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The Prime Minister Speaks on National Security At the ASPI dinner, Sydney, 18 June 2004

7

ASPI was delighted to host the Prime Minister, the Hon. John Howard, MP, at our annual dinner, this year held in Sydney on June 18th, at the Grand Ballroom, The Westin Sydney. Prime Minister Howard delivered an address on 'Australia's National Security' to an audience of around 270 people, including senior politicians, diplomats, business people, academics, military officers and public servants.

The Westpac Banking Corporation was co-sponsor for this event and ASPI is pleased to acknowledge Westpac's

financial and organisational support. ASPI's Chairman, Professor Robert J. O'Neill, AO, welcomed guests and moderated questions after the Prime Minister's address. Dr David Morgan, AO, Chief Executive Officer of Westpac, introduced Mr Howard.

ASPI is pleased to reproduce the Prime Minister's speech in this *Strategic Insight*. The ASPI team sees this event as an important stage in the early years of the Institute's history. We are delighted that the Prime Minister saw fit to deliver such a



The Prime Minister addressing dinner guests.

substantive speech on Australia's national security. We take very seriously our charter to provide policy relevant research so as to better inform government decisions and public understanding of strategic and

defence issues. And we look forward to continuing, in the Prime Minister's words "with a certain youthful precocity [to inject] new ideas and vigour into our national security debate."

The Prime Minister's ASPI Speech

It's less than four years since the Government decided to establish the Australian Strategic Policy Institute (ASPI). With a certain youthful precocity, ASPI has injected new ideas and vigour into our national security debate. I congratulate the Institute's Board and its outgoing Director Hugh White on their considerable achievements.

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The Australian Government gave ASPI a clear mandate—to provide policy-relevant research so as to better inform government decisions and public understanding of strategic and defence issues.

We felt that policy discussion in Australia on these matters was too thin and narrow. We wanted a source of high quality, well balanced and carefully argued views from outside the government, believing that greater contestability of advice would contribute over time to improved debate and clearer public policy choices.

It's not often that a government creates an independent policy research body. It's the sort of action Sir Humphrey Appleby might have described as bordering on 'courageous'.

In its own modest way, it was an act of faith. A faith that says: free and open societies are strong precisely because issues are debated widely and forcefully. Indeed one of the curiosities of 2004 has been the unwillingness of my political opponent to engage in detail expositions of his views and the alternatives he proposes to the Australian people. Such debate is nowhere more important than in the area of national security policy.

A pivotal time

September 11 recast our thinking about security threats in the twenty-first century. Traditional concerns such as regional flashpoints and rogue states remain, but major power relations appear more benign. Meanwhile, the twin dangers of terrorism and weapons proliferation have come into much sharper focus. There is also much greater attention to transnational threats that flow less from state strength than from state weakness.

We are at a pivotal time in world affairs when to fall back on paradigms from the past underestimates the critical dangers we confront.

In his acclaimed book, *The Shield of Achilles*, Phillip Bobbitt argues cogently that we are: 'at a moment of world affairs when the essential ideas that govern statecraft must change. For five centuries it has taken the resources of a state to destroy another state: only states could muster the huge revenues, conscript the vast armies, and equip the divisions required to threaten the survival of other states.'

This is no longer true, Bobbitt says, owing to advances in telecommunications, rapid computation, and weapons of mass

destruction. He goes on to claim that: 'The change in statecraft that will accompany these developments will be as profound as anything that the state has thus far undergone.'

Joseph Nye—an acknowledged critic of US action in Iraq—has made a similar point about the deep trends in world politics illuminated by September 11. He describes the 'privatisation of war' as not only a major historical change, but one which could drastically alter civilisation itself.

I cite these two respected thinkers for a simple reason. To demonstrate that the perils we face today do not spring from the imaginations of George W. Bush, Tony Blair or John Howard. Nor are they the invention of some neo-conservative group in Washington. This is the uncertain world we live in.

A world of grave threats and, it must be said, terrible dilemmas for peace-loving nations. A world that demands strategic focus, steadiness of purpose, clear thinking and flexibility in the use of Australia's instruments of national strategy.

It is a world where governments must integrate foreign and domestic policies as never before. One that demands unprecedented cooperation across defence, foreign affairs, domestic security and intelligence policies.

For the foreseeable future, the major threats to Australia are more likely to come from terrorists and international criminals than from conventional military attack.

The blurring of old boundaries compels us to see with new clarity the links between terrorism, weapons proliferation and other transnational criminal activity such as trafficking in drugs and people, and money laundering. This is especially so in our neighbourhood, where instability, poor governance and rapid change have added to an environment of strategic uncertainty.



Professor Robert O'Neill AO, ASPI's Chairman, during his opening address.

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In the war against terror, we face an enemy that is elusive; that has global reach; that is bound by neither rules nor morals. Progress has been made degrading terrorist networks since September 11, but the attacks this year in Madrid and elsewhere remind us of the potent threat they pose. Conventional explosives and civilian technologies are bad enough. But the potential for terrorists to gain access to chemical, biological or nuclear weapons makes for truly horrendous prospects.

It is the Government's firm judgement, stated repeatedly, that the threat posed by Islamic extremists cannot be assuaged. Their ideologies of hatred disdain the politics of accommodation and compromise. If they see a wavering or retreating enemy, their response is to hit as hard as they can, and claim responsibility. As the callous attacks in Bali showed, they are devoid of any sentiment of shared humanity. These terrorists must be defeated.

The terrorist threat for a country like ours is real.

Ironically, the reality of this threat comes from features of modern society that are otherwise positive and welcome. Australia is, for instance,

uniquely placed to reap the rewards of globalisation with strong and stable political institutions, a competitive economy and a diverse society. But the very things that work in our favour—our freedom, our openness, our liberal democratic beliefs—leave Australians exposed to globalisation's dark and potentially destructive edge.

The same forces that create opportunities for wealth creation and progress—the international flow of goods, money, people and ideas—also sustain potentially lethal security threats.

We know Australia is a terrorist target. It has been since before September 11.

Al Qaida, Jemaah Islamiyah and other terrorist organisations threaten Australia and Australian interests. And while our region is home to a predominantly moderate and tolerant form of Islam, the Bali bombings showed that we are a target because of who we are and what we stand for.

Sadly, this is unlikely to change. And sadly too, geography does not equal immunity.

No country is free from risk. Recent times have seen terrorist attacks in Spain, Indonesia, Saudi Arabia, Morocco, Turkey and of course Iraq. And the largest group of victims has been Muslims.

If globalisation means anything, it means that Australia must respond to what are global security challenges. We must be actively engaged at this pivotal time in confronting the new and terrible threats of the twenty-first century.

If globalisation means anything, it means that Australia must respond to what are global security challenges. We must be actively engaged at this pivotal time in confronting the new and terrible threats of the twenty-first century. We cannot wind back the clock or avert our gaze and hope the problems go away.

An integrated, flexible national security strategy

ASPI's 2004 strategic review released last month stated correctly that Australia faces its most challenging and turbulent security outlook since the mid-1960s. The Government is acting to meet this challenge with additional resources, strategic flexibility and unwavering resolve.

Our integrated national security strategy combines strengthened defence and counter-terrorism capabilities, upgraded infrastructure and transport security, tightened border protection and enhanced international cooperation.

Even before 11 September 2001, the Government identified the need to build a more flexible, interoperable and combat-ready defence force. The rebalancing of the ADF that began with 2000 Defence White Paper will not fundamentally alter its size or structure but it will improve its capability by enhancing its fire-power, readiness and mobility.

The Defence Capability Review completed last November identified some additional requirements to take account of unconventional threats and new regional responsibilities. Additional investments have been made to strengthen the effectiveness and sustainability of the Army; to improve air defence protection to deploying forces; to enhance the lift capability for deployment; and to position the ADF to exploit current and emerging network-centric warfare advantages.

Australia's counter-terrorism response has been swift, comprehensive and decisive. Additional funding of over \$3 billion has been committed since 2001 to ensure our arrangements are as robust as possible. The Government's three-pronged approach is based on better laws, stronger terrorism-fighting agencies and enhanced international cooperation.

The Government's new framework of counter-terrorism laws preserves precious liberties while recognising that human security is the foundation of what it means to be free. We have enhanced the capacity of intelligence and law enforcement agencies to detect,

investigate and prosecute terrorists and terrorist organisations.

Timely and efficient intelligence gathering is our primary weapon against the potential terrorist threat to Australia. Our intelligence agencies are better resourced now than at any time since the Cold War. ASIO's budget alone has doubled since September 2001, with expanded capabilities in investigations and analysis, border control, threat assessment, critical infrastructure protection and security assessment. And last month I announced additional funding of over \$100 million for the other key intelligence agencies—ASIS, DIO and ONA.

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Our new strategic environment requires unprecedented coordination of domestic agencies and functions not traditionally associated with national security. The political focal point of decision-making is the National Security Committee of Cabinet which I chair. But the heightened terrorist threat has demanded enhanced policy and operational coordination across government.

The Government is also working closely with other levels of government and the private sector on a national approach to transport security and the protection of critical infrastructure. Next week, the Attorney-General will host an important business-government ministerial forum as part of an evolving framework for high level coordination.

Strong border protection remains an essential component of an integrated national security strategy. To protect the integrity of Australia's borders, the capacity of our border control agencies to monitor the movement of people and goods across Australia's borders has been significantly increased.

The final arm of national security is increased international engagement, especially in our region. Clearly, no country can alone secure its interests. Cooperation with other countries is essential. High quality diplomatic representation is therefore an essential component of our national security structure.

Australia needs to use all available means to promote global and regional security. We use the multilateral system to advance our national interests in key security areas. But while Australia works with and through the United Nations where this is effective, we will not confine our interaction with particular institutional forms or processes as ends in themselves. The only real test is whether Australian interests and values are being well and truly served.

In my view, the debate last year over action in Iraq highlighted a common mistake of seeing attitudes to the United Nations too much in terms of black or white. Australia is a constructive member of the UN, we have always contributed to UN agencies and in broad terms we see the UN as a force for good in the world. When properly supported by member states, the UN can work very effectively on international problems. We saw this in East Timor.



Dr David Morgan AO, Chief Executive Officer of Westpac on right.

But we also know there are times—as shown by such cases as the disintegration of the former Yugoslavia, Rwanda and Kosovo—when the UN has failed to muster sufficient unanimity of opinion to take necessary action. The fact is that on some occasions the multilateral approach will work and the mechanism to make it work should be nurtured and supported. But equally on other occasions that mechanism is ineffective and coalitions of like-minded countries will be required to act.

Our regional security response offers a good example of the Government's flexibility in its instruments of national strategy. 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. These underpin practical, operational-level cooperation between police, intelligence agencies, security authorities, customs and immigration services, defence forces, central banks and financial units. We are working especially closely with Indonesia on strengthening its law enforcement capacity and upgrading its security infrastructure.

The case of Australia's intervention in the Solomon Islands is another example of our strategic flexibility. The crisis of a failing state on our doorstep demanded action. This was clearly legal, being based on a formal request from the Solomon Islands government and endorsed by the relevant regional grouping.

But given that government's diplomatic recognition of Taiwan, there was virtually no prospect of a UN Security Council Resolution authorising the operation. In the end, the outcome—not the process—was what mattered. We responded effectively to a genuine threat to regional peace and security.

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An uncertain and messy world will not tailor itself to phoney debates about whether multilateral, regional or bilateral policy instruments are inherently superior. Advancing the security and welfare of the Australian people requires a preparedness to pursue strategies on all fronts when our interests are at stake.

Iraq

Tonight I don't intend to revisit in detail the events surrounding our decision to join the Coalition that ousted Saddam Hussein from power last year. But I would remind those who now want to rewrite history that disagreement over the war centred on how the international



Dinner guests welcomed by ASPI and Westpac.

community should respond to Iraq's continued non-compliance with UN resolutions and defiance of the UN's authority, not whether the regime had weapons of mass destruction.

I remain convinced that getting rid of Saddam's odious regime was the right thing to do—right for the world's long-term security, right for Australia's national interest and right for the future of the Iraqi people...

There was in fact a shared assessment by political parties on both sides of the debate that Iraq still maintained WMD programmes. In an Australian context, I would simply draw your attention to a speech in October 2002 by Labor's foreign affairs spokesman Kevin Rudd where he said this: 'Saddam Hussein possesses weapons of mass destruction. That is a matter of empirical fact. If you don't believe the intelligence assessments, you simply read the most recent bulletin from the Federation of American Scientists, which lists Iraq among a number of states in possession of chemical, [and] biological weapons and with the capacity to develop a nuclear program.'

I remain convinced that getting rid of Saddam's odious regime was the right thing to do—right for the world's long-term security, right for Australia's national interest and right for the future of the Iraqi people, who deserve an opportunity for a life lived in hope under a democratic, lawful regime, rather than a life of hopelessness under a brutal tyranny.

Britain's Prime Minister Tony Blair put it well recently when he said that 'September 11 did not create the threat Saddam posed. But it altered crucially the balance of risk as to whether to deal with it or simply to carry on, however imperfectly, trying to contain it.'%%In reality, the crumbling sanctions regime put in place after the first Gulf War meant that the status quo was becoming less and less viable with each passing day.



L to R: Paul McClintock, ASPI Councillor with Arthur Fitzgerald, Andrew Peacock, Tony Shepherd and Penne Korth Peacock.

There is no doubt in my mind that Australia's involvement in the Iraq conflict was consistent with our interests and our values. But whatever your view on the war—and I understand there are differing views in this room—winning the peace in Iraq is now vital.

Today, the challenge is to support the Iraqi people themselves through their new, sovereign government after 30 June, in their efforts to build a stable, secure, democratic Iraq—a country at peace with itself and with its neighbours. It is a noble cause—one in which Australia has both a strategic interest and a moral obligation. And we remain in Iraq to do our work on the basis that it is what the Iraqi authorities want us to do.

To give up on Iraq would be to create a haven for extremists; a sanctuary from which they can spread their ideology of totalitarianism and terror. This alone makes it vital that Australian forces remain in Iraq until their task is completed.

It is imperative that we deny the forces of lawlessness and terror a critical victory they are looking for. The international community needs to show that it is not prepared to indulge their apocalyptic dreams of *jihad*.

To give up on Iraq would be to create a haven for extremists; a sanctuary from which they can spread their ideology of totalitarianism and terror. This alone makes it vital that Australian forces remain in Iraq until their task is completed. In this tough work, our military forces deserve our admiration for their discipline, practical focus and patience.

A reply to some critics

There is a view that says Iraq is none of our business—a view which wants to pull up stumps at this critical hour, with all the implications that would entail. As you know, my political opponent has pledged to withdraw Australia's contingent in Iraq (however he precisely defines that) by Christmas—to bring them back for the 'Defence of Australia'.

It is a policy that fails the test of Australia's national interest and international responsibilities. It sends the worst possible signal, to the worst possible people, at the worst possible time. It would undermine our relations with friends and allies. And it seeks to appeal to a strain of isolationist sentiment that diminishes us as a nation.

While sensitive to our own neighbourhood, Australia has never adopted an insular or exclusively regional view of our place in the world. We must not start down that road now.

Australia has never been passive or indifferent through the great political and ideological struggles that have shaped of our modern world. We weren't during the First World War. We weren't during the Second World War. We weren't during the Cold War. We are not now, as we face new enemies of peace, freedom and democracy.

In this light, I find aspects of the Labor Party's current posture curious to say the least. A posture that acknowledges the threat from terrorists and tyrants, but reserves its most pointed attacks for our great democratic ally, itself the target of history's most evil terrorist act. A posture that invokes the international community and the United Nations, but decries action to rid the world of a murderous dictator who defied 17 UN Security Council resolutions

over 12 years. A posture that moralises in the name of liberal internationalism, but is profoundly uncomfortable with the legitimate use of military power and which sneers at commitments beyond our shores as contrary to Australia's security interests.

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The Labor Party tells us that its foreign policy is based on three pillars—the US alliance, the United Nations and engagement with Asia. But what does this mean in the case of Iraq—the defining foreign policy issue of the day?

At the very least, the United States would see a unilateral withdrawal by one of the original coalition partners as an unfriendly act. The UN after the unanimous passage of Security Council Resolution 1546 is now intimately involved in supporting a democratic future for Iraq. The resolution specifically requests member states to contribute military forces to Iraq. Many of our friends in Asia (Japan, Korea, Singapore, Thailand and the Philippines) have forces in Iraq helping to stabilise the country. They obviously have no interest in seeing the coalition fail.

And does anyone doubt for a moment that a failure of will in Iraq would give enormous comfort to Jemaah Islamiyah with all its reach in our own region?

Where we stand today, Iraq is not a diversion from the war on terror. It is the front-line. We must face this reality. International terrorism has invested an enormous amount in breaking the will of the coalition. And each and every turn of the Iraq struggle is interpreted by the terrorists as part of their campaign against the West and moderate Islam.

Implicit in the Labor Party's stance is that if it's all right for Australia to pull out, then it's

all right for the Americans and the British to go. If that were to happen we would deliver an enormous victory to the terrorists and damn the Iraqi people to a future of mayhem and chaos. This from a party which professes to believe in ‘liberal internationalism’.

The Government also faces criticism from a different quarter. To some exponents of *realpolitik*, all this talk about new threats in the twenty-first century is much exaggerated. To this way of thinking, not that much changed on September 11. We still live in a world where states and geography are trumps. Where Iraq is seen—if I can echo a phrase of long ago—as a faraway country of which we know little.

I respect the fact that people differ on what are tough strategic judgements. I strongly believe, however, that a geographically cramped, value-free style of realism is dangerously complacent and contrary to Australia’s interests at this critical hour.

The terrorists—including those who have flooded into Iraq—do not respect neat paradigms or state boundaries. As we found to our horror on 12 October 2002 in Bali they target civilians in ways that are difficult to counter through conventional security doctrines. Australia cannot purchase security by keeping its head down and leaving others to do all the heavy lifting.

The US alliance

Where these various criticisms come together is in urging that Australia distance itself from the United States. Such a course offers neither enhanced security nor some false dividend of alleged independence.

This Government has worked to strengthen our alliance relationship with the United States—a relationship founded on shared values, common interests and mutual benefits. I believe in the US alliance because it is in our national interest and delivers enormous benefits to Australia.

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Australia’s ability to influence and work with the United States is vital to meeting the security challenges that we face today—above all terrorism and weapons proliferation.

No other country approaches the global power and influence of the United States. This will not change any time soon. Indeed, the United States is likely to become more important to Australia’s future, not less.



Guests during the evening.

Our alliance relationship ensures that Australia has privileged access to an unrivalled set of military and intelligence assets. Defence technology and procurement cooperation under the alliance is essential to maintaining the qualitative edge of Australia's defence forces. Along with our vital intelligence links, this is important not just to counter conventional military threats, but also to disrupt and destroy terrorist networks.

Of course, the alliance is a two-way street. The United States should not be expected to carry all the burden and to act alone. Australia cannot proclaim itself an equal partner while looking to cherry-pick the alliance for its own narrow purposes. In this context, I have made no secret of the fact that the alliance relationship was a factor in the Government's decision to join the US-led campaign in Iraq.

A debate over whether or not the American Government will deal with a future Australian Government—whatever its political complexion—misses the point entirely. Of course it will. But given the significance of Iraq to US national security at the present time, any decision by a coalition partner to withdraw troops before the job is completed will not surprisingly be seen as a less than friendly act.

What Mr Latham clearly misses is that September 11 led to a fundamental shift in US calculus about the risks it is prepared to accept to its national security. It is important that Australians understand that this new era

of American assertiveness is likely to endure whoever occupies the White House.

Of course, we can never claim to be a military equal. The United States spends some 43% of global military spending, while Australia's share is less than 1%. But increasing outlays on defence by this Government mean that we have more options at our disposal and greater capacity to contribute in a meaningful way to alliance coalitions.

It is important that Australians understand that this new era of American assertiveness is likely to endure whoever occupies the White House.

Inevitably we will have differing priorities at times, but we are able to communicate them in a way that keeps sight of our common objectives. A capacity to speak openly and frankly with the United States at the highest levels is an asset no Australian leader should put at risk by intemperate, personal abuse.

Unfortunately, I believe the current leader of the Opposition has embarked on a course that would damage our alliance relationship. I understand this is a serious charge, but I simply take Mr Latham's statements at face value.



ASPI staff at the dinner.

The speeches where he attacks the Bush Administration, but offers no recognition of the great and noble purposes that have animated US foreign policy down the ages. The narrowly-defined defence doctrine that would circle the wagons and deny Australia a capability to cooperate with allies beyond our shores. The tired and deeply-flawed view that implies some inconsistency between a close alliance relationship and good relations in Asia.

I notice that Mr Latham's most recent recruit, Peter Garrett, had this to say last week, as commentators were reflecting on President Reagan's legacy: '...I have always had a fundamental objection to the way American power has been projected in the past, particularly through Reagan. And I obviously have those objections about the current administration as well ...'.

Now here we have a recent and clear statement from Mr Latham's hand picked protégé about how power works in the international system. If this view had been followed, Reagan's great achievements—the end of the Soviet empire, and the end of the decades long threat of mutual nuclear destruction—would never have come about. Hundreds of millions of citizens in East Europe, now living in freedom, would still labour under brutal dictatorship.

When President Reagan challenged Mikhail Gorbachev to 'tear down this wall', he was referring not just to the physical barrier horribly snaking its way from the Wannsee to Brandenburg. He was referring also to the barriers in men's minds that prevented an end to the Cold War thinking, barriers to a more comprehensive approach to how peace and security could be achieved and sustained.

In seeking that more effective approach to security, it is important to note how much common ground there is in the United States across the political divide. For instance there is a great deal of overlap in the Democratic and Republic Party leaderships about how the United States should now behave in Iraq. That fact reveals how far Mr Latham's position is from the views of both the President of the United States and his political opponent.

I notice, for instance, last Monday the Foreign Policy adviser to Senator Kerry, Mr James Rubin, had this to say about involvement in Iraq: 'John Kerry has been very clear that, regardless of what you think about how we got here, here we are. And failure is not an option in Iraq. And the prospect of success in Iraq will be improved by maintaining a substantial contribution from friends and allies, including Australia.'

At a time when close cooperation with Australia's major ally has never been more important, the position adopted by the Labor Party is strikingly at odds with the character our relationship has assumed over the years. Downgrading the US alliance is not good for Australia. Walking away from our friends when they need our support is not the kind of country we are.

The primary focus of the ADF remains the defence of Australia and supporting stability in our immediate region. But to defend Australia's interests, there will be occasions when we choose to contribute niche capabilities to operations further afield.

Those who suggest that our close alliance comes at the expense of Australia's independence and self-reliance fail to understand the fundamentals of Australia's defence posture in our rapidly changing security environment. The primary focus of the ADF remains the defence of Australia and supporting stability in our immediate region. But to defend Australia's interests, there will be occasions when we choose to contribute niche capabilities to operations further afield.

American military pre-eminence and a strong alliance relationship do not undermine our self-reliance. Properly understood, they help to underpin it by enhancing our capacity to respond to a wider range of developments.

Asia and the Pacific

The ANZUS alliance is an essential pillar of peace, security and prosperity in our region. A secure, stable and prosperous Asia is an abiding national interest of Australia.

The Government's policies of active engagement with Asia reflect, and respect, the region's political, economic and cultural diversity. This is the foundation of the Coalition's sense of what engagement invariably means in practice. As the historian David Goldsworthy has stated: 'In case after case, episode after episode, it is the particularity of different Asian states and subregions that needs to be grasped if the character of Australian engagement is to be clearly understood.'

Appreciating Asia's diversity is central to the conduct of sensible, practical, sustainable Asian engagement. This textured story resists all attempts to make it conform to some narrow, partisan agenda. No Australian political party has a monopoly on engagement with Asia—however that might be defined. And Australians have consistently shown a studied indifference to attempts to make Australia's relations with Asia a domestic political battleground for identity politics.

Too often, simple bromides masquerading as 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.

What is needed, above all, is a clear sense of how to advance Australia's prosperity and security in Asia with practical initiatives grounded in common interests.

The Coalition Government builds on a tradition of constructive engagement with Asian neighbours. Strengthening economic relations has been a special focus.

A little more than a decade after the Pacific war, the Menzies Government forged the great and enduring economic partnership with Japan through the 1957 Commerce Agreement—over the opposition of many including the Labor Party led by Dr Evatt. Japan remains our

biggest export market and we are working to identify new areas of economic cooperation.

More and more Australians are coming to see how the rise of China as a geo-political and economic power will have a profound impact on Australia's future. With our scoping study on a free trade agreement, the Government has clearly signalled its interest in forging a strategic economic partnership with China based on far-reaching economic complementarities.

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Our free trade agreements with Singapore and Thailand have demonstrated the Government's pragmatic interest in lowering trade barriers and deepening economic integration with Southeast Asia. I look forward to welcoming Thailand's Prime Minister Thaksin to Australia in two weeks time to sign our agreement. I hope to have the opportunity later this year to meet with ASEAN leaders to discuss further steps towards economic cooperation.

The Government is also working to strengthen Australia's security links in the Asia-Pacific region. We have an extensive network of defence relationships in Asia with counter-terrorism cooperation of particular and growing importance.

Closer to home, Australia has entered a new phase in its strategic role in the Pacific—confident to lead, confident in what we offer, and confident we are seen as partners for progress.

There was a time not so long ago when sensitivities about alleged 'neo-colonialism' perhaps caused Australia to err on the side of passivity in our approach. Those days are behind us as we work constructively with others to address the challenges faced by our immediate neighbourhood.

This new Pacific partnership is based on our willingness to commit the resources needed for decisive action and our capacity to work with our Island neighbours to identify cooperative solutions to the region's problems. Australia has a particular responsibility to help those countries struggling to secure the basic requirements of law and order. In this context, the RAMSI mission in the Solomons serves an important demonstration—both to those who value peace and order and to those who might seek to undermine our efforts.

In December 2003, Australia and Papua New Guinea entered a new era of cooperation in which Australians will work side-by-side with PNG in the areas of policing, law and justice as well as on economic and public sector management.

...Australia has entered a new phase in its strategic role in the Pacific—confident to lead, confident in what we offer, and confident we are seen as partners for progress.

I do not wish to understate the enormous challenges faced by many states on our doorstep. And I do not want to imply that we can simply transfer home-grown solutions from Australia into completely different social, economic and political environments. But through an integrated set of measures targeted at enhancing security and strengthening governance we are determined to play our part in helping to foster stability and a brighter future in the Pacific.

Conclusion

Australia has no option but to engage with, adapt to, and help to shape a constantly changing security environment. The job of national security is never done. It continues to demand large resources, strategic flexibility and great endurance.

In our region and around the world, Australia commands respect based on our military capability, our economic strength, our

strong alliance relationships, our diplomatic engagement, and our willingness to take a stand. Together, they make Australia an effective force, and a force for good.

There can be no retreat into splendid isolation or paradigms of the past.

We cannot put a fence around our country or our region. We cannot draw back to the illusion of Fortress Australia.

We cannot put a fence around our country or our region. We cannot draw back to the illusion of Fortress Australia. Nor can we take refuge in a brand of realism that offers little more than world-weary cynicism.

Australians are determined to maintain one of the freest, most open, most tolerant countries in the world. Though tested in recent times, we have come through with strength and resolve.

We are a naturally optimistic and confident people. Nothing will change that.

We see this displayed each year when thousands of young Australians flock to the Gallipoli ceremony in Turkey. This pilgrimage is now almost *de rigueur* for young Australians backpacking around Europe as they remember the sacrifice of earlier generations of Australians.

Today, faced with new threats in a new century, our history, our interests and our values have summoned us again to play a role on the global stage. To play our part beside our allies in a long, tough struggle against intolerance, brutality and extremism. To defend the civilised values that have made Australia the nation that it is.

So an Afghan woman can go to school. So an Iraqi Kurd does not fear a knock at the door. So Australian businessmen and businesswomen can expand their offices in Beijing and Kuala Lumpur and Jakarta. And yes, so a young Australian backpacker can safely go overseas and have a look around.

ABOUT ASPI

The Australian Strategic Policy Institute (ASPI) is an independent, non-partisan policy institute. It has been set up by the Government to provide fresh ideas on Australia's defence and strategic policy choices. ASPI is charged with the task of informing the public on strategic and defence issues, generating new ideas for government, and fostering strategic expertise in Australia. It aims to help Australians understand the critical strategic choices which our country will face over the coming years, and will help Government make better-informed decisions.

For more information, visit ASPI's web site at www.aspi.org.au.

ASPI's Research Program

Each year ASPI will publish a number of policy reports on key issues facing Australian strategic and defence decision-makers. These reports will draw on work by external contributors.

Strategy: ASPI will publish up to 10 longer studies, including a series of annual publications on key topics, such as the defence budget, regional capabilities and Australian Defence Force capabilities.

Strategic Insights: A series of shorter studies on topical subjects that arise in public debate.

Commissioned Work: ASPI will undertake commissioned research for clients including the Australian Government, State governments, foreign governments and industry.

ASPI Council Members

ASPI is governed by a Council of 12 members representing experience, expertise and excellence across a range of professions including business, academia, and the Defence Force. The Council includes nominees of the Prime Minister and the Leader of the Opposition.

Chairman

Professor Robert J O'Neill AO

Deputy Chairman

Major General Adrian Clunies-Ross (Retired)

AO, MBE

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