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National Interests, Global Concerns: the 2003 Foreign Affairs and Trade White Paper

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I N F O R M A T I O N A N D R E S E A R C H S E R V I C E S

Current Issues Brief
No. 23 2002–03

National Interests, Global Concerns: the 2003 Foreign
Affairs and Trade White Paper

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Executive Summary

The White Paper on Foreign Affairs and Trade released on 12 February 2003, *Advancing the National Interest*, is a major re-statement of the Australian Government's priorities and policy goals in these areas. This Brief provides a concise overview of the White Paper's themes and content, selects six issues for discussion and review, and summarises the Opposition's response to the Paper.

The 2003 White Paper presents Australia as a confident, outward looking country located in the Asia-Pacific region and with global interests. It emphasises the continuing significance for Australia of the ongoing struggle against terrorism and the dangers of proliferation of weapons of mass destruction. The Paper affirms the need for Australia to continue its abiding interests in relations with Asia, while also arguing that Australia's security and economic interests necessitate a deepening association with the world's predominant power, the United States. The Paper reviews Australia's other major relations and highlights the challenges faced by Australia's neighbours in the South Pacific. It sets out a direction in trade policies which advocates simultaneous emphasis on multilateral negotiations, while also seeking advantages from bilateral agreements where feasible.

In considering the White Paper, the Brief focuses on six issues of particular relevance to discussion about the Paper's assessments and to current policy debates. They are: the role of unilateral and multilateral policy approaches by the United States, the Iraq issue and relationships between the Saddam Hussein regime and the al-Qaeda terrorist movement, Australia's Asian engagement, Australian policies and the South Pacific, trade policy and the balance between multilateral and bilateral cooperation and liberalisation efforts, and Australia and the European Union.

The Brief outlines the response provided by the Opposition's shadow foreign minister Mr Kevin Rudd in his speech of 14 February 2002, which criticised both the analysis and policy prescriptions of the White Paper.

The Brief's concluding comment highlights the challenges facing Australian foreign relations in the wake of the White Paper, which will be affected particularly by the outcome of the Iraq conflict, the character of US foreign policies and Australia's need to balance its interests in the Asian region with its ongoing alliance with the United States.

Introduction

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

In their foreword to the White Paper, the Minister for Foreign Affairs Mr Downer and the Minister for Trade Mr 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.

This Current Issues Brief 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 Brief is not seeking to discuss all of the White Paper's assessments comprehensively. It selects for discussion key issues which can be identified as being of particular importance to current debates on the document, and to Australia's current foreign policy concerns. A major focus of the discussion below (reflecting the emphasis and arguments of both the White Paper and of analysts and critics) is the ongoing challenge for Australia in balancing its relations in the Asia-Pacific region with its alliance relationship with the United States.

In this Brief, Section I provides a concise overview of the scope and content of the White Paper. Section II then discusses six issues which have been or can be seen as arising from it. Section III presents the Opposition's response to the Paper. The page numbers referred to in the body of the text below are from the [White Paper](#), which is available both in hard copy and online.

I The 2003 White Paper: Overview

The Howard government's first White Paper, *In the National Interest* (released in August 1997) had argued that the two most important influences on Australia's foreign and trade policies in the next fifteen years would be globalisation and the continuing central economic role of East Asia.¹ 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. While the Asian region was the highest priority, Australia was a country of global interests requiring policies broad in scope. 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

The new White Paper 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 which ushered in the process of change in Indonesia which 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. 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 operation in Afghanistan, pursued with Australian participation, and by the bombing in Bali in October 2002.

The context for the 2003 White Paper has clearly been affected by these major developments. In Asia, while China has continued to maintain high growth rates and South Korea is recovering from the financial crisis well, Japan has continued in a period of 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. 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 as '... the intense feeling of anger and humiliation in Washington after the terror attacks of September 11, 2001'.³

The 2003 White Paper: Major Themes

The White Paper is based on its 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.' (p. 1–2)

The 2003 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 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. (p. 3–4)

Geography has never been the sole determinant of Australia's international links and:

As these trends continue, 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)

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 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 five 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

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)

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 must be seen as a major challenge to international security because the Saddam Hussein regime's undiminished desire for WMDs, flouting of international norms and persistent defiance of the UN Security Council call into question both the UN's authority and the effectiveness of international law.

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)

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.

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 and pursue an ambitious international trade strategy. The World Trade Organisation remains Australia's best hope of securing wider market access and for rules that allow Australia to trade on equal terms with others. The Doha Round (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, currently underway in Doha, Qatar) is crucial for hopes for liberalisation of agriculture 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.

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 bring gains more quickly and more extensively than those available through multilateral channels. 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 the Republic of Korea) the Government will seek economic agreements that facilitate higher flows of trade and investment. Further such bilateral agreements will be sought in the region and beyond if they can bring benefits to Australia.

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

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.

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.

East Asia's abiding importance to Australia, the Paper argues, makes the emergence of regional architecture (such as the ASEAN+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.

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. Australia has a vital interest in the United States' strategic engagement in East Asia as well as an enormous stake in the management of the United States' 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 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)

Within the Pacific rim, the Paper states that '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.

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

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'. The Paper affirms that the Government is committed to wide-ranging consultation within Australia to build broad community understanding of and support for our foreign and trade policies. The success of government—business cooperation in winning the contract to supply LNG to China showed how Australians can work together overseas:

Government believes strongly in the value of promoting Australia's achievements internationally. Fostering respect for Australia and its accomplishments advances our national interests in a practical way. Few countries of Australia's size can point to a similar record of contemporary achievement. (p. xx)

II The White Paper: Issues and Comments

The White Paper covers a wide range of issues, as the overview above has suggested. Some issues and topics are (perhaps inevitably) given comparatively more elaboration than others. At times, certain issues or programs are cited but receive relatively little amplification. In relation to economic relations with the countries of Northeast Asia, for example, the Paper notes that comprehensive free trade agreements with major trade

partners such as Japan and Korea are unlikely in the near future because of their entrenched positions against agricultural imports. In this context the Paper suggests that Australia should pursue 'broad ranging trade and economic agreements' (p. 62), but no further detail is provided on what might be involved in such agreements (perhaps because they are currently under negotiation). Similarly, in relation to APEC cooperation, the Paper states that some members are prepared to move faster than others in liberalisation and that 'The Government will work closely with various groups within APEC that are prepared to move quickly on specific trade and investment initiatives' (p. 64), but the point is not elaborated further.

One set of issues which is discussed comparatively briefly, it may be observed, is the United Nations and Australia's approach to its present and future role. The Paper comments (in two paragraphs on page 25) that the United Nations 'is an important part of the machinery of global cooperation'. It is suggested that the UN 'requires reform if it is to provide the sort of multilateral system that would better serve the interests of its members in practical cooperation to deal with contemporary challenges', but few details on reforms needed and sought are provided, apart from suggestions on the need to reform the UN's electoral groups (p. 24). The Paper also comments on the UN's role in peace-keeping and on Australia's extensive contributions to a number of those operations, including in Cambodia and in East Timor. (p. 45–46) but does not attempt more detailed assessment of Australia's perspectives on the UN's capacities or on desirable future development of policies in this area. The issue of the UN has been a significant point of contention between the Government and the Opposition, with the Opposition's spokesperson on foreign affairs, Mr Rudd, saying that it should be considered to be one of the three central pillars of foreign policy (see 'the Opposition's Response' below).

The Paper, however, clearly does provide detailed coverage of many important issues. In discussing the White Paper, it may be suggested that at least six issues arising from the Paper's analyses of Australian national and global interests and relevant to current foreign policy debate merit consideration. They are the United States' approach to unilateral versus multilateral actions, the relationship between international terrorism and the Iraq regime, Australia's Asian engagement, Australia and the South Pacific, trade policy, and Australia and the European Union.

The United States: Multilateral Versus Unilateral Policies

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:

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)

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. US culture, ideas, science and technology have global prominence.

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.(p 87–88)

The United States and 'Pre-emption' Policies

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 in its new National Security Strategy, elevated pre-emption to official US doctrine. The documents declared that:

To forestall hostile acts, by our adversaries, the United States will, if necessary, act preemptively ... 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.⁴

The way in which the US applies this strategic doctrine, it may be suggested, is likely to be of major importance to international relations 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, it is also relevant to point out that the utility and feasibility of pre-emptive action in national security are controversial issues.

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.⁵ His study of relevant cases (including the Israeli attack on the Osiraq nuclear facility in Iraq in 1981 and Operation Desert Fox in Iraq in 1998) suggests that the strategy is difficult to pursue and that the balance of risks and costs may be high. Litwak notes in relation to recent debates

over Iraq and the issue of weapons of mass destruction that there has been sharp disagreement on how to weigh the 'risk of inaction' versus the 'risk of action'.

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 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. These diametrically opposed policy prescriptions are premised on contrasting assessments of the target state.⁶

Pre-emption may in some circumstances be a viable policy approach and Iraq will be a crucial initial test. 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.⁷

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 in terms of the likely intention to proliferate weapons of mass destruction and the imminence of the threat posed, then it may precipitate serious international discord and opposition from the United States' allies. 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—including China with Taiwan, India with Pakistan, or Russia with several neighbouring republics (including Georgia).⁸

The United States and Major Power Relations

The issue of pre-emption relates to the wider question of the extent to which the United States may pursue multilateral or unilateral policy approaches. At the beginning of Chapter 2 ('The International Environment: Challenges and Responses') the Paper 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)

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 March 2003). In the period leading up to the announcement by President Bush of a final ultimatum to the Iraqi regime (on 18 March) there has been considerable discord between the United States and some other major powers over its approach to the Iraq issue.⁹ France expressed major disagreements with the US policy approach and criticism was also advanced by Germany and Russia.¹⁰ The lack of a consensus in the UN Security Council

on the Iraq issue forced the US and its allies to abandon their efforts to secure a vote on another Security Council resolution.

In a recent analysis of the Bush Administration's approach to foreign policy, Fareed Zakaria (International Editor, *Newsweek*) commented that:

Many people, both at home and abroad, fear that we are at some kind of turning point, where well-established mainstays of the global order—the Western Alliance, European unity, the United Nations—seem to be cracking under stress.¹¹

Concern has also been expressed that tensions between the US and some of the major powers may 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 concession, which 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.¹²

Conflict in Iraq was in progress at the time of writing (24 March) and the outcome of the US-led coalition operations was yet to be determined. Nonetheless, 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.¹³ 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.

The significance of these issues underscores the relevance of the White Paper's comment (already quoted) 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)

International Terrorism and the Iraq Issue

In the wake of September 11 and the Bali bombing in October 2002, the White Paper understandably places substantial emphasis on the challenges of fighting international terrorism (Chapter Three). The Paper emphasises the need for international cooperation to combat terrorism and the significance of Southeast Asia as a 'vital front' in that struggle. The Paper notes that Australia is engaged in a number of valuable counter-terrorism cooperation efforts in Southeast Asia (p. 38–39).

The Paper goes on to argue that the 'proliferation of nuclear, chemical and biological weapons of mass destruction and the missiles that can deliver them is a threat to the security of Australia. The possibility that terrorists or states that flout international norms might obtain and use weapons of mass destruction is real.' (p. 41) Multilateral rules can check the proliferation of weapons of mass destruction and Australia has strongly supported these. However 'multilateral regimes do not always work.' The Paper in this context discusses the problems of Iraq and North Korea and states that 'Concerted international pressure is necessary to force countries like Iraq and North Korea to abide by international norms.' (p. 44)

In relation to Iraq, the Paper states that:

Iraq represents a major challenge to international security ... Saddam Hussein's desire for weapons of mass destruction remains undiminished. Iraq's flouting of international norms and persistent defiance of the United Nations Security Council call into question the authority of the United Nations and the effectiveness of international law. Saddam Hussein's virulent anti-Western stance and his support for terrorism raise the possibility of his making available weapons of mass destruction to al-Qaeda or other terrorist groups. The Australian Government considers continuation of the status quo with regard to Iraq to be unacceptable. (p. 44)

It can be argued that while the record of the Saddam Hussein regime in seeking and developing weapons of mass destruction is well-established,¹⁴ the issue of the possibility of his making available weapons of mass destruction to al-Qaeda or other terrorist groups is more contentious. Evidence has been available about links between Iraq and the Ansar al-Islam group, a radical Islamic movement allied with al-Qaeda which has operated in northern Iraq in Kurdish-dominated areas not controlled by the Iraq regime.¹⁵ However, several official and non-official reports have suggested that the overall evidence available so far about contacts or associations between the Saddam regime and al-Qaeda is very limited. A leaked British intelligence report (from the defence intelligence staff and publicised in February 2003) commenting on the possible relationship between Iraq and Islamic terrorism said that 'Al-Qaeda will take advantage of the situation for its own aims but it will not be acting as a proxy group on behalf of the Iraqi regime'.¹⁶ Dr Rohan Gunaratna (author of 'Inside Al-Qaeda: Global Network of Terror') wrote in February 2003 that:

There is overwhelming evidence that Iraq is not complying with UN resolutions to account for its chemical, biological, radiological and nuclear weapons programs. However, the case that Saddam's regime has helped Al-Qaeda is weak. Iraqi intelligence agents have met with Al-Qaeda leaders and operatives, but there is no conclusive evidence of Iraqi assistance to Al-Qaeda. Al-Qaeda operatives have travelled in and out of Baghdad, but there is no evidence of state sponsorship. Since US intervention in Afghanistan in October 2001, I have examined several tens of thousands of documents recovered from Al-Qaeda and Taliban sources. In addition to listening to 240 tapes taken from Al-Qaeda's central registry, I debriefed several Al-Qaeda and Taliban detainees. I could find no evidence of links between Iraq and Al-Qaeda. The documentation and

interviews indicated that Al-Qaeda regarded Saddam, a secular leader, as an infidel. Saddam has sponsored terrorism against Israel, Kuwait and Iran. He has provided money and weapons to such terrorist groups, but no chemical, biological or radiological weapons. He did not transfer chemical and biological weapons to terrorist groups, probably because he knew that they could one day be used against his secular regime.¹⁷

It may therefore be pointed out that while transfers of weapons of mass destruction from Iraq to Islamic terrorist groups and in particular to al-Qaeda is possible, there is a lack of strong evidence of this having occurred in the past and the possibility of such transfers potentially occurring in the future should be regarded as conjectural.

Australia and Asian Engagement

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.' '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)

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 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.

Emerging East Asian Architecture

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

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)

The Paper notes that membership of the ASEAN+3 process has been restricted so far to East Asian countries. The Paper 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)

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.

A relevant issue here is whether Australia could do more 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 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. 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.¹⁸ 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.

When the issue of an Australian dialogue was considered by ASEAN leaders at their meeting in Phnom Penh in early November 2002, Australia's application at that stage was not accepted.¹⁹ 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, 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'

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)

However a recent report by the Asian Studies Association of Australia (ASAA—the premier professional group in this field) has suggested that part of 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 jeopardy and in danger of evaporating.²⁰ It estimates that fewer than five per cent of Australian undergraduate students studied anything about Asia in 2001 and fewer than three per cent studied an Asian language. It also suggested that Australia's academic Asia specialists are an ageing group and that significant numbers are being headhunted by overseas universities. Budget constraints across all universities mean that they are not being replaced and this has led to a reduction in the number of subjects offered on Asia. In the next five years, for example, the report estimates that in Australian universities there will be no teaching explicitly about India, Pakistan or Afghanistan.

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 decision had been foreshadowed in 1999.²¹ 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.²²

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)

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

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)

Australia will work bilaterally and multilaterally to assist the region's states. Australia's aid program (now at \$516 million in 2002–03) has a special emphasis on capacity building and improvement in governance. Australia is working to assist states' combat transnational crime and to improve economic management. Australia also supports the ongoing role of international financial institutions and of ongoing engagement by external powers including Japan, the United States, France and the United Kingdom.

The Paper also emphasises 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)

What may be debated in relation to the South Pacific is whether recent Australian policy approaches go far enough in pro-actively addressing the major problems facing the region. A recent paper by Graeme Dobell suggests that there is room for considering additional policy initiative. 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. 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.²³

The arguments presented by Dobell suggest that there may be a need for wider debate in Australia about what more could be done to materially assist South Pacific states facing severe economic and governance problems.

Trade: Multilateral and Bilateral Approaches

While the White Paper is focussed 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 average income of workers in firms which export (at an annual average of \$46 000) is markedly higher than for those that operate only in the domestic market (where the average is \$28 000). 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. (p. 65–66)

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. The Paper 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)

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. Interest in other 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)

The Paper notes that Australia has recently concluded a free trade agreement with Singapore which involves significant trade benefits and 'provides a first-rate template for liberalising arrangements with other countries'. (p. 61) The government has also begun negotiations with Thailand. The major emphasis in this area 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)

The focus on bilateral free trade agreements is, it has been suggested, a potentially contentious area of debate on the Paper, 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.'²⁴ The Opposition shadow spokesperson on trade, Mr Craig Emerson, also criticised this aspect of the Paper: the emphasis on bilateral negotiation was 'taking Australian trade down a dangerous path'. He said the Government was repeating the mistakes of the 1930s by looking for preferential trade deals rather than focussing on opening up global markets.²⁵

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 suggests that an Australia-US FTA could produce net economic welfare benefits of about \$40 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. Other estimates of the economic impact of an agreement (for example in a report by the ACIL consultant group) have suggested lower or even negative gains.²⁶ Doubts have also been expressed over the likely success of efforts by Australian agricultural exporters to gain substantial benefits through an agreement.

A further area of contention focuses on whether pursuit of an FTA with the United States might have a detrimental impact 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.²⁷ Critics, however, contest these views. Professor Ross Garnaut (Australian National University) in addition to questioning the extent of the likely net benefit to Australia has suggested that:

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.

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:

Secondly, 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.²⁸

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).

Australia and the European Union

The White Paper's coverage of the European Union drew some criticism from the EU's representatives in Australia. The 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)

The EU representatives in Australia, the Ambassador of Greece, Fotios-Jean Xydas, speaking on behalf of the EU (by virtue of Greece's position as current 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'. 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.²⁹

The criticisms were not accepted by the Australian government. A spokesman for the Minister for Foreign Affairs Mr Downer said that '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 the Minister for Trade Mr Vaile said that in trade terms it was almost impossible to deal with the EU along group lines. 'It just doesn't work,' he said. 'In time we might get to the point where we deal with them as a bloc, but we're probably not quite there yet'.³⁰

III The Opposition's Response

The Opposition presented a critique of the White Paper in a [speech on 14 February 2003 by the Shadow Minister for Foreign Affairs, Mr Kevin Rudd](#).³¹

A Foreign Policy White Paper, Mr Rudd argued, must do three things. 'It must define our national objectives. It must describe the rapidly changing global and regional environment in which we operate. And it must detail the policies and programs to be implemented if we are to secure our future in a competitive and increasingly combative world ... My judgement is as follows. On the definition of objectives it is fair. On the description of the terrain it is flawed. And on the delineation of policy and programs it is just plain fatuous.'

Mr Rudd argued that the declared objective of Australian foreign and trade policy as set out in the White Paper's first sentence, '... to advance the national interest—the security and prosperity of Australia and Australians' was a fair definition, but an incomplete one. National security and economic prosperity are essential objectives. But a third one should be to seek a just and secure international order:

Because for Labor, we also have a vision for our place in the world that doesn't simply stop dead at the narrowest definition of national self-interest. We also believe that a civilised country also has about it an aspiration to create an international order that is just and secure—even if such an international order is of no particular benefit to our more immediate and narrowly cast national interest.

Mr Rudd went on to argue that the White Paper's greatest failing was in its description of the regional and global order.

The immediate and near-term analytical deficiencies of the White Paper are its presentation of the immediate threats to Australian security in our own region, our own neighbourhood and our own backyard. The nuclear threat from North Korea, the al Qaeda threat through South East Asia, the destabilisation of East Timor, the rolling implosion of domestic security across Melanesia, not to mention the holes in our homeland security. These collectively represent the most fundamental of challenges in our present-day national security circumstances.

The White Paper, Mr Rudd suggested, adopted a 'business as usual' approach to the new challenges Australia faces. However, 'North Korea today is arguably exhibiting more bellicose behaviour than at any time since the cease-fire in 1953. And North Korean bellicosity has the capacity to fundamentally impact the security and prosperity of our friends and partners in North East Asia—principally South Korea, Japan and China. None of this urgency, however, is reflected in the text of the Government's White Paper.'

A similar criticism, Mr Rudd suggested, could be made about the Paper's discussion on terrorism in Southeast Asia. Australia and Australians are the biggest Western presence in Southeast Asia but the Paper devotes insufficient analysis to the problem of Islamic terrorist groups such as Jemaah Islamiyah. 'Australia is arguably the most exposed western country on the planet to Islamic terrorism ... The reality is that our geo-strategic circumstances are so radically different as to require a different set of strategic priorities.' Australian security interests are also severely challenged by the situation in East Timor (threatened by militia units) and in Melanesia (facing major civil order problems).

The White Paper, Mr Rudd stated, is 'inexcusably silent' on the possible security problems for Australia in the post-Iraq period. Australia's vulnerability to terrorism had been exacerbated by reactions to the East Timor involvement and by its support for the US-led operation in Afghanistan. The Labor Party supported both Australian involvements but the Government had been at fault in not alerting the Australian people to the likely consequences of joining activities aimed at combating al-Qaeda in its base. Prime Minister Howard had contributed to the problems confronting Australia by his inappropriate comments (in December 2002) expressing support for possible pre-emptive action, which had been received very unfavourably in Southeast Asia. It is against this background that the current debate on Australian policy on Iraq takes place:

Australia's vulnerability to terrorism in South East Asia underlines the importance of Australia obtaining a UN Security Council mandate before Australian military participation in an action against Iraq ... If Australia ends up of being one of only several Anglo-Saxon (or predominantly European) countries contributing combat forces in a military action against Iraq, we are deluding ourselves if we do not think this will have an impact on the level of terrorist profiling of Australia and Australians.

The political and economic reconstruction of Iraq following the removal of Saddam Hussein's regime will also shape the future direction of Islamic politics and many questions remained to be answered on how these problems would be addressed.

In terms of the policies and programs which need to be implemented Mr Rudd stated that, '... the 2003 Foreign Policy White Paper is not just flawed—but completely fatuous. On the unprecedented security threats that Australia now faces within our region, the White Paper is silent on any new proposal to deal with these threats.' On North Korea, Labor had advocated internationalising the nuclear crisis by bringing it to the United Nations, Foreign Minister Downer should convene a meeting of APEC Foreign Ministers to determine a concerted diplomatic strategy and Mr Downer should visit Pyongyang. On the terrorist threat in Southeast Asia, Labor had proposed a regional summit on terrorism. The Government had also been silent on the problems facing East Timor and the Southwest Pacific. Radio Australia should be enhanced and support increased for Asian studies in Australia.

The Government, Mr Rudd concluded, had departed from long-established bipartisan approaches to foreign and security policy:

We would argue that that is not because we have moved. The Government has moved. It has moved on Asia. It has moved on the UN. And it has moved in a manner which potentially comprises our security interests in our own region, our own neighbourhood and our own backyard ...

For Labor, Australia's foreign policy and national security policy rests on three pillars—our alliance with the United States which we helped shape in 1941 under Curtin; our membership of the United Nations which we helped shape under Evatt in 1945; and our

policy of comprehensive engagement with Asia which was shaped under Whitlam and prosecuted under Hawke and Keating.

As a matter of philosophical orientation, we differ fundamentally from the conservatives who rely on one pillar and one pillar alone—that is, the alliance with the United States. For Labor, the alliance is fundamental to our security policy and our foreign policy. It is not, however, the totality of our security policy and our foreign policy.

Concluding Comment

The 2003 White Paper raises and discusses a number of centrally important issues for Australia's foreign and trade policies. It emphasises the continuing significance for Australia of the ongoing struggle against terrorism and also suggests that confronting the issue of Iraq's alleged possession of weapons of mass destruction must be seen in the context of this overall priority. The Paper affirms the need for Australia to continue its abiding interests in relations with Asia, while also arguing that Australia's security and economic interests necessitate a deepening of relations with the world's predominant power, the United States. The Paper reviews Australia's other major relations and highlights the challenges being faced by Australia's neighbours in the South Pacific. It sets out a direction in trade policies which advocates simultaneous emphasis on multilateral negotiations while also seeking advantages from bilateral agreements where feasible. The Paper emphasises Australia's capacities as a capable, multi-cultural and outward-looking society.

The prospects for Australia's external relations in the period following release of the 2003 White Paper will depend on a variety of factors, some stemming from the manner in which Australia implements its foreign and trade policy goals but others which may be neither readily predictable nor under Australia's control. The 1997 White Paper was not able to anticipate the extent of the impact of the Asian financial crisis or of the advent of Islamic terrorism as a perceived major international threat to the United States and its allies. It may be argued that at least six factors will affect the prospects for the policy directions and goals set out in the White Paper.

Firstly, a central question for the international community and for Australia is how the United States will pursue its position as the world's predominant power. Will the US seek to maximise its potential influence by often acting unilaterally, even at the cost of confronting allies and straining the fabric of the international institutions which it played a central role in establishing after World War Two? Or will the US reserve the right to act unilaterally but seek largely to legitimise its power by gathering support from allies and working as far as possible within international institutions? Australia does share with the United States many common values and interests. However, Australia may not at all times agree with the interpretations of those values and interests which may be adopted and pursued by particular US administrations. Australia may need to differentiate its positions and interests—especially if United States' emphases on unilateral approaches challenge

multilateral cooperation and institutions which Australia also played a substantial role in establishing and in which, as a middle power, it has a major stake.

Secondly, the character and outcome of the conflict with Iraq (which commenced on 20 March) is likely to have a profound impact on the international environment for Australian policies. Australia's interests will be affected greatly by the issues of whether US military intervention (with United Kingdom and Australian support) is able to produce a stable situation in Iraq after the (expected) defeat of the Saddam Hussein regime, in which weapons of mass destruction are located and eliminated and a viable transitional administration emerges, able to maintain territorial control and promote reconstruction. These issues will have a major bearing on both the credibility of US policy and of the character of major power relations, which have been strained severely in the lead-up to conflict.

Thirdly, the evolution of the relation between the Iraq issue and international terrorism will be a crucial concern for Australia, particularly the question of whether armed confrontation with Iraq can be pursued in a manner which does not compromise continued cooperation and effective implementation of counter-terrorism policies both internationally and especially in Southeast Asia.

Fourthly, Australia's foreign policy priorities are likely to be affected greatly by the prospects for stability, economic progress and improved governance in the South Pacific where, as the White Paper states, Australia has 'special responsibilities'.

Fifthly, the maintenance of peace and security in Northeast Asia will continue to be of central importance. Australia has a high stake in the evolution of dialogue and cooperation in United States-China relations and the avoidance of conflict over Taiwan. Australia also has a vital interest in the pursuit of a negotiated resolution of the tensions arising from North Korea's resumption of its nuclear program and its continuation of its missile development program.

Finally, Australia's interests will be influenced strongly by the balance which Australian policy is able to pursue in relations with our major regional and international partners, especially in relation to Asia and the United States. The Paper suggests that Australia's regional and international relations should not be considered as a 'zero sum game' and 'an advance we make in any relationship need not be at the expense of others'. The White Paper has advocated an extension of Australia's relations with the United States, including pursuit of a free trade agreement. It will be in Australia's interest that this process is pursued in a way which achieves gains while preserving and expanding political and economic interactions with Asia, a centrally important and 'abiding priority'.

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