



Speech by

**Stephen Smith MP**

**Minister for Foreign Affairs**

*'Australia, ASEAN and the Asia-Pacific'*

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**(Check Against Delivery)**

## ***Introduction***

Thank you, Alan, for that introduction.

Thank you also to the Lowy Institute for giving me the opportunity to speak to you about Australia's engagement with ASEAN and the wider Asia-Pacific region.

Next week, I'm travelling to Singapore to take part in a series of ASEAN related meetings.

It will be my first opportunity as Foreign Minister to participate in Foreign Ministerial meetings of the East Asia Summit, the ASEAN-Australia Post Ministerial Conference and the ASEAN Regional Forum.

This provides me an opportunity to reflect on some of the history of Australia's engagement in our region; our continuing work with ASEAN, the ASEAN Regional Forum, the East Asia Summit and APEC.

It also provides an opportunity to reflect on the avenues through which we can help shape for the better the future of our region.

## *The Asia Pacific Century*

Global economic and strategic influence is inexorably shifting to the Asia Pacific.

Within Asia we have the world's two most populous countries, two of the top three economies, the largest democracy in the world, and the country with the largest muslim population in the world.

China and India are adding their enormous energy to the already considerable economic strength embodied in Japan and Korea.

By 2020, it is forecast that Asia will account for around 45 per cent of global GDP, one-third of global trade, and more than half of the increase in global energy consumption.

By 2020, 56 per cent of the world's nearly 8 billion people will live in Asia.

Asia's surging growth is driving Australia's own economic prosperity.

In 2007, Australia's total global merchandise trade stood at over A\$350 billion. Of that, over A\$200 billion, nearly two thirds of our merchandise trade, was with Asia.

In ASEAN itself, we have also seen comparable economic and demographic growth.

The shift, however, is not just economic or demographic. It is also strategic.

Three of the world's five largest military forces, China, India and the Democratic People's Republic of Korea, are located in Asia. The other two, the United States and Russia, have very substantial military forces in the Pacific theatre.

East Asian military spending alone is now equivalent to that of all the European NATO countries combined.

With this transfer of economic and strategic influence comes an expectation of, and the actual exercise of, greater political influence.

South East Asia will always be critically important to Australia's strategic, security and economic interests.

How South East Asia adjusts to the shifts in economic and strategic power and influence in the Asia Pacific in the coming decades will shape Australia's strategic environment.

The continuing rise of China and the emergence of India will almost certainly produce the most significant of these shifts.

Our security and prosperity will hinge to a significant degree on the political and economic development of our friends and neighbours in South East Asia.

### ***Australia's Engagement with the Asia Pacific***

Australia has a responsibility to work with our region to ensure we are collectively well-placed to advance our common interests. It is unambiguously in our long term national interest to do so.

Comprehensive and active engagement with the Asia-Pacific region is one of the three pillars of the Rudd Government's foreign policy approach.

The Australian Labor Party in Government has both the history and the form in recognising the importance of actively engaging with Asia to advance Australia's long-term national interests.

In the 1940s, a Labor Government under the leadership of Prime Minister Ben Chifley and Foreign Minister Doc Evatt supported Indonesian independence at the UN.

In the early 1970s it was Gough Whitlam, then Opposition Leader, who famously visited China when it was not quite so fashionable to do so. On coming to government, the Whitlam Government's decision to establish diplomatic relations with Beijing represented a real watershed in Australia's approach to Asia.

In 1973, the Whitlam Government became one of the earliest Western countries to establish diplomatic relations with Vietnam after the signing of the Paris Peace Accord. I was delighted to mark the 35<sup>th</sup> anniversary of that significant event when I visited Vietnam earlier this month.

Under the Whitlam Government in 1974, Australia then became ASEAN's first dialogue partner.

In January 1989, Prime Minister Hawke first floated the idea of a regional forum for economic cooperation. A year of Australian diplomatic activity culminated in the holding of the first APEC Ministerial Meeting in Canberra in November of that year.

Prime Minister Paul Keating built on Australia's legacy as an architect of APEC by seeking to elevate APEC from a forum for foreign and economic ministers of the member economies to a forum for Presidents and Prime Ministers.

Mr Keating personally lobbied key regional leaders, including US Presidents Bush and Clinton. As a result of his efforts, the first APEC Leaders' Summit was hosted by US President Clinton in Seattle in January 1993.

The scheduling of regular APEC Leaders' meetings provided opportunities not just to advance the work of APEC but to strengthen the personal and institutional linkages across the region through meetings between the leaders.

The Hawke/Keating Government also deployed Australia's diplomacy to promote regional peace and security in South East Asia.

The major diplomatic effort led by my predecessor Gareth Evans ultimately led to the very significant signing of a peace agreement in Cambodia, and the engagement of a UN peacekeeping force.

Gareth Evans also pushed for the creation of a regional forum for the discussion of strategic issues, based loosely on the ASEAN Post Ministerial Conference.

These Australian diplomatic efforts were also instrumental in the decision to form the ASEAN Regional Forum in 1994.

## *ASEAN's Evolution*

ASEAN, created in 1967 with the objective of promoting regional stability and development, is one of our region's oldest institutions.

From its five original members - Indonesia, Malaysia, the Philippines, Singapore and Thailand - it has grown to embrace ten South-East Asian nations and some 575 million people.

In large measure, ASEAN has made real progress towards realising its founders' goals.

ASEAN has been a vehicle for promoting regional economic growth.

In 1990, its aggregate GDP stood at some US\$350 billion. This year, the IMF predicts it will reach almost US\$1.5 trillion. Over the past 25 years, the combined GDP of ASEAN member countries has grown at an average rate of 7 per cent per year.

In achieving this growth, its members have had to weather the adverse effects of the Asian financial crisis of the late 1990s. This strengthened their joint resolve to increase economic and financial cooperation and reform, including agreement to establish an ASEAN economic community by 2015.

ASEAN has made progress toward liberalising trade. It has established an ASEAN Free Trade Area. It is negotiating Free Trade Agreements with key trading partners, including Australia and New Zealand, China, the Republic of Korea, Japan and India.

Since 1967, ASEAN has witnessed considerable political change.

Indonesia's transition to democracy is the most striking recent example. When ASEAN formed in 1967, President Suharto had just taken power, entrenching the military at the centre of Indonesian politics. Today, Indonesia is a vibrant, diverse and open society, and one of the largest democracies in the world.

The ASEAN Charter, signed in 2007, represents a further evolution of ASEAN as an organisation. It illustrates how ASEAN is trying to reconcile its traditional values of sovereignty and non-intervention with internal pressures for reforms in its decision-making processes.

ASEAN has become a hub of regional multilateral forums, including the East Asia Summit and the 'ASEAN plus 3' grouping, where the North Asia countries of China, Japan and Korea, come together on a regular basis for discussions with ASEAN.

In the process, ASEAN has also been a focus for discussion of evolving regional architecture.

In this context, and perhaps most importantly, ASEAN has been steadily building a common identity among its member states as part of its own efforts to build its community of nations.

This is a work in progress.

Achieving such an outcome would be highly impressive.

At the crossroads of the world's great cultural traditions, the region has immense religious and cultural diversity. Its history displays the extraordinary legacies of both China and India. It accommodates all the world's most popular religions.

At the same time, the region is not immune from the ethno-nationalism and religious identity politics that we see played out in other parts of the world, and which too often serve to divide communities.

Yet, as their work on designing an ASEAN Charter suggests, the ten ASEAN states are today much closer to their original objective than they were even a decade ago, let alone at ASEAN's beginning.

## *ASEAN and Australia*

ASEAN has particular economic and strategic importance for Australia.

Our two-way merchandise trade with ASEAN totalled over \$55 billion in 2007. Our people-to-people links are deep and enduring. There are over 70,000 students from ASEAN countries studying in Australia.

Australia has supported ASEAN and the stability and regional cooperation it has fostered since its establishment.

Since becoming ASEAN's first dialogue partner in 1974 we have invested considerable effort in building this partnership.

In June, Prime Minister Kevin Rudd became the first head of Government of an ASEAN dialogue partner to visit the ASEAN Secretariat in Jakarta.

I met with Dr Surin Pitsuwan, ASEAN's new Secretary-General, in Bangkok earlier this month and welcomed the signature by ASEAN of its first ASEAN Charter.

There are several key elements to Australia's relations with ASEAN: developmental, economic and trade links, and defence and security.

### **Developmental Assistance**

Australia has a long-standing development assistance relationship with ASEAN.

In 2008-09, Australia's development assistance for the East Asia region will be nearly \$1 billion, most of it for ASEAN member countries, making us one of ASEAN's major development partners.

Our development assistance is both bilateral and regional, and designed to address transnational threats such as people trafficking, illicit drugs, terrorism, infectious diseases and regional economic integration.

During my recent visit to Thailand, I saw at first hand the outstanding work being done by a Thai-Australian collaborative project on HIV and nutrition. The Thai Red Cross AIDS Research Centre and the Sydney-based Albion Street Centre provide nutritional advice to HIV patients and track the progress they make.

Improved nutritional intake has the potential to extend the period HIV patients can remain on first-line drugs prior to moving to more

expensive drugs. This has the potential to save millions for the Thai Health Budget.

Australia recently announced Phase II of the ASEAN Australia Development Cooperation Program, which will continue to support ASEAN's economic integration, including its goal of establishing an ASEAN Economic Community by 2015.

Australia is ASEAN's first dialogue partner to take a partnership approach to its development assistance program with ASEAN by placing an AusAID official directly into the ASEAN Secretariat to work with Secretariat officials in implementing this important program.

### **Economic and Trade Links**

On economic and trade links, we are currently negotiating a comprehensive ASEAN-Australia-New Zealand Free Trade Agreement, to add to the bilateral FTAs already in place, being negotiated or examined.

An FTA between ASEAN and Australia and New Zealand will strengthen our trading relationship and contribute to stronger investment flows.

It will provide a further platform for our ongoing enhanced economic and trade engagement with our region.

Australia is also pursuing economic outcomes in partnership with ASEAN at the East Asia Summit.

In 2005, Australia became a founding member of the East Asia Summit, the body that groups ASEAN with China, India, Japan, New Zealand, the Republic of Korea and Australia.

The East Asia Summit is a major regional forum that makes a significant contribution to East Asian community building.

It provides the invaluable opportunity for high-level discussions on a broad spectrum of critical issues including energy security, climate change and regional financial cooperation and integration.

Australia is also examining future options for economic and trade integration between the sixteen countries of the East Asia Summit, which collectively account for around 60 per cent of Australia's trade.

Australia supports the East Asia Summit's trade and economic cooperation goals. We will continue to play a constructive role in advancing the interests of this important body.

## **Defence and Security**

Our cooperation with ASEAN also embraces defence and security.

The ASEAN Regional Forum, founded in 1994, in part an Australian diplomatic initiative as I noted earlier, remains the region's primary multilateral security forum.

It positively contributes to counter-terrorism, non-proliferation and maritime security capacity building.

It fosters military to military and civilian-military security cooperation.

Both of these are crucial in the delivery of humanitarian assistance and disaster relief, as the tragic events in Burma have shown.

It is important that the ASEAN Regional Forum develop practical capabilities in this area.

We look forward to collaborating with ASEAN Regional Forum partners in practical regional security initiatives, so the region becomes more responsive to its security challenges.

In addition to the regional security-related work we do with ASEAN, Australia contributes to regional security bilaterally with ASEAN member states.

Australia has defence relationships with most ASEAN countries.

Close cooperation with ASEAN and its member states is essential for combating the terrorist threat in South-East Asia.

We signed the ASEAN-Australia Joint Declaration for Cooperation to Combat International Terrorism in July 2004, and finalised the Work Programme to Implement the Joint Declaration in June 2007.

Australia and the Philippines signed a Status of Visiting Forces Agreement in May 2007.

The Lombok Treaty, the historic Agreement on the Framework for Security Cooperation between Australia and Indonesia, came into force in Perth on 7 February 2008.

We have concluded counter-terrorism MOUs with Indonesia, Malaysia, Thailand, Cambodia and Brunei.

We set great store by highly productive counter-terrorism relationships we've developed in South-East Asia, including through the Jakarta Centre for Law Enforcement Cooperation.

This joint Indonesian-Australian enterprise has developed a strong reputation across South-East Asia as a dynamic institution, which builds capacity to counter transnational crime, and also fosters cooperation and networking between officers of regional agencies on cross-border issues.

Australia recognises the great contribution ASEAN has made to regional stability, economic growth and cooperation over decades. It has been pivotal in bringing together the diverse communities of South-East Asia to the one table to jointly advance the region's interests.

In outlining for you Australia's essential engagement in Asian regional institutions, there's one more vital element in the Asia-Pacific's regional architecture.

That is APEC, whose beginnings under the Hawke/Keating Government I described earlier. Seven ASEAN member States are also members of APEC.

## *The Role of APEC*

APEC has developed a strong track record of forging regional prosperity and security.

APEC's annual leaders' meetings remain a key element in creating regional consensus on a range of issues.

APEC reinforces the United States' regional engagement, something Australia regards as essential.

APEC is excellent at its core work: trade and investment liberalisation and business facilitation.

It is now focusing on structural reform behind borders and the possibility of a Free Trade Area for the Asia Pacific.

As well, we are bolstering APEC's human security agenda, strengthening its institutional capacity and we want to bring India into the fold.

Tragedies such as those caused by the Boxing Day tsunami, Cyclone Nargis and the Sichuan earthquake show how urgently our region needs strong disaster coordination mechanisms and effective disaster warning systems.

That's why the Prime Minister and President Yudhoyono recently agreed to take to this year's APEC Leaders' Meeting a joint proposal on how to strengthen regional disaster response work.

We remain keen to work with and in APEC to secure ambitious trade and investment outcomes in the Asia-Pacific.

APEC has an important role to play alongside ASEAN and ASEAN related mechanisms.

They each make a unique positive and constructive contribution to regional relations and regional cooperation.

APEC, ASEAN, the ASEAN Regional Forum and the East Asia Summit processes can and should continue to develop in this complementary fashion.

The reason Australia is able to work so well in these various regional bodies is that we share a common objective with our partners.

We all want to see a stable and prosperous Asia-Pacific.

All of the mechanisms to which I've referred are essential conduits and catalysts for common action. That's why Australia remains so committed to working even more closely with them.

In the three and a half decades since Australia became a dialogue partner with ASEAN the changes in the region have been enormous. And the prospects and potential for even greater change is upon us this century.

For this reason, we need to think about how to position our region to adapt to and exploit these changes, and to better shape and influence them.

That's why, consistent with our commitment of comprehensive engagement with the Asia-Pacific region, the Prime Minister recently announced an Asia Pacific community initiative.

### ***Evolving Regional Architecture: the next steps***

Shaping our evolving regional architecture in ways that suit the diverse nation states of our region is a challenging task, but it's a task which the Government believes Australia must be engaged in.

The Prime Minister's initiative has started a conversation with our friends and neighbours about how the Asia Pacific regional

architecture might evolve to meet future strategic, security, economic and political challenges and opportunities.

It's about what best regional architecture might prepare us for these emerging regional and global challenges.

The Asia Pacific community initiative encourages a debate about where we want to be in 2020, as world economic and political influence continues its inexorable shift to Asia.

The challenges we face are substantial:

shifts in the distribution of strategic, economic and military influence within the international system;

climate change and the increasing scarcity of natural resources including fresh water, arable land and energy supplies;

the power of non-state actors, transnational criminal groups and terrorists;

weapons proliferation, including the risk of nuclear, biological or chemical weapons falling into the hands of terrorists;

health pandemics, and their potentially catastrophic impact on human lives, trade flows and the movement of people; and

poverty and inequalities in the distribution of wealth due to the varying rates of adaptation to economic globalisation.

Australia and the region have a great opportunity to create something that can help us collectively to address these challenges.

The initiative centres on the idea of having a regional process that would for the first time:

span the Asia- Pacific, and include the US, Japan, China, India, Indonesia and other States in the region;

engage in the full spectrum of dialogue, cooperation and action on strategic, security, economic and political matters;

encourage the development of a genuine and comprehensive sense of community, whose primary operating principle was cooperation.

This conversation doesn't diminish any of the existing regional bodies. On the contrary, they will continue to play their essential roles.

There could be a new piece of architecture, as ASEAN and APEC once were. Or it could evolve and emerge from and through the existing architecture, as the ASEAN Regional Forum and the East Asia Summit have.

As currently configured, none of the current architecture is comprehensive in membership, scope or purpose.

India is not a part of APEC.

The United States is not part of the East Asia Summit.

We don't have a single piece of architecture where all of the key regional players can be in the same room at the same time talking about both economic and strategic matters.

As you know the Prime Minister has appointed a special envoy, Richard Woolcott, to engage with the region's political and intellectual leaders and pursue this conversation.

And I certainly look forward to continuing this conversation in my meetings in Singapore next week, as I have recently with various of my counterparts.

## *Conclusion*

Australia's relations with ASEAN have never seen such potential.

While we are be in good shape, there is much more we can and need to do.

The evolution and and development of our regional architecture is vital for our region's future prosperity.

Helping to create the right structures for the future, or helping them emerge from existing ones, is not a process Australia can afford to watch from the sidelines.

This approach is in the best traditions of Australian Labor Governments: recognising the importance of comprehensive engagement with the Asia Pacific and seeking to shape its outcomes, including through its regional architecture.

Thank you.