror attacks of September 11, 2001’.¹

Major themes

2.9 The 2003 White Paper is based on a characterisation of Australia as a successful and confident country which is both part of the Asia-Pacific region and a country with global interests. The Paper affirms that, ‘We are an outward-looking country largely of migrant origin, and one of the few in the world to embrace a national policy of multiculturalism. It is a proud and almost unparalleled tradition’.
(p. viii)

[Australia] is a liberal democracy with a proud commitment to political and economic freedom ... Australia’s political institutions and traditions are responsive, robust and decentralised. Debate is vigorous, the media are genuinely free and active, and power and influence are widely dispersed. Our system of government is a strength for us as a nation and provides a basis for successful foreign and trade policies. (pp. 1–2)

2.10 The Paper does not follow its predecessor and identify Asia or the Asia-Pacific region as Australia’s first priority in foreign policy. Australia, the Paper declares, occupies a unique intersection of history, geography and culture:

Australia is a Western country located in the Asia-Pacific region with close ties and affinities with North America and Europe and a history of active engagement throughout Asia.

Close engagement with the countries of Asia is an abiding priority in Australia’s external policy. Asian countries account for seven of our ten largest export markets and are simultaneously important sources of investment, major security partners and a growing source of skilled migrants. Asia’s weaknesses, as well as its strengths, matter to Australia. South-East Asia is our front line in the war against terrorism.

Our most significant alliance and security ties are with the United States, with which we share cultural similarities and values and major economic

1 Dibb, P, ‘Loud and carrying a big stick’ *Weekend Australian*, 22 August 2003.

links. We have close economic and people-to-people links with the countries of Europe. We have shared formative parts of our history with the peoples of Europe, the United States, New Zealand and Canada, experiences which remain assets in our international relations.

Maintaining a productive interplay between these two things—close engagement with Asia on the one hand, and the basic Western make-up of Australian society and its institutions and our wider international associations on the other—lies at the heart of our foreign policy ...

Managed well, this interplay is a strength, not a zero-sum game. Our links with Asia and other parts of the world are mutually reinforcing. An advance we make in any relationship need not be at the expense of others. (pp. 3–4)

2.11 Geography has never been the sole determinant of Australia's international links.

Australia will increasingly find itself in situations where we consider foreign and trade policy less in geographic terms and more in terms of developing functional affinities with countries and groups of countries with which we share specific interests. We have been adept at building coalitions on that basis. (p. 5)

2.12 Australia, the Paper argues, approaches the world with an outward-looking economy which has reaped the benefits of reform. Australia's strong economic performance (with average annual growth in GDP of 4 per cent) has enhanced its international standing. Australia's security links are in good order and people-to-people links add another essential element to Australia's strength internationally. These links are boosted by Australia's diverse community—with 23 per cent born overseas, including almost 5 per cent born in Asia (according to the 2001 census)—and by the 720 000 Australians who live overseas (4 per cent of the population).

The international environment

2.13 In the 'fluid and uncertain international environment' in which Australia must operate, the Paper argues that 'relations between the major powers are now more stable than they have been for many years' (p. 16):

But the security of Australia and many other countries is threatened by other international developments, notably terrorism, the proliferation of weapons of mass destruction, regional disorder and transnational crimes such as people smuggling. Overlaying and interacting with all of this is the pervasive impact of globalisation of the world economy, which offers the possibility of great benefits to most countries. But globalisation also carries its own pressures and disciplines and perversely increases vulnerability to terrorism and other transnational threats. (p. 16)

2.14 The Paper goes on to comment that the terrorist attacks since September 11 2001 have destroyed complacency about global security. Proliferation of weapons of mass destruction (WMD) poses serious challenges, with the situations in relation to Iraq and North Korea of special concern. Iraq in particular, the Paper argued, must be

seen as a major challenge to international security because the Iraqi regime's undiminished desire for WMDs, flouting of international norms and persistent defiance of the UN Security Council, calls into question both the authority of the United Nations and the effectiveness of international law.

2.15 North Korea (the Democratic People's Republic of Korea—DPRK) is also of major concern: its admission that it has been operating a uranium enrichment program—in breach of its international obligations—has led to an escalation of regional tensions.

Early and full compliance by the DPRK with its commitments is in its interests, including its desire for economic assistance and development of relations with countries like Australia. The Australian Government will continue to work closely with our regional partners, including the United States, the Republic of Korea and Japan, to address these concerns and support inter-Korean cooperation and reconciliation. (p. 81)

2.16 Transnational threats—including illegal flows of people, drugs and arms—also threaten the security and sovereignty of nations. In this uncertain environment Australia should build on its strengths and pursue relationships regardless of geography.

2.17 Market liberalisation is a major national priority. Globalisation has brought great benefits to Australia but to continue recent progress Australia needs to pursue further domestic reform as well as an ambitious international trade strategy.

2.18 The World Trade Organization remains Australia's best hope of securing wider market access and rules that allow Australia to trade on equal terms with others. The Doha Round² of trade negotiations is crucial for hopes for liberalisation of trade in agricultural commodities and food, still the most protected area of global trade. The Paper notes that the developed world spends \$100 billion per year in aid, but also spends \$600 billion on support for agriculture.

2.19 While emphasis will remain on multilateral trade liberalisation, the active pursuit of regional, and in particular bilateral liberalisation, the Paper argues, will help set a high benchmark for the multilateral system. The free trade agreement being sought with the United States could provide benefits more quickly and more extensively than those available through multilateral channels.

2.20 The Paper notes that the free trade agreement already reached with Singapore has exceeded WTO standards in key areas, such as investment and competition policy. Where free trade agreements are more difficult (for example with Japan, China and South Korea) the Government will seek economic agreements that facilitate higher

2 The most recent of a major series of international trade negotiations pursued since the late 1940s by the General Agreement on Tariffs and Trade and its successor the World Trade Organisation, initiated in Doha, Qatar.

flows of trade and investment. Further, such bilateral agreements will be sought in the region and beyond if they can bring benefits to Australia.

2.21 Foreign aid can make a crucial contribution towards the provision of good governance and the provision of humanitarian relief. However:

For the developing world, it is trade and investment, not aid, that will drive development: by providing access to a broader range of goods, services and technologies; by accelerating the flow of private capital and building foreign exchange reserves; and by acting as an employment multiplier upon which the local workforce can develop an entrepreneurial skill base. (p. xiv)

Consolidating and expanding regional and bilateral relationships

2.22 Close engagement with the countries of Asia is an ‘abiding priority’ in Australian foreign and trade policy: ‘The Government is committed to working closely with all our Asian partners on the basis of mutual respect and shared interests’. (p. xv) Particular attention will be paid to securing the long-term viability of Australia’s partnership with Japan and to building a strategic economic partnership with China.

2.23 Close cooperation with ASEAN member states, in particular Indonesia, will be fundamental to the policy of active engagement. Strong ties with ASEAN members will be essential in dealing with shared security problems such as terrorism and people smuggling.

2.24 East Asia’s abiding importance to Australia, the Paper argues, makes the emergence of regional architecture (such as the ASEAN+3³ dialogue grouping) a significant issue. The Government will continue to seek opportunities for Australia to participate in the broader dynamic of regional cooperation in East Asia in whatever practical ways become available, and will encourage the countries of East Asia to develop regionalism on an open and inclusive basis. Relations with India will also be emphasised, as India’s weight grows in international affairs and as Australia’s economic relations also expand.

2.25 The United States is seen by the Paper as pre-eminent in the world, with its wealth and military spending underpinning its position. No country or group of countries will be able to challenge the United States’ capacity to shape the global environment. Further strengthening Australia’s ability to influence and work with the US is essential for advancing Australia’s national interests.

2.26 Australia has a vital interest in the United States’ strategic engagement in East Asia as well as an enormous stake in the United States’ management of its relationships within the region (including its complex relationship with China). The Paper sees pursuit of a free trade agreement with the United States as ‘a powerful

3 ASEAN + 3 comprises ASEAN plus Japan, China and (South) Korea.

opportunity to put our economic relationship on a parallel footing with our political relationship, which is manifested so clearly in the ANZUS alliance'. (p. xvi)

2.27 The Paper states that within the Pacific rim, 'Australia has a particular responsibility to help the countries of the South Pacific deal with their deep-seated problems, many of which have been exacerbated by poor governance in some states'. Australia's assistance initiatives will be founded on the 'rock of good governance'. (p. xvi) Australia will also work closely with New Zealand, with which Australia has unique inter-governmental structures and people-to-people links.

2.28 Australia's strong relationship with the countries of the European Union (particularly the United Kingdom) complement its direct dealings with the institutions of the EU. The European Union is of comparable economic weight to the US but lacks strategic weight to match these economic capacities. However, the emergence of a new Europe offers extraordinary opportunities both on a bilateral basis and for joint cooperation in tackling many of the global challenges that affect the quality of individual and community life.

Projecting Australia and its values

2.29 The Paper's final three chapters discuss Australia's promotion of good governance, human rights and development, the protection of Australians abroad and the projection of 'a confident Australia' (p. 124). The Paper states that 'the Government recognises the moral obligation for a wealthy country like Australia to help reduce poverty'. (p. 116) It reports Australia's 'six-year, \$200 million global HIV/AIDS prevention initiative' (p. 117), and the enhancement of consular services to 'the growing number of Australian travellers'. (p. 122)

2.30 The Paper affirms that the Government is committed to wide-ranging consultation within Australia to build broad community understanding of, and support for, Australia's foreign and trade policies. Such consultation means that 'a whole-of-government approach is crucial' (p. 125). DFAT and Austrade offices 'are active in all state and territory capitals... build[ing] strong links with state and territory governments and with the business and wider community in metropolitan, regional and rural areas'. (p. 125)

2.31 There are bold statements about Australia being 'respected internationally for our successful economy' (p. 128); having 'a proud humanitarian record'; being 'well educated... a creative and skilful society' (p. 129), with few countries of Australia's size able to 'point to such a record of contemporary accomplishment'. (p. 129)

2.32 The White Paper concludes on the following note:

Global economic integration is changing the world and brings opportunities for our increased prosperity. We can be confident that, as a nation, we have strong assets to advance our interests in this testing international environment—a strongly performing economy, good defence and diplomatic capabilities and a distinctive and positive image in the world. (p. 131)