

Chapter 4

Engaging with our region

Australia and Asian engagement

The white paper makes the point, as any Australian government document on foreign and trade policy would, that our relationship with Asia is an abiding priority. I make this point to the House because there is sometimes debate about the importance of Asia or the emphasis that the government places on relations with Asia: if you take the seven years this government has been in office, our trade with Asia has grown somewhere between 30 and 40 per cent. We have never had more trade with Asia than we have had over the last year or so—never. We have more students from Asia studying in Australia now than ever before. We have enormous numbers of students from Asia studying here. It is a great credit to our universities... It has been an enormous success for us over the last seven years, so this engagement with Asia continues to grow. I think one of the great symbols of our successful engagement with Asia, by the way, was Australia winning its largest ever export contract with China, the LNG export contract. That was a tribute not just to our business people—and it was partly a tribute to them—but to the Prime Minister and other ministers who worked so hard on the political relationship with China that made that possible.¹

4.1 The White Paper gives a prominent place to Australia's relations and engagement with the countries of Asia. These countries, it observes, 'have always mattered to Australia' and close engagement is 'an abiding priority'. It argues that: 'The issue for Australian governments is not what priority to accord Asia, but rather how, as circumstances change, Australia can best advance its national interests in its relationships with Asian countries'. (p. 72)

4.2 The Paper emphasises the high importance to Australia of economic relations with Asia, which took about 56 per cent of Australia's merchandise exports in 2002. Seven out of ten of Australia's top export markets are in Asia. The Paper highlights Australia's many bases for interaction in Asia including the important role of expatriate communities in key business centres. Australia's relations with major countries and sub-regions are discussed, with the importance of Japan, China, the Korean peninsula, Indonesia and India highlighted.

4.3 But what seems to be most interesting in the way the White Paper sets out Australia's engagement with Asia is the tone and style of its presentation. As a consequence, the Committee has decided to explore the nature of the engagement in

1 Hon Alexander Downer, MP (Minister for Foreign Affairs), *House of Representatives Hansard*, 12 February 2003, p. 11630.

some detail. The sorts of issues thrown up by this exploration, and the nuances of the consideration that they demand, are neatly captured in the following observations by Alan Gyngell, a former diplomat and now Executive Director of the Lowy Institute for International Policy:

A curious sort of reversal has taken place in the declaratory language of Australian foreign policy. The Howard Government came to office accusing its predecessor of being ‘obsessed’ with Asia. The Howard Government promised a more interests-oriented foreign policy, in implicit contrast to Labor’s value-infused goals of engagement with Asia. It declared in its first foreign policy white paper, *In the National Interest*: “Preparing for the future is not a matter of grand constructs. It is about the hard-headed pursuit of interests which lie at the core of foreign and trade policy.” Yet apart from a declared preference for bilateral over multilateral relationships, the content of that paper was in broad line with the consensus position of its predecessors.

By the time of the second white paper, *Advancing the National Interest*, this year, the world had changed, and with it, the language of Australian foreign policy. Although the word ‘interest’ was in its title, the language used was overtly about values. The analyses of Australia’s relations with the US on the one hand and Asia on the other are revealingly different. While Australia has “close ties and affinities” with North America and Europe, it has simply a “history of active engagement” with Asia. The ‘vital’ relationship with the US—the only country about which that telling word is used—is underpinned by the fact that Australia and the US “share values and ideals”.

In comparison, the references to Asia in the white paper are pared down and practical.

This contrasts not only with the rhetoric of the preceding Labor government, but also with some of the earlier language of Howard Government ministers, like Tim Fischer. The emotional burden of the language of Australian foreign policy, and its underlying dynamic, has shifted more substantially than is acknowledged in the public debate. Values are back again but with a different focus.²

4.4 Articulation of the government’s views on multilateralism versus bilateralism, and its views on Australia’s engagement with Asia seem to have prompted a myriad of interpretations as to ‘what the government *really* means’. There seems to be a perception, despite government assurances to the contrary, that there is a waning of interest in Asia.

In terms of public debate the government argues that it has in fact achieved great advances in the substance and fabric of Australia’s relationship with the region. Indeed there has... been continuing growth in trade and student numbers. Measurable things of that sort can be adduced to make a sort of

2 Gyngell, A, ‘There’s rhetoric and dinner talk, but little debate on foreign policy’. Published in the *Sydney Morning Herald*, 25 August 2003, p. 11.

case. The case on the other side is much harder to substantiate because the evidence is anecdotal and does not come through to many people in Australia.³

4.5 Much of the discussion about whether or not the Howard government has disengaged from Asia seems to draw upon contrasts being made with the kind of engagement that had been associated with former Prime Minister Paul Keating.

I think the perception was that we OD'd on the vision thing under the Keating Labor government and I think that this government has consciously taken a minimalist approach—a practical, businesslike approach to dealing with the region. I would like to think that there is a position midway between those two where we develop some kind of broader vision, or a statement of objectives about where we think the region is going and where we would like it to go and what Australia's role would be in it. I think that has been lacking for the duration of this government. The government has been very good at singling out issues and putting in place some fairly effective measures to deal with them—single issue things—but I never get a clear sense overall of where they are going, or what they are trying to achieve, or what all of this actually means in the longer term. So I think that that is lacking in this document. I would like to see more of it.⁴

4.6 The Committee agrees that while the White Paper provides a useful, concise summary of key elements and issues in major relationships in Asia, it does not necessarily go much further and clarify possible policy directions or advance debate on them.

4.7 To secure a better appreciation of the Howard government's approach to Asia, one needs to look beyond the 2003 White Paper. Much can be gleaned from the statements and speeches of the Foreign Minister (Alexander Downer) during the period between the 1997 and 2003 White Papers. During this time, the government articulated a carefully nuanced view of Australia's regional identity. The view was further shaped by significant events of the time, including the Asian financial crisis and the troubles in East Timor, as well as broader adjustments in the relationships between Asian countries themselves—particularly in response to China.

At the Beijing 2000 Asia Leaders Forum... [Foreign Minister Downer] introduced a new concept into Australia's approach to Asia—that here are two types of Asian regionalism, driven by culture and practicality... “There are really two kinds of regionalism,” [Mr Downer] said. “One is what you might call a cultural regionalism, a regionalism which is built on common ties of history, of mutual cultural identity. One might more broadly describe them as emotional links. Obviously in terms of Australia's relationship with Asia, Australia does not fit into that category. That is clear because of the

3 Dalrymple, W, *Continental Drift: Australia's search for a Regional Identity*, (Ashgate Publishing, England (2003)), p. 223.

4 *Committee Hansard*, 4 August 2003, p. 45 (Dupont)

historic and ethnic and cultural differences that Australia has with its neighbours.” This is code for saying Australia is not Asian.⁵

4.8 Mr Downer elaborated his views in speeches and articles which seemed largely designed to counter criticism in the press and elsewhere that Australia was disengaging from Asia, and that the Howard government was undoing what years of patient effort had tried to establish. In May 2000, the Foreign Minister wrote:

Debate on these issues requires a mature, analytical approach. But at times in Australia this is overwhelmed by those who feel we have to beg to gain acceptance in our region... We will never get closer to our region by simply wishing it so—rather, we have to show how practical actions can benefit both Australia and our neighbours. The Government believes in substance over symbolism. There is no debate about the importance for Australia of engagement with the region. The Government clearly articulated its commitment to the region in the 1997 foreign policy white paper and the priority we accord to regional relations remains unchanged. There has been no doctrinal shift and no intention to change that fundamental position.⁶

4.9 During this period, a distinct tone became more apparent in official commentary upon Australia’s relationships with Asia—one which was openly affirming of Australia’s distinctive identity and values, implicitly distinguishing Australia on those grounds from other countries in the region. The 1997 White Paper had stated that closer engagement with Asia did not require ‘reinventing Australia’s identity or abandoning the values and traditions which define Australian society.’⁷ This was elaborated by the Foreign Minister in another newspaper article as follows:

Australia’s relations with the Asia–Pacific region have moved on to a more stable and relevant footing as the Government has positioned Australia to be a practical contributor to our region. Those who cling to a myopic view that Australia must genuflect to gain acceptance in our own region are out of touch with Australian and regional sentiment. Those who continue to advocate this policy direction or who jump at the shadows of the occasional regional academic or journalist do neither themselves nor their country any credit.⁸

4.10 The White Paper, as has been noted already, does not seek to rank Australia’s major relationships.⁹ Indeed, in relation to Asia, the paper suggests that the issue of ranking relations should not be seen as necessary: Asia relations are ‘an abiding

5 Kelly, P, ‘One club we won’t be joining’, *The Australian*, 26 April 2000.

6 Hon Alexander Downer, MP, ‘Regionalism not viewed as creed’, *The Australian*, 4 May 2000.

7 Department of Foreign Affairs and Trade, 1997 White Paper, *In the National Interest*, p. (iv)

8 Hon Alexander Downer, MP, ‘We can stand proud in our region’, *The Australian*, 9 March 2000.

9 The discussion in this section draws heavily from a paper prepared for the Committee by Dr Frank Frost (Foreign Affairs, Defence and Trade Group, Department of the Parliamentary Library)

priority’. However, as Gyngell observed above, in the chapters on Asia relations and on the United States (Chapters Five and Six) some differences in language and tone may be discerned and merit some comment.

4.11 The introduction to Chapter Five (‘Actively engaging with Asia’) states (in part) that:

The Government’s commitment to Australia’s relationships in Asia proceeds on the basis of mutual respect. It focuses on the *common interests* between Australia and the countries of Asia, while acknowledging our differences.

This approach recognises Asia’s great diversity. Asian countries differ in their political and economic systems and their stages of development, as well as in their cultures and traditions. These differences inform individual countries’ interests and approaches to domestic, regional and global issues. (p. 72, emphasis added)

4.12 A contrast in tone may be discerned at the beginning of the chapter on relations with the United States (Chapter Six, ‘Strengthening our alliance with the United States’). The Paper states that: ‘Australia’s longstanding partnership with the United States is of fundamental importance’. It goes on to state that:

Australia and the United States *share values and ideals* that underpin our strong relationship. *We both have deep democratic traditions and aspirations, elements of a common heritage* and a lasting record of cooperation and shared sacrifice. Our security alliance is a practical manifestation of these shared values. It is the centrepiece of a much broader relationship in which the United States is our largest foreign investor and largest single trading partner. The extent of shared interests gives us considerable scope to cooperate bilaterally and internationally to achieve better outcomes for *us both*. (p. 86, emphasis added)

4.13 The close association between Australia and the United States in values, longstanding democratic experience and international cooperation (especially during and since World War II) is not in question. However the White Paper makes some comments about Australia’s character and identity which seem relevant *both* to relations with the United States *and* to countries in Asia—yet the connection is not made.

4.14 The Paper’s Overview states 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) The Paper at a later point highlights Australia’s striking record as a welcoming nation with an established immigration policy and where nearly one-quarter of the 2001 population of 19.4 million was born overseas. The Paper also emphasises the benefits of Australia’s diversity in the development of people-to-people links:

Our diverse community is a major element in our people-to-people links. According to the 2001 census, 23 per cent of Australians were born

overseas—almost 5 per cent of all Australians were born in Asia. The second most frequently spoken language in Australian homes is the various dialects of Chinese. Australian society has embraced people from around 200 different ethnic groups and nationalities. As Australians, they and their children retain important links with their places of origin. (p. 13)

4.15 It may be argued in this context that Australia's character as an outward-looking and multicultural society gives it particular strengths and opportunities in foreign relations. For example, in relation to the shared 'values and ideals' which the Paper identifies as an important element in relations with the United States, while there is no 'Asia-wide' pattern of democratic ideals with which to identify, there is in some countries strong support for democratic practices (such as Japan, South Korea, the Philippines and India) which can be seen as adding to the basis for productive Australian relations.

4.16 Australia's Asian born communities should give Australia added capacities to broaden links with Asian countries on the basis of shared cultural values, while maintaining the strength of Australia's democratic and pluralist character.

4.17 Australia, it may be argued, has a good capacity to be able to develop 'shared values and ideals' with a number of major international partners (including a number of countries in Asia) and not necessarily just with traditional Western partners such as the United States. The explicit recognition of Australia's capacity to develop both identities of interests and also, where possible, of shared values and ideals—while maintaining its own distinct identity—may be a useful adjunct to Australia's ongoing pursuit of its foreign policy interests.

4.18 Such an approach could be relevant to the advancement of political and economic bilateral and multilateral engagement with Asia overall, to specific policy interests such as Australia's prospects of maximising its influence and support within a possible 'Asia-Pacific' electoral group in the United Nations and to Australia's potential for increasing association with emerging Asian regional cooperative groups.

4.19 In the Committee's view, two fundamental debates lie at the heart of Australia's current and future engagement with the countries of Asia. One is the debate over identity, traditions, histories and values. The other is the debate over the role of the United States in the region, and Australia's relationships with its ally.

4.20 With respect to the first debate—that of traditions, histories, identities—the Committee considers it a debate which must proceed respectfully and with good will, touching as it does on matters of deep cultural significance and considerable moral and political sensitivity. It is a debate which requires suitable occasions and spaces in which to allow dialogue to unfold. In Stephen FitzGerald's words:

We need to establish ourselves in a forum or forums with Asian countries for the *shared* discussion of principles and values and beliefs and visions and morals and ethics and education. We will not need to accept their views, but we must understand them and factor them into our long-term perspectives and perhaps modify our expectations and our behaviour to take

account of them.... And I suggest also that [such a forum] should be entirely new, and not grafted on to forums which deal exclusively with economic futures.¹⁰

4.21 For the Committee it is clear that any discussion about engagement between Australia and its East Asian neighbours must acknowledge that there are two parties to that relationship, and each party will bring its distinctive attributes—including its prejudices—to the relationship.

As in all relationships, neither side has the whole story. Nor can mutual perceptions ever be reduced to an argument over who is right. All sides deserve to be heard. Accounts of how Australia is seen by opinion leaders in Asian countries, or by Asian Australians, are like the other spouse's opinion: they contain surprises as well as home truths.¹¹

4.22 Alison Broinowski—a former Australian diplomat and currently visiting fellow at the Australian National University—has recently published a book dealing with the question of how Australia appears to people in Asian societies. In her concluding chapter she writes:

Some Australians claim that having put racism behind it, all Australia has to do is get over its cultural difference and define itself in Asia. On the contrary, as leaders in the region have said again and again, Australia is not 'one of us'. For them, race and culture are indispensable tests of acceptability, which are used to marginalise and differentiate Australia. As the only country in the East Asian hemisphere that claims to be multicultural rather than homogeneous or multiracial, Australia will be denied regional membership for as long as it serves regional leaders' interests to maintain their racial/cultural barriers to its inclusion. All Australia can do, if it seeks membership, is to deal with its image problem, behave as an equal, and build up a record of performance that may eventually convince leaders that it would be more useful to have Australians inside regional organisations than outside them¹².

4.23 Reference to Australia's 'image problem' raises again the importance of perceptions in international relations. The Committee had this aspect drawn to its attention on several occasions.

Attitudes to Australia are to a great extent shaped by perceptions. Sometimes those perceptions may be right or they may be wrong, but they need to be addressed...

10 FitzGerald, S, *Is Australia an Asian Country?* (Allen & Unwin, 1997), pp. 136–137.

11 Broinowski, A, *About Face: Asian accounts of Australia*, Scribe Publications (Melbourne) 2003, p. 5.

12 Broinowski, A, *About Face: Asian accounts of Australia*, Scribe Publications (Melbourne) 2003, p. 233.

It seems to me that when the present government came into power in 1996 it felt a need to differentiate itself—or differentiate its foreign policy—from the previous Keating and Hawke governments... That led to assertions that the previous government had been far too Asia-focused. While this was for essentially domestic reasons it was of course very widely publicised within the East Asian region, leading to the perception that Australia was somehow putting less emphasis on the relationship with Asia—although if you read the two white papers, the first and second white papers, you certainly would not get that impression.¹³

Confusion has developed about the Australia government's real approach to the region. The perception is quite widespread that the present government has stepped back from the bipartisan priority accorded to East Asia for decades and, indeed, endorsed in its own 1997 White Paper.¹⁴

4.24 The Committee appreciates that 'perceptions' are notoriously slippery when it comes to assessing the impacts of policies. The government has clearly decided to nail its policy flag to the tree of pragmatism, arguing that it is actions that will affect how other countries will perceive Australia's engagement with its region.

The best judge of perception is what people and governments do. On that basis, if you look at the willingness of Asian governments to engage Australia in a wide range of areas and in extremely difficult negotiations, I think you could make the reasonable conclusion that Asian countries do see Australia as being committed to working with them, Asian countries, and that they do see that Australia brings significant aspects to that interaction.¹⁵

4.25 These views are supported by recent comments by the foreign editor of *The Australian* newspaper, Greg Sheridan. Noting that East Asia remains 'the fastest growing economic region in the world' and is 'the destination for the majority of Australia's exports' he goes on to argue that 'the significant Asian powers see the Australian economy, not least because of its connections with the US, as an attractive proposition.'

This is plain in regional publications such as the *Far Eastern Economic Review*, which ran a cover story in June headed: "Australia's boom: Asia waits for a bigger piece of the action". This is typical of the region's appreciation of Australia's solid economic growth and economic and political stability. *Asia Inc* magazine ran a similar cover in July, under the heading "The lure down under: Despite the cultural divide, Asians are making a beeline to invest, study and live in Australia".

13 Transcript of private briefing by Mr Richard Woolcott, AC, 21 August 2003, pp. 2–3.

14 Woolcott, R, 'Reflections on diplomacy: Australia's role in an ever-changing world', *The Sydney Papers*, Summer 2003, p. 119.

15 *Committee Hansard*, 21 August 2003, p. 88 (DFAT)

...Cooperation now is functional rather than rhetorical. It is much less romantic than during the Keating years and much less ambitious. But it focuses sensibly on common tasks that need to be carried out.¹⁶

4.26 While the government is justified in pointing to some substantial achievements in its relationship with Asia, particularly on the economic front, it seems that there is a long way to go before mutual perceptions become substantially more benign than Alison Broinowski believes to be the case.

And Australia, when it is not selling itself short or debating its place in Asia, had for years promoted itself in the region through anecdote, sports reporting and tourist promotion, as a vast, undeveloped and almost unpeopled island of hedonism, where life is a beach or a fenceless zoo. This invited contempt.¹⁷

[Asian] stereotypes about Australians as people are also contradictory, but they too have a potent internal logic. The favourites are: little-known, distant and irrelevant; white, British and second-rate Western; stooges of the United States and lacking independence; the offspring of convicts, uncouth and rude; racist, discriminatory against Asians, ignorant of Asia and lacking civilisation; oppressors of Aborigines, and not genuinely multicultural; sports mad, lazy, strike-prone, welfare-dependent, inefficient and undisciplined; legalistic, moralising, hypocritical and interfering, with prejudiced and inaccurate media; big, loud, exploitative, materialistic, domineering and condescending; generous, friendly, simple and uncultured; mean, unfriendly and devious; not Asians.¹⁸

4.27 Such stereotypes are no doubt as offensive to Australians as the equivalent stereotypes are to Asians when directed at them. The Committee considers that it is probably only sustained person-to-person engagements, cultural exchanges, travel abroad and so on that will eventually wear down such prejudices. However, it is imperative that official relationships take care not to give any credence to, nor reinforce, these popular stereotypes.

4.28 The emphasis placed by the White Paper on values draws attention to a dimension of foreign policy and diplomacy that is particularly susceptible to misunderstanding and stereotyping. The Committee sees a need to ensure that the confident and unapologetic declaration of one's own values is not undermined by a failure to acknowledge the extent to which they might be shared by others, or indeed the extent to which they are contestable.

I think words are important. [Someone] once said, 'Words are bullets,' and we have to be careful of that now. On page 3 of the white paper, in chapter

16 Sheridan, G, 'Regional Overview', *The Australian*, 8 September 2003.

17 Broinowski, A, *About Face: Asian accounts of Australia*, (Scribe Publications (Melbourne), 2003), p. 8.

18 Broinowski, A, *About Face: Asian accounts of Australia*, (Scribe Publications (Melbourne), 2003), pp. 10–11.

one, there is the statement, ‘Australia is a Western country...’ Of course we are by origin—origins and traditions—but the demography is changing and I think a statement like that needs careful elaboration and the addition of caveats. I happened to be invited to have dinner with nine of the 10 ASEAN heads of mission a couple of days after the white paper came out, and they had all focussed on that. It has been corrected since but the Philippines Ambassador said to me, ‘That’s true: your Prime Minister’s made eight visits to the Court of St James’s, including for the Queen Mother’s funeral. He has not made a bilateral visit to the neighbouring country of the Philippines.’ That has been corrected; he has recently been to the Philippines. But this paper is read very carefully by the representatives of all foreign countries here and they have their own take on it.¹⁹

4.29 The Committee appreciates that diplomacy is a delicate art, and that often words are as important as actions. What might, on the face of it, be an uncontroversial denotation of Australia—as a ‘Western’ country, for instance—will usually carry connotations which need to be taken into account in the delivery. This is especially the case where the attributes of the denotation itself may not be as clear-cut as its use may imply.

The American attack on Iraq has changed some of the basic assumptions behind the White Paper. For example, the meaning of the term “Western values” must now be defined in a world where the West is divided over those values. You have the USA, UK and Australia taking one view and much of Western Europe taking another. Many people would argue that the USA has acted contrary to accepted Western norms. The important point here is not what view you take on who is right or wrong, but the fact that there is disagreement in the West over basic questions of international morality.²⁰

4.30 The Committee explored several of these issues with the representative of the Department of Foreign Affairs and Trade who appeared on behalf of the government. On the government’s account, the matter is quite straightforward:

The government has said clearly that Australia has profound and enduring interests in the various countries of Asia. When we drafted the white paper we deliberately chose to avoid formulations like ‘Australia is part of Asia’ because we thought those were meaningless formulations...

At the end of the day, it is that cooperation and the mutually satisfactory goals that you achieve from that cooperation that really matter. That is what international relations is about rather than a sterile debate on whether you are part of this region or that region... But we did try not to deal with those

19 Transcript of private briefing by Mr Richard Woolcott AC, 21 August 2003, p. 7.

20 *Submission 1*, p. 3 (Dr Cavan Hogue)

questions because we thought they would lead nowhere and they are ultimately sterile.²¹

You also raised the formulation of Australia as a Western country. I should emphasise that we tried to say quite clearly that our tradition of multiculturalism is something that is important to us. I think we said that very early on. But we also tried to demonstrate that we are in our origins Western, that much of our population is of Western origin, that many of our values and institutions are Western and that that was one part, if you like, of the international identity of Australia. The other parts were the fact that we are located close to Asia... The history of our engagement with Asia has been one of the defining threads of Australia's diplomacy. Ever since we were given independent control of our diplomatic affairs in the 1930s, it has been a constant theme of our interaction with the world.

In addition to that, we have profoundly important, historical, economic and value links with North America. So what we tried to show was that managing the interaction of all of those threads has had a very profound effect on how we conduct our international relations. It is not a very simplistic formulation but it is not a very simple subject either. It is much more complicated to think of it in those terms than whether we are or are not part of Asia. But we believe that it is a complex issue and it deserved thorough, if complex, treatment.²²

4.31 The Committee addresses elsewhere in this Report the implications for Australia of United States policies in terms of Australia's engagement with the region. The nature of Australia's relationship with the United States has always been, and will continue to be, a significant determinant of how Australia is perceived by its Asian neighbours. Occasionally it will not be flattering, as the following press comment indicates:

Singapore Straits Times senior correspondent Kim Beng Phar would add [to the list of perceptions of Australia]: opportunistic. "Like an adolescent struggling with an identity problem, Australia does not quite know how to place its bets," he said in one column. "When Asia was on the ascendant, Australia wanted 'in', as demonstrated by Gareth Evans' statement. On the flip side, since America is currently growing at phenomenal rates, one sees Australia latching on to Washington DC like a schoolboy holding the coat-tails of its headmaster. Phar said the foreign policy "flip-flops" ... did not suggest a grand Asian strategy and gave an impression of opportunism that Asian neighbours could find distasteful."²³

4.32 The Committee appreciates the dilemma confronting Australia in terms of its need to enjoy good relationships with both the United States and Asia. The issue was put creatively by one journalist that, for Australia, East Asia 'is the yin of our foreign

21 *Committee Hansard*, 21 August 2003, p. 85 (DFAT)

22 *Committee Hansard*, 21 August 2003, p. 85 (DFAT)

23 Aisbett, N, 'Our Asian puzzle', *The West Australian*, 31 May 2003.

policy, in perpetual if sometimes turbulent balance to the yang of our commitment to the US'.²⁴ The US is a vital player in the region's stability; but for precisely this reason Australia's relationship with the US needs to be adroitly managed. This is particularly so when it comes to China.

4.33 The Paper²⁵ reviews relations with China (at pp. 79–80) noting that 'China's rising economic, political and strategic weight is the most important factor shaping Asia's future'. The Paper notes the Government's commitment to enhancing relations, its continued adherence to the 'one-China policy', the significance of the recent success in relation to the LNG contract and Australia's desire to expand trade and investment ties.

4.34 The Paper observes that China's leaders recognise that a stable security environment is essential for China's economic development and that a productive relationship with the United States is in China's interests. It continues:

However, China's relationship with the United States is a complex interaction of strategic, economic and political issues, most notably Taiwan, that makes it difficult for both sides to manage. Some bilateral tension is inevitable. Australia has strong interests and a supportive role to play in helping both sides manage these tensions and their relationship more broadly. (p. 80)

4.35 The future of US–China relations has been seen in the recent past as potentially one of the most challenging issues for Australian foreign policy. Significant tensions arose in 1996 when China staged exercises and missile firings near Taiwan, the US made clear its opposition to China's pressure and Australia expressed support for the US position. Tensions were also evident in US–China relations in the early phase of the Bush Administration, including during the detention by China of an American electronic surveillance aircraft on Hainan Island in March–April 2002. The period since September 11 has seen tensions in US–China relations abate substantially, with China supporting the US war against terrorism and endorsing its operation in Afghanistan.

4.36 However, as the White Paper notes, the potential for discord to rise between the United States and China over issues including Taiwan persists. The American analysts (and former ambassadors) Morton Abramowitz and Stephen Bosworth have recently observed that the underlying politics of US–China relations continue to be unstable:

Many Chinese leaders, strongly suspicious of American power, were deeply disturbed by Washington's willingness to intervene without UN approval in Kosovo and Iraq. Taiwan remains a neuralgic issue and could quickly

24 Sheridan, G, 'Regional Overview', *The Australian*, 8 September 2003.

25 The discussion below in this Chapter draws heavily from a paper prepared for the Committee by Dr Frank Frost (Foreign Affairs, Defence and Trade Group, Department of the Parliamentary Library)

decline into crisis. In the United States, meanwhile, many on the right remain similarly distrustful of China, detest its government, fear the abandonment of Taiwan or would like to see its independence, and believe the United States is contributing too much to China's military strength. The Sino–US train could thus easily run off the rails again, although both governments are accruing stronger interests in preventing that from occurring.²⁶

4.37 If US–China tensions were to rise seriously, Australia, as a very close US ally which itself also has a highly important economic and political relationship with China, could find managing such a situation difficult, especially if a situation were to develop where Australia found itself caught between its allied relationship with the US and its strong relations with China.²⁷

4.38 Paul Kelly has recently commented of Australian national perspectives on the Taiwan issue that:

Australia's view is that China should meet the region's expectations of a non-military solution, and that the US and Taiwan should avoid provocation in the short term to win a managed solution in the long term. In the event of a more militant and pro-Taiwan line emerging in the US, the chance of a breach between Australia and the US could not be ruled out.²⁸

4.39 While the White Paper identifies the salience of US–China relations, it does not provide detailed discussion of Australia's interests and possible strategies. Its contribution to debate on these issues is thus limited.

4.40 A similar comment (on the limits to the scope of the White Paper's discussion) can be made about the discussion about another crucial Australian bilateral relationship, that with Indonesia. The section headed 'Assisting Indonesia's historic transition' affirms Australia's 'fundamental national interest in Indonesia's stability' and strong support for Indonesia's unity and territorial integrity. (p. 81)

4.41 The section goes on to note the vital importance of cooperation to combat terrorism and the Government's desire to advance both the political and economic relationship. The brief discussion, however, does not provide any assessment of the particular challenges Indonesia can be seen as facing, or of the strategies and priorities which Australia should follow in providing support to the country's 'historic transition'. While the section is a valid short summary of Australia's interests, it may be argued that it is too brief to provide a basis for more detailed discussion or debate on these issues.

26 Abramowitz, M, and Bosworth, S, 'Adjusting to the new Asia', *Foreign Affairs*, (July–August 2003), p. 127.

27 Tow, WA, and Hay, L, 'Australia, the United States and a "China growing strong" ', *Australian Journal of International Affairs*, (vol 55, No 1, April 2001), pp. 37–54; Jenkins, D, 'The high price of loyalty', *Sydney Morning Herald*, 19–20 July 2003.

28 Kelly, P, 'What is ANZUS for?', *The Diplomat*, (June–July 2003), p. 29.

4.42 The Committee agrees that, particularly in the aftermath of the Bali and Marriott Hotel bombings, there has been a substantial improvement in the relationship between Australia and Indonesia based on mutual security concerns. It has been described as ‘an extraordinary level of intimacy for Canberra and Jakarta to have recovered so quickly after the bitter estrangement that afflicted the two countries after East Timor’s independence’.²⁹

4.43 However the Committee also agrees with that same commentator’s assessment that:

It is still by no means clear that the Howard government has made enough of an effort to engage the whole of South East Asia politically. Counter-terrorism cooperation is a good thing, but it hardly constitutes a full-scale political agenda of cooperation.³⁰

Emerging East Asian ‘architecture’

4.44 In discussing the ongoing relevance of Asia to Australia, the White Paper comments on emerging patterns of regional cooperation. Australia was a founding member of some of the region’s leading regional associations, notably the Asia Pacific Economic Cooperation (APEC) process and the ASEAN Regional Forum. The Paper comments:

An important question for Australian policy towards the region is how we should respond to the evolving East Asian regional architecture centred on the ASEAN+3 summit process, which involves the ten countries of ASEAN and the three North Asian powers—Japan, China and Korea. While the process still has a long way to go before its full significance can be determined, it is reasonable to assume that there will be benefit to the region and to partners such as Australia in a process which fosters dialogue and cooperation among the countries of East Asia and thereby contributes to regional stability and harmony. (p. 84)

4.45 The Paper notes that membership of the ASEAN+3 process has been restricted so far to East Asian countries and states that:

Australia would be pleased to be involved in the ASEAN+3 process. We have registered our interest in joining the grouping if invited at some later stage, and emphasised the desirability of the process having the character of an open and inclusive form of regionalism. Such an approach will reinforce rather than undermine East Asia’s important external links with the United States and Canada, with Australia and New Zealand, and with Western Europe. But our participation is a matter for the countries of ASEAN+3 to decide. (p. 84)

29 Sheridan, G, ‘Regional Overview’, *The Australian*, 8 September 2003.

30 Sheridan, G, ‘Regional Overview’, *The Australian*, 8 September 2003.

4.46 Australia, the Paper comments, is already contributing to emerging regional architecture in several areas, including cooperation on people–smuggling and the South-West Pacific Dialogue. Cooperation is also being extended through counter–terrorism programs and exploration of regional and bilateral economic agreements.

4.47 A significant issue for the Committee here is what the implications for Australia might be if the East Asian architecture continues to develop, and Australia is not able to become a party to it. These are difficult issues to consider because, as the White Paper points out, the character of East Asian cooperation is still emerging.

4.48 For example, both China and Japan have proposed economic cooperation arrangements to be developed with the ten ASEAN members, with China and ASEAN agreeing to pursue a free trade area over a ten year period and Japan proposing a less far reaching cooperation agreement.³¹ Rawdon Dalrymple (formerly a senior Australian diplomat and Ambassador to Indonesia, Japan and the United States) in a recent book on Australia’s regional identity has commented that:

The question... about the consequence to Australia of being left out of East Asian cooperation arrangements is unanswerable except in very general and speculative terms. For example, the consequences of being left out of an ASEAN+3 Free Trade Area would depend very much on the terms of such an FTA and especially on whatever tariff and other barriers it kept against other members. It would depend too on what if any Australian bilateral arrangements with members remained in place and on what arrangements (for example with the United States and/or NAFTA) Australia had been able to make in place of membership of an East Asian FTA. It would of course depend on the growth of the East Asian economies and the growth of their participation in world trade, their openness.

Whatever the answers essayed to these questions the likelihood is that there would be costs in terms of export opportunities, in merchandise trade and also over time in services and investment. Transnational companies would be less likely to put regional headquarters in an Australia which was not part of a regional economic and financial architecture. There would be less business travel between the region and Australia and fewer exchanges between universities, professional bodies, and so on. But perhaps tourism and the foreign students market might not be much affected.³²

4.49 Dalrymple’s arguments highlight the potential importance of the issues at stake for Australia and they clearly merit more detailed discussion than has been provided in the White Paper.

4.50 A second relevant issue here is whether Australia, in the near future, could do more to begin to associate with the emerging architecture in East Asia. Direct membership may not at present be open to Australia in the ASEAN+3 process but

31 ‘Japan/South East Asia: Tokyo loses ground to Beijing’, *Oxford Analytica*, 18 January 2002.

32. Dalrymple, R, *Continental Drift: Australia’s Search for a Regional Identity*, (Aldershot, Ashgate Publishing Limited, 2003), p. 227.

there may be avenues to expand dialogue with ASEAN, the nucleus of this grouping. Australia sought to do this in late 2002 when it applied for representation at the annual ASEAN leaders meetings.

4.51 This would involve the Australian Prime Minister in a formal dialogue with the leaders of the ten members of ASEAN, thus adding such a meeting to those the ASEAN leaders have with the leaders of China, Japan, South Korea and (from 2002) India.³³ An advantage of such a dialogue is that it would provide opportunities for Australia's senior leader to talk directly with his ASEAN counterparts about emerging concepts and proposals for cooperation on both security and economic issues.

4.52 When ASEAN leaders considered the issue of an Australian dialogue at their meeting in Phnom Penh in early November 2002, Australia's application at that stage was not accepted.³⁴ However, it may be argued that this would have been a potentially useful direction for Australian participation in regional dialogues with ASEAN. This direction could continue to be pursued, for example by ongoing and increased patterns of bilateral visits to ASEAN members by senior Australian leaders including the Prime Minister,³⁵ which could help expand the basis for further consideration of this issue by ASEAN leaders at a future meeting.

Asian engagement and Australia's 'Asian skills'

4.53 The emphasis in the Paper on Asian engagement as an 'abiding priority' highlights the importance of Australia's basis of expertise and knowledge of the region. The Paper notes that:

The United States and our European partners have their own well-developed links with Asian countries, but they value our unique perspective. And a significant number of companies from the northern hemisphere locate their Asian headquarters in Australia because of our proximity to Asia and the depth of our Asian skills as well as our investment climate. (p. 5)

4.54 However, a recent report by the Asian Studies Association of Australia (ASAA—the premier professional group in this field) has suggested that part of

33 'Howard tests Asian waters in push for seat at summit', *Sydney Morning Herald*, 31 October 2002.

34 Baker, M, 'Malaysia thwarts Howard's bid to join Asian summit', *Sydney Morning Herald*, 6 November 2002.

35 The value of personal diplomacy in East Asia has been emphasised in a recent comment by Cavan Hogue (former Ambassador to the Philippines and Thailand and High Commissioner to Malaysia) in an article written at the time of Prime Minister Howard's visit to the Philippines in mid July 2003. Hogue noted that Mr Howard was making his first bilateral visit to the Philippines and wrote: 'For years he has talked about the importance of Asia to Australia, yet he has not made the regular visits to the region that any Australian leader must make if he wishes to be taken seriously by people who put great store on personal contact. Failure to maintain this contact does not mean that normal bilateral relations will fall apart but it does mean that we are not seen as part of the team or as a country whose needs must be given any special consideration': see Cavan Hogue, 'Go gently into the Philippines', *The Australian*, 15 July 2003.

Australia's base of Asian expertise is under serious strain. The ASAA report, *Maximising Australia's Asia Knowledge: Repositioning and Renewal of a National Asset*, argues that Australia's long-standing Asia knowledge base is in danger of evaporating.³⁶ It estimates that fewer than 5 per cent of Australian undergraduate students studied anything about Asia in 2001 and fewer than 3 per cent studied an Asian language.

4.55 It also suggested that Australia's academic Asia specialists are an ageing group and that large numbers are approaching retirement: 'Given the need to cull staff to meet budgets, they are rarely replaced'.³⁷ This has led to a reduction in the number of Asia subjects offered by universities. In the next five years, for example, the report estimates that if present trends continue in Australian universities there will be no teaching explicitly about India, Pakistan or Afghanistan. In addition, significant numbers of Australia's leading specialists are being 'headhunted' by overseas universities: over a dozen such specialists were lost to Australia between 1997 and 2001.

4.56 The report argued overall that the forces of globalisation will lead Australia to interact increasingly with the countries of Asia, that Australia's longstanding Asia-knowledge base is in jeopardy and that 'a careful program of renewal, making imaginative use of new technologies, allows Australia to reposition, extend and deepen its Asia knowledge in ways that will enhance security, prosperity and cultural communication'.³⁸

4.57 In addition to inhibiting universities' capacities for the teaching of Asian studies, a decline in the numbers of Asia specialists has additional implications. One senior academic and former senior official interviewed as part of the background research for this Report has argued that it is now much harder to nominate qualified Australians to participate in 'second track' dialogues involving East Asian countries because there are insufficient numbers of qualified and experienced Australians to undertake such roles. Such dialogues are an important part of regional communication and interactions.

4.58 Concerns have also been expressed about the development of Asian expertise at secondary education level. This area of the debate was highlighted by controversy over the decision, announced in May 2002, not to continue funding the National Asian Languages and Studies Strategy for Australian Schools. The Government said that the

36 *Maximising Australia's Asia Knowledge: Repositioning and Renewal of a National Asset*, 2002, (ASAA 2002 report by John Fitzgerald, Robin Jeffrey, Karma McLean and Tessa Morris-Suzuki)

37 *Maximising Australia's Asia Knowledge: Repositioning and Renewal of a National Asset*, 2002, (ASAA 2002 report by John Fitzgerald, Robin Jeffrey, Karma McLean and Tessa Morris-Suzuki), p. 13.

38 *Maximising Australia's Asia Knowledge: Repositioning and Renewal of a National Asset*, 2002, (ASAA 2002 report by John Fitzgerald, Robin Jeffrey, Karma McLean and Tessa Morris-Suzuki), p. xv.

decision had been foreshadowed in 1999.³⁹ The Opposition argued that the estimated saving of \$30 million was short-sighted, given the long-term benefits which Australia can gain from knowledge about Asia.⁴⁰

4.59 The White Paper at two points suggests the benefits for Australia of pursuing a ‘whole of government’ approach to policy development.

At the federal level, a whole-of-government approach is crucial. The Government has improved the mechanisms that deliver this. The establishment of the National Security Committee of Cabinet in 1996 meant that all important international security issues would be considered by ministers with key international and domestic responsibilities. (p. 125)

4.60 It may be argued that a ‘whole of government’ approach could be applied productively to the issue of the maintenance and future development of Asian expertise in Australia, so that the advantages noted in the Paper as accruing to Australia because of its Asian skills can be supported and enhanced.

Australia and the South Pacific

4.61 The South Pacific is a policy area where, in the period since the release of the White Paper, the Government has clearly revised its policy approach.

4.62 The Paper declares that Australia has major interests in the stability and development of the countries of the South Pacific and that ‘we have special responsibilities in this region’. The Paper notes, however, that regional states face major problems:

Many South Pacific countries face a difficult future. Patchy economic progress is often insufficient to cope with ethnic and social tensions and rapid population growth. Most of the island countries have limited resources, and therefore limited capacity to deal with these pressures. Governance is poor. As the Fiji coups, the Bougainville crisis and disorder in Solomon Islands have shown, imported national institutions can find it difficult to deal with traditional practices, especially in relation to authority structures, land ownership and land use. Local loyalties often take priority over national interests and challenge principles of good governance. For the foreseeable future, instability will be a feature of our immediate region. (p. 92)

4.63 Australia, the Paper states, will work bilaterally and multilaterally to assist the region's states. Australia's aid program (\$516 million in 2002–03) has a special emphasis on capacity-building and improvement in governance. Australia is working to assist island states to combat transnational crime and to improve economic management. Australia also supports the ongoing role of international financial

39 Doherty, L, ‘Cash cuts for Asian classes’, *Sydney Morning Herald*, 4 May 2003.

40 Kevin Rudd MP, ‘Howard Government Axes Asian Language Program for Students’, Foreign Affairs Media Release, 18 November 2002.

institutions and of ongoing engagement by external powers including Japan, the United States, France and the United Kingdom.

4.64 The Paper also states that: ‘Australia cannot presume to fix the problems of the South Pacific countries... Australia is not a neo-colonial power ... When problems are so tightly bound to complex cultural traditions and ethnic loyalties, only local communities can find workable solutions’. (p. 93)

4.65 Since the White Paper was released, however, significant changes in the government’s thinking and policy approaches have become evident. This has so far been most clearly evident in relation to the Solomon Islands.

4.66 On 10 June 2003, the Australian Strategic Policy Institute (ASPI) released a report on the Solomons which was launched by Foreign Minister Downer. The ASPI report argued that the Solomons faced such severe problems of internal disorder and state failure that a more pro-active Australian cooperative approach was needed.

4.67 The report argued that there was no evidence that the Solomons could pull itself out of a fatal dive towards state failure. Already gross domestic product per person had halved since independence in 1978. Simply providing more aid would not fix the problems and might make them worse. The report emphasised the security implications for Australia:

The fact that the Solomons Islands Government is bankrupt means that it is vulnerable to external influence—both state and non-state actors. This may involve such schemes as dumping toxic waste; money laundering; providing a transit point for transnational crime and terrorism; the selling of sovereignty; and, ultimately, resorting to the use of mercenaries to restore control in some areas in return for extraction rights.

[In] the case of Solomon Islands, Australia is the critical player. If we do nothing, no one will, because no other capable country has interests as direct and important as ours in what happens in this corner of the Pacific.⁴¹

4.68 In launching the report, Mr Downer said that the Government was considering its policy response and that a policy of ‘cooperative intervention’ might be necessary in relation to the Solomons.⁴² In a speech on 26 June 2003 Mr Downer made it clear that the Government considered that a new policy approach to the Solomons was needed. He said that:

Australia is not a neo-colonial power and we are sensitive to regional concerns about our role. But we will not sit back and watch while a country slips inexorably into decay and disorder... We face a comprehensive and seemingly inexorable grinding down of the country’s institutional and

41 Australian Strategic Policy Institute, *Our Failing Neighbour: Australia and the Future of Solomon Islands*, (Canberra, June 2003), pp. 16–17; see also Callick, R, ‘Return of the colonialists’, *Australian Financial Review*, 11 June 2003.

42 Crabb, A, ‘Australia may send forces to troubled islands’, *The Age*, 11 June 2003.

economic fabric, despite substantial efforts to support peace, reconstruction and good governance....

We are engaged in discussions with the Solomon Islands Government about strengthened security assistance and support for key arms of government... Whatever we do will be at the express invitation of the Solomon Islands Government and in cooperation with our partners in the Pacific. If it involves intervention it will be cooperative intervention.⁴³

4.69 The parliament of the Solomons Islands endorsed legislation by unanimous vote on 17 July 2003 to allow military, police and other personnel from Pacific states to enter the country to help restore order. Australian police and military personnel, along with forces from New Zealand, Fiji, Tonga and Papua New Guinea departed for the Solomons on 21 July.⁴⁴

4.70 The deployment to the Solomons is clearly a significant shift of emphasis in Australian foreign policy and analysts have highlighted the challenges which will be involved in what is a major multilateral initiative by Australia.⁴⁵ Prime Minister Howard said in a speech in Townsville on 24 July 2003 to members of the international force before they departed for the Solomons that: ‘...I believe this mission will not only be successful for the Solomons, but very importantly, it will send a signal to other countries in the region that help is available if it is sought’.⁴⁶

4.71 Australia may also put forward revised ideas on regional governance. Mr Howard said on 23 July that South Pacific states should pool some of their resources because some states were too small to support effective services on an individual basis: he said that Australia would put forward proposals on these issues at a Pacific Islands Forum meeting in New Zealand in August.⁴⁷

4.72 Other analysts have also argued that Australia needs to do more to actively address the major problems facing the region overall. A paper in February 2003 by Graeme Dobell (ABC and Radio Australia) suggests that there is room for considering additional policy initiatives on a regional basis. He argues that Australia should extend the basis of economic assistance by providing a special immigration program to enable Pacific peoples to live and work in Australia, a policy recommended by the Simons Report into Australian aid policies in 1997 (the report acknowledged that

43 Hon Alexander Downer, MP, ‘Security in an unstable world’, Speech to the National Press Club, 26 June 2003.

44 Murphy, C, ‘Police “will face danger in Solomons”’, *Australian Financial Review*, 21 July 2003.

45 See Mottram, M, ‘Disarming is the easy job, reconstruction is much harder’, *The Age*, 21 July 2003, and Urban, P, ‘Don’t prop up corruption in the Pacific’, *The Australian*, 21 July 2003.

46 Hon John Howard MP, ‘This is a gesture of help and friendship to a good neighbour’, *The Australian*, 25 July 2003.

47 Kerin, J, ‘Pacific greets Howard plan with caution’, *The Australian*, 24 July 2003.

there may not be wide support for such a move in Australia).⁴⁸ Dobell also suggests that Australia should consider promoting an economic community in the South Pacific region:

Our purpose is to prevent the disintegration of small societies and fragile states. We need to put a floor beneath Pacific economies. Australia and New Zealand need a broadly-based Pacific Community so that their demands for reform and change are not merely dismissed as some form of colonialism. Labour mobility would give Canberra and Wellington fresh bargaining power to move the regional game in new directions. The idea of a Pacific Economic Community is far from new. What is different now is the sense of crisis. Stronger regional structures are needed to give Island states some life support and allow real nation building. This difficult process has to be done while showing due regard to the usual sensitivities about neo-colonialism, interference and paternalism.⁴⁹

4.73 These themes were addressed at length in the August 2003 Report of the Senate Foreign Affairs, Defence and Trade References Committee entitled *A Pacific engaged*. The Committee presented thirty three recommendations related to Australia's engagement with PNG and the countries of the South Pacific. Notable among these was a recommendation to establish an Eminent Persons Group to explore the development of a Pacific political and economic community, with a shared currency and common labour market.

4.74 It appears overall that the policy approach towards the South Pacific in the White Paper has already been subject to significant re-evaluation, given the pressing problems of economic and political debilitation in some regional states. These developments have clearly opened up a new and important area of policy debate.

48 *The Australian Overseas Aid Program, One Clear Objective: poverty reduction through sustainable development*, Report of the Committee of Review 1997, (Canberra, Commonwealth of Australia), p. 108.

49 Dobell, G, 'The South Pacific—Policy Taboos, Popular Amnesia and Political Failure', Australian Security in the 21st Century Seminar Series, (Menzies Research Centre, Canberra), 12 February 2003, pp. 21–22.

