The Senate

Foreign Affairs, Defence and
Trade References Committee

The (not quite) White Paper

Australia's foreign affairs and trade policy,
Advancing the National Interest

December 2003

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Preface

We live in a time in which, more than ever before, Australians are focussed on events in the world, on every continent, and at every level.

The range of issues – the war against terror, globalisation, rapid change in our region, global poverty, refugees, human rights and our own national security and alliance arrangements - would be central to Australian concerns even if modern communication technology did not bring them into our lounge rooms every night.

How our nation responds to the complexity of these multi-tiered challenges is a subject constantly in our national conversation.

That alone is a reason for a government to set out, preferably in a White Paper, what its guiding principles are, and what its attitude is on some of the key issues.

Not only do Australians need to know this, but so do our neighbours, allies and the other nations who, from time to time, have to take account of Australia's position, or at least, be able to anticipate it.

This report brings Parliament into the discussion.

The Senate Foreign Affairs, Defence and Trade Committee, in conducting an Inquiry into last February's Foreign Affairs and Trade White Paper, has been a platform for community views and an opportunity for expert opinion to be solicited on the whole range of our foreign and trade interests.

This is a key role of the Parliament. So too is the obligation to make constructive suggestions about how our national focus on these issues can be facilitated, and how public opinion can be more effectively channelled to the advantage of our legislators and policy makers.

In a recent book called *Making Australian Foreign Policy*, analysts Alan Gyngell and Michael Wesley assess the influence of parliament on Australia's foreign policy. The pickings are slim indeed.

The authors begin by noting that under the US constitution, Congress is a significant player in foreign policy, with formal roles in treaty making, the declaration of war and diplomatic appointments. Both houses of Congress have been 'highly active in setting the parameters for the exercise of executive powers in making foreign policy.'[1]

In Australia, by contrast, the parliament has no similar formal powers, debates on foreign policy are relatively rare, and when they occur they tend to be 'set pieces'. In

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1   Gyngell, A & Wesley, M, *Making Australian Foreign Policy,* (Cambridge University Press 2003), pp. 173–174.

Question Time, "Dorothy Dixers" are used to enable the Foreign Minister to put government policy on the record or to outline foreign policy achievements. Indeed, such was the mechanism whereby Foreign Minister Downer gave a brief account of the 2003 White Paper to the House of Representatives.

The Senate Estimates process enables a somewhat more thorough scrutiny of the foreign policy bureaucracy, and there is an ongoing oversight provide by the Joint Committee as well as the Senate Committee on Foreign Affairs, Defence and Trade. But Gyngell and Wesley tell us that it is 'hard to find evidence of any compelling influence exercised by the [Joint Standing Committee of Foreign Affairs, Defence and Trade—JSCFADT] on the foreign policy process.'[2]. Their overall assessment is that 'it is hard to find any significant role played in the formulation of Australian foreign policy by Federal Parliament'.[3] The Senate Foreign Affairs, Defence and Trade (FADT) Committee—through the inquiries and reports on which it is engaged—is giving notice that this assessment is being challenged. As foreign policy considerations become increasingly important features of Australia's political and economic landscape, and as the domains of international and domestic law–making become increasingly enmeshed, it is vital that Australia's national parliament engages more fully in foreign and trade policy development.

For this reason the Committee has decided to address two of its recommendations to mechanisms for drawing foreign policy more deliberately into the parliamentary realm.

Recommendation 1

The Committee recommends that upon the commissioning of any future White Paper, the Minister for Foreign Affairs shall refer the proposal to the parliament's Joint Standing Committee on Foreign Affairs, Defence and Trade (JCFADT). The Joint Committee shall undertake broad public consultations regarding the proposed content of the White Paper, and shall report its findings to the parliament. The report shall inform the development, by government, of the White Paper, and shall be published along with the White Paper as an accompanying document.

Recommendation 2

The Committee recommends that in the event of a ministerial statement by the Foreign Minister, or other major government announcement dealing with Australia's foreign or trade policies, the Senate shall refer that statement or announcement to the Senate Foreign Affairs, Defence and Trade References Committee for examination and report.

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2   Gyngell, A & Wesley, M, *Making Australian Foreign Policy,* (Cambridge University Press 2003), p. 176.

3   Gyngell, A & Wesley, M, *Making Australian Foreign Policy* (Cambridge University Press 2003), p. 177.

In its consideration of the 2003 White Paper, *Advancing the National Interest*, the Senate Committee has examined both the conceptual and practical aspects of the government's foreign policy stance. It begins with some reflections on the purpose of a White Paper, and teases out various strands of the concept 'national interest' before proceeding to a more detailed critique of key features of the policy itself.

The Committee recognises that how governments formulate foreign policy 'is deeply conditioned by the way key ministers and their trusted advisors imagine the world… These understandings are in part shaped by 'real world' political developments… but these 'facts' are always filtered through ideological lenses, through pre–existing assumptions about how the world works and about what constitutes an important development process and what doesn't'.[4] From time to time the Committee's analysis draws attention to these assumptions and perspectives and on occasions challenges their validity.

The 2003 White Paper has to some extent suffered the fate of any position paper that addresses a policy arena which is susceptible to sudden and dramatic turns of events. The Minister himself is on the record concerning the risks involved in publishing a White Paper at a time of considerable tumult in international affairs. The presentation of the 2003 White Paper had already been deferred once to accommodate major changes and events in the period immediately preceding its issue. After its publication, further issues of significant interest to Australia elicited policy responses which the White Paper had not anticipated.

For the Committee, this invites the question of what is the most useful approach for a government to take in terms of keeping the community informed about its foreign and trade policy agenda. Perhaps the only White Paper likely to enjoy relative longevity is one which focuses very much on long term strategic goals, and seeks to assess the implications for Australia of likely major shifts in the global economic and political landscape over the next ten to fifteen years.

The Committee sees merit in an approach to public information about foreign policy that mirrors the annual *Trade Statement* (formerly the *Trade and Objectives Outlook Statement* or *TOOS*) produced by the Minister for Trade. Such a document is likely to articulate assessments of international issues, and notify the public of relevant policy changes, in a timely way. Such an approach would also integrate the provision of public information into the routines of foreign affairs officials, and generate a more regular feedback loop, thereby better engaging citizens in a policy area that is going to have increasingly significant impacts upon their lives. Although the Department of Foreign Affairs and Trade (DFAT) Annual Report provides a twelve monthly update on the state of Australia's foreign relations, a discrete stand–alone statement would be more readily accessible to citizens and would generate an occasion for particular attention from the press which would in turn stimulate public debate.

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4   Reus-Smit, C, *Lost at Sea: Australia in the turbulence of world politics,* (Working Paper 2002/4, RSPAS, Australian National University, July 2002), p. 3.

Recommendation 3

The Committee recommends that the Department of Foreign Affairs and Trade prepare an annual Foreign Policy Outlook Statement containing a succinct account of issues arising in the preceding twelve months and any adjustments to policy arising from them. The statement should be tabled in the parliament by the Minister for Foreign Affairs.

The Committee has also examined how the White paper addresses the needs of Australian diaspora, and the opportunities that exist for Australians living abroad to contribute to and to promote Australia's foreign affairs policies. There seems to be no clear account readily available of the numbers and disposition of Australians living and travelling abroad. For Australian citizens living overseas it is important that there are appropriate formal mechanisms by which they might continue to exercise their citizenship rights. Proper statistical records would provide an essential set of baseline data. The Committee is pleased to note that the Senate Legal and Constitutional Committee is undertaking an inquiry into the Australian diaspora.

Recommendation 4

The Committee recommends that the Australian Bureau of Statistics develop mechanisms for accurately enumerating the numbers of Australian citizens living overseas, with a view to facilitating their full participation in the Australian Census.

The Senate Committee will continue to monitor closely all aspects of the government's foreign affairs and trade policy. It will take whatever steps it can to ensure a broadly-based input into foreign policy debates from expert analysts, academics, parliamentarians and citizens. It will also seek to ensure that foreign affairs officials have adequate opportunity to test their views and assessments in an intellectually robust way through participation in appropriate forums and meetings. Such initiatives will, in the Committee's view, enhance the quality of debate and discussion that occurs in the parliament and elsewhere. If war is too important to be left to the generals, foreign policy is too important to be left to the diplomats.

Senator the Hon Peter Cook
Chair

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Chapter 1

The purpose and focus of the White Paper[1]

1.1   The White Paper issued on 12 February 2003, *Advancing the National Interest,* provides an elaboration of the goals and principles of Australia's foreign and trade policies. It is the second such document to be issued by the Howard Government.

1.2   In their foreword to the White Paper, the Minister for Foreign Affairs, Mr Alexander Downer, and the Minister for Trade, Mr Mark Vaile, wrote that:

> This White Paper continues the Government's commitment, expressed in the 1997 White Paper, *In the National Interest*, to keep the Australian Parliament and Australians informed of its approach to foreign and trade policy. Our aim is to give readers a deeper understanding of the essential contribution the Government's foreign and trade policy makes to advancing Australia's national interests. The Government recognises the importance of community understanding of Australia's foreign and trade policy.

1.3   This Report sets out to provide an overview of the White Paper's major themes and to identify areas of discussion and debate arising from it. The Report does not aim to discuss all of the White Paper's assessments comprehensively. The Committee has selected for discussion key issues which are of particular importance to current debates on the document and to Australia's current foreign policy concerns. One major element addressed by the Committee is the ongoing challenge for Australia in balancing its relations in the Asia–Pacific region with its alliance relationship with the United States.

1.4   Before embarking on its analysis of the White Paper's content, the Committee sees merit in a brief consideration of

    a)   the role and function of the White Paper; and

    b)   the concept of 'national interest' which informs the White Paper.

The role of a White Paper

1.5   The function of white papers in the communication of governments' policies has evolved and diversified over time. A White Paper can vary from a thirty page summary statement of a government's policy position to three hundred pages of detailed and well argued policy designed to activate a government agenda and provide

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1   In preparing its report the Committee has drawn extensively on a paper prepared for the Committee by Dr Frank Frost (Foreign Affairs, Defence and Trade Group, Department of the Parliamentary Library).

a comprehensive basis for future decision–making. In some cases it follows a Green Paper published to launch a consultation process.

1.6   A White Paper is usually a kind of 'declaration of intent' in which the government commits itself to a clear policy and actions that go with it. Announcing the commissioning of the 2003 White Paper, the Minister for Foreign Affairs (Hon Alexander Downer MP) said he considered the 1997 Paper to have been a 'landmark document', describing it as:

> … a blueprint for the conduct of Australian foreign and trade policy.[2]

1.7   The 2003 foreign and trade policy White Paper was commissioned to build upon the foundations of the 1997 White Paper in a way which took into account certain dramatic changes in the international environment. Its task was described by the government in the following terms:

> The central purpose of the White Paper will be to ascertain how Australia can best use its considerable credentials and attributes to advance its national interests in an increasingly globalised and fluid international environment. *Advancing the National Interest* will examine the key international security, economic and political challenges facing Australia, including, although not exclusively:
>
> • What are the implications of September 11 for the international and regional security environment and what will the impact be on Australia?
>
> • How can Australia best advance its economic interests in an environment of deepening globalisation?
>
> • How can Australia maximise the benefits from the new WTO round of global trade negotiations and from the increased international interest in free trade agreements?
>
> • What is the balance and interplay between Australia's relations with Asia and our broader international interests?
>
> • What are the main challenges and opportunities for Australia in the Asia–Pacific region?
>
> • How can Australia make best use of coalitions of likeminded countries to advance its interests on key economic and security issues?
>
> • Where do Australia's interests lie in the United Nations system and how can these best be advanced? [3]

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2   Hon Alexander Downer MP (Minister for Foreign Affairs), *Speech at the National Press Club*, Canberra, 7 May 2002, available at:
       http://www.foreignminister.gov.au/speeches/2002/020507_fa_whitepaper.html

3   http://www.dfat.gov.au/ani/index2.html

1.8   The Committee examines the White Paper's handling of many of these key questions throughout this Report. As well, it sought the views of witnesses about the overall effectiveness of the White Paper *as a white paper*—that is, as a document intended to explain government policy, to make its policy intentions clear and to say what actions the government would be taking to achieve those policy ends. The views received were quite varied.

> Foreign policy white papers are complex beasts. They are not like defence white papers. In defence white papers you have a very natural focus; that is, billions of dollars a year that need to be spent. The natural focus of defence white papers is to work out how that money should be distributed. Foreign policy white papers are harder to focus, but it does seem to me that a more effective form of white paper would be one that identified a series—perhaps four or five—of long-term, major, national foreign policy objectives, described how resources were going to be devoted to achieving those objectives and set out the objectives in terms against which the effort can be measured in future years. Although, naturally, a lot of foreign policy does need to be reactive and probably should be reactive, I do think it is possible to identify four or five major priorities which a document like this could have identified and against which resources could have been allocated and objectives set.[4]

1.9   The identification of 'four or five major priorities' in a foreign policy White Paper is intuitively appealing. One of the officials involved in drafting the White Paper told the Committee that the Paper did indeed identify enduring priorities, noting, however, that these were quite numerous, and that their conscientious pursuit needed to be tempered by responsiveness to opportunities that might arise elsewhere.

> Given the experience with defence white papers, I could understand why members of the community think that it would be really nice to have a foreign and trade policy white paper that sets out those major priorities neatly and then allocates resources and describes how you achieve them.
>
> But the problem… is that foreign and trade policies just are not like that. They are unpredictable. Of course, there are certain things that you can point to that are of enduring importance, but there is still a high degree of unpredictability in the foreign and trade policy agenda. That is partly because they are opportunistic… So that entails the government being fairly nimble. If you suddenly have a proposal for a major free trade agreement in an important market that wasn't on the agenda a year ago, you don't look at it and say, 'We cannot do that. That wasn't one of the four or five priorities.' You look at it on a pragmatic basis, see whether it is worth the allocation of resources and pursue it.
>
> …

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4   *Committee Hansard,* 4 August 2003, p. 23 (White)

> The major objectives of the government at the moment are spelt out clearly in each chapter… The war against terrorism and dealing with the threat of proliferation of weapons of mass destruction are two key security objectives, and I think that comes through very clearly in the chapter on security.
>
> The chapter which gives a description of trade policy emphasises the importance of multilateral liberalisation through the World Trade Organisation. That obviously remains a key objective of the government: the successful conclusion of the Doha round and the maintenance of the Cairns Group as a vehicle to achieve that. Also… the government is keen to investigate bilateral and regional avenues to trade liberalisation, and of those the US FTA is the most important. It is very clearly stated that those are key objectives of the government, using the WTO and FTAs where appropriate to achieve trade liberalisation.
>
> You then get down to the geographical chapters. That becomes much more difficult. What are the government's key priorities in Asia? One answer, and it is a bit of a smart answer, is simply to say that we have extensive interests in Asia and we want to pursue those… I could be arbitrary and say that building an enduring relationship with Indonesia after the difficult times we have gone through is a key government objective. And I could look at our major partners in Asia and make a similar objective for each of them. But the list is growing as I speak… But I am not ducking the question when I say that, by definition, the range of major policies that you pursue to advance your foreign and trade relations gets pretty large, and quite a few of those can be of great significance.[5]

1.10   Dr Alan Dupont, a Senior Fellow in Strategic and Defence Studies at the Australian National University, was generally commendatory of the 2003 White Paper. What was missing, in his view, was a broader 'overarching document where the foreign affairs white paper and the defence white paper can be seen to fit'.[6]

> I think this white paper is a lot better than its predecessor, which I found excessively optimistic and really did not anticipate a lot of the changes in our security environment. In terms of the influences that would shape our foreign policy, I think this is a much more realistic document. It is more coherent and picks up on a lot of the seminal changes that we have seen over the last few years... It underlines some of the measures the government has put in place to address some of these challenges.
>
> The irony, from my point of view, is that I do not think the government has sold itself very well here… Some of the most important and positive responses have been pretty much neglected, and that is surprising because normally it is the other way around. What is surprising is that the government has not done more to sell its message, not only in Australia but within the region, about what it is doing.

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5   *Committee Hansard,* 21 August 2003, pp. 71–74 (DFAT)

6   *Committee Hansard,* 4 August 2003, p. 40 (Dupont)

> …
>
> We still lack in this country an overarching whole–of–government approach to foreign policy, trade and national security. This is a sectoral paper… There is a sense in which this is only part of the story. If you really want to understand the underpinnings of Australian foreign policy and trade policy, there is a document that is missing here, and I think we need to re-address this in the future.[7]

1.11   For another witness, Mr Rawdon Dalrymple, the foreign and trade policy objectives were discernible in the White Paper more by 'reading between the lines':

> I think… one can infer that there are objectives in the minds of the authors or of those who put the paper out. One of them is quite clearly to sustain into the indefinite future Australia's membership and good standing in the west and the closeness of Australia's relationship with the United States. That is an objective which I suppose the authors would say is subsumed under or is directly related to Australia's national interest.
>
> It seems to me you are left with the impression after reading this document… that advancing Australia's interest really means making Australia more secure by linking it more and more tightly with the United States and the other countries with which we have principal historical, cultural and other similarities and ties.[8]

1.12   The Committee acknowledges the merits in each of the views outlined above. Notwithstanding the assessment by one academic that the White Paper 'looks like a rough draft crafted from ministerial press releases'[9], the government clearly considers that it has fulfilled its role of informing the public about the nature and direction of Australia's international preferences, engagements and priorities.

> What the government has tried to do in this white paper is not so much set in stone every single policy on every single issue—because you cannot do that; it changes—but it has tried to provide a framework so that the wider community would be able to place what the government was doing in the context of broader interests… I cannot say what we have achieved but I can say what we tried to achieve, which was essentially at a time of great interest and questioning about foreign and trade policy to provide the community with a reference, with a framework, so that they could better understand the policies the government was pursuing.[10]

1.13   The Committee is not satisfied, however, that the 'framework' and 'reference' offered by the White Paper is adequate to the task of conveying effectively to the Australian public the complexity and the challenges that confront our nation,

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7   *Committee Hansard,* 4 August 2003, pp. 39–40 (Dupont)

8   *Committee Hansard,* 4 August 2003, pp. 55–56 (Dalrymple)

9   Makinda, S M, 'The Howard Government and the United Nations', (Symposium Paper, School of Economics and Political Science, Sydney University, April 2003).

10   *Committee Hansard,* 21 August 2003, p. 67 (DFAT)

especially in the medium to long term. Certainly there is a sense of its being hastily refashioned—a kind of policy bivouac erected on the no–man's–land of terrorism, seeking to reassure the home front, and sending out bold signals about our economic potency. In this respect, the Committee has some sympathy with the following comments, put by a former Foreign Affairs Departmental head (Richard Woolcott, AC), about the relationship of words to actions.

> The stated objectives are often exemplary, and the issue really is to what extent those objectives are achieved. I have always felt that in foreign and trade policy you really have to judge not by the stated objectives, which are always said to be sound and in the national interest, but by the actual outcomes. And while the objectives are often exemplary the outcomes are often not as they had been hoped for... I believe that since I retired from the Public Service there has been much more emphasis by government on what I would call news management or an attempt to influence public opinion. That is understandable because the government wants to explain its policies. While always in favour of truthful briefings, and having done a great deal of it myself for governments of both political persuasions, I feel that to some extent this process has fallen into the hands of what are called spin doctors. Their purpose is not to brief the public through the media objectively about what the real agenda is but rather to manage the news in such a way that that agenda is supported.[11]

1.14   The Committee explored the charge of 'spin doctoring' with the witness appearing on behalf of the Department of Foreign Affairs and Trade.

> Obviously, the government wants to make a good, convincing, compelling presentation of its foreign and trade policy achievements. There is a genuinely good story to tell. But it is not strange that the government wants to put that in the best possible way to ensure that the wider public is aware that the national interests are being resolutely advanced across the board. I don't think you get very far by calling that spin treatment.[12]

1.15   For the Committee, to put a foreign policy 'in the best possible way' is to present it in a context drawn from a sound analysis of the international environment, and which also identifies the sorts of constraints within which foreign policy is framed. To have provided a somewhat more sophisticated account of the state of the world, and to have at least noted the range and depth of the real dilemmas, constraints and challenges thrown up by that assessment, need not have added greatly to the length of the White Paper. It would have added much to its usefulness and integrity. In particular, it would have assisted its readers towards a better and more nuanced appreciation of the largely unfamiliar terrain of foreign and trade policy—which was, after all, one of the prime purposes of the 2003 White Paper.

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11   Transcript of private briefing by Mr Richard Woolcott, AC, 21 August 2003, pp. 3–4.

12   *Committee Hansard,* 21 August 2003, p. 77 (DFAT)

The 'national interest'

> The national interest does not exist in the abstract. It reflects a judgement made at any time in the light of conflicting sectoral interests.[13]

1.16   The titles of both the 1997 White paper *In the National Interest,* and the 2003 Paper *Advancing the National Interest* draw conspicuous attention to the concept of national interest—a 'slippery concept that acts as an anchor to all foreign policy making and foreign policy analysis.'[14]

> The title of the second white paper was chosen quite deliberately with a reference to the first. The first was entitled *In the national interest.* The second white paper is called *Advancing the national interest.* I think what the government wanted to underline by that title was that the enduring basis of government policy was the pursuit of the national interest. However, as *Advancing the national interest* makes clear, there had been significant changes in the international environment and obviously that had led to some policy changes. Nevertheless, the policies are still designed to pursue the national interest.[15]

1.17   The 1997 Paper states that a 'clear sense of the national interest, an understanding of what is important for Australians, and confidence in the capacity of Australia to shape its future internationally define the Government's approach to foreign and trade policy.' It goes on to identify those interests to be 'the security of the Australian nation and the jobs and standard of living of the Australian people'.[16] The Paper also notes that: 'National interests cannot be pursued without regard to the values of the Australian community, including its support for fundamental human rights'.[17]

1.18   The national interest is elaborated in the first chapter of the 1997 Paper in the following terms:

- Australia's most important strategic and economic interests lie in the Asia Pacific. This will not change over the next fifteen years. (pp. 1, 3)

- Australia's security interests go beyond safety from attack to the preservation of its capacity for independent decision-making. (p. 1)

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13   Harris, S, *Review of Australia's Diplomatic Representation,* (Canberra: GPS, 1986), pp. 186–7.

14   Gyngell, A & Wesley, M, *Making Australian Foreign Policy,* (Cambridge University Press, 2003), p. 26.

15   *Committee Hansard,* 21 August 2003, p. 62 (DFAT)

16   Commonwealth of Australia, *In the National Interest: Australia's Foreign and Trade Policy White Paper*, (Department of Foreign Affairs and Trade, 1997), p. (iii)

17   Commonwealth of Australia *In the National Interest: Australia's Foreign and Trade Policy White Paper*, (Department of Foreign Affairs and Trade, 1997), p. (iv)

- While the risk of global conflict has diminished, it is in Australia's national interest that the proliferation of nuclear weapons be halted, that chemical and biological weapons be banned and that terrorism be contained. (p. 2)

- Non-military threats such as pandemics, illegal migration, refugee flows, environmental degradation, narcotics and transnational crime reinforce the importance of taking a broad view of security. (p. 3)

- Trade and investment will grow as a contribution to GDP. It is in Australia's interests to invest in overseas markets, and to be attractive to foreign investment, especially in high value–added activities. International trade liberalisation is in Australia's best interests. (pp. 4–10)

1.19   The chapter also describes 'national values'—essentially those of a liberal democracy, including the rule of law, freedom of the press, executive accountability to parliament and a commitment to a "fair go". Special attention is given to human rights—civil, political, economic, social and cultural—with an emphasis on 'practical efforts' to promote them, noting that linking human rights to trade 'serves neither Australia's trade nor its human rights interests'. (p. 14)

1.20   The 2003 White Paper, *Advancing the National Interest,* is more cursory in its account of the national interest, which it specifies as 'the security and prosperity of Australia and Australians.' (p. vii).

1.21   A somewhat more nuanced account of the national interest was made available to the Committee in a conference paper that cited a letter from a senior DFAT official, who wrote:

> The national interest is a multi–dimensional concept that can be categorised broadly into:
>   1) Geopolitical or strategic interests (in relation to global and regional security)
>   2) Economic and trade interests, and
>   3) Multi–national interests in relation to Australia's standing and responsibilities as a member of the international community. At times, and on certain issues, these interests may conflict, and the Government has adopted a pragmatic and realistic approach in prioritising the promotion of Australia's security, prosperity and values over global ideological principles.[18]

1.22   The Committee believes that *Advancing the National Interest* would have benefited from the inclusion of such a formulation. Other witnesses, too, felt that the explication of Australia's national interest in the 2003 White Paper left something to be desired.

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18   Letter from DFAT official (Mr Bruce Gosper, 2002) cited in Geoff Edwards, *Our Brothers' Keeper: The national interest and accountability for others' well–being,* Paper presented at the International Institute for Public Ethics Biennial Conference, 4-7 October 2002, Brisbane, Australia. Available at http://www.iipe.org/conference2002/papers/Edwards.pdf

> The [2003 paper] preserves from its predecessor a sustained focus on the idea of the national interest. I looked at this aspect of the document quite carefully. I think primarily that is a presentational point. I do not think there is, if you like, a genuine underlying analytical basis for the idea that this document is more strongly based on our national interest. There is nothing wrong with it as a presentational point—it is quite a legitimate form of presentation—but I am struck that in this document, unlike for example the defence white paper that was published in 2000, we do not see an orderly and explicit statement of those interests. [19]

1.23   The Committee is aware that concepts of 'national interest' have fuelled decades of debate in both the professional and academic discourses on foreign policy. For some, it is a profoundly unhelpful concept.

> Rhetorically powerful as it may be, the concept of the national interest is ultimately contentless, a concept of such protean flexibility that any goals can be subsumed within it. [20]

1.24   The Committee acknowledges the 'protean' dimension of the concept of national interest, and agrees that it can encapsulate any number of goals. But this does not mean that it is has no value as a way of framing a country's approach to its foreign policy. The content may change over time, but the 'national interest' can be a useful normative reference point. Whether the 2003 White Paper applies the concept usefully is a separate question.

1.25   The Committee is concerned that, despite the prominent rhetorical and conceptual role assigned to 'national interest', the White Paper's authors clearly felt under no obligation to acknowledge, let alone try and wrestle with, the complexities and problems that are intrinsic to the definition and application of the term. This is a significant shortcoming. As well, there is no attempt to explain how 'national interest' might relate to, or integrate with, 'global interest', even though globalisation is a key theme of the Paper.

1.26   In wrestling with the concept of 'national interest' at a theoretical level, the Committee found Friedrich Kratochwil's discussion in the Winter 1982 edition of the journal *International Organization* to be particularly helpful. This account explored the scholarly, practical and historical dimensions of appeals to national interest. Kratochwil offered a way of thinking about national interest which highlighted the following points:

- To dismiss the concept of 'national interest' as a meaningless phrase or at best an indication of subjective preferences seems to exclude the possibility of the term's having 'an intersubjective content'. It also fails to acknowledge the

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19   *Committee Hansard,* 4 August 2003, pp. 21–22 (White)

20   Reus–Smit, C, *Lost at sea: Australia in the turbulence of world politics,* (Working Paper 2002/4, Department of International Relations, RSPAS, Australian National University, Canberra, July 2002), p. 29.

'political reality for which the term stands'. The concept may be 'analytically fuzzy' but 'it is important and used by decision makers'.

- The conventional attempts to define the meaning of national interest wrongly assume that it is a *descriptive* term to which a common dimension or property can be attributed. This is not helpful for terms which are used 'in a normative fashion for … justifying action. Here meaning cannot be reduced to a commonality; rather, it is disclosed by the usage of the term in specific contexts, satisfying certain criteria.'

- To argue on the grounds of national interest 'requires some giving of reasons' which must be able to be 'marshalled to support this claim when challenged.' This means going beyond mere preferences to 'argue on the basis of intersubjective grounds that can be adduced for backing a claim.' The validity of the reasons depends on 'rules of inference and the existence of evidence'. Reasons may compete, so there must be criteria for weighing national interest claims. Values must be specified, and the consequences assessed. But the 'invocation even of widely shared values does not by itself legitimize a particular policy.'[21]

1.27   The Committee's approach to 'national interest' is congruent with that advocated by Kratochwil. Viewed in this way, the 2003 White Paper does not measure up to the Committee's expectations in terms of providing its readers with a more explicit or coherent account of Australia's 'national interest'. The national interest is stated both simply and broadly—'security' and 'prosperity'. These goals are hardly unique to Australia, and could be invoked by the governments of any country, whether democratic or authoritarian, to arrive at completely contrary policy positions.

1.28   For the Committee, the 'national interest' is a perfectly proper invocation to be made in a White Paper. But such an invocation risks being little more than vacuous ethical posturing if it is not situated within a conceptual framework that recognises, and helps citizens to think about, the genuine ethical dilemmas that attach to foreign policy development.

> What happens… when the new world politics places liberal constraints on sovereignty, creates one global free market, erodes an ecosystem that defies national boundaries, domesticates warfare, socialises power, and transfers authority to international institutions? … [It] is imperative that governments find new ways to think about, and act upon, the ethical foundations of national policy, as each of these new political phenomena raise profound moral dilemmas. Is there still a right of intervention, and why? What responsibilities do one people have for the economic hardships of another in a world of economic globalisation? What are the ethical foundations of economic adjustment programs, internationally or domestically? Do we have obligations to peoples displaced by the domestication of violence, and

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21   Kratochwil, F, 'On the notion of "interest" in international relations' in *International Organisation*, Winter 1982 (Massachusetts Institute of Technology, Winter 1982, vol. 36, No.1), pp. 1–30.

what is the nature of these obligations? What constitutes a just war when states fight terrorists? How does one decide a state's fair share of the burdens of the global ecological collapse?[22]

1.29   The 2003 White Paper is strong on calls for Australia to be a 'realist', a 'pragmatist', in its international engagements. It articulates the national interest in ways consistent with what Minister Downer referred to as 'an important reminder that Australian foreign policy must not be based on dreamy idealism.'[23] The Committee agrees that 'dreamy idealism' is no basis for foreign policy. But neither is 'pragmatism' if it is deployed to mask a lack of direction.

1.30   In the Committee's view, a foreign policy should certainly be realistic; but it should not embrace a reductionist realism relying on a simplistic diagnosis of forces shaping the world. For the Committee, being realistic necessarily involves recognising as real the challenges and ethical dilemmas posed in the paragraph above. The 2003 White Paper falls well short of this requirement.

1.31   In the Committee's view, the 2003 White Paper could have provided a more thorough-going explication of the 'national interest', including reasons to justify the inclusion of certain matters and the omission of others in the way the national interest was framed. This would have also better served the White Paper's proclaimed intent of engaging and informing the Australian public about the government's foreign and trade policy.

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22   Reus–Smit, C, *Lost at sea: Australia in the turbulence of world politics*, (Working Paper 2002/4, Department of International Relations, RSPAS, Australian National University, Canberra, July 2002), p. 29.

23   Hon Alexander Downer MP (Minister for Foreign Affairs), delivering the Inaugural Hasluck Asia Oration, *The Legacy of Australia's Close Engagement with Asia*, Murdoch University, 9 August 2000, available at: http://www.dfat.gov.au/media/speeches/foreign/2000/000809_isolate.html

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

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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 Round[2] 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

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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+3[3] 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

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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)

Chapter 3

Bilateralism and multilateralism: global engagements

Addressing globalisation

3.1   Not surprisingly, the White Paper's discussion of bilateral and multilateral approaches to foreign policy is grounded in a particular view about the 'global scope' (p. viii) of Australia's interests, and the challenges which flow 'from the process of globalisation' (p. ix).

3.2   As a phenomenon, 'globalisation' remains unexamined by the White Paper. Its effects are simply stated—it 'brings opportunities'; it has 'raised living standards in Australia and has lifted hundreds of millions out of poverty in poorer countries'; it has 'increased countries' vulnerability to transnational threats'. (p. ix)   Overall, globalisation is treated as an unstoppable force, to which governments must respond with 'outward looking policies'.

3.3   The Committee is struck by the extent to which both globalisation and national interest feature strongly in the White Paper without any systematic consideration of the *problematic* aspects of the relationship between the two. It seems simply to be assumed that globalisation is good for Australia, that it is in our national interest economically to go with the flow, and that we can avoid any downsides by astute management of our borders and strong assertions of national sovereignty where the situation demands it.

3.4   However, critics have been quick to point out that it is not at all that straightforward. On this account, the White Paper has singularly failed.

> The government's declaratory policy has oscillated between categorical defences of national sovereignty and equally categorical assertions about the unstoppable march of globalisation and the necessity of economic openness and adaptation… Simplistic notions of closure and national resistance are… paired with exhortations to accept the necessity of openness and the folly of opposition. The net result of this discourse has been a pervasive failure on the part of the government to come to terms with the real nature and complexity of contemporary global politics and a concomitant failure to adjust either conceptually, practically or ethically. The disservice this does Australia is clear: sovereign closure is ill–suited to solving problems of global refugee movements and environmental breakdown as uncritical openness is to addressing the economic dislocations and political realignments caused by economic liberalisation.[1]

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1   Reus–Smit, C, *Lost at Sea: Australia in the turbulence of world politics,* (Working Paper 2002/4, RSPAS, Australian National University, July 2002), p. 7.

3.5   The Committee agrees with Reus–Smit that 'highly categorical notions of sovereignty and simplistic ideas of globalisation are two of the most significant conceptual impediments to understanding the full complexity of contemporary world politics'.[2] Nation states will continue to persist; boundaries between international and domestic realms will continue to blur; interdependence will continue to grow.

> All of this suggests that we need more nuanced understandings of state sovereignty and a more specific and disaggregated identification of transnational phenomena than the blanket term 'globalisation' can provide.[3]

3.6   In the Committee's view, it is something of a shortcoming of the White Paper, and of Australia's foreign policy generally, that the government has not developed a sufficiently sophisticated analysis of the interaction between domestic and global issues and the political and economic structures that are required to manage that interaction. This is probably nowhere more apparent than when dealing with the dilemma of economic growth and environmental sustainability.

> On the one hand we have a profound crisis in the global ecosystem, a system ruled by the first law of ecology, 'everything is connected to everything else'. On the other hand, we have a fragmented international political order in which the international and domestic authority of national governments rests in large measure on their capacity to deliver perpetual economic growth. In such a world, governments are faced with two challenges: somehow they must institute domestic environmental adjustment strategies that harmonise with effective international programs to protect the global ecosystem; and simultaneously reconcile these adjustment programs with their promotion of growth economics… The paradox is, of course, that growth will ultimately be brought unstuck by degradation unless economic strategies are changed. Yet the incremental nature of the environment breakdown, which makes it such an un–crisis–like crisis, forestalls awareness of this paradox and encourages governments to pursue 'business as usual' strategies.[4]

3.7   There is nothing in the White Paper that suggests a realistic awareness of these kinds of challenges. Yet in many respects they have enormous implications for the ways in which all governments should approach their commitments and choices when it comes to bilateral and multilateral options for dealing with global issues.

3.8   The White Paper seems to have conveyed different messages to different readers concerning the nature of the government's commitments regarding bilateral

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2   Reus–Smit, C, *Lost at Sea: Australia in the turbulence of world politics,* (Working Paper 2002/4, RSPAS, Australian National University, July 2002), p. 8.

3   Reus–Smit, C, *Lost at Sea: Australia in the turbulence of world politics,* (Working Paper 2002/4, RSPAS, Australian National University, July 2002), p. 8.

4   Reus–Smit, C, *Lost at Sea: Australia in the turbulence of world politics,* (Working Paper 2002/4, RSPAS, Australian National University, July 2002), pp. 16–17.

and multilateral relationships. The words 'balance' and 'tension' pepper much of the academic and expert commentary about where Australia's priorities lie.

3.9   The White Paper claims, for example, that 'the emphasis of the Government will remain on multilateral trade liberalisation' but immediately proceeds to the declaration of its 'active pursuit of regional and, in particular, bilateral liberalisation' that will 'compete with and stimulate multilateral liberalisation'. (p. xiv)

3.10   It seems to the Committee that the government's emphasis and preference, at least with respect to trade, is clearly discernible in the relative effort—both ministerial and bureaucratic—that it devotes to bilateral initiatives. Such a sense also came through in the evidence presented to the Committee from the Department of Foreign Affairs and Trade.

> I guess the white paper and the government's response might be that we are not opposed to multilateralism. We think it is very important for Australia, too. It is just that we believe we are putting a bit more emphasis on doing things bilaterally and even occasionally doing things on our own if we think it is in the national interest. So it is the emphasis you give to that. I do not think that anyone is arguing that multilateralism is finished and the rules that underpin that are finished. It is about the balance you place on all these things.[5]

3.11   This emphasis on bilateralism appears also to apply in other areas of international engagement, and was remarked on by several commentators.

> In the new [Howard] government's early years some differences in style and direction did make themselves felt. 'Practical bilateralism' was consistently emphasised. There were many fewer 'initiatives' in the [former Foreign Minister] Evans style. The earlier intense activism and would–be reformism at the UN faded from view, their decline probably accelerated by Australia's failure to win a Security Council seat in 1996. Some of the multilateral institutions upon which the Coalition did continue to focus diplomatic effort, such as APEC and the ASEAN Regional Forum, were distinguished by the fact that they helped to preserve US engagement in the region.[6]

3.12   In the Committee's view, the balance between engagement in multilateral and bilateral relations is a delicate one, particularly for a so–called 'middle power' like Australia. It tends to be conventional wisdom that middle powers should be assiduous in cultivating multilateral relationships, because it is through multilateral arrangements and institutions that a modest power can 'punch above its weight'. Membership of a multilateral system helps a country to build relevant coalitions of support according to the nature of the particular interest it is seeking to pursue. Solid international rules and agreements enable smaller powers to negotiate their way to

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5   *Committee Hansard,* 4 August 2003, p. 51 (Dupont)

6   Goldsworthy, D, 'An Overview' in Cotton & Ravenhill (eds.), *The National Interest in a Global Era: Australia in World Affairs 1996–2000, (*Oxford University Press (2001)), p. 13.

preferred outcomes given that they do not have the economic nor military means to press their case.

3.13   The choice between multilateral or bilateral strategies becomes particularly fine when one is focused on areas of immediate national interest. It is then that questions of a country's 'duties beyond borders' may be seen as an impediment, and multilateral obligations an inconvenience.

> Certainly internationalist policies have their connections back to self–interest, but these tend to be diffuse and indirect rather than immediate and direct. Hence, when a government makes a point of insisting on its overriding concern with the national interest… in foreign policy, the question of how it sets about its work in relation to duties beyond borders is a particularly interesting one. For although there is no necessary contradiction between the pursuit of self–interest and the fulfilment of duties beyond borders, there is certainly scope for tensions between them, and the points of trade–off may not always be easy to locate.[7]

3.14   One of the difficulties encountered by governments involved in multilateral arrangements is that domestic political imperatives will often override an obligation under an international agreement. This can lead to inconsistencies or contradictions in a government's approach to international affairs. Matters can become even more problematic where issues of national sovereignty are involved.

> [The] government has favoured bilateral over multilateral diplomacy. The former has been presented as the 'basic building block' of Australia's external relations, and a policy of 'selective multilateralism' has replaced the former Labor government's prioritising of international institutional cooperation. When multilateral cooperation has been needed in areas to do with economic globalisation, or when other issues (such as nuclear weapons proliferation or the International Criminal Court) are not thought to challenge Australia's narrowly defined domestic sovereignty, the government has been an enthusiastic participant. But when multilateral cooperation is required in non–economic issues areas, and when it involves international legal rules compromising the government's sovereign rights domestically (as in the areas of human rights, refugee law, and environmental protection) energetic resistance has been the order of the day.[8]

3.15   In the Committee's view, one of the key considerations attaching to multilateral agreements and institutions is the extent of their legitimising authority. On this account, any substantial move away from serious multilateral engagements exposes a country to the risk of damaging its international reputation.

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7   Goldsworthy, D, 'An Overview' in Cotton & Ravenhill (eds.), *The National Interest in a Global Era: Australia in World Affairs 1996–2000, (*Oxford University Press (2001)), pp. 23–24.

8   Reus–Smit, C, *Lost at sea: Australia in the turbulence of world politics,* (Working Paper 2002/4, RSPAS, Australian National University, Canberra, July 2002), p. 7.

> The importance of multilateralism is often misunderstood, even by its advocates. Usually, the subordination to international norms, of either a substantive or a procedural kind, is justified simply on the ground of interest. In fact, the central question these norms and procedures raise is one of legitimacy. It is generally true, as the multilateralists insist, that if you want to get your way in the world, you had best do so through working with others. But surrounding these calculations of interest—existing, as it were, in the atmosphere within which these passions and interests get registered and adjusted—is the more basic question of authority as distinguished from power. Like confidence in the financial markets, the aura of legitimacy is a difficult achievement requiring years of patient labour and the steady observance of exacting standards. Also like confidence, legitimacy can vanish in a hurry and, once lost, is very difficult to regain. Once lost, even proper consultations of the national interest are called into question by others, and the whole can easily then seem a hive… of naked self–interest.[9]

3.16   The Committee explored with several witnesses the question of Australia's standing in terms of its multilateral commitments. In particular, it sought advice about how the multilateral dimension has played out in practical diplomatic terms.

> The third balance I would like to touch on briefly is the multilateral one. It is about the balance between being a good international citizen…—playing an active and constructive role in the United Nations and in other multilateral bodies—and in a sense stepping back from that when you feel there may be some aspect of your sovereignty which may be affected.

> [P]erceptions are very important in foreign policy. There is a perception out there, in Asia and New York, that on all of these issues we have moved too close to what was sometimes regarded as a relationship of sycophancy to the United States, that we have moved too far away from the multilateral trade objectives, and that we have moved too far away from the UN.[10]

3.17   Given that the Kyoto protocol on greenhouse gases is frequently cited as the quintessential occasion on which domestic and international requirements clash, the Committee sought an account of how the government addressed that tension between the local and the global.

> The government does think globally, because clearly climate change is a global problem. That is precisely why the government does have problems with the Kyoto convention, because it doesn't provide the sort of global disciplines that the government thinks will seriously address the problem of global warming. When you look at the two sides of your equation, think globally and act locally, in terms of acting locally, the government is, as you know, committed to achieving the targets that have been set out under the Kyoto protocol. The difficulty for the government is that what the Kyoto

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9   Hendrickson, D C, 'Toward Universal Empire: The dangerous quest for absolute security', *World Policy Journal,* (Fall 2002), vol.19, no.3, p. 4.

10   Transcript of private briefing by Mr Richard Woolcott, AC, 21 August 2003, pp. 4–5.

protocol imposes on other countries is simply not going to make a substantial enough contribution to the problem of global warming. It is the deficiencies on the international side that prompt the government's reservations about Kyoto. It is not a very good piece of global machinery. There is not much point signing up to a piece of global machinery that you don't think is going to work, if only because that then makes it less likely that you will be able to come up with something better, if there is any scope to do so.[11]

3.18   Notwithstanding the Committee's assessment that the White Paper declares an emphasis in the government's foreign and trade policy agenda on bilateral effort, it should be noted that the demands of Australia's multilateral engagements will continue to require the devotion of substantial resources to their maintenance and development.

From a foreign policy perspective, the sheer number of international organisations and agreements that have to be monitored and serviced each year continues to rise. Many multilateral commitments are not fixed agreements, but involve participation in organisations with evolving policy agendas of their own, all of which must be monitored and responded to by Australia's foreign policy bureaucracy, and which have regular meetings that must be attended either by ministers or officials.[12]

3.19   The Committee agrees that such an array of international commitments 'increases the complexity of, and potential for, contradiction in Australian foreign policy. Policy initiatives must be audited to ensure that they do not compromise any of the strands of the growing web of Australia's multilateral commitments'. [13]

Australia and the United Nations[14]

3.20   While the White Paper covers some areas in Australia's foreign relations in considerable detail, one set of issues which is discussed comparatively briefly is the United Nations and Australia's approach to its present and future role.

3.21   The Paper discusses the United Nations in Chapter Two ('The international environment: challenges and responses'). It comments (in two paragraphs on page 25) that the United Nations 'is an important part of the machinery of global cooperation', but it 'requires reform if it is to provide the sort of multilateral system that would

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11   *Committee Hansard,* 21 August 2003, pp. 83–84 (DFAT)

12   Gyngell, A, & Wesley, M, *Making Australian Foreign Policy,* (Cambridge University Press 2003), pp. 241–242.

13   Gyngell, A, & Wesley, M, *Making Australian Foreign Policy,* (Cambridge University Press 2003), pp. 241–242.

14   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)

better serve the interests of its members in practical cooperation to deal with contemporary challenges'.

3.22   The Paper goes on to state:

> Australia, like others, seeks to strengthen the efficiency and effectiveness of the United Nations—supporting UN Secretary–General Kofi Annan's efforts and promoting needed reform of UN treaty bodies. The Security Council continues to have an important role in the maintenance of international peace and security. Its membership should be expanded better to reflect contemporary international realities. Ultimately, the effectiveness of the United Nations will depend on the ability of its member states to set clear priorities for the organisation and to guide its work. (p. 25)

3.23   The White Paper also comments on the UN's role in peacekeeping and on Australia's extensive contributions to a number of those operations, including in Cambodia and in East Timor. (pp. 44–46). It states that:

> Working through the United Nations, the international community has sometimes acted to deal with such threats. The peacekeeping operation of the United Nations Transitional Authority in East Timor, to which Australia was the largest single contributor, showed how such operations can work well. The Government has recognised Australia's global interests in maintaining an effective international peace–keeping system by contributing Australian forces to UN peacekeeping operations in Africa and the Middle East. The United Nations also plays a valuable role in reconstructing states destroyed by conflict. Its work in Cambodia has improved Australia's security environment. The United Nations will continue to play a key role in helping concerned governments rebuild states whose failure is a threat to international peace and security.

3.24   The Paper goes on to comment that 'when swift and decisive action is needed to deal with threats to international order, it is likely that national governments will organise international military coalitions themselves'. Conspicuous examples have included the coalition against Iraq's invasion of Kuwait and the International Force for East Timor (INTERFET). The Paper continues that:

> But when the United Nations has not been able to respond, as in the case of Kosovo, it has fallen to states with the capacity and the willingness to take action to preserve peace and security. In deciding whether to participate in such coalitions, the Government will be guided by whether an Australian role will advance Australia's national security and our global interests. (p. 46)

3.25   While these comments are relevant and useful, it is notable that the White Paper does not attempt more detailed assessment of the UN's capacities and limitations. As has been noted, it is suggested that the UN 'requires reform', but little detail on what reforms might be needed and sought are provided. The Paper points to the need to reform the UN's electoral groups (p. 24; groups which are organised to facilitate elections of member states to UN bodies).

3.26   It is also suggested that the UN Security Council's membership should be expanded 'to better reflect international realities'. (p. 24) However, no further discussion is provided on the type of expansion envisaged or on the likelihood of this being achieved.

3.27   Evidence on this matter from a former Australian representative at the UN was not encouraging:

> Somebody told me the other day that I risked becoming an extinct species, like a British colonial governor. I said, 'What do you mean?' He said, 'You were our last representative on the Security Council.' That was back in 1985–87. He said, 'We will never get elected to the Security Council again.' We tried in 1996 and failed…
>
> I think it is true that, in the foreseeable future, the only way we will get elected to the Security Council is if we are unopposed; and that is not easy. … As soon as we said, 'We might stand in 2008,' what happened? Up pop Italy and Austria saying, 'We'll stand,' because they know they can beat us.[15]

3.28   The limitations of the United Nations in contributing to international security have often been evident in the past decade. As the White Paper observes:

> …the effectiveness of the United Nations will depend on the ability of its member states to set clear priorities for the organisation and to guide its work. (p. 25)

3.29   Where members have been unable to set clear priorities, the UN has been ineffective, as in the instance of what Professor Mats Berdal (University of London) has described as the 'shameful inaction over Rwanda in 1994'.[16]

3.30   However, as the White Paper also notes, the UN has been of substantial value to Australia and this was illustrated in relation to East Timor in 1999. The United Nations was able to facilitate and legitimise an Australian–led and regionally supported response to the situation which could not have been achieved through bilateral relationships alone.[17]

3.31   The UN has an important capacity to confer legitimacy on international actions, particularly through the Security Council:

> The Council, is quite simply, the only forum of its kind; that is, a forum able to address, if not resolve, security challenges of international concern and crucially, to confer near–international legitimacy on the actions of states or

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15   Transcript of private briefing by Mr Richard Woolcott, AC, 21 August 2003, pp. 4–5.

16   Mats Berdal, 'The UN Security Council: Ineffective but Indispensable', *Survival*, (vol. 45, no. 2, Summer 2003), p. 10.

17   See Peter Edwards and David Goldsworthy (eds.), *Facing North: A Century of Australian Engagement with Asia*, Melbourne, (Melbourne University Press, 2003), pp. 216–257.

groups of states in a way that no alternative candidate or agency, real or proposed, has been able to do.[18]

3.32   The 2003 White Paper was prepared and finalised (for its release on 12 February 2003) at a sensitive time in the recent history of the UN. Resolution 1441 (on Iraq) had been adopted by unanimous Security Council vote on 8 November 2002 and discussions were subsequently pursued by the United States and the United Kingdom (with Australian support) to try to secure an additional Security Council resolution to authorise a decisive response to what was perceived to be the challenges posed by Iraq. Providing analytical comment on the UN's capacities and role at this time was clearly difficult. Nonetheless, it can be argued that the White Paper, by considering the United Nations, its capacities and limitations so briefly, does not provide adequate coverage of an important part of the context of Australia's foreign relations.

Trade: bilateral and multilateral approaches

3.33   While the White Paper is focused heavily on security and political issues, it also devotes attention to Australia's trade policies and suggests some significant emphases and challenges. The Paper notes the benefits which economic reform and increased participation in trade have offered Australia. It is pointed out that the incomes of workers in firms which export (at an annual average of $46 000) are markedly higher than for those that operate only in the domestic market (where the average is $28 000).

3.34   The Paper advocates a 'whole of government' approach to the promotion of exports and sets a goal of doubling the number of exporting firms to 50 000 by the year 2006. This should deliver extra export revenue of an additional five per cent per year or $40 billion over the target five year period. (pp. 65–66)

3.35   On the overall focus of trade policy, the Paper states that Australia has gained major benefits from progress in the global multilateral trade liberalisation process. It goes on to state that:

> The emphasis of the Government will remain on multilateral trade liberalisation. But the Government's active pursuit of regional and, in particular, bilateral liberalisation will help set a high benchmark for the multilateral system. Liberalisation through these avenues can compete with and stimulate multilateral liberalisation. (p. 49)

3.36   Australia, the Paper states, will continue to emphasise pursuit of liberalisation through the Doha Round of negotiations of the World Trade Organisation which offer 'our best hope for major trade gains'. However, pursuit of these negotiations could be slow and involve factors over which Australia has little control.[19] Interest in other

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18   Mats Berdal, 'The UN Security Council: Ineffective but Indispensable', *Survival*, (vol. 45, no. 2, Summer 2003), p. 10.

19   A prescient remark given the collapse of the WTO talks in Cancun in September 2003.

economic groupings (including free trade agreements) is growing around the world. Accordingly:

> The Government is determined to pursue pragmatically the advantages that free trade agreements offer Australia. Such agreements can deliver important market access gains faster than a multilateral round. They can also go deeper and further than the WTO. In our negotiations with Singapore, for example, we have secured a framework on services that is more liberalising than that in the WTO, and commitments on investment and competition policy that are only partly covered by WTO rules. Free trade agreements can fill out the multilateral framework of rules in such areas as trade facilitation, negotiating detail that is consistent with the letter and the spirit of WTO principles. (p. 58)

3.37   The recently concluded free trade agreement with Singapore involves significant trade benefits and 'provides a first–rate template for liberalising arrangements with other countries' (p. 61; the agreement was signed formally by the two governments on 28 July 2003). The Government has also begun negotiations with Thailand.

3.38   The major emphasis in this area of the White Paper, however, is in relation to the United States:

> A free trade agreement with the United States is the Government's highest bilateral trade priority. It would provide a formal arrangement where both countries could reach agreement on the key trade and related regulatory issues critical to expanding business and trade opportunities. Agreement on these would make it easier and less costly for business to operate between our two markets. An FTA in these terms could be used to establish new benchmarks in other trade forums, including the WTO and APEC. (p. 61)

3.39   The focus on bilateral free trade agreements is a potentially contentious area of debate, both in relation to overall trade policy and specifically in relation to the United States. Alan Wood (Economics Editor, *The Australian*) wrote just after the Paper's release that:

> …while Downer and Vaile claim their emphasis is still on multilateralism, they are extremely nervous the Doha round of multilateral trade negotiations under way in the World Trade Organisation will fail, and they want a fall back position in a free trade agreement with the US and any one else who wants to do one.[20]

3.40   The then Opposition shadow spokesperson on trade, Dr Craig Emerson, also criticised this aspect of the Paper, saying that the emphasis on bilateral negotiation was 'taking Australian trade down a dangerous path'. He said the Government was

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20   Alan Wood, 'Shifting ground puts multilateral trade on the block', *The Australian*, 18 February 2003.

repeating the mistakes of the 1930s by looking for preferential trade deals rather than focusing on opening up global markets.[21]

3.41   Several aspects of the proposed free trade agreement with the US are currently under debate. One area of discussion is over the economic benefits to Australia which can be expected. The White Paper—drawing on research by the Centre for International Economics, Canberra—suggests that an Australia–US FTA could produce net economic welfare benefits of about $A40 billion, shared almost equally between both countries, over a 20 year period. It could increase Australian exports by 0.8 per cent and imports by 0.4 per cent by 2006.

3.42   Other estimates of the economic impact of an agreement, however, using different modelling assumptions have suggested lower or even negative gains. The ACIL consultant group modelled the introduction of an FTA from 2006 to 2010 and found that it would cut GDP by about $A100 million a year by 2010.[22] Doubts have also been expressed over the likely success of efforts by Australian agricultural exporters to gain substantial benefits through an agreement.

3.43   A further area of contention centres on whether pursuit of an FTA with the United States might have a detrimental impact on the multilateral trade negotiations framework overall and on Australia's relations with, and access to, major trading partners and markets in East Asia. The White Paper argues that pursuit of bilateral FTAs can have a 'positive sum' impact on trade overall and that 'bilateral liberalisation through these avenues can compete with and stimulate multilateralisation'. (p. 49) This view has been supported by other proponents of an agreement, such as Alan Oxley (Director of AUSTA, The Australian Business Group for Free Trade Agreement with the United States)[23] and US Special Trade Representative Robert Zoellick.[24]

3.44   Alan Oxley has argued that concerns about trade diversion away from East Asia under an Australia–US FTA are overdrawn and that modelling suggests that the amount of Australia–Asia trade diverted would be small: he cites figures of $US80 million for China's exports and $US70 million from the six ASEAN 'core economies'.[25] Oxley has written that:

> It is in Australia's economic interests to encourage economic integration with markets in all major regions. One reason the Asian economic crisis did

21   Tim Colebatch, 'Canberra seeks free trade deals', *The Age*, 13 March 2003.

22   Mark Davis, 'What price free trade?'; and Mark Davis, 'Out for the count on free trade', *Australian Financial Review*, 21 and 22 July 2003.

23   See Presentation by Alan Oxley, director of AUSTA, The Australian Business Group for Free Trade Agreement with the United States to a meeting of ABE [Australian Business Economists], Sheraton on the Park, Sydney, 27 February 2003.

24   Paul Kelly, 'US mission: zero tariffs', *The Weekend Australian*, 19–20 July 2003.

25   i.e. Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

> not [have a significant] impact on Australia was the importance to Australia of trade and investment with the rest of the world. [26]

3.45   On the issue of whether bilateral FTAs are damaging the multilateral framework, Oxley has suggested that it is the problems of the multilateral system which have fuelled support for bilateral and regional FTAs:

> Now that the WTO is so large and the range of issues covered is so wide, the process of liberalisation in the WTO is even more difficult and slow. In the Uruguay round it was not until about a decade after the negotiations began that countries started to enjoy the economic benefits of the agreements reached. Gains can be secured more swiftly through bilateral or regional agreements.[27]

3.46   Critics, however, contest these views. Professor Jagdish Bhagwati (Columbia University), a prominent economist and a leading opponent of bilateral and regional agreements, argues that the proliferation of different agreements between different combinations of countries creates an inefficient 'spaghetti bowl' effect. The criss–crossing obligations and requirements under these agreements impose a major administrative burden on government and business, with economic costs that reduce or outweigh the benefits of reducing trade barriers.[28]

3.47   Professor Ross Garnaut (Australian National University), in addition to questioning the extent of the likely net benefit to Australia, has suggested that:

> The main cost to Australian–Asian economic relations of seeking to negotiate a free trade agreement with the United Sates, is that it enhances perceptions in Asia that Australia sees its interests mainly outside the region.[29]

3.48   An FTA with the US would, according to Professor Garnaut, amount to Australia practising 'systematic trade discrimination' against Asian economies, which account for a majority of Australia's exports. He has suggested that it would be 'naive in the extreme' to think that Asian economies would not retaliate by reducing imports of Australian goods.[30] Trade diversion would put at risk the fruits of nearly two decades of negotiations and diplomacy which have increased access for Australian wool to China and for Australian beef to Korea and Japan.

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26   Available at http://www.austa.net/publicForum/publicForum37.htm

27   Oxley, A, quoted in Davis, M, 'What price free trade?', *Australian Financial Review*, 21 July 2003.

28   Bhagwati, J, and Panagariya, A, 'Bilateral trade treaties are a sham', *The Financial Times*, (London), 14 July 2003.

29   Garnaut, R, 'An Australia–United States Free Trade Agreement', *Australian Journal of International Affairs*, vol 56, no 1, April 2002, p. 135.

30   Garnaut, R, 'An Australia–United States Free Trade Agreement', *Australian Journal of International Affairs*, vol 56, no 1, April 2002, p. 136.

3.49   The increase in the value of Australian wool exports to China plus beef exports to Korea and Japan from the early 1980s to 2001, alone, substantially exceeds the *total* increase in exports of all goods and services to the US anticipated as a result of movement to comprehensive, clean bilateral free trade between Australia and the US.[31]

3.50   Furthermore, Garnaut has suggested:

> …the agreement would be a significant new factor in the contemporary pressure for the unravelling of the open multilateral trading system and the reversion globally to pre–World War II patterns of bilateral and small group preferential arrangements … Such an agreement would increase the risks of Australia being left outside preferential trade arrangements that include as members its major trading partners in East Asia.[32]

3.51   Garnaut has also expressed concern about an Australia–US FTA on security grounds. An agreement could introduce disputes over trade issues into the centre of the Australia–US relationship in a way which could impede or corrode the relationship overall:

> …Australia's crucial security interest in building close and productive relations with its Asian neighbours, including its neighbours in Southeast Asia with large populations committed to the Islamic faith, would be more difficult in a world that was fractured into preferential trading arrangements, especially, but not only, if Australia and major East Asian neighbours were to be on different sides of the fracture. The recent prominence of terrorism in security concerns increases the importance of these relationships.[33]

3.52   These issues are likely to attract further debate as more details of the proposed Australia–US FTA emerge: bilateral negotiations were initiated in detail in talks in Canberra beginning on 18 March 2003 and a third round of talks began on 21 July, with more scheduled for October 2003.

3.53   The Senate Foreign Affairs, Defence and Trade References Committee, in addition to this Report on the White Paper, has been conducting an extensive inquiry into both the proposed Australia–US FTA and the General Agreement on Trade in Services. Its report will be presented to the parliament before the close of 2003.

The United States: unilateral versus multilateral policies

3.54   The 2003 White Paper, as has been noted already, has not sought to assign explicit priority or rank to Australia's major international partners but it is clear in its estimation of the significance of the United States. It states that:

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31   Garnaut, R, 'An Australia–United States Free Trade Agreement', *Australian Journal of International Affairs*, vol 56, no 1, April 2002, p. 136.

32   Garnaut, R, 'Protectionism stalks free trade with US', *The Australian*, 4 March 2003.

33   Garnaut, R, 'Protectionism stalks free trade with US', *The Australian*, 4 March 2003.

> Australia's longstanding partnership with the United States is of
> fundamental importance. The depth of security, economic and political ties
> that we have with the United States makes this a vital relationship. No other
> country can match the United States' global reach in international affairs.
> Further strengthening Australia's ability to influence and work with the
> United States is essential for advancing our national interests. (p. 86)

3.55   The Paper states that the US will remain the pre–eminent global power for the
foreseeable future. Its military spending exceeds that of any other country by five
times and its economy accounts for about one–third of global GDP. American culture,
ideas, science and technology have global prominence.

3.56   It is clear that the reinforcement of Australia's longstanding alignment with
US policies has much to do with both countries' involvement in the international
campaign against terrorism. It over–rides any other security issues over which they
might disagree, such as the Comprehensive Nuclear–Test–Ban Treaty and the
strengthening of the Biological Weapons Convention.

3.57   The White Paper stresses Australia's resolve to 'fight terrorism with all
available means'. (p. xi) The Paper declares also that 'we will seek to understand and
deal with both its causes and its symptoms' but there is no indication of what those
'causes and symptoms' might be, nor what Australia will do to address them.

> You get a horrendous act like what happened in Baghdad at the UN
> Headquarters or most particularly, of course, on September 11 in New York
> and during the Bali bombings. I think few American—or indeed
> Australian—leaders pause to try and analyse really why these things
> happen. I guess the issue, not addressed in the white paper at all, is that
> behind every terrorist act there are political, economic or social motives. I
> am not trying in any way to endorse the act of terrorism or indeed the cause
> of the terrorists, but I am saying that I think there needs to be a greater effort
> to address the underlying political, social and economic roots of terrorism.
> And they vary: they are not just political issues or religious issues; quite
> often they are intellectual issues. I think we sometimes forget that the pilots
> of the planes on September 11 were all university graduates. They were not
> acting out of poverty; they were acting out of, I guess, a longstanding
> political frustration.[34]

3.58   The Committee sought a response from the government about the issue of the
causes of terrorism, and whether the government had resolved to take any specific
action at that level.

> From a government point of view and as a contributor to a white paper, we
> obviously haven't tried to make a definitive judgment on the causes of
> terrorism. ... There is a range of policy responses that can help reduce the
> attractiveness or the likelihood of terrorism. Even though I think arguably
> most terrorists do come from fairly prosperous middle–class families,

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34   Transcript of private briefing by Mr Richard Woolcott, AC, 21 August 2003, p. 4.

nevertheless, there is a good argument to be made for addressing not only poverty but also hopelessness which operates as a strong recruiting ground for terrorism. … Addressing poverty is not exactly a simple thing to do, but one thing that you can do—it is what the government is trying to focus on—is try to address some of the failures in governance that give, let us say, young Indonesians a disgust of their own institutions and make them more amenable to a spurious alternative that is presented by terrorists.

… Personally, I think you could also argue that the economic reform and trade liberalisation are also going to be longer term contributors. Anything that promotes a more transparent, more honest global environment is gradually going to reduce the attractiveness of other options…

Don't forget the white paper is designed to give a picture of our international relations. Clearly the focus of those relations then, and to a considerable extent now, is in dealing with the immediate issue of identifying and deterring terrorist acts and of finding those who have perpetrated them and bringing them to justice. Those are the immediate concerns. Those are at the moment important features of our international relations.

I accept your points about there being wider longer term issues. I think the government would argue, however, that if you can actually improve intelligence, interception and punishment, you can make substantial inroads into the threat of terrorism. But you are quite right: there is a much wider range of policies that does have an effect on the environment that breeds terrorism, and I think those policies are described in the white paper.[35]

3.59 The thorough predominance of the US highlights the importance to Australia of the particular strategies on foreign policy and national security which the United States may decide to pursue. One highly relevant issue raised by the White Paper is the role of unilateral versus multilateral action in US foreign policy. In a carefully worded comment, the Paper states:

The United States has immense capacity to act unilaterally to protect its interests. It is reluctant to sacrifice the option of unilateral action entirely, but recognises that there are issues on which cooperation with others is worth pursuing and sometimes even necessary—in part because of international community expectations. Australia will often have strong interests in persuading the United States to work with others. US involvement in coalitions and international bodies is more likely to strengthen international action and produce more substantive and lasting outcomes. (pp. 87–88)

3.60 It must be pointed out, however, that the extent to which the United States has recently considered cooperation with others to be 'worth pursuing' has been a matter of controversy and disagreement. In particular, contention has arisen over the US's increased emphasis under the Bush Administration since 2001 on 'pre–emption' as a

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35   *Committee Hansard,* 21 August 2003, pp. 91–92 (DFAT)

strategy, and over its increased pursuit of unilateral approaches, which have sometimes not been in line with 'international community expectations'.

3.61 The White Paper does not mention the concept of pre–emptive action in its discussion of US policies. However this issue has been under debate since the announcement by the Bush Administration that it would, if necessary, pursue such policies. In September 2002, the United States issued a new National Security Strategy, which elevated pre–emption to official US doctrine. The documents declared that:

> To forestall hostile acts, by our adversaries, the Unites States will, if necessary, act pre–emptively … The purpose of our actions will always be to eliminate a specific threat to the US or our allies and friends … The reasons for our actions will be clear, the force measured, and the cause just.[36]

3.62 The way in which the US applies this strategic doctrine, it may be suggested, is likely to be of major importance to international affairs and to Australia in particular (given Australia's close allied relationship with the US). In the aftermath of the September 11 attacks and other terrorist attacks such as the Bali bombing, the need to combat terrorism is widely recognised and accepted—and is endorsed strongly by the White Paper. However, the feasibility and utility of pre–emptive action in national security are controversial issues.

3.63 A recent study of the issue of pre–emption by Dr Robert S. Litwak (Woodrow Wilson International Center for Scholars, Washington DC) has argued that there have been few cases where pre-emption has been employed by a major power in the period since World War II.[37] His study of relevant cases (including the Israeli attack on the Osiraq nuclear facility in Iraq in 1981 and the US–instigated Operation Desert Fox in Iraq in 1998) suggests that the strategy is difficult to pursue and that the level of risks and costs may be high.

3.64 Litwak notes in relation to debates over Iraq and the issue of WMD that there has been sharp disagreement on how to weigh the 'risk of inaction' versus the 'risk of action'. Litwak, writing before the onset of conflict in Iraq in March–April 2003, noted:

> Supporters of US military action against Saddam Hussein assert that he poses a 'clear and present danger' and that the Iraqi WMD threat is imminent; opponents argue that the threat is not imminent, that Saddam

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36 *The National Security Strategy of the United States of America*, September 2002, quoted in Robert S Litwak, 'The New Calculus of Pre–emption', *Survival*, vol. 44, no. 4, Winter 2002–2003, pp. 58–59.

37 *The National Security Strategy of the United States of America*, September 2002, quoted in Robert S Litwak, 'The New Calculus of Pre–emption', *Survival*, vol. 44, no. 4, Winter 2002–2003, pp. 53–80.

> Hussein is deterrable, and that comprehensive containment would succeed
> in keeping the Iraqi dictator 'in his box' as it has done since the Gulf war.[38]

3.65   The majority of the Committee agrees that pre–emption may in some circumstances be a viable policy approach and Iraq may prove to be a crucial initial test. (Australian Democrat Senator Ridgeway dissents from this view.) Pre–emption, however, is unlikely to be a viable option in situations where order is perceived to be challenged by a 'rogue state' but where the risks and costs of such action are unacceptably high. This is widely considered to be the case in relation to North Korea, where an attempt at pre–emptive attack might immediately result in war on the Korean peninsula, severe damage to South Korea, and the possible involvement of China and Japan.[39]

3.66   Prominent American commentators including former Secretary of State Dr Henry Kissinger have argued that pre–emption, moreover, could be a highly destabilising factor in international relations. If pre–emption is pursued by the US without a widespread international consensus on the particular dangers posed by a 'rogue state', especially about the likely intention to proliferate WMD and the imminence of the threat posed, then it may precipitate serious international discord and even opposition from allies of the United States.

3.67   Pre–emptive military action by the US may also set a dangerous precedent if the concept is taken up by other major powers, which might consider that they have a well–founded case for action to pre–empt future 'hostile' or 'destabilising' activities by neighbours.[40] Professor Stanley Hoffmann (Harvard University), writing in May 2003, observed that:

> Those who approved the war in Iraq for entirely understandable reasons of humanitarianism, of pity for the Iraqi people, and of horror at Saddam Hussein's regime seldom considered that a precedent used for a 'good' cause can easily be used by others for causes they would object to: Russia could use it against Georgia, India against Pakistan, North Korea against South Korea.[41]

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38   *The National Security Strategy of the United States of America*, September 2002, quoted in Robert S Litwak, 'The New Calculus of Pre–emption', *Survival*, vol. 44, no. 4, Winter 2002–2003, pp. 73.

39   *The National Security Strategy of the United States of America*, September 2002, quoted in Robert S Litwak, 'The New Calculus of Pre–emption', *Survival*, vol. 44, no. 4, Winter 2002–2003, pp. 64–65; Walter B Slocombe, 'Force, Pre–emption and legitimacy', *Survival*, vol. 34, no. 1, Spring 2003, pp. 126–128.

40   Henry Kissinger, 'America risks much with revolutionary principle', *The Courier–Mail*, 8 August 2002; Joseph S Nye, 'Before war', *The Washington Post*, 14 March 2003.

41   Stanley Hoffmann, 'America Goes Backwards', *New York Review of Books*, 12 June 2003.

The United States, unilateralism and major power relations

3.68   The issue of pre-emption relates to the wider question of the extent to which the United States may pursue unilateral or multilateral policy approaches. The White Paper, at the beginning of Chapter Two ('The international environment: challenges and responses'), states that alignments among the world's nation states still define the basis of Australia's strategic environment and that 'relations between the major powers are now more stable than they have been for many years'. (p. 16)

3.69   This comment may have been a valid observation about major power relations in the first year after the September 11 2001 attacks but it seems less appropriate now (in late 2003). The Bush Administration since coming to office in 2001 has explicitly sought to pursue a more assertive stance in foreign and security policy. While emphasising the value of alliances, it has also reserved for the US the right to review—and if thought necessary, to withdraw from—a number of multilateral commitments.

3.70   This willingness has seen the Administration reject the Kyoto agreement on international climate issues, withdraw from the 1972 Anti Ballistic Missile Treaty (originally signed with the Soviet Union) and refuse to accept the jurisdiction of the International Criminal Court.

3.71   In the immediate aftermath of the Iraq conflict and the defeat of the Saddam Hussein regime, the US has moved to renew efforts to facilitate a settlement of the Israel–Palestine conflict and President Bush made a personal contribution by participating in talks in early June. President Bush and his Administration have also moved to renew dialogue with key allies and associates, to ease relations strained in the lead–up to the conflict.

3.72   However, reservations remain about the Administration's unilateralist tendency, especially in Germany and France. *The Economist* went so far as to say in early June 2003 that, 'Since September 11, the foreign policy of almost every other country has been driven by reaction to America's willingness to project its power unilaterally'.[42]

3.73   One focus of concern about unilateralist tendencies in US policies and the attendant tensions between the US and some of the major powers has been that these tensions might impact adversely on international economic relations. The prospects for success of the Doha Round of trade negotiations sponsored by the WTO will depend in part on the willingness of major participants (including the US and the members of the European Union) to achieve agreement on concessions, which

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42   'Putting the world back together again', *The Economist*, 7 June 2003.

ultimately need a climate of trust and cooperation. Ongoing major power tensions, it has been suggested, could make this process more difficult to pursue successfully.[43]

3.74   A second issue is that there may be significant limits on the extent to which unilateralist action can in fact help achieve some key foreign policy goals of both the US and its allies. The problem of proliferation of weapons of mass destruction is important in this context. Much of the emphasis of the Bush Administration in this area has been directed towards countries such as Iraq, Iran and North Korea—which President Bush in his State of the Union address in January 2002 characterised as constituting an 'axis of evil'. However, as Ivo Daalder and James Lindsay (Brookings Institution) have argued in a detailed analysis of recent US foreign policy:

> …the problem of weapons of mass destruction goes well beyond rogue states. Globalisation has dispersed technology around the globe and with it the knowledge of how to build weapons of mass destruction. Many chemicals and biological pathogens have beneficial as well as harmful uses, so they can be openly acquired. The vast weapons hangover from the cold war—including the many thousands of tons of fissile material, chemical agents, and biological toxins stored across Russia, mostly with inadequate security and vulnerable to theft or diversion—compounds the problem. Changing the leadership of rogue countries provides no solution to these challenges.[44]

3.75   Multilateral cooperation is one of the primary requirements if efforts to combat these problems of proliferation are to have prospects for success, and the Bush Administration does support such efforts. However, Daalder and Lindsay comment that:

> The Bush Administration argues that international cooperation on terrorism, proliferation and other crucial matters will be forthcoming even if the United States rides roughshod over the views of others. Countries act in their self–interest, and it serves everybody's interest to cooperate in the war against terrorism. But what if this calculation is wrong? Arrogance, George Bush warned during the presidential campaign, breeds resentment of the United States.[45]

3.76   In an analysis of US foreign policy after Iraq, Professor Joseph Nye (Harvard University) observed that:

> No large country can afford to be purely multilateralist, and sometimes the United States must take the lead by itself, as it did in Afghanistan… But the

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43   Elizabeth Becker, 'WTO fears Bush go–it–alone role', *International Herald Tribune*, 15 March 2003; 'United States: WTO suffers from new security agenda', *Oxford Analytica*, 15 July 2003.

44   Ivo H Daalder and James M Lindsay, *The Bush Revolution: The Remaking of America's Foreign Policy,* (Washington DC, The Brookings Institution, May 2003), p. 47.

45   Ivo H Daalder and James M Lindsay, *The Bush Revolution: The Remaking of America's Foreign Policy,* (Washington DC, The Brookings Institution, May 2003), p. 47. ibid.

United States should incline towards multilateralism wherever possible as a way to legitimise its power and to gain broad acceptance of its new strategy. Pre–emption that is legitimised by multilateral sanctions is far less costly and sets a far less dangerous precedent than the United States asserting that it alone can act as judge, jury and executioner. Granted, multilateralism can be used by smaller states to restrict American freedom of action, but this downside does not detract from its overall usefulness.[46]

3.77   The interactions between the US and some major allies in late 2002 and early 2003 suggest that there can be considerable tensions among major powers arising from perceptions that the United States is now prepared to accept major strains in some traditional relationships in the course of pursuing its declared policy objectives.[47]

3.78   If tension between the US and major allies places pressure and strain on the operations and effectiveness of major international institutions such as the UN and the WTO, there are potentially important and adverse implications for a 'middle power' such as Australia, which has significant interests in the effectiveness of these institutions. Paul Kelly (Editor at Large, *The Australian*) recently commented that:

Australia… does not want an America so imprisoned by the search for consensus that it is paralysed from taking military action. But neither does it want an America that is walking away from global institutions rather than labouring to work within them... If America should ever decide that the global institutions and rules of the post World War II period have little value to its needs as a hegemon, it would be disastrous for middle powers such as Australia.[48]

3.79   At the time of this Committee's Report, it was not yet clear how the Iraq issue would affect, in the near and medium term future, US foreign policy and unilateral tendencies in it. One significant issue is that the US faces substantial economic costs in maintaining occupying forces in Iraq and in contributing to the reconstruction of the country. These costs are arising at a time when the US now has both a current account deficit and a large and growing budget deficit, estimated in mid July 2003 at $US 455 billion (4.2 percent of GDP). Concerns have been expressed that this combination of factors may inhibit US economic performance and stability.[49]

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46   Joseph S Nye, 'U.S. power and strategy after Iraq', *Foreign Affairs*, (July–August 2003), p. 69.

47   Peter Hartcher, 'Bull on the loose—never mind the china', *Australian Financial Review*, 21 March 2003.

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

49   The budget was in surplus at a level of $US 237 billion in fiscal year 2001 and in April 2001, the Bush administration forecast a surplus of $US 334 billion in 2003. Since then, the budget situation has deteriorated because of slower economic growth, higher spending on defence and domestic security and tax cuts. The net effect has been that the budget situation has deteriorated by $US 780 billion in two years—see David E Rosenbaum, 'White House sees a $455 billion gap in '03 Budget', *New York Times*, 16 July 2003. See also Paul Kelly, 'Power

3.80   A second relevant issue is that it is still an open question as to how much the overthrow of the Saddam Hussein regime has contributed to the containment of the spread of weapons of mass destruction, and especially of nuclear weapons. The United States and its allies now face the difficult challenges posed by the emerging nuclear programs in North Korea and Iran. Professor David Calleo (Johns Hopkins University, Washington DC) has suggested that one problem in relation to those two countries is that, 'Relatively weak countries, targeted as rogue states and repeatedly threatened with military attack, are naturally desperate to achieve the deterrence that only weapons of mass destruction can provide'.[50]

3.81   In relation to an immediately serious international security issue, the problem of North Korea and its nuclear and missile programs, the US has not so far pursued a unilateral strategy but has been approaching the issue in consultation with allies and other interested states.

3.82   The US has initiated and participated in multilateral discussions on possible interdiction of exports from 'rogue states' of drugs, missiles and potentially nuclear materials (the Proliferation Security Initiative, the second meeting of which was hosted by Australia in early July 2003), which included eleven countries – among them, France and Germany.

3.83   The US has also welcomed China's involvement in diplomacy aimed at a peaceful resolution of the issue. The outcome of these efforts will be highly important both for international security prospects and for the direction of US foreign policy.[51]

3.84   The White Paper, in a comment on US foreign policy (already quoted) states that 'Australia will often have strong interests in persuading the United States to work with others. US involvement in coalitions and international bodies is more likely to strengthen international action and produce more substantive and lasting outcomes'. (p. 88) Developments in 2003 suggest that these issues are indeed highly important for Australian foreign policy. The relevance of these issues to Australia suggests that they merit continuing consideration and discussion as the world moves through the immediate aftermath of the Iraq conflict.

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pact', *The Weekend Australian*, 26–27 July 2003 and Richard Rosecrance, 'Croesus and Caesar: the essential Trans–Atlantic symbiosis', *The National Interest*, Summer 2003.

50   David P Calleo, 'Power, Wealth and Wisdom: The United States and Europe after Iraq', *The National Interest*, Summer 2003.

51   Peter Hartcher, 'Bush has more crisis than is good for him', *Australian Financial Review*, 11 July 2003; 'North Korea: Talks to resume but crisis deepens', *Oxford Analytica*, 23 July 2003.

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

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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

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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

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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

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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 them[12].

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...

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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".

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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

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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

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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

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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 Paper[25] 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

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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.

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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)

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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

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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

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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

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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

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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

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41   Australian Strategic Policy Institute, *Our Failing Neighbour: Australia and the Future of Solomons 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

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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.

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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.

Chapter 5

Looking further afield

Australia and the European Union

5.1   The White Paper comments that Europe is undergoing momentous change and that the planned expansion of the European Union will increase its weight in international affairs. The EU's most notable achievement has been in economic integration and the Paper notes that, 'The European Union's economic weight has not yet translated into a comparable foreign and security policy weight'. The Paper also notes that bilateral relations with European states are 'the bedrock of Australia's European engagement'. (p. 99)

5.2   The White Paper's coverage of the European Union drew some criticism from the EU's representatives in Australia. The EU representative in Australia at the time of the Paper's release, the Ambassador of Greece, Fotios–Jean Xydas, speaking on behalf of the EU (by virtue of Greece's position as the then EU President) said that the White Paper, while positive on many points, missed completely the vital point that the EU is now politically integrated as well as a single trading bloc:

> The Australian Government still seems to have difficulty with the concept of the EU as one trading bloc, and prefers to think of it as a compilation of 15 separate countries. In fact the EU is one trading area, without any internal borders, with one common policy on foreign trade, exactly the same as Australia has been since federation.[1]

5.3   Another EU spokesperson expressed concern that the Paper appeared to have overlooked the EU's status (as a bloc) as Australia's largest trading partner. The Greek Ambassador also expressed concern at the comments in the White Paper which criticised the EU's regulatory controls as costly and cumbersome.[2]

5.4   The Australian Government did not accept the criticism. A spokesman for Mr Downer said: 'the Government recognised the reality that the EU was 15 separate nations: you can't expect the white paper to ignore that fact', he said. A spokesman for Mr Vaile said that in trade terms it was almost impossible to deal with the EU along group lines: 'It just doesn't work. In time we might get to the point where we deal with them as a bloc, but we're probably not quite there yet'.[3]

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1   Marris, S, 'Australia has "missed the point" on European unity', *The Australian*, 20 February 2003.

2   Marris, S, 'Australia has "missed the point" on European unity', *The Australian*, 20 February 2003.

3   'Australia blind to new world order, EU warns', *Sydney Morning Herald*, 20 February 2003.

The Australian diaspora

5.5   While the White Paper makes occasional reference to the importance of people–to–people links, there is little to suggest that there is any real strategic value being placed by the government on the large number of Australians living and working abroad.

5.6   There is no question that the Australian consular service delivers quality assistance to the 'more than one million Australians traveling, working and living overseas at any one time' (p119). But the Committee believes that of these one million Australians, those especially who are abroad for several years at a time are an under–utilised resource when it comes to 'projecting a confident Australia'.

5.7   The Committee notes that the White Paper refers to 720,000 Australians living overseas, 'almost 4 per cent of our population' (p 13). In a comprehensive submission received from the Southern Cross Group[4], the Committee's attention was drawn to apparent discrepancies in DFAT data concerning expatriates:

> Figures provided to the SCG by DFAT in 2002 indicate that as at the end of 2001 there were estimated to be 858,866 Australians overseas. In the January 2003 version of its brochure *Hints for Travellers*, at page 28, DFAT states that "at any one time there are some 800,000 Australians living overseas".[5]

5.8   The Committee believes that it is important that accurate figures are available, and that the Australian Census should provide for the inclusion of expatriate Australians in its statistics. Around 4 per cent of the population is no small number of people. To the extent that an important purpose of census data is to enable governments and private sector decision–makers to plan for the future, the inclusion of accurate data on expatriates is vital. The Committee notes that the United States has recently introduced the *Census of Americans Abroad* Act 2003, with a test census being conducted in three countries in preparation for the enumerating of Americans overseas in the 2010 census.

5.9   The Committee endorses the views of the Southern Cross Group that:

> Those overseas should not be treated as "invisible" by the Australian Government. Australians overseas are highly visible "ambassadors" of their country, and play a key role in advancing Australian interests around the world.[6]

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4   *Submission* 11, The Southern Cross Group is 'an international non-profit organisation which seeks to represent the interests of Australian expatriates and support them. The Group engages in advocacy work in an effort to diminish some of the legal, administrative and technical barriers Australians face when they live and work outside their country of citizenship'.

5   *Submission* 11, p.5 (Southern Cross Group)

6   *Submission* 11, pp. 5–6 (Southern Cross Group)

Recommendation

5.10   The Committee recommends that the Australian Bureau of Statistics develop mechanisms for accurately enumerating the numbers of Australian citizens living overseas, with a view to facilitating their full participation in the Australian Census.

5.11   The Southern Cross Group raised in its submission several matters that the Committee wishes to bring to the attention of the government. These include:

a)   the seemingly high cost of basic notarial services, many of which only take a matter of seconds for consular staff to provide a stamp and a signature;

b)   the need for enhanced online services for passport applications;

c)   the tendency for DFAT services to be focused heavily on *travellers*, when those services are equally needed by resident expatriates;

d)   extremely low levels of outreach by missions to expatriate Australians. One Japanese expatriate notes: "My cat has a better status in Japan—at least the local vet contacts us on a regular basis";

e)   more effort should be devoted by DFAT to negotiating reciprocal agreements on drivers' licences;

f)   lack of clarity and detail in relevant brochures about medical insurance, and reciprocal agreements that may operate between countries; and

g)   ongoing confusion about the citizenship status of expatriates who acquire another citizenship by naturalisation, or of the spouses of expatriates who marry abroad.

5.12   The Committee reiterates the view that it expressed in its earlier Discussion Paper that the White Paper does not appear to recognise that, in a globalised economy, a diaspora which involves 40,000 Australians leaving each year to live, work or study abroad might require a rethinking of concepts of citizenship, voting rights, or even eligibility for awards such as 'Australian of the Year' (which has until recently been restricted to residents). The White Paper provides no vision as to how Australia might harness its expatriate capital to assist in 'advancing' the national interest or to ensure that our global citizens retain strong ties to Australia.

5.13   The Committee is pleased to note that, on 16 October 2003, the Senate referred the question of the needs of expatriate Australians to its Legal and Constitutional Affairs References Committee. The report of the Committee is due to be tabled on 1 September 2004.[7]

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7   For details see http://www.aph.gov.au/Senate/committee/legcon_ctte/expats03/index.htm

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 Untied 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   **Senator David Johnston**
Deputy Chair

Appendix 1

Submissions received by the Committee

1	Mr Cavan Hogue
2	Professor Bryan Gaensler
3	Professor Colin Mackerras
4	Mr David Yap
5	Dr James Cumes
6	Amnesty International Australia
7	Australian Screen Directors Association
8	Australian Film Commission
9	Australian Council for Overseas Aid
10	Australian Coalition for Cultural Diversity
11	The Southern Cross Group

Witnesses who appeared before the Committee

Canberra 19 June 2003

Mr David Raper, Director, Amnesty International Australia

Mr Graham Tupper Australian Council for Overseas Aid

Ms Kathleen Richards, Policy Officer, Australian Council for Overseas Aid

Canberra 4 August 2003

Mr Rawdon Dalrymple (Private capacity)

Dr Alan Dupont, Senior Fellow and Director, Asia–Pacific Security Program, Strategic and Defence Studies Centre, Australian National University

Mr Hugh White, Director, Australian Strategic Policy Institute

Canberra, 21 August 2003

Mr Ric Wells, First Assistant Secretary, South Pacific, Africa and Middle East Division, Department of Foreign Affairs and Trade

Mr Richard Woolcott, AC (Private capacity)