

# **Minority Report by Government Members**

## **Senators Johnston and Macdonald**

1.1 The Government Members of the Senate Foreign Affairs, Defence and Trade References Committee do not accept the findings and recommendations of the Committee (majority) Report into the Foreign and Trade Policy White Paper, Advancing the National Interest.

1.2 Advancing the National Interest continues the Government's commitment to keeping the Australian people and parliament informed of its foreign and trade policy objectives. It is a comprehensive statement of the Government's foreign and trade policies and objectives and Australia's international environment.

1.3 Government Senators reject criticism that the White Paper's framework is lacking, or that it represents little more than spin. The Government's foreign and trade policies have attained significant outcomes for Australia and its people over recent years. To pass off these gains as mere spin is to deny the real benefits the Government's approach to international affairs has yielded.

1.4 Advancing the National Interest highlights clearly the Government's commitment to ensuring its foreign and trade policies are focused on the national interest – the security and prosperity of Australians. The national interest theme is a key element of continuity from the preceding White Paper and Government statements in this area.

1.5 The White Paper's focus on the national interest illustrates the strong sense of purpose in the Government's foreign and trade policies. Far from being idealistic, the focus is on pragmatic and real solutions to the challenges and opportunities Australia faces. Given Australia's uncertain international environment, the realism of the Government's approach as outlined in the White Paper is welcome reassurance.

1.6 The greatest erring of the Committee's report has been in its selective treatment of key aspects of the White Paper. The report's consideration of trade policies, for example, ignores the White paper's focus on multilateral trade system in arguing a Government preference toward the bilateral agreements. This is a misrepresentation of the White Paper and the reality of the Government's policies.

1.7 The focus of the White Paper – and the Government – on trade policy is clear: 'the emphasis of the Government will remain on multilateral trade liberalisation'. This focus is not surprising. The global trade rules of the multilateral system are vital for Australia. And the greatest global trade benefits will come from multilateral liberalisation because of the sheer number of markets opened by multilateral action.

1.8 But the Government clearly has a responsibility to pursue market opportunity for Australian exporters at all levels. Where such gains are real and can be delivered

faster through bilateral or regional means than through a multilateral round, the Government has rightly indicated that it will pursue these opportunities. This makes good sense for Australian companies, particularly those in rural and regional Australia where one in four jobs depends on exports.

1.9 Multilateral, regional and bilateral trade opportunities can be pursued concurrently. Indeed, as the White Paper notes, the pursuit of ground-breaking bilateral agreements can set a high benchmark for the multilateral system, as is the case in the Australia-Singapore free trade agreement's framework on services which is more liberalising than the WTO standard. Government Senators agree that liberalisation through bilateral and regional means can compete with and stimulate the multilateral process.

1.10 The Government's ability to pursue concurrently several foreign or trade policy interests is a fact that Opposition Senators have failed to grasp. Nowhere is this clearer than in one of the major elements which the Opposition's report sought to examine: the alleged 'ongoing challenge for Australia in balancing its relations in the Asia-Pacific region with its alliance relationship with the United States'.

1.11 In this critical area, the Committee's approach has been flawed from the outset. As the White Paper states clearly, the interplay between Australia's relationships in Asia and our Western make-up (including our links with North America and Europe) is not a zero-sum game.

1.12 Australia, it must be said, has very strong ties with the United States – it is, as the White Paper notes, a 'vital relationship'. But Australia is not alone in this regard. For most nations, and especially those of East Asia, their relationship with the United States is of fundamental importance.

1.13 Australia's alliance with the United States is overwhelmingly an asset in our relationships in Asia, especially among those nations which themselves share strong ties to the United States. But even among those nations which do not have strong ties with Washington, the Committee would be hard pressed to sustain its argument that ties with the United States come at cost to our relationships in Asia.

1.14 Nowhere is this clearer than in Australia's relationship with China. The Government has strengthened Australia's relationship with China concurrent with its strengthening of our links with the United States – demonstrated clearly in the recent visits of Presidents Bush and Hu. Further, as the White Paper notes, commercial ties with China have grown impressively, especially with the securing of the LNG supply contract worth \$25 billion over 25 years. Cooperation and dialogue on security and human rights has improved markedly.

1.15 There is a tendency in the Committee's report to treat Asia as a homogenous whole, through, for example, exhortations for the Government to do more to strengthen ties with Southeast Asia. Government Senators believe that Asia's diversity warrants a highly sophisticated approach to Australia's relationships there, as laid out in the White Paper. Not all nations in Asia – or indeed, nations elsewhere – will matter

equally to Australia across all issues. The Government is right to pursue those relationships that impact most directly on our national interests on the issue at hand.

1.16 In the view of Government Senators, what matters most in Australia's relationships with Asia is the practical outcomes the Government is able to obtain – close and effective cooperation against terrorism, stronger economic and political ties and continued community links, through, for example, higher visiting student numbers. In this regard, Australia's relationships with Asia can only be described as being in very good health.

1.17 This is not to say that Australia should not be mindful of regional sensitivities. But nor should we apologise for who we are. The reality is that the Government has strengthened Australia's ties precisely because it has, as the White Paper notes, pursued Australia's relationships in Asia on the basis of mutual respect, focusing on common interests, while acknowledging our differences.

1.18 Government Senators reject assertions that the Government has changed radically its Pacific policies. The Government's approach remains responsive and flexible: as the needs of the region change so does the Government's response – as it should. Australia (along with New Zealand) is a developed country in a developing region; it has a responsibility and interest in regional stability. Accordingly Government Senators welcome the Australia's work with New Zealand and regional countries to strengthen their ability to respond to domestic, regional and global issues. But we agree that ultimately Pacific nations must take the lead in addressing the challenges they face.

1.19 The White Paper notes that Australia's relationships will be defined increasingly by shared interests – functional affinities – rather than geography alone. Nowhere is this more apparent than in Australia's multilateral engagement. It is clear from the White Paper that the Government remains committed to multilateral diplomacy – not just in the WTO, as noted earlier, but in other forums as well.

1.20 Given the burgeoning number of multilateral forums, however, it is welcome that the Government has signalled through the White Paper its intention to focus its participation on those institutions that matter most to Australian interests. Multilateral engagement must focus on achieving outcomes; participation for participation's sake alone is not a viable option.

1.21 The United Nations' diverse membership with differing priorities and agendas means that it has struggled to deal effectively with some international crises. Rwanda and Kosovo demonstrated this with appalling consequences. Iraq was a further example of the Security Council's inability to deal effectively with a threat that it had recognised through no fewer than 17 resolutions.

1.22 It is inevitable that at times states will need to take on the responsibility for action themselves and work through 'coalitions of the willing'. There is nothing new in this proposition: the UN Charter deliberately allows for a group of states to deal with a regional issue. In the case of Iraq, action by the Coalition helped to remove

legally a clear threat to peace and stability. There is no doubt that the removal of Saddam Hussein was preferable to the alternative of leaving his barbarous regime in power.

1.23 Government Senators welcome the White Paper's expanded coverage of Australia's relationships with Europe and the Middle East. Europe's expansion and deepening integration will have a greater impact on the international system. Nowhere is this more apparent than in multilateral forums where the EU is able to deliver a large block of votes, often on issues of significance to Australia.

1.24 On the Middle East, this White Paper gives due recognition to that region's continuing strategic significance to Australia's security and its growing importance as a booming market for agricultural, and increasingly, industrial goods.

**Senator Sandy Macdonald**  
**Deputy Chair**

**Senator David Johnston**