

# **Towards an Asia-Pacific Century Speech to the Kokoda Foundation Australia-US Trilogy**

by

The Honourable Kevin Rudd MP, Prime Minister of Australia

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Thank you Ross (Babbage), for that wonderful exercise in expectation management. 'You've spent 25 years of your career preparing for this speech tonight.' I'll pay you back big time mate.

Ross actually was one of my teachers at the Strategic Defence Studies Centre at the Australian National University and upon election to this office I asked him to shred all of my university assignments and he's done so. So my thanks to him and why he can treat me with such cavalier disregard.

To my good friend Ambassador Rich Armitage, who has given me heaps over about 15 years and when he's been in power and not in power, but Rich, I regard you as a long, enduring friend of Australia and it's great to have you with us here today.

To Ambassador Robert McCallum, where is the Ambassador, I saw him here I think earlier on. Robert is coming to the conclusion of his assignment here in Canberra and could I publicly use this occasion, when we have so many Americans with us in the room, to acknowledge his contribution to the Australia-United States relationship and alliance.

Robert, you go from this country with us as Australians knowing that you are a true friend of Australia and a great supporter of this alliance and we thank you for your work.

Also in the room tonight we have my good friend Stanley Roth, former Assistant Secretary of State for East Asia in the Clinton Administration. We have also Lieutenant - General Fraser, Deputy Commander US Pacific Command and thank you General Fraser

for the hospitality you and Admiral Keating showed me and my party when you recently spent some time at PACOM in Honolulu.

Greg Combet, Parliamentary Secretary for Defence Procurement, Air Chief-Marshal Angus Houston, Chief of the Australian Defence Force, Michael L'Estrange, Secretary of the Department of Foreign Affairs and Trade, Peter Varghese, Director General of the Office of National Assessments, the Honourable Kim Beazley, good to have you with us here Kim, Chancellor-elect of the Australian National University, a great Australian national institution and leading members one and all of the Australia-US security policy community.

Firstly, I should apologise now for interrupting your dinner so early and delivering this address at the time that I'm so doing and the reason is I'm about to head out the door and head off to Lima in Peru for APEC.

Normally, I'd be leaving tomorrow morning but there is industrial action in Papeete. Papeete is normally the place where we would refuel. I'm reliably informed that because of the industrial action on the part of trade unionists in Papeete, we could safely land the Royal Australian Air Force aircraft on which I'll be travelling but not necessarily take off again, which could lead to some embarrassment if I was in fact in Tahiti for the three days that I was supposed to be in Peru for APEC.

So that's why you have me now, speaking, because I literally zip out the door and jump onto an aircraft to travel to Lima via Honolulu, via Acapulco, in order to land in Lima on time. Think of me.

It's great to be here also at an institution which is named after Kokoda. For Americans who are with us tonight, Kokoda holds a particular significance. Many will be familiar with it, as I know Rich and others are. Others who may be visitors for the first time with us may be less familiar.

It is a story, rich in Australian heroism, rich in an Australian attitude of absolute defiance and rich in the story of us inflicting the first defeat on land to the Imperial Japanese army in the Second World War. And for us therefore it holds particular significance.

At a personal level, I actually walked the Kokoda Track a few years ago. For those of you who have not done it before can I say you are very sensible.

The Kokoda Track is 93 kilometres over the Owen-Stanley Ranges and it is as horrible now to walk as it was back then.

I walked it with a team of people, without a rifle on my shoulder and without even a pack on my back and it nearly killed me.

It is an extraordinary piece of terrain. We did so in the end of a monsoonal season. By the time we got to the end we had developed, all of us practically in our team, the 21st century equivalent of footrot, or trench rot, which as you know – sorry, you're eating at this stage – which as you know was endemic across many of the trenches in the Western Front in the First World War.

By the end a number of us had feet which had swollen up to be the size of footballs, mine included, and they were not a pretty sight to see. In fact, they had swollen up so large that it was impossible to wear shoes.

My complication was the afternoon after concluding the walk at Popendetta and then flying back to Moresby I was due, as Shadow Minister for Foreign Affairs, for a meeting with the Prime Minister of Papua New Guinea, Sir Michael Somare. Sir Michael, as you may know, usually wears sandals but I then walked into his office wearing socks and no shoes. He looked at me, looked at the shoes, looked at the non-existence of shoes, looked at my socks, looked at the size of my feet, and said 'Kokoda'. I said 'Yeah' and he said 'You silly European bastard'.

He was right.

Can I say to our American friends who are here this evening, you are genuinely welcome guests in our country.

This engagement with our friends across the Pacific, our allies and partners across the Pacific goes back a long, long time and it is given continued vitality by the continued presence of so many of you who engage with so many of us in all dimensions of the security policy relationship between us.

We value that. We valued it in the past. We value it now and we will value it in the future. Because this, for the Government of Australia and the people of Australia, is for us the most critical relationship. And so you are welcome.

The Australia-US Alliance is a relationship reflecting the deep and enduring interests of both our nations.

It is an alliance whose long-term operation transcends any partisan divide.

It is also an alliance which has survived 13 Presidents, 12 Australian Prime Minister, Republic and Democrat, Labor and Liberal, and it has flourished, and it continues to do so.

It is also in Australia's view an alliance that has helped underpin the security and stability of the wider region.

Through its network of alliances in our region, the US presence in the Western Pacific has been a force for stability for more than half a century.

As I said to President-elect Obama when I spoke to him to congratulate him on his election victory, Australia is looking forward to further strengthening our relationship with the United States in the future.

A strong and enduring US Alliance will contribute and continue to be the basis for our close security cooperation with his Administration, as it has been with all US Administrations for the last 60 years and more.

I very much welcome President-elect Obama's commitment in his foreign policy plan to forging a more effective framework in Asia and working to build an infrastructure with East Asian countries that can promote stability and prosperity for the future.

Australia looks forward to working with the Obama Administration:

- on the ongoing coordinated response to the global financial crisis;
- on the long-term political, economic, and strategic architecture of the Asia-Pacific region;
- on the great and enduring challenge of nuclear non-proliferation; and
- on the great challenge also of climate change, which is of major relevance to our region with the rise of China and with the rise of India.

These are challenges we intend to embrace together, Australia and the United States, and I look forward to doing so.

The Asia-Pacific region will in the 21st century increasingly become the focus of a global shift in the centre of geo-strategic and geo-economic gravity.

I look forward very much to working with the Obama Administration in the future – just as Australia has worked closely on the great challenges that lie ahead with President Bush's Administration in the past.

The theme for this year's conference goes to the heart of Australia's interests. Put simply, what goes on in the Western Pacific is vital to Australia's enduring interests.

History makes this point very clearly.

In 1941 and 1942, the direct security threat to Australia – the first we had faced as a nation – came to us across the Western Pacific.

The Western Pacific became the battleground on which we fought for our national survival. And our partner in that fight, our ally in that fight, was the United States of America, something Australia will never forget.

For Australian policy makers, the geo-politics of the Western Pacific and our relationship with the United States have always been intimately linked.

And today it is no different.

The Western Pacific still contains potential military flashpoints that could have enormous ramifications for Australia.

The Taiwan Straits have not simply gone away, they are still there and they do represent a potential source for instability in the future.

We welcome recent moves towards better relations between China and Taiwan. But the Taiwan Strait remains highly militarised and the core political disagreements between China and Taiwan still today remain unresolved.

The Korean Peninsula too is home to unresolved tensions.

North Korea maintains one of the largest armies in the world. And it has sought to develop nuclear weapons.

The armistice at the 38th parallel has held for 55 years but the fact that no peace treaty has been signed reflects the ongoing tension.

We also face a range of other security policy challenges here in our own region.

International terrorism is far from defeated and we must maintain our vigilance.

Terrorism may be out of the newspapers for a while, terrorism continues to be a threat to us all and we must maintain vigilance.

Fragile states face internal security threats and require our support.

We face a complex range of security challenges in our region therefore. For the first time in the nation's history, this Government will soon deliver a national security statement to the Parliament.

This document will provide a conceptual framework for dealing with the complexity, the density and the interconnectedness of the security policy challenges Australia now faces.

The document will bring greater discipline to the way we approach national security policy at all levels of government and across the full dimensions of the threat spectrum.

Sitting under the national security statement we will have a series of other guiding documents.

The Defence White Paper will be delivered in the first half of 2009.

The Government has made it clear that it will require a comprehensive White Paper.

The White Paper will set out the strategic terrain we foresee for the region and beyond.

And we want a White Paper that addresses all of the defence enabling capabilities – such as personnel, IT, logistics, and facilities – which are also critical to ensuring military success.

In addition, the Government has made it clear what we expect to see a White Paper as being, namely, properly costed.

We want a properly costed resource plan that covers major capability projects, and the critical support areas that I mentioned.

The White Paper will outline how we propose to structure our defence forces to meet those challenges for the long-term future and it will outline how we fix any gaps in the short term.

It will be a long-term planning document that will bring new discipline to our defence capability planning.

And I would like to say again tonight to this audience that this will include a particular emphasis on the maritime capabilities that will become increasingly important in our strategic environment in the Asia Pacific region over the period of the White Paper.

At the same time as planning for our long-term defence needs, we are strengthening our defence cooperation with crucial partners in our region.

Enhancing our security and defence cooperation has been a key theme of my visits recently to Japan, the Republic of Korea, Indonesia, Malaysia and Singapore.

We in Australia intend to deepen our defence cooperation with these countries. We have also proposed to enhance our security cooperation with India and our security policy dialogue with China. These are important friends and partners for the future.

Australia's long-term national security also hinges on our long-term economic security.

The Global Financial Crisis is an important reminder of the close links between economics and security.

The Western Pacific will be the leading centre of global change in the 21st century. The region's economic weight is increasing rapidly. This economic growth, this economic weight is driving substantial changes in strategic weight.

The challenge for all nations in the region is to cooperate effectively to manage the economic and security changes and challenges that are now unfolding.

It will take some time for the full effects of the crisis to be felt.

But unless we handle this crisis effectively on both a global and regional basis, it has the potential to increase the fragility of some of the economies of the region and to reduce their ability to respond to the challenges that lie ahead.

History should be our teacher.

That is why the common resolve of the G20 recently convened in Washington to shun protectionism and to embrace free trade is a positive sign for the future.

We now know that closing our borders is a counter-productive approach to economic problems such as the global financial crisis.

But history also highlights the need for a coordinated global response to such crises. President Bush's initiative in convening the G20 Summit was important, positive and necessary.

But the Washington Summit is but the first step in a long process of global economic recovery.

The crisis needs to be addressed through determined, coordinated and positive action in the critical months that lie ahead.

G20 leaders have laid down a clear path to help us weather the current crisis to prevent this type of crisis from happening again, and by acting on the demands of the real economy.

The statistics of the G20 speak for themselves. These members account for 80 per cent of world trade, 85 per cent of the world's banking system, 85 per cent of global gross national product.

But the importance of this group is more than just the statistics would suggest.

It brings together for the first time in a formal forum, developed and emerging economies. It brings together the critical economies and nations of the Americas, North and South, from Europe and from Asia.

Its strategic economic weight and its representative nature provide the G20 with potential for real long term authority. Of great importance for Australia and for the United States is that the G20 also includes key partners in Asia.

China and India as two emerging economic giants must be part of solutions to global economic and financial challenges, they must be a formal part of the solution, the considered solution to global economic and financial challenges.

It no longer makes sense for them not to be so. So too must Japan, still the world's second largest economy. South Korea also has an important role to play. It is a major exporting nation and a country that has weathered the 1997 Asian Financial Crisis and has come out stronger.

Indonesia is a voice for South East Asia in the G20, in addition to being the largest Muslim country in the world.

What this means is that alongside Australia, these nations give our region a greater voice in the affairs of the global economy and beyond.

There will be another Summit by the end of April next year to confirm the action agenda agreed in Washington. With the increasing economic importance of the Asia Pacific Region, the G20 will provide a continuing forum for the countries of the Asia Pacific to craft the international responses to the financial crisis and the impact on the real economy.

Coming as it does just a week after the G20 Summit, the APEC economic leaders meeting in Lima provides a further opportunity for APEC economies to commit to the actions agreed to in Washington.

APEC has always demonstrated an ability to respond to new challenges that threaten its core objectives of trade and investment liberalisation.

The crisis and the international response is already at the top of the APEC leaders' agenda.

As a group of economies accounting for more than half of global GDP and around half of world trade, APEC is well placed to provide political and practical support to the consensus reached on the crisis in Washington.

APEC can also assist by staying focussed on removing barriers to trade across the region and beyond.

Australia has been a leading proponent of the removal of trade barriers in our region.

And Australia will continue to emphasise the importance of free and open trade.

The international community must at every level work together to ensure responses to events such as the global financial crisis do not include any resort to protectionism nor undercut efforts toward economic growth and development in the region.

Regionally, the Bogor Goals of removing trade and investment barriers in developed countries by 2010 and developing countries by 2020 remain the clearest commitment of APEC leaders to open markets across the region.

And Australia has demonstrated its commitment to the goals of free trade through the negotiation of free trade agreements with a range of economies throughout the region.

On top of our free trade agreements with the United States, New Zealand, Thailand and Singapore, we signed a free trade agreement with Chile in July this year.

We are actively negotiating Free Trade Agreements with Japan and with China.

When I met President Hu Jintao in Washington on Sunday, we agreed to adopt a fresh approach to speeding up the conclusion of this agreement.

And we are both committed to achieving a high-quality outcome as soon as we can.

We have finalised an ASEAN-Australia-New Zealand Free Trade Agreement which covers a combined market of around 600 million people with a total GDP of more than two trillion US dollars.

FTAs can boost trade by expanding the size of the market that exporters have good access to.

When you look at the size of the combined market we have delivered though all of our FTAs taken together, it amounts to nearly 30 per cent of global GDP.

If we succeed with China and Japan, the size of that market reaches around 45 per cent of global GDP.

And we are committed to promoting APEC's agenda on regional economic integration and continuing on the path towards a Free Trade Agreement of the Asia Pacific.

These developments are important, and bilateral and regional free trade agreements are a valuable means of achieving significant trade liberalisation outcomes.

But it is important to note that an ambitious outcome from trade liberalisation negotiations through the WTO remains the best way to bring about trade liberalisation that has the greatest positive impact on the global economy.

The reinvigoration of the Doha Round of trade negotiations will be an important basis of economic growth by helping promote a free and open global trading regime.

And Australia remains strongly committed to achieving an outcome from these negotiations.

I was very pleased that the G20 Summit agreed to the goal of reaching a new global trade agreement by the end of 2008.

This is ambitious but we must work for it.

And Australia will be working to encourage cooperation toward the successful conclusion of the Round.

And at a time of global financial crisis and global economic crisis, there could be no better outcome for the global economy than to achieve a Doha Free Trade outcome for the world.

As a striking example of the interdependence of nations and the interconnectedness of the challenges we face, the global financial crisis highlights the need for coordinated responses and coordinated approaches to dealing with problems.

We need to ensure that we have a regional architecture that can drive regional cooperation to meet existing and emerging challenges.

Regular dialogue across all areas of government and at all levels will be essential to positioning the region to address the range of security and economic challenges which we are set to face.

Challenges such as:

- Managing the geostrategic changes taking place in our region;

- Responding to threats such as terrorism and natural disasters and emerging challenges such as food and resource security;
- Maintaining and building on free, open trading regimes; and
- Acting together on climate change.

The development of ASEAN is a great example of how regional organisations can contribute to security and stability.

ASEAN was created at the height of the Cold War when the future of the region was much less than certain.

The South-East Asia of the 1960s had been divided by the conflict in Indochina.

It was a group of countries with few substantive ties and diverse, in fact, conflicting political, social, religious, cultural systems.

Today, ASEAN has helped forge a sense of community across what remains a diverse region.

Through building a dialogue, ASEAN has developed cooperation, rather than confrontation, as the driver of responses to new challenges the region faces.

And it has played a crucial role in maintaining peace in the region.

This experience illustrates the importance of pre-emptively shaping our future environment to position the region to address future challenges, and highlights the need for us to develop strong institutions which foster trust and cooperation to underpin peace and stability.

This is a key factor driving this Government's proposal for an Asia-Pacific Community.

Through this we have started a constructive dialogue on the development of a broad-ranging, effective forum for engagement between regional countries.

I am pleased that the initial consultations in the region of my Special Envoy for the Asia Pacific Community, Richard Woolcott, have gone well. More discussions will occur.

As I outlined in my address to the Asia Society in June, this will be a gradual process. And this is as it should be.

Our ambition remains to create an Asia-Pacific Community by 2020.

And that is a single pan-regional body that brings together the United States, China, India, Indonesia, Japan and the other countries of the region with a broad agenda to deal with the political, economic and security challenges of the future.

As we know, no such body in the region does that at present, either by dint of its membership or by dint of its agreed agenda. It is time we moved towards such a body.

The challenge will be to determine the best option for the development of such a body which best meets the interests of the region.

I will be discussing the proposal further with leaders in Lima this weekend.

Our discussions will continue in capitals as well in the year ahead.

And my Special Envoy will be looking to consult with the new US Administration at the earliest opportunity.

For this concept, the Asia Pacific Community, to succeed, ASEAN must be at its core. And we look forward to continued dialogue with our ASEAN friends on its final constitution.

The Western Pacific is a dynamic environment. The geo-political terrain is shifting.

The economic character is changing as new powerhouse economies emerge.

It is the emerging centre of the climate change agenda.

The challenges this presents highlight the need for cooperative responses to developments in the region, and the importance of shaping our future environment by developing mechanisms to address these challenges.

Australia and the United States are well placed to work together in this region.

We are well placed to do so bilaterally given the strength, depth and breadth of the defence and security relationship between us. We are well placed to do so multilaterally through the institutions which exist and those which we may one day form together.

Australia and the United States have shared values. Australia and the United States have shared interests. Australia and the United States have a shared future.

May our common resolve be to build an Asia Pacific century that does not repeat the errors of the European century of the one past – one characterised by national conflict and international conflict; but instead a century that by dint of our efforts together is truly peaceful, truly pacific, prosperous and sustainable for all the peoples of our region.

QUESTION: I noticed Prime Minister in your comments tonight you renewed your commitment to the regional initiative that you announced to the Asia Society in June. What I would like to do is to ask you, wouldn't it be more advantageous to look at this in terms of modification and adaption of existing institutions rather than attempting to create a new institution?

PM: Paul on the question of the future shape of an Asia Pacific Community, we in the Australian Government remain completely open. The one principle is that ASEAN should be at its core. And I think our friends in ASEAN have demonstrated the remarkable achievement of converting what was a significant region of conflict into a significant region of cooperation.

If you think back to the '60s and the divisions between communist Indochina and what was happening in the rest of South East Asia, it is extraordinary that 40 years later, these states, these countries are together in the same organisation and, despite difficulties from time to time, working and speaking together, by and large with a single voice.

On the form which this may take, subject to open discussions with our friends in the neighbourhood, that is, whether in the future an Asia Pacific Region, an Asia Pacific Community takes within its umbrella the future functions of APEC, that is matter for what our friends and partners in the region may think.

Whether it has a wider capacity to become a further iteration of other regional bodies, that is a matter for our friends and partners in the region. My interest is not the question of substitution or innovation. My interest is this, to encourage now a regional dialogue on how do we go about drawing the threads together of our pan regional cooperation in order to encourage and institutionalise the habits of cooperation across the policy spheres.

At present as you know APEC deals with an exclusively economic agenda and as you know the other bodies currently exclude the United States. I would like to see a pan regional body which includes America and which is also capable of embracing a wide policy agenda which covers the breadth of our interconnectedness - political, economic and security in the future.

But Paul at the end of the day it will be shaped by the dialogue and the discussion. And because the endpoint that we have established is a 2020 objective, there is plenty of time to do that. But Dick Woolcott, my Special Envoy, has been busy.

He has been around most capitals in the region but not all so far. And that process of discussion will continue for some time.

QUESTION: Prime Minister Peter Nicholson, of the Kokoda Foundation. You spoke about the abnormal influence that the economic present financial crisis, and the economic

weight that is going on now and the means of dealing with it through the G20 but particularly its impact on the fragility of other regional economies.

Could you outline the kinds of mechanisms you might see that we can prop up these economies or stimulate them in the same way that you are doing in Australia and is happening in other national economies?

PM: I think the great thing is that right now the Bretton Woods institutions are playing a very strong role, both the Fund and the Bank recently in discussions with both Dominique Strauss-Kahn who heads the Fund and Bob Zoellick who heads the Bank, indicates the sort of proactive actions they are taking. The Bank in particular is very active in this space and I would commend publicly Bob Zoellick's leadership on this. Basic things like how you deal with trade financing challenges, basic things like how you deal with immediate demands for development.

And as for the fund, of course, particular challenges which might arise on the external accounts of various emerging economies.

On this challenge, I think our two principal Bretton Woods institutions are doing a good job. We the rest of the international community should get behind them and it was pleasing to see most recently the government of Japan extending such significant support to the work of these institutions in the future.

And that will be increasingly required by a number of developed economies as this crisis unfolds across more fragile economies in the developing world.

QUESTION: As you can imagine, there's a cottage industry going on in Washington on transition papers for the incoming administration. It's easier on Asia policy –

PM: When I was in Washington on the weekend, Stanley, it looked like an industrial combine at work.

QUESTION: Fair enough. Easier on Asia policy than many other areas because there have been so many successes in Asia policy in the last eight years, this coming from a former Democrat political appointee. But there has been a perception that the bilateral policy had been more successful than the regional policies, and particularly in South-East Asia, a lot of angst - 'is the US engaged, are we focussed entirely on the Middle East. Are we looking out for them and their institutions? Are they going to have to accommodate with China?'

A couple of practical ideas coming out, such as, (inaudible) new ones, joining the ASEAN summit, the annual event, convening an ASEAN Honolulu conference, the one that was aborted in particular, those two institutional changes. What would your view be about those two proposals?

PM: I suppose my first view would be not to provide public advice to the incoming US administration because the transition arrangements in Washington are deep, complex and mysterious and will have their resolution as we all know, on the 20th of January.

Can I say this though, looking carefully at what President-elect Obama has said about the importance of the Pacific to his presidency. We in Australia are encouraged. We think that will build in important ways on the Pacific engagement of the Bush presidency.

Let me make one remark about the United States' engagement with China over the last eight years. I've said this before privately, and I'll say it today publicly.

I think an outstanding success of the Bush Administration has been the way it's managed the China relationship in what could have gone radically in the wrong direction and I think it speaks well of the outgoing administration in terms of our interests and stability in this region.

And that is a good platform from which to build.

Secondly, part of the purpose of my remarks tonight was to underline the importance of not just maintaining strengthening the fabric of our bilateral security and defence policy engagements between the US, its friends and partners in the region and Australia separately doing the same, but also to work together on developing further the habits of multilateral cooperation.

As I said, ASEAN does stand out as something of an example of what could be done and certainly one of the areas where I wish to engage early with the incoming US administration is on what we can do more broadly across the region, hence our proposal for an Asia-Pacific community, and hence why we wish to engage our American friends in due season on that.

But I'm very mindful of how thick the in-tray is in DC these days.

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