

**Australia's Engagement with Asia  
– A New Paradigm?**  
*Asialink-ANU National Forum*



**The Hon John Howard MP**  
*Prime Minister of Australia*

**Old Parliament House, Canberra**  
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MR BAILLIEU MYER AC: Prime Minister, ambassadors, high commissioners, and very, very distinguished guests at the National Forum. I can't really explain why a retired shopkeeper should be given the honour of introducing a man who really needs no introduction. Possibly it's because, while clearly I'm not the most senior person in the room, I'm certainly the oldest. Protocol officers are advised that the more important the person, the briefer can be the introduction.

One junior protocol officer in the White House is alleged to have introduced the First Lady as, "Ladies and gentlemen, the First Lady, and the less said about her the better." I got the message. I'll be brief. As patron of Asialink last Tuesday night, I had the great pleasure of co-hosting Prime Minister Abdullah Badawi. He addressed the wind-up dinner for the Asialink Conversations and I have no doubt, Prime Minister, that you will get a full report of the speech from James Wise who was present.

In the meantime let me say that he mentioned the word "friend" or "friendship" seven times during his short speech when referring to Australia and to you personally. When leaving he particularly asked me to convey his personal good wishes to you when we meet today, which I have done. Under your leadership, Prime Minister, some profound things have taken place to make our relationship with ASEAN more substantial and mutually enriching. To list just a few of them: Australia has taken the leadership of a multilateral task force with other ASEAN nations in Timor.

Australia has restructured its defence forces to make them more effective in the region. There have been free trade agreements signed with Thailand and Singapore and I understand there are more on the way. We have given major support during the ASEAN economic downturn. There has been a huge increase in education and exchange. Education is now our third-largest export. You have personally visited the region more than any other Australian Prime Minister showing clearly your government's and your own personal commitment to the region.

You are well aware that the more influence we have in Asia the more valuable

we are to our other friends and allies. Measured any way you like, Australia is closer to Asia. Much has been done, more can be done, and more must be done, in the years as we go forward. Today at the National Forum we're looking forward and we are all particularly looking forward to your vision for the future of our engagement with the region. Please join me in welcoming the Prime Minister John Howard.

PRIME MINISTER HOWARD: Thank you very much, Bails, for that very warm and generous introduction. Can I start by remarking what a wonderful contribution you yourself and the Myer Foundation has made over the years to the cause of close relations between us. I can't think of a finer example of public spirited philanthropy in the best and broadest sense of that expression than in the case of Baillieu Myer. He's a wonderful inspiration to so many Australians, and I am delighted, ladies and gentlemen, to be here today to have an opportunity to talk about the importance of and the character and the future of our close relations with the nations of Asia.

Events such as this summit provide an opportunity to build understanding within our own community about the region in which we live and how important it is to the future prosperity and security of our country. I congratulate the Australian National University and Asialink for this and their many other initiatives to encourage greater contact and cooperation between Australia and the nations of our region, and the excellent relations we enjoy currently owe much to the strong bonds and associations forged by what is often termed Track 2 diplomacy; the contact and discussions between individuals and non-government institutions.

Governments of course do have a role to play in supporting and encouraging the development of these people-to-people links. We see government funding for institutions such as the International Centre for Excellence in Asia Pacific Studies and the Asia Pacific College of Diplomacy at the ANU as an important contribution. Today I'm pleased to advise that the National Centre for Language Training, for which I announce government seed funding of \$4.6 million, will be established by a consortium of universities and TAFE institutes across Australia headed by New South Global, a wholly-owned subsidiary of the University of New South Wales. The centre will help Australians, especially in business, to build the practical language skills and cultural knowledge that they need to more effectively engage in the region.

Vigorous open debate about any government's foreign policy is crucial in a democratic society. This is especially so in respect of Australia's links with the region; so vital to our long-term prosperity and security. In that spirit let me say very directly and appropriately, on this day when the parliament of Australia will pass the legislation ratifying the free trade agreement between Australia and the United States, that the great canard levelled against this government is that the deepening of our relations with the United States in recent years has come at the expense of a closer engagement with Asia.

This charge proceeds on a totally false assumption; the false assumption that there is some inevitable zero sum game where closer relations with the United States are inimical to improve relations with our region. It is profoundly wrong when one notes this government's success in forging, for example, a strong strategic economic relationship with China. It ignores, for example, our free trade agreements with Singapore and Thailand. It is misleading at a time when we have put relations with Indonesia, despite the inevitable challenges flowing out of our proper involvement in East Timor on a more solid cooperative and sustainable footing.

It is equally an error now when we have agreed on a scoping study or a free trade agreement with Malaysia; the country long-seen as the least receptive to Australia's closer engagement with the region. Australia is seen by both sides of politics in Washington as a close and trusted partner, is an Australia with enhanced influence, not least in our own region. Whether the issue is the fight against terrorism in South-East Asia, events on the Korean Peninsula, or longer-term trends in regional power relations.

The relationships we forge with other nations and our specific position on issues should, and under my government always will, be determined by considerations of Australia's national interest and in accordance with Australian values, and so it should be because I have long argued that any disconnect between foreign policy and national values jeopardises the domestic community support that is absolutely crucial to achieving Australia's foreign policy objectives.

In my view some Australian commentary about the region rests on a second false assumption and that is that there is some singular entity called Asia which we should approach always and everywhere with the same level of intensity independent of Australia's interests. The government's commitment to close engagement with Asia proceeds, as it must, on the basis of mutual respect. A key part of this engagement has been our willingness to appreciate Asia's diversity. As I have said previously, simple propositions masquerading a grand strategy fail to take account of Asia's diversity. So too they distort Australia's position as a western country with a unique network of political economic and people-to-people links with Asia.

I make no apology for the fact that we focus our engagement on those relationships and issues that matter most to Australia's interests. In this context I counted as one of the great successes of this country's foreign relations that we have been simultaneously able to strengthen our longstanding ties with the United States, yet at the same time continue to build an ever-closer relationship with China. That achievement, as you know, was symbolised last year in the national parliament when, on successive days, the president of the United States and the president of the People's Republic of China addressed our national parliament. I note Prof Milner's observation that:

The more we engage in our region, the more we interact in commerce, education, tourism and diplomacy, the more we tend to recognise the characteristics that distinguish us in the region.

He is also right to say that those differences do not inhibit us forming strong bonds with Asian nations. In fact, I would argue those characteristics are valued and appreciated by many of our neighbours and just as we expect our neighbours to respect our values and institutions. We have tried to develop a greater understanding of and sensitivity to the historic and cultural foundations of their societies.

Our focus has been on the common interests between Australia and the countries of Asia, while acknowledging that there will be times when we have differences over particular issues. This mature and practical approach to engagement continues to bear fruit. Nowhere has this been more obvious than the close cooperation that has developed on security issues, especially between Australia and the nations of South-East Asia. International solidarity and close collaboration involving governments and regional and multilateral organisations are critical if the fight against terrorism is to be successful. In this regard Australia has been resolute in its commitment to strengthen multilateral, as well as bilateral cooperation, for instance in APEC and the ASEAN regional forum.

There are few more important tools at the present time than the network of nine bilateral counter-terrorism arrangements Australia has put in place with regional neighbours, focusing as they do on law enforcement, border control and port security. They are the foundation for practical operational level cooperation between police, intelligence agencies, security authorities, customs and immigration services, defence forces, central banks, and financial units. Our strategic engagement has also been supported by a network of bilateral security dialogues.

Over the past eight and a half years we have expanded the network to include key regional partners; Japan, Korea, Vietnam, the Philippines and India, in addition to the longstanding arrangements with China and Indonesia, and we look forward to arranging our first politico-military talks with Malaysia some time this year. Australia has continued to work hard to strengthen its defence cooperation relationships with key regional partners in ASEAN and it is worth noting that our contribution to defence cooperation in South-East Asia is second only to that provided by the United States.

Australia has also recognised that helping countries develop their own capabilities to fight terrorism is as important as operational level cooperation. In addition to capacity-building packages for Indonesia and the Philippines Australia is contributing \$36.8 million to the Centre for Law Enforcement Cooperation in Jakarta. This international education and training institution will greatly increase

the ability of our region to respond to the complex challenges posed by the operation of international terrorists in our region, but perhaps of even more immediate significance are the growing connections we have been able to forge with the region's police forces.

Australian Federal Police officers are now posted in Bangkok, Chiang Mai, Hanoi, Ho Chi Minh City, Manila, Jakarta, Kuala Lumpur, Phnom Penh, Dili, Rangoon and Singapore. Ultimately the success of the region's response to the terrorists' threat will depend on the degree to which the region's police and security agencies can effectively cooperate because it is at this working level where the greatest gains can be made and the greatest dividends secured. Along with the challenge of terrorism, North Korea's posturing nuclear-wise represents yet another ingredient which creates a degree of instability and tension in our region.

Australia is responding at two levels. We are engaging fully and energetically in patient diplomacy but we have also urged those nations most likely to influence the behaviour of North Korea, that is, South Korea, Japan, Russia, the United States and especially China, to speak in a firm and united fashion. We believe that China in particular has a crucial role to play in that process and we have been encouraged by China's constructive contribution to finding a peaceful solution, especially its pivotal role in hosting the six-party talks.

As you know the Foreign Minister, Mr Downer, will be in Pyongyang next week urging the North Korean leadership to grasp this opportunity and reap the ensuing long-term social and economic benefits of cooperation. Australia also welcomes the increased effort by the Japanese Prime Minister to make a greater contribution to regional and international security. We greatly appreciate Japan's increased willingness to contribute to peace-keeping operations including in East Timor where Japanese and Australian personnel worked very closely together, and more recently, Japan has made a significant contribution to coalition efforts to help the Iraqi people build a peaceful democratic future for their nation.

Following the commencement of a trilateral dialogue on security-related issues with Japan and the United States, I expect that Australia's security links with Japan will become even more important. Japan and Korea's forthright response to the events of 11 September 2001 and their firm support for coalition operations in Iraq are reminders of the close relations which a number of our nations in this region have with the United States and our shared interest in ensuring continued American engagement.

It must be understood that what is still properly called the ANZUS Alliance does not isolate us from our neighbours. It adds to our value. ANZUS combines with the other security alliance and the arrangements the United States has forged throughout Asia; not only with Japan and Korea, but also with Thailand and the Philippines to form a strategic framework that helps to keep the whole region

stable. It is self-evident that the relationship between the United States and China will be extremely important, indeed, crucial to the stability of our region. Our aim is unashamedly to see a continued, calm and constructive dialogue between the United States and China, something we take an opportunity of urging on every available occasion.

The government recognises that as a nation which has different but nonetheless close relationships with both countries, Australia is well placed to promote and support and encourage that constructive dialogue. Our relationship with the United States is well-known and well-understood but I have also, as you know, worked very hard as Prime Minister to build an enduring relationship with China; a relationship which is mature, practical, and of course, substantial. At the ministerial level our political relationship is more vibrant than it has ever been. Most members of the Australian cabinet have visited China. Similarly, almost all the members of China's politburo standing committee have now been to Australia, and I interpolate that I think I'm the first leader of a western democratic political party, certainly of the centre right, to have addressed the cadres of the Central Committee of the Chinese Communist Party.

The government's approach to China has been based on three key elements maintaining high level contact, frank dialogue and a shared commitment to constructive relations based on mutual respect. That does not mean side stepping issues where we differ. That would be inconsistent with our values and the very notion of mutual respect but it does mean that we agree to manage those issues in a mature and sensitive way. Increasingly, we are being recognised as a trusted partner, not just by China, but the region as a whole. This is in part because we share an ambition to increase the wealth and the prosperity of the region and its people.

Australia now has a very strong and sophisticated economy and we are respected in the region for that achievement. It is only because the government ensured Australia's economic prosperity and strength that we could, along with Japan, commit some \$3 billion to all three regional IMF programs in response to the East-Asian financial crisis of 1997. Diverse as the economies of our region are, there is once again a growing appreciation of the importance of trade liberalisation and competition as drivers for dynamic economic growth.

The government recognises that the best way to achieve open markets is through multilateral trade agreements. Undoubtedly they provide the most comprehensive outcomes but in this uncertain and messy world it would be foolish to rely entirely on multilateral pursuits and outcomes. My doctrine has always been to look for opportunities that will deliver for Australia, and if we can negotiate a bilateral deal that delivers tangible benefits now we will go for it.

Australia actively pursued free trade agreements with the countries of South East Asia, either collectively or bilaterally, long before we started negotiations with the

United States. Through the hard work of the trade minister, Mark Vale, and the Australian negotiators, we were able to finalise free trade agreements with Singapore and Thailand in 2002 and 2004 respectively.

These agreements are indicative of Australia's increasing engagement with those nations and the gains are not exclusively economic because the resulting increased level of contact will inevitably encourage greater crosscultural exchange and awareness.

The momentum from these agreements is building. During her recent visit to Australia the Malaysian trade minister, Rafidah Aziz, and Mr Vale, agreed that Australia and Malaysia should explore the possibility of a free trade agreement. We expect the scoping studies to be complete by the first quarter of next year and I am personally very enthusiastic about an agreement with Malaysia. It is our 10th largest trading partner and a Malaysia-Australia free trade agreement would give Australian companies yet another excellent platform for sales and production in South-East Asia.

I'm also pleased to have accepted an invitation to attend the ASEAN leaders' summit in Laos in November to explore strengthening economic ties between the 10 ASEAN members and the closer economic relationship partners, Australia and New Zealand. Most of our neighbours are discussing or negotiating FTAs with one or more countries, and Australia's ability to finalise an FTA with the United States has also strengthened our capacity and attractiveness when seeking to negotiate FTAs with countries in Asia.

Moreover, this is an opportunity that most would envy. It would be therefore grossly irresponsible of the government not to be exploring how we can expand our trading relations with the world's largest and most dynamic economies. That is why we continue to strengthen our bilateral trade relationships with two of the powerhouse economies of North-Asia, Japan and China. Japan's economy, which again is showing signs of buoyancy is still, let us remind ourselves, the second-largest in the world, and will be for some time. It is more than 50 per cent larger than the next largest economy, Germany, and is still three times the size of China's. Japan remains Australia's best customer. It has been our largest export market for many years and is likely to remain so for the foreseeable future.

Our bilateral relationship with Japan has generated great benefits for Australia but we are, of course, not complacent. We are always looking for ways of strengthening those ties. The trade and economic framework, signed during my visit to Japan in July of last year, commits both countries to work towards comprehensive bilateral trade and investment liberalisation. A joint study to advance this objective is now under way. Similarly, the government recently concluded a trade and economic framework with China which includes a commitment to undertake a detailed joint study into the feasibility and benefits of an Australia-China free trade agreement.

China has experienced remarkable economic development over the last 20 years; development that has seen it become one of the world's most dynamic economies and one of Australia's most important economic partners. Increased opportunities in China from its surging economy do not, however, mean diminished opportunities in Japan. Trade and investment links between China and Japan themselves are growing strongly. In fact the growth in Japanese exports to China is helping fuel Japanese economic recovery. The Australian and Chinese economies strongly complement each other. China is already our number one market for iron, steel and wool.

In 2002, with the signing of the \$25 billion Grundle LNG deal, we established a long-term energy partnership. That deal is, in many ways, symbolic of the standing Australia has in the region as a reliable, consistent, stable and friendly partner and the government is committed to continuing to promote Australia as a major energy provider ready and able to help fuel the continued expansion of the Japanese and Chinese economies. Energy supply is also an area where we see potential for growth in our already very strong and dynamic economic relationship with South Korea. The strength and consistent quality of Australia's education industry is also widely recognised in our region.

In 2003 more than 190,000 students from Asian countries were studying in Australian educational institutions. Australia is also a leader in establishing joint education projects in country with programs already under way in China, Vietnam and Indonesia. Last year educational activities with our Asian neighbours generated some \$4.4 billion of income for the Australian economy but we should never be complacent about these opportunities. Increasingly, we are looking to our west and observing India's growing political and economic weight and India is looking east seeking to forge stronger links with our region.

The indications are that India is set to become one of Australia's most important regional and bilateral partners. Australia is already the third-largest destination for Indian students seeking higher professional skills and new initiatives in educational exchange hold particular promise for strengthening not only commercial links, but the people-to-people links which are so vital to growing that relationship. India and Australia enjoy similar democratic institutions; legal, financial and governmental structures. We are both Commonwealth members and strong advocates of that organisation's democratic principles. We share a common language and, of course, a passion for a great game that does not need to be named.

The Indian Ocean may divide us geographically but its strategic importance to Australia and the region as a whole is a very significant unifying factor in that relationship. Our common security interests, especially in relation to combating and responding to international terrorism, led to last year's MOU on counter-terrorism. Not surprisingly, both nations are very focused on the maritime security

of the Indian Ocean. Our economies also have strong complementarities. India is already Australia's seventh-largest merchandise export market and Australia is one of the top 10 investors in India.

As you can see, solid groundwork has been laid and I'm looking forward to seeing considerable benefit accrued of both nations over the next decade from the continued strengthening and growth of that bilateral relationship. But being a part of the Asia Pacific is not simply about opportunity. It is also about responsibility. Over the last eight and a half years Australia has demonstrated its willingness to contribute; as with our response to the financial crisis of 1997 and our involvement in the liberation of East Timor. I am also very proud of Australia's recent participation in the assistance mission to the Solomon Islands. The Ramsey intervention, to which so many countries in the Pacific contributed has been a remarkable success, and we are particularly pleased by the fact that it was not a solo Australian effort.

It was an effort to which many countries in the Pacific contributed very generously. It worked precisely because the intervention was large enough to be taken seriously, both in the Solomons and in the broader Pacific community. I believe Australia does have a special responsibility as a wealthy nation to help. The Solomons intervention and the enhanced cooperation program in Papua New Guinea reflect a decisive change in both the tone and direction of Australian government policy in the Pacific. We now see ourselves as more active, more engaged, more willing to help, but reasonably seeking reforms and better governance as conditions of that assistance.

The government's aid program has played an integral role in promoting Australia's efforts to support regional development and stability. In 2003-4 over 61 per cent of Australia's official development assistance, more than 1.2 billion, was directed to countries in the Asia-Pacific. I see our role as a friend and partner helping our neighbours to build their own futures. That is why I am very pleased today to announce a significant expansion of the Australia Youth Ambassador for Development Program. The government has decided to commit an extra \$24.5 million over the next four years with funding for this program essentially doubling by 2006.

Currently there are 230 youth ambassadors on short-term assignments in developing countries throughout the Asia-Pacific. By 2006 there will be some 400 young Australians selected for overseas development assignments. Not only do these young people make a terrific contribution to the development of our region but they are playing a really positive role in strengthening mutual understanding between Australia and our neighbours, and I know that our best and brightest have been attracted to this program.

Last week in Samoa at the Pacific Island Forum Meeting I had the pleasure, for example, of meeting Amy Wells, a chemical engineer, who is currently assisting

the Samoan Ministry of Works; and one of the young officers from my own department, Simon Greenacre, is off to China next month to assist them on issues arising from World Trade Organisation negotiations. These are practical, and to the young people involved, quite inspiring once-a-lifetime opportunities to build a greater understanding of the culture and the complementarities of our relationships with different countries.

So in conclusion, ladies and gentlemen, can I again thank the forum for the opportunity of sharing my thoughts on what we have endeavoured to achieve; of reminding this audience of the goal we had in achieving an appropriate balance in our foreign policy between the undeniable fact that our immediate destiny and strategic position is permanently tied up with this part of the world, and it will always be a central responsibility of the government of this country, whatever its political stripe, to maintain and continue to expand relations and understandings with the people of the Asia-Pacific region. I again congratulate those who have organised this forum for the continued focus on the links between Australia and Asia and I hope my thoughts and contributions of other members of my government have been of great assistance. Thank you.