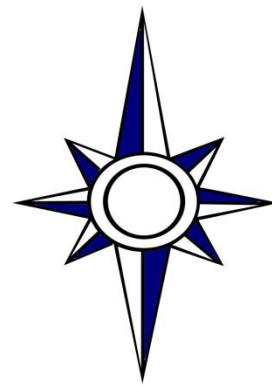


# Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



**Australia-East Asia/US Relations:**

## Australia Deposes a Leader and Hangs Parliament

Graeme Dobell  
Lowy Institute for International Policy

In 2010, Australia saw a first-term-elected prime minister deposed by his own party and then a federal election that produced a hung Parliament. The Labor Parliamentary caucus removal of Prime Minister Kevin Rudd on June 24 ushered in Australia's first female prime minister, Julia Gillard, who waited only three weeks after replacing Rudd before calling a national election, seeking her own mandate from the voters. Instead, the election on Aug. 21 returned the first hung Parliament since World War II. The new Labor government will live on the permanent brink of defeat – fearing an MP's heart attack, a defection, a by-election. Gillard has won the right to negotiate for her policy preferences, not to impose them. Running a minority government will demand an almost unremitting domestic focus from Gillard. She has promised a more consultative, inclusive style of politics. The *Australian Financial Review* summed up the difference between the two leaders with this quote from a senior ministerial adviser: "Kevin governed from a two-man tent. Julia will need a marquee." Style changes between the Rudd and Gillard governments will be marked. But policy continuity will often be the norm, especially in foreign policy.

Gillard fulfilled her promise to give Rudd a senior post in her government by appointing him foreign minister. The challenge for Rudd will be whether he can put aside his deep personal hurt – and the political habits that brought him down – to serve the woman who deposed him. To put the Canberra question in a Washington frame: Can Kevin do a Hillary? Can Rudd be a loyal and effective foreign minister following the example set by Hillary Clinton as secretary of State?

### The US relationship

When Julia Gillard took over as prime minister, her office said the first call from another leader to congratulate her came from President Barack Obama. As Gillard commented shortly after in an interview, "There is no rethinking our alliance with the US."

To celebrate the announcement of his appointment as foreign minister for the television cameras, Kevin Rudd went for a stroll around the lake in front of Parliament, accompanied by the US Ambassador to Canberra Jeffrey Bleich. Within days of being sworn in, Rudd was off on his first overseas visit. He went first to Pakistan to inspect the floods, then straight to Washington, finishing in New York at the United Nations. The care and maintenance of the US alliance is still a core concern of Australian international policy. And, being on good terms with the US matters to Australian voters.

The annual opinion survey of Australian attitudes toward the world by the Lowy Institute for International Policy produced a “warmness” ranking, showing positive feelings for other nations. Of the top five countries, Australians feel warmest about New Zealand, followed by Canada, France, Singapore, and the United States. New Zealand got 84 degrees on the warm meter, while the US got 68 degrees, consistent with last year, but well up from 60 degrees in 2007.

President Obama has rekindled the already strong affection in Australia for the US alliance. Support for the alliance in 2010 remained at record high levels, with 86 percent of Australians saying the alliance with the US was either “very important” (56 percent) or “fairly important” (30 percent). Even when Australians were distinctly jaundiced about George W. Bush, popular opinion about the alliance never went negative. During the four years of Bush’s second term, Australian backing for the alliance ranged between 63 percent and 76 percent. The warmth of Australia’s feelings toward Obama means that not much anger has been taken at the president twice scheduling, then canceling, his 2010 visit to Indonesia and Australia. Obama may be from Hawaii, but he still has some trouble flying across the Pacific.

### **The US alliance**

Prime Minister Gillard and Opposition Leader Tony Abbott have significant disagreements on international policy. They are at odds over strategies to deal with global warming and Abbott’s Liberal-National Party Coalition expresses a bilateralist rather than multilateralist preference in foreign policy. During the campaign for the federal election, the Coalition pledged that “Australia under a Coalition government will engage with multilateral organizations where it is clearly in our national interest. A Coalition government would not proceed with Labor’s extravagant UN Security Council bid, [for 2013-2014] which has distracted from Australia’s core foreign policy interests.”

On the US alliance, though, Gillard and Abbott express the consensus that has marked both sides of Australian politics since the end of the Vietnam War. That consensus is illuminated by the continuing support of Labor and the Coalition for Australia’s military commitment to Afghanistan. Labor’s foreign policy platform for the federal election opened with a discussion of five key bilateral relationships: the US, followed by Japan, China, India, and Indonesia. Labor stated that the US is the “bedrock” of Australia’s defense and security:

“The US will continue to be the single most powerful and important strategic actor in our region for the foreseeable future, both in its own right and through its network of alliances and security relationships, of which Australia’s alliance with the United States is one. The US continues to underwrite prosperity and stability in the Asia-Pacific as it has for the past 50 years. Since 2007, the Labor Government has enhanced our bilateral relationship with the United States leading to new agreements in defence cooperation, civil-military cooperation, and counter-terrorism. We have strengthened our alliance through our increased cooperation with the United States in Afghanistan. We have managed all this while also implementing an election commitment to withdraw combat forces from Iraq.”

The Coalition's adherence to the US alliance is such a constant of Australian politics that its brief, formal foreign policy statement for the election did not bother to discuss it. The Coalition's traditional position was expressed in a speech Abbott delivered in April 2010, entitled "National Security Fundamentals." He said his approach to foreign policy would build on that of the Howard government, which held office from 1996 to 2007. As a minister in the Howard's Government, Abbott pointed to its commitment to the US-British "Anglosphere": "The Howard Government understood that the 'Anglosphere' was the heart of the Western alliance and sensed Australia's responsibilities and potential standing as a participant in it. Over the past decade our military involvement in Afghanistan and Iraq has deepened our alliance with the US, revitalised our military and broader security links with Britain and reinforced our significance in the region and the wider world." Abbott's embrace of the "Anglosphere" caused heartburn among some foreign policy specialists who saw it as sending the wrong message to Asia. But Abbott's sentiments were an accurate rendering of the beliefs of his mentor, John Howard, and of the views of past Liberal Party leaders.

Abbott was explicit that Australia's approach to the US went beyond alliance interests to embrace the values shared with the US:

"It is easy to question the US tactics and sometimes its judgment but almost never its good intentions. It is not Australia's role to be an unquestioning ally. Still, America's habitual critics should more often consider to which other country or body they would rather entrust a solution to the world's troubles. Were Australia to be directly threatened, America would primarily consider its own national interest rather than ours. We could never take American help for granted. Still, the stronger an ally we are in America's struggles the more sure an ally they should be in ours. Alliance considerations are not the most important reason for Australia's military commitment to Afghanistan but they're not insignificant either. Quite apart from the fact that America's values are invariably ours and that America's interests are mostly ours too, there's the mutual obligation dimension that any friendship involves."

Labor gave personal expression to its attachment to the US alliance with the dispatch of its previous leader, Kim Beazley, as Australia's ambassador to the US. Beazley, a former defense minister, has long expressed strong support for the alliance. Thus, it's notable that he is arguing that Australia now gives more than it gets from the alliance. Ahead of taking up his post in Washington in February 2010, Beazley penned an article arguing that the balance of advantage in the US-Australia alliance "has shifted to the Americans." This is quite a departure from how Australian strategists usually weighed the alliance since World War II and the creation of the ANZUS pact in 1952.

Beazley described what he called "a subtle change in power relations in the Australian-American alliance" as it has evolved since the end of the Cold War. "Our collaboration is much deeper, but it needs to be. In an era where regional capabilities are advancing and peer powers to the US are emerging, what was important before is now critical. We make a key contribution to American capacity in our region, particularly in intelligence and through our effective diplomacy. However, the balance of advantage in the alliance has shifted to the Americans. Likewise, the American focus is away from our region, though its interests in it are substantial. Getting this

point across to them, particularly while pursuing our own views on regional architecture, is a challenge.” He offered this checklist of what Australia brings to the alliance, presumably shifting “the balance of advantage” to the US side of the ledger:

- The joint facilities in Australia;
- Australia’s “enormous” contribution to the mutual intelligence effort in the region;
- Australia’s role in the “relatively good” counterterrorist outcomes in Southeast Asia;
- Australia’s “useful” capacity in the South Pacific;
- The Australian Defense Force is among the most interoperable with the US;
- Australia has shown “substantial” willingness to spend on the Australian Defense Force; and
- Australia has a diplomatic and policy profile in the Asia-Pacific.

Having set down the list, Beazley concluded, “We have something to trade.”

### **Afghanistan**

John Howard began what has now become the custom of the prime minister going to funerals of Australian military personnel killed on active duty. Howard’s successors, Kevin Rudd and Julia Gillard, have followed the practice, and 2010 became the year when the death toll from Afghanistan meant Australia’s prime minister had to attend an average of one funeral a month. From 2001 to 2009, 11 Australian soldiers died in Afghanistan. Up to September, this year, 10 Australians soldiers have been killed in Afghanistan. Their bodies were flown home for burial. The television pictures of the prime minister and opposition leader attending each funeral have been a mute testimony to the Labor-Coalition consensus on the need for the military mission to Afghanistan.

The Coalition, under Howard, invoked the US alliance after the 9/11 attacks and committed Australian forces to the overthrow of the Taliban government. Labor backed the Afghanistan campaign but later opposed Howard’s commitment of Australian forces to the Iraq war. In campaigning to win office in 2007, Kevin Rudd’s approach was broadly similar to that of Barack Obama. Rudd argued that Afghanistan was the “good war” while Australia must withdraw its forces from Iraq. Labor said Rudd succeeded in withdrawing Australian forces from Iraq while maintaining the alliance.

The Labor Government raised to 1,550 the number of Australian troops in Oruzgan province, but refused to take command of the region when Dutch forces withdrew. Ambassador Beazley says

Australia's force in Afghanistan makes it "the biggest contributor outside NATO in an area well outside our strategic sphere of interest ... meeting our ally's concerns as well as our own."

In his national security speech in April, Abbott hinted that the Coalition might be prepared to send extra Australian troops saying: "It's no secret that the Americans would like additional Australian forces in Afghanistan and have refrained from making a formal request only because they have been told that it would be unwelcome.... If satisfied that the role made strategic sense and was compatible with our other military commitments, a Coalition government would be prepared to consider doing more." In the election campaign, the Abbott line on Afghanistan became more circumspect. Questioned about lifting troop numbers, the Liberal leader said, "I fully support the existing commitment to Afghanistan and in any future decisions about Afghanistan I would be very much guided by the advice of the Defence Chiefs."

Rather than increasing the commitment, the Labor government is sticking closely to a timeline that sees Australian troops completing their Afghanistan mission between 2012 and 2014. That timeline is to be the subject of formal debate in the new Parliament. The Greens Party, which opposes the Afghanistan commitment, made this debate a condition of the support pledged by its single MP in the Lower House for Labor to form a government. Thus, the Afghanistan debate that was avoided during the campaign will now take place in the hung Parliament.

One of the newly elected independent MPs who will take part will be Andrew Wilkie, a former Army lieutenant colonel who resigned as an Australian intelligence analyst in 2003 in protest at the Iraq war. He said Australia should leave Afghanistan as quickly as possible to allow the country to find its own political level. In his maiden speech to Parliament, Wilkie said there was "no hope of enduring peace" until foreign troops are withdrawn, "That we must stay in Afghanistan to protect Australia from terrorism is a great lie peddled by both the government and the opposition."

The previous chief of the Australian Defense Force, retired Gen. Peter Cosgrove, went close to some of the same thoughts in a series of lectures at the end of 2009 when he concluded of Afghanistan that "I think we can confidently say we are losing this battle." The most famous Australian soldier of the era placed Afghanistan squarely beside the failure in Vietnam. Cosgrove took much of the political sting from his comments by backing the Afghanistan mission, despite what he described as "the protracted, seemingly intractable violence." His complaint, ultimately, seemed to be about mission confusion: "Nobody would dare complain if we were cogent and crystal clear about what will constitute success and how we will get there ... We are a loyal friend accompanying others in Afghanistan because it is right but our presence is not and never has been unconditional. In Vietnam our voice was not heard. It is in our national interest that it is heard among our allies at this critical time in Afghanistan."

Cosgrove repeated his view that, in hindsight, Australia's commitment to the Vietnam War was a mistake. He offered a set of measures drawn from Vietnam that produce uneasy answers when applied to Afghanistan:

- Look not only at the reasons why we go but also at the prospects of success.

- Consider the methods that will be used to win.
- What price are we prepared to pay?
- What would be the cost of failure?
- Remember the law of unintended consequences.

## **Trade**

On March 15, 2010, the formal start of negotiations on the Trans-Pacific Partnership (TPP) Agreement began in Melbourne, involving eight countries: Australia, the US, New Zealand, Singapore, Chile, Brunei, Peru, and Vietnam. Collectively these countries are home to 470 million people and have a combined GDP of \$16.2 trillion. Parties have agreed to hold four negotiating rounds per year. At the Melbourne talks, Australia's Trade Minister Simon Crean said the TPP represents a path toward APEC's long-term goal of a Free Trade Area of the Asia-Pacific: "The TPP will be an ambitious, 21st century agreement that will strengthen economic integration in the region. The Australian government will be seeking a high standard, comprehensive agreement that complements the WTO Doha Round. The participation of the US is an important signal of the Obama administration's commitment to the region and an encouraging sign of broader US engagement on trade policy issues."

Canberra is talking up the TPP as one of the vehicles the US will use to attempt to put new life in the long-stalled Doha Round negotiations in the World Trade Organization. In this Australian vision, the TPP is an effort to move beyond bilateral free trade deals to create regional trade networks that can then feed into the multilateral trading system. Crean called this "the cascade effect," arguing that the effort to do bilateral or regional trade treaties should not be seen as a turning away from the benefits of multilateral trade.

Australia has six Free Trade Agreements (FTAs) in place, is negotiating a further seven, and two more are under consideration. Crean said Australia's FTA with the US can help deal with any new trade barriers in the US: "Last year when the US introduced its 'Buy America' package, it was the US FTA that reinforced the Australian position and cushioned the Australian economy from this attempt to mandate the use of American products."

The effort to create a network of free trade agreements has drawn fire from economic purists in the Canberra bureaucracy, especially in Treasury and the Productivity Commission. In its briefing papers for the new Gillard government, Treasury argued that the proliferation of so-called FTAs is not helping Australia. Rather than seeing them as freeing trade, Treasury regards the deals as discriminatory bilateral political handshakes that do not deliver economic benefits. The Treasury brief to the prime minister stated that "Current approaches to preferential free trade agreements are not meeting Australia's needs. The proliferation of FTAs has not built support for multilateral liberalisation and is delivering only modest preferential market access outcomes at the cost of reduced government policy reform flexibility ... Australia is negotiating seven FTAs, including some with our most important trading partners and regional allies. The Productivity

Commission has found that the potential benefits of the FTAs under negotiation have been oversold and the negatives largely undersold.”

In a speech in February setting out his “cascade” view of bilateral-regional-multilateral negotiations, Trade Minister Crean mounted the counter-argument to Treasury. He said the breadth and ambition of trade agreements were what mattered in judging costs and benefits: “What is crucial is the quality of FTAs and what they set out to achieve. The ultimate goal has to be trade liberalisation and economic integration. The danger of bilateral FTAs is that you can be drawn back into preferential trade deals. Trade deals that favour one country, or group of countries over another, and stifle economic integration. This is not where the Australian government wants trade policy to go.” In May, Australia’s trade promotion body, Austrade, conducted a series of national seminars on trade and investment opportunities in the US.

Parliamentary Secretary for Trade Anthony Byrne said the boom in Australia’s trade with China and the global financial crisis had distracted many from the great benefits of Australia’s long-standing trade and investment links with the US: “The US is still our largest commercial trade and investment partner and services export market. In 2008-2009 two-way trade with the US was worth A\$54.7 billion, with service exports alone valued at A\$5.8 billion. In 2008, the US was also the largest foreign investor into Australia, investing A\$418.4 billion, with foreign direct investment comprising A\$95.4 billion.”

### **Asia-Pacific community**

The Australia chapter in *Comparative Connections* in October 2009 devoted several pages to Kevin Rudd’s 2008 initiative for the creation of an Asia-Pacific Community which, in 2009, became an Asia-Pacific community dialogue. The fate of Rudd’s Community/community quest can be reported. The answer to the question Rudd posed is to be provided by ASEAN: the expansion of the East Asia Summit (EAS) to include the US and Russia.

At the May 2009 Shangri-La Dialogue, Rudd changed the name of his initiative from an Asia-Pacific Community to Asia-Pacific community (from APC to APc). The shift to a small ‘c’ reflected the regional response that there should be no new institutions and no new summits. The quest for Community became a discussion about community.

At the EAS in Thailand in October, 2009, Rudd was given time to explain his APc and the opportunity to make his case for building stronger regional architecture. His presentation drew positive comments from the leaders of Singapore, China, Vietnam, Japan, and New Zealand. There were no negative comments. For Canberra, this amounted to a tacit nod that could be used as the basis for more talks.

The terms of the APc were set out in a concept paper, completed by Richard Woolcott, the prime minister’s special envoy, and given to embassies in Canberra in the week prior to the EAS. The concept paper noted the “major shift in strategic weight” to the Asia-Pacific but pointed to “the high risk” of instability because of the “rate of growth, change and internal interaction in the region.” Woolcott said no single institution in the Asia-Pacific had the membership and mandate to address comprehensively both economic and strategic challenges: “APEC’s mandate is

economic, and its membership is so wide as to be unwieldy. The ASEAN Regional Forum has no leaders'-level meeting, can deal only with security matters, and many believe it is too large and has made insufficient progress since its inception. Meanwhile, ASEAN, ASEAN plus 3, and the EAS are each, to varying degrees, insufficiently representative of the Asia-Pacific region to be said to constitute an APc. The EAS is most representative, and has a leaders' meeting, but does not include some key countries. ASEAN, as a subregional grouping in the Asia-Pacific, highlights the importance of developing the right institutions at the right time: it has been crucial in the transformation of Southeast Asia from a region of strategic conflict into one of cooperation and consensus. Australia believes the time has now come to extend the vision that drove formation of ASEAN to the wider Asia-Pacific region. An Asia-Pacific community could be seen as a natural broadening of the processes of confidence, security and community-building led by ASEAN.”

Woolcott listed what he describes as the key findings from his consultations with 21 countries after Rudd launched the APC initiative in 2008:

- A high level of interest in the APc proposal;
- “Strong recognition” that current institutions do not provide a forum for all leaders to discuss the full range of economic, security, environmental and political challenges;
- Little appetite for creating new institutions in addition to the existing forums: ASEAN, ASEAN plus 3, the EAS, APEC, and ARF;
- ASEAN’s involvement in regional institutions is “crucial”; and
- A keen interest in further discussion on the Asia-Pacific community proposal.

Woolcott concluded with three “crucial” propositions on how the APc could advance the interests of all countries in the Asia-Pacific:

1. An APc will ensure the process of regional economic and financial integration continues, and that “the region as a whole strives for a market-driven regional economy that is open to the world.”
2. An APc will nurture a culture of dialogue and collaboration at the leadership level to deal with emerging strategic competition: “The first steps should promote region-wide security building measures. Eventually – just as ASEAN has been able to build a degree of strategic congruence among countries beset with historic rivalries – an APc will help build a sharper sense of common regional strategic interest across all of Asia, on top of helping to ensure that regional relationships do not become adversarial.”
3. An APc will be used to deal with climate change, water and food security, non-proliferation, illegal people movements, transnational crime and terrorism: “As with more traditional security challenges, such as territorial disputes, the objective would not necessarily be to reach a single region-wide position, but to use the mechanism of

regional consultation to help advance solutions be they global, regional or bilateral. As with strengthening strategic stability, it will be the habit of consultation at the highest level that requires nurturing: not because it will solve all problems but because it can make the search for solutions easier and diminish the risks of miscommunication, miscalculation and of descent into crisis or conflict.”

Australia was both stroking and shaking ASEAN in the discussion of an APc. The line from senior Canberra players was that ASEAN had a central role in the dialogue over an APc, but ASEAN had “no God-given right” to control the agenda. Getting a balance between these contradictory sentiments was a task for the track 1.5 conference on the APc Rudd convened in Sydney on Dec. 4-5, 2009. Australia sought support for the creation of an eminent persons’ group to carry forward the APc. ASEAN, led by Singapore, questioned Australia’s initiative and any further work on the idea.

The ASEAN thumbs down was publicly expressed in an article by the former Singapore diplomat Tommy Koh on Dec. 18, 2009. The flavor of the commentary was expressed in the headline used by *The Australian*: “Rudd’s reckless regional rush: ASEAN is not happy with the way the PM has pushed his Asia-Pacific proposal.” Koh wrote that Australia’s APc lacked clarity, consistency and process. He saw a disconnect between the stated view that ASEAN should be at the “core” of any future Asia-Pacific institution and the quest for a new “concert of powers and coordinating body.” ASEAN felt its “long-term goal of peace and stability and the dividends obtained to date should not be minimised or marginalised,” Koh said.

By April, 2010, Rudd conceded victory to ASEAN: if there is any new step toward an Asia-Pacific community, it will build on what ASEAN now has in place. The Rudd nod was a response to the position put at the ASEAN summit in Hanoi earlier that month. The summit communiqué said the ASEAN-plus process, the EAS, and the ARF were the institutions to be used in the building of a community in East Asia. The step forward was the formal ASEAN offer to Russia and the US to join the EAS: “We encouraged Russia and the US to deepen their engagement in an evolving regional architecture, including the possibility of their involvement with the EAS through appropriate modalities, taking into account the Leaders-led, open and inclusive nature of the EAS.” Leaders-led means, “please join us at the summit.”

The Hanoi communiqué expressed in direct terms ASEAN’s determination to stay in the driver’s seat. The term of choice is ASEAN “centrality.” The 10 leaders of Southeast Asia stressed their determination to maintain ASEAN’s central role in the emerging regional architecture, “ensuring ASEAN’s role as the driving force in regional cooperation frameworks... We agreed that any new regional framework or process should be complementary to and built upon existing regional mechanisms and the principle of ASEANs centrality.”

Rudd got the message. He responded by restating some of his Asia-Pacific community language while endorsing the ASEAN structure: “I shall continue to advocate the development of regional architecture that has the right membership and mandate to address the full spectrum of challenges confronting the region - economic, political and security.” He then named the essential membership for this regional architecture, which exactly matched the expanded EAS model. Rudd first listed China and the US (out of alphabetical order) followed by ASEAN. And

finally, the other six in the plus group: Australia, India, Japan, New Zealand, the Republic of Korea, and Russia. The nod to ASEAN was given in these words: “The inclusion of the United States and Russia in our region’s emerging architecture is fundamental to the evolution of what I call an Asia-Pacific community. In fact, so much of Australia’s diplomacy has been driven by this core concern - how to integrate in particular the role of the United States in the future broad architecture of our region. In this context I welcome very much the decision of ASEAN leaders at their summit in Hanoi on 8-9 April this year to encourage the United States and Russia to deepen their engagement in evolving regional architecture.”

Secretary of State Hillary Clinton sealed the deal with ASEAN in Hanoi at the annual Foreign Ministerial Meeting. During her fifth visit to Asia as secretary, Clinton anointed the EAS as a “foundational security and political institution for Asia.”

The winner in the community stakes is the EAS. Canberra is claiming this as a win for the dialogue it tried to have. The foreign minister in Rudd’s government, Stephen Smith, said bringing the US into the EAS is a good result: “We’ll have all of the players sitting around the table at the same place at the same time able to have a conversation, not just about peace and security, but also about prosperity. So we think we are not too far away from achieving a very good practical outcome which meets our objectives.” As foreign minister, Kevin Rudd will be involved in the detailed work on how the expanded EAS can achieve the Community/community objectives he set as prime minister.

## **China**

China is giving Australia an economic boom and a geostrategic headache. Australia did not fall into recession during the global financial crisis because of the surging Chinese demand for Australian iron ore and coal. The China effect has delivered Australia’s best terms of trade since the middle of the last century and is predicted to push Australia’s economy back to 4 percent annual growth in the financial year that begins in July 2011. The national budget in May 2010 commented that “Australia has largely avoided the business failures and large-scale employment losses that have occurred in many other countries, providing a solid foundation for the recovery. The positive outlook is being increasingly underpinned by an improved global outlook and by our close trade links to the rapidly growing Asian region, and in particular China.”

The Rudd government’s dealings with China, though, mixed diplomatic pain with the economic pleasure. The Rudd experience was notable because his predecessor, John Howard, managed for so long (in public) to hold to the narrower, bilateral conception of what China might mean. Howard maintained a sharp focus on the trade bonanza to harvest the bilateral dividend. Utterly pragmatic, Howard sought to put other issues of region, alliance, and international system in a separate, sealed box. This was a noteworthy achievement.

Rudd had neither the character nor the personal history to emulate Howard’s approach. History, anyway, was shifting rapidly beyond that comfortable bilateral zone where it could be about trade alone. In a book on Rudd’s fall as prime minister, “Rudd’s Way”, the Canberra journalist Nicholas Stuart writes about how Beijing initially misread the China orientation of the Mandarin-speaking leader. Rudd had completed a university thesis on the protest movement in

China, had personally compared Taiwan to China, and during his time as a diplomat in Beijing had sought out Chinese dissidents: “The important point about this personal experience was that it provided Rudd with a remarkable insight into the complexity, or duality of China ... There was a tendency for many Labor sympathisers to assume that Rudd was completely sympathetic to the aims of Beijing. This was not correct.”

Rudd’s leadership offerings on China were bookended by significant speeches, two years apart, in Beijing and Canberra. The Beijing University speech in April 2008, four months after taking office, was the opening, hopeful effort to dance with China. The 70<sup>th</sup> Morrison lecture in Canberra in April, 2010, was delivered two months before Rudd was cut down by the Labor caucus, and bore the wounds of experience.

In Beijing, Rudd offered honest criticism, speaking in Mandarin, and sought to speak as a *zhengyou*, a true friend who “offers unflinching advice and counsels restraint” to engage in principled dialogue about matters of contention. Two years later, in Canberra, Rudd detailed three dark scenarios among the many possibilities facing China: (1) China as threat; (2) China as direct competitor with the US for control of the international system; or (3) China as self-absorbed mercantilist bully:

“There is a hardline view that regards China’s rise as a threat to the existing global order no matter what. There is a contrary view, espoused by some particularly in the developing world and in some parts of academia, that a new ‘Beijing consensus’ should replace the ‘Washington consensus’ with China the model for developing countries to follow. There is the associated view of China as the economic saviour of the world, emerging from the global financial crisis. Or alternatively, there is the view that China increasingly behaves as a mercantilist power, insensitive to its emerging global economic responsibilities. The truth is there are as many conflicting views in the West about China and its future as there are within China itself.”

The specter of a clash of values and interests between the US and China was a theme running through Rudd’s international perspective as prime minister, notably in the 2009 Defense White Paper. His Canberra speech on China hit some of the same notes: “Let us remember that we are now seeing the rise of a new great power alongside the continuing single existing superpower the United States. In this context, genuine engagement becomes critically necessary. History is not overburdened with examples of how such transitions in geopolitical and geo-economic realities have been accommodated peacefully. We need a new way forward.”

When talking about present issues and future prospects with China, the itchiness of recent wounds was evident. Rudd named the scars from 2009. First, there was controversy surrounding the failed Chinalco bid for the mining giant, Rio Tinto in June, 2009. Then, in July, the Australian businessman Stern Hu was arrested in Shanghai. In August, the Uighur leader, Rebiya Kadeer, visited the Melbourne Film Festival. As detailed in last October’s *Comparative Connections*, Beijing delivered a series of diplomatic cuts to express its displeasure. Chinese ministerial visits were called off, Australian ministers visiting Beijing were snubbed, and the Chinese media frothed about Australia’s less-than-friendly behavior.

The three months of diplomatic warfare Beijing waged against Australia was brought to an end by an Australia-China joint statement issued in October 2009. The “ceasefire” statement embraced a “comprehensive relationship,” acknowledged “differences of one type or another,” and pledged to “properly handle differences and sensitive issues in accordance with the principles of mutual respect, non-interference and equality ...” This binding of wounds was joined to a statement of geopolitical truth pregnant with different possibilities: “The two sides agreed that China and Australia share important common interests in promoting peace, stability and development in the Asia-Pacific region.”

Rudd’s Asia-Pacific Community/community effort was an attempt to frame his own China questions in regional terms. So was his creation in Canberra of a new think tank, the Australian Centre on China in the World. As Rudd said in his Morrison lecture, Canberra will acknowledge China’s core interests but Beijing must give equal respect to Australia: “Otherwise our engagement runs the risk of being formalistic and lacking the elements of a mature and genuine relationship that is necessary as we negotiate the shoals of the future. It runs the risk of concealing beneath it a range of tensions (both real and imagined) which cannot be resolved if they are not the subject of substantive discussion.”

China poses huge questions for Australia which stretch from trade to alliance and the shifting regional balance of power. To confront those questions, Australia now has a Mandarin-speaking foreign minister in place of its Mandarin-speaking prime minister.

## **70 years of US-Australia diplomatic relations**

In 2010, the US and Australia marked the 70<sup>th</sup> anniversary of their formal diplomatic relationship. After four decades as a nation, Australia in 1940 decided it could no longer conduct diplomatic business with Washington via Britain. World War II meant the Menzies Coalition government wanted Australia to have its own ambassador in Washington. The following year, only weeks after Pearl Harbor, new Labor Prime Minister John Curtin made one of the seminal statements of Australia’s strategic interest: “Without any inhibitions of any kind, I make it quite clear that Australia looks to America, free of any pangs as to our traditional links or kinship with the United Kingdom.”

Curtin’s statement of Australia’s separate status and separate needs angered Churchill and outraged conservative Australians because of the break with Britain. Australia’s new ambassador in Washington was told by Roosevelt of the president’s “distaste” at Curtin’s “panic and disloyalty.” So, at the beginning, as now, the US relationship caused intense debate in Australia. Equally, both sides of Australian politics, as expressed by Menzies and Curtin, agreed on the US importance.

Marking the 70<sup>th</sup> anniversary, Ambassador Bleich said the relationship existed long before the 1940 treaty and extended far beyond words on paper:

“Before there were diplomats in each other’s capitals, there were world-travelling whalers and miners, sailors of the Great White Fleet and their gracious Australian hosts, yanks and diggers hunkered down in trenches in World War I. Our treaty in 1940

reflected all of these shared struggles and triumphs, and it illuminated a partnership that would sustain us through the darkest days of World War II and into the great dawn of our alliance. Our partnership is built on more than security and mutual defense. It is the sum of hundreds of thousands of intangible human connections created over decades. We've trusted each other. We've valued each other's freedom, self-reliance, open markets and sense of fair play. We've taken our work seriously, without taking ourselves too seriously. And when we've disagreed, we've done it without being disagreeable."

## **Chronology of Australia-East Asia/US Relations**

### **October 2009 – September 2010**

**Oct. 13, 2009:** India-Australia Foreign Ministers Framework Dialogue is held in New Delhi.

**Oct. 25, 2009:** East Asia Summit (EAS) held in Thailand.

**Oct. 28, 2009:** The Fifth Regional Interfaith Dialogue, co-sponsored by Australia, Indonesia, New Zealand and the Philippines, is held in Perth.

**Nov. 5, 2009:** Defense Minister John Faulkner in Washington for talks with Defense Secretary Robert Gates on Afghanistan.

**Nov. 5, 2009:** Official figures show China has replaced Japan as Australia's largest two-way trading partner. Total trade with China increased by 30 percent to A\$83 billion in the financial year ending in June 2009.

**Nov. 9, 2009:** Sri Lanka and Australia release a Joint Ministerial Statement affirming their commitment to work together to combat people smuggling, the financing of terrorism, and related organized criminal activities.

**Nov. 12, 2009:** Prime Minister (PM) Kevin Rudd visits New Delhi to take the relationship with India "to the level of a strategic partnership." India and Australia announce a Joint Declaration on Security Cooperation covering counter-terrorism, defense, disarmament and nonproliferation, and maritime security.

**Nov. 15, 2009:** APEC Leaders Meeting in Singapore.

**Nov. 25, 2009:** Australia's Cabinet approves the first purchase of US joint-strike fighters. The initial 14 F-35s are estimated to cost of A\$3.2 billion. Australia plans to buy 100 planes.

**Nov. 26, 2009:** Jeffrey Bleich presents his credentials to the governor general as the 24th US ambassador to Australia.

**Nov. 30, 2009:** PM Rudd meets President Barack Obama in Washington for talks on climate change and Afghanistan. Rudd says Australia will not increase troop numbers in Afghanistan but will send more police and aid workers.

**Dec. 2, 2009:** Ahead of the UN Climate Change Conference in Copenhagen, Federal Parliament rejects the Rudd government's emissions trading scheme.

**Dec. 2, 2009:** PM Rudd welcomes President Obama's announcement of a new strategy for Afghanistan as "the best way forward to provide security for the Afghan people."

**Dec. 3, 2009:** Australia hosts a track 1.5 conference in Sydney on PM Rudd's Asia-Pacific community proposal.

**Dec. 11, 2009:** PM Rudd announces the creation of a National Security College in Canberra headed by former Secretary of the Department of Foreign Affairs and Trade Michael L'Estrange.

**Dec. 15, 2009:** Foreign Minister (FM) Smith visits Seoul for talks on the Australia-Korea Security Cooperation Initiative.

**Dec. 15, 2009:** Australia-Japan Report on Eliminating Nuclear Threats is released.

**Dec. 16, 2009:** South Korea and Australia sign a development cooperation agreement that recognizes South Korea as an important emerging donor and development partner for Australia in Asia.

**Jan. 2, 2010:** A 21-year-old Indian student is murdered in a knife attack in Melbourne. The death follows other attacks on Indians studying in Melbourne. India's external affairs minister says "uncivilised, brutal attacks on innocent Indians" will affect ties with Australia.

**Jan. 14, 2010:** The Haiti earthquake means the postponement of a trip to Canberra by Secretary of State Hillary Clinton and Defense Secretary Robert Gates, for the annual AUSMIN talks scheduled for Jan. 18.

**Jan. 15, 2010:** The new Cyber Security Operations Centre in Canberra, within the Defense Signals Directorate, is officially opened.

**Feb. 3, 2010:** Australia temporarily lifts its travel ban on members of Fiji's military regime so Fiji's foreign minister can fly to Canberra for talks with the foreign ministers of Australia and New Zealand.

**Feb. 6, 2010:** Defense Minister John Faulkner meets NATO defense ministers in Istanbul to discuss the security and stability of Afghanistan.

**Feb. 8, 2010:** A statement on Australian policy toward Burma is presented to Parliament by Foreign Minister Smith, maintaining targeted financial sanctions.

**Feb. 11, 2010:** Shanghai's People's Court announces details of commercial espionage charges against Australian mining executive Stern Hu and three of his Chinese colleagues, all employees of the mining firm Rio Tinto.

**Feb. 15, 2010:** Five Muslim men are convicted of conspiracy to commit a terrorist act in Australia and given jail sentences of 23 to 28 years. Prosecutors argued the men were planning terrorist attacks to protest Australia's military involvement in Iraq and Afghanistan.

**Feb. 18, 2010:** Australian Ambassador to US Kim Beazley takes up the Washington post.

**Feb. 23, 2010:** PM Rudd releases a Counter-Terrorism White Paper, stating "terrorism has become a persistent and permanent feature of Australia's security environment."

**Feb. 26, 2010:** The 50<sup>th</sup> anniversary of the Australia-US agreement to provide space tracking and communications facilities to NASA.

**March 4, 2010:** FM Smith visits New Delhi and meets India's Prime Minister Manmohan Singh. Smith gives assurances that Australia is taking the issue of Indian student safety seriously.

**March 10, 2010:** Indonesian President Susilo Bambang Yudhoyono addresses the Australian Parliament, saying relations "hit an all-time low" in 1999 during the crisis over East Timor's independence vote. Now, the two have a "fair dinkum" partnership which is "solid and strong."

**March 15, 2010:** First round of talks are held on the creation of a Trans-Pacific Partnership.

**March 24, 2010:** Australia and Japan submit a Joint Package on Nuclear Disarmament to the UN, to be considered at the Review Conference of the Treaty on the Nonproliferation of Nuclear Weapons (NPT) in May 2010.

**March 26, 2010:** Five *F/A-18F* fighter jets arrive at Amberley, near Brisbane. The planes are the first of 24 *Super Hornets* to enter service, the RAAF's first new fighter jets since 1985.

**March 29, 2010:** Australian mining executive Stern Hu is sentenced in a Shanghai court to 10 years in jail after being found guilty of accepting bribes and stealing trade secrets.

**April 9, 2010:** Responding to the flow of boat people, Australia places a temporary ban on processing refugee applications by citizens of Afghanistan and Iraq. The government later announces that the Indian Ocean asylum-seeker detention camp at Christmas Island is housing more than its capacity – 2,040 people.

**April 19, 2010:** China is accused of mounting cyber-attacks against Australia's major iron ore producers, BHP Billiton, Rio Tinto and Fortescue Metals. The claim of internet espionage is made in a TV documentary by the Australian Broadcasting Corporation.

**April 23, 2010:** PM Rudd announces the creation in Canberra of a new think tank, the Australian Centre on China in the World.

**April 26, 2010:** The Rudd government drops its scheme for an emissions trading scheme to deal with carbon pollution, citing the political problems of getting the law through Parliament.

**April 27, 2010:** The first coordinated maritime security patrol by the Australia and Indonesian militaries in the waters between Australia and Indonesia is completed. The patrol involves the Australian and Indonesian shared maritime boundaries to the south of West Timor.

**April 27, 2010:** The US and Australia renew their Acquisition and Cross-Servicing Agreement, a treaty for cooperative military logistics support.

**April 29, 2010:** Australia and the US agree to strengthen emergency management cooperation including during bushfires, major storms, and other severe natural disasters.

**May 5, 2010:** Australia and the US sign a new agreement on the Peaceful Uses of Nuclear Energy. The treaty replaces the existing 1979 agreement, which expires in January 2011.

**May 5, 2010:** The RAAF accepts delivery from Boeing of two *Wedgetail* Airborne Early Warning & Control (AEWC) aircraft. The A\$3.9 billion project, delayed by four years, is described as having “come a long way” on a “path has not been straightforward.”

**May 17, 2010:** FM Smith visits Shanghai to open Australian Pavilion at Shanghai World Expo.

**May 19, 2010:** The third 2+2 meeting between the foreign and defense ministers of Japan and Australia is held in Tokyo, reflecting what Canberra calls a “substantial strengthening of bilateral defence and security ties.”

**May 31, 2010:** The Pacific Island Forum Ministerial Contact Group convenes in Auckland for talks with Fiji’s military regime.

**June 7, 2010:** Two Australia soldiers on patrol in Afghanistan are killed by an improvised explosive Device (IED).

**June 21, 2010:** Three Australian commandos are killed when a helicopter crashes in northern Kandahar. Seven of their colleagues are wounded. It is the largest loss of life in a single incident in Australia’s deployment to Afghanistan.

**June 24, 2010:** Kevin Rudd is deposed as Labor leader and prime minister by Julia Gillard.

**July 10, 2010:** One Australian soldier is killed and another wounded following an IED attack in Afghanistan’s Chora Valley.

**July 12, 2010:** Fiji expels Australia’s acting ambassador in Suva, claiming Australia is interfering in Fiji’s internal affairs.

**Aug. 4, 2010:** The Pacific Islands Forum summit held in Vanuatu.

**Aug. 5, 2010:** Australia is confirmed as vice chair of the Indian Ocean Rim Association for Regional Cooperation for 2011 and 2012.

**Aug. 20, 2010:** Two Australian soldiers are killed when struck by an IED in Afghanistan.

**Aug. 21, 2010:** Australia's voters go to the polls but return a hung Parliament.

**Aug. 24, 2010:** An Australian is killed in Afghanistan. This brings the number of Australians killed since operations began in 2001 to 21, 10 of them so far in 2010.

**Sept. 7, 2010:** Labor forms a minority government. The White House says President Obama phoned PM Gillard to offer his congratulations on her successful formation of a government.

**Sept 28, 2010:** Three Australia soldiers will face court martial over the deaths of six people in Afghanistan. The charges are made after an investigation into a compound clearing operation in Afghanistan on Feb. 12, 2009.