THE BROOKINGS INSTITUTION

LOWY INSTITUTE FOR INTERNATIONAL POLICY

SHAPING PEACE AND SECURITY IN THE ASIA-PACIFIC REGION: THE NEW AUSTRALIAN GOVERNMENT'S DEFENSE AND FOREIGN POLICY PRIORITIES

Washington, D.C.

Tuesday, July 15, 2008

Introduction and Moderator:

MICHAEL FULLILOVE, Lowy Visiting Fellow
The Brookings Institution;
Director, Global Issues Program, Lowy Institute for International Policy, Sydney, Australia

Featured Speaker:

THE HONORABLE JOEL FITZGIBBON M.P.
Minister for Defense
Australia

* * * * *

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

P R O C E E D I N G S

MR. FULLILOVE: Australian Defense Minister Joel Fitzgibbon, Secretary of Defense Nick Warner, Ambassador Dennis Richardson, Peter Singer, Director of the 21st Century Defense Initiative which is co-hosting this event today, ladies and gentlemen, can I begin by welcoming you all to the Brookings Institution this morning to this special event which is co-hosted by Brookings and by the Lowy Institute for International Policy in Sydney, which is Australia's leading think tank. I'm Michael Fullilove. I'm Director of the Global Issues Program at the Lowy Institute, and I'm a Visiting Fellow here at Brookings, and I'm very pleased indeed to welcome this morning Australia's Minister for Defense the Honorable Joel Fitzgibbon M.P.

Last week the British Defense Secretary, a friend of Joel's, Des Browne, spoke in this room and the phrase special relationship was mentioned. Australia also has some bragging rights on that score. Australia is arguably the most reliable of all America's allies, the only country to fight beside the United States in every major conflict of the 20th and 21st centuries. The Duke of Marlborough is supposed to have said that in every alliance one party wears the boots and the spurs while the other wears the saddle. Most Australians disagree with that proposition. They believe that the alliance is important to our security and that by

allying ourselves with the United States we contribute to global security as well as our own security.

Of course, Labor governments have a particular alliance management style. They try to balance their reliability as an ally with fresh ideas and independent bearing, and a very strong historical commitment to engagement with Asia and the Pacific. Kevin Rudd struck that balance pretty effectively when he was here in March and spoke here at Brookings, and today we'll get to see the balance being struck by one of the senior member of Mr. Rudd's government.

Joel Fitzgibbon has been Defense Minister since Labor was elected late last year. He brings to the job two very important qualities in my opinion. Firstly, a love of Rugby League which bears a strong resemblance to modern warfare. And secondly, a reputation for plain speaking. Joel has talked very frankly for example about the need for burden sharing on the part of NATO allies. Last week just to give the Americans in the audience a sense of just how plain speaking he can be, he came out in favor of abolition of the Australian states, so you can imagine how that would go down if an American politician were even to float that idea.

As Minister for Defense, Joel faces a very full agenda with a new White Paper on Defense and significant Australian deployments in

Afghanistan, Iraq, East Timor, Solomon Islands, and elsewhere. Last week he met with the commander of PACOM here in Washington, he has seen Secretary Gates, Vice President Cheney, and others in the administration and on the Hill. And we're very pleased I might say that he has found time in this his first visit to Washington as Defense Minister to address the Lowy Institute and the Brookings Institution. So let me invite the Minister to come to the podium and make some remarks.

MR. FITZGIBBON: Thanks very much, Michael. I assume that means we are all abolitionists now. It's really nice to be here and I thank both you and Peter for the opportunity to address two of the world's preeminent think tanks, Brookings and Lowy, and you are absolutely correct to Lowy as Australia's or at least Sydney's leading think tank.

It's really nice to be here to have an opportunity to reflect on what's happening back home and to show a bit of interest in what's going on here. We in Australia take a bit of notice of your wonderful democratic process and looking forward to watching it in the lead up to the November poll. Back home the government is in its eighth month. It seems like 2 years ago to me. It's been a busy period. Yesterday our preeminent poll in Australia, Newspoll, published in the Australian newspapers that Kevin Rudd and the Labor Party was up one point which is despite the fact that back home like here fuel and food prices are rising, and notwithstanding

the fact that there we're in a very, very heated debate, if you can excuse the pun about global warming, and what should be the government's appropriate response to it. We have committed ourselves to a market-based mechanism and a carbon trading scheme there and of course that axiomatically means potentially I should say higher fuel prices and higher food prices again. So it's a brave thing to be doing in these uncertain economic times. And to get a boost in the poll 8 months in and in such an environment is a very, very welcome thing indeed.

Michael very generously acknowledged the long-standing nature of our military relationship, identifying us as a country which has engaged with the United States in every conflict in history. I should remind you, Michael, that there's another point to be made there and that is that we've never been at war with one another like some of those others who fall into that same category, and may that peace last for some time to come. Yet we've got Dennis Richardson here doing a great job making sure that that's the case at least for the not-too-distant future.

But you do do me a great honor inviting me along to make this address on my visit to Washington as the Defense Minister. But in doing so you also set for me a challenge. You mentioned that the Prime Minister was here only 4 months ago, so my test today is to see whether I can't say a few words without going over the same remarks of Kevin Rudd

only a short time ago. That's going to be a significant challenge because as most of you would know by now, my Prime Minister take somewhat of an interest in defense and strategic policy, and in fact foreign policy, but I'll give that challenge a bit of a go.

You will excuse me though for going over a few things that I think it's necessary for a senior Australian parliamentarian to say whenever they visit Washington. Some of them are pretty obvious, but some of them are very, very important. The first of them for example is our commitment to our alliance, the friendship and formal alliance we have between our two countries. Next month, and I think the Prime Minister mentioned it, marks the one-hundredth anniversary of the arrival of President Roosevelt's "Great White Fleet" into Australia which marked of course America's arrival as a power in the Asia Pacific region. Australia of course at the time took note and stood up and listened and from there of course a long-standing relationship began to form between our two nations. Through the course of the two wars, that relationship continued to build and indeed flourish and now ANSAK (?) reflects the mutual trust and respect we share as two nations and as two nations who so regularly fight side by side.

I traveled here via Hawaii where I saw a practical manifestation of the way in which we work together in an interruptible way

when I observed what our people and what people were doing from other nation-states at RIMPAC '08. While there I also viewed a wonderful photographic exhibition which has been organized by our consul in Honolulu, a photographic exhibition that reminded us all that our two nations have been fighting together side by side since 1918, and on that occasion on the Western Front, and I'd never miss the opportunity of reminding you that the person commanding those charges was no other than Australia's own Lieutenant General Monash. So we have had a chance, Michael, to lead in the partnership.

Post-World War II our relationship continued to grow and deepen. Australian and U.S. forces have operated together in conflicts including Korea, Vietnam, Kuwait, Iraq, and of course Afghanistan. We've also worked together in peacekeeping operations like Somalia and East Timor. I pay tribute today to the men and women who have been casualties of any of those operations. They truly are great Americans and great Australians and we owe them a lot. They are the keepers of the peace, a peace I believe that is worth fighting for.

In this Asian century as we migrate back to what many describe as a multipolar world, our alliance will never be more important and my visit to PACOM in Hawaii provided an unnecessary but still important reminder of the importance of continuing a strong U.S. presence

in the Asian Pacific region. Let there be no mistake, the Australian government will continue to view the United States as a force of good in the world. We also believe that the ongoing and responsible exercise of its economic, diplomatic, and military power in the Asia Pacific region will be crucial to the maintenance in peace and security in both that part of the world and of course globally.

As the new Australian government begins its push to ensure the region has a framework capable of bringing all players together in economic and strategic dialogue, we are more than conscious that the architecture will only prove successful if the U.S. is a major player and that all countries are embraced including of course China and India.

I wanted to focus on a topic which had the potential to put some strains on the relationship between the U.S. and Australia. I refer of course to our decision to withdraw our combat troops from Iraq. There are key three points I'd like to make on that issue. The first two, concurrency pressures and priorities, are very, very closely related. In our rollup to NATO meetings on too regular a basis these days I have to say, when talking to our partners in Afghanistan, I get a look of shock on people's faces when I describe that Australia has an army six battalions strong. Also I draw surprise when I've told people that in recent years around half of our infantry and cavalry has been somehow tied to a deployment, East

Timor, Afghanistan, and Iraq. Of course that's a sustained period of high operational tempo and it's put great strain on other parts of the Australian defense force including capability. But even more importantly, the weight of those obligations left us with insufficient ability to deal with contingencies in our own immediate region where we need to be constantly in readiness to deal with issues which may arise amongst the fragile states in the South Pacific, the so-called Arc of Instability.

It is the new government's view that restoring our capacity to play a lead role in maintaining peace and security in our own immediate region is more important than having people seeing an over-watch role in Southern Iraq where our work was effectively done. I'm pleased to be able to report that our friends in Washington understand and appreciate that logic, which brings me to the third point.

Australia remains committed to the Iraqi project, and I use the word project deliberately. I also use that word when referring to Afghanistan because our work there in both nation-states is more of course than just about our military. Importantly, the project must include proper marrying of military and nonmilitary efforts. But in Iraq our P-3 Orions will continue their aerial surveillance over that country, our frigate will remain in the Gulf keeping the sea lanes open and protecting Iraqi oil infrastructure, our people will continue to play a role in command in

Baghdad, and our more than 100-strong security detachment will continue to protect our diplomats and others in Baghdad.

On the economic front, aid is increasing from Australia and we are constantly looking for new ways to do more, and the Prime Minister and I discussed those issues with Prime Minister al-Maliki when we were last there. I'm appreciative of the fact that the administration here understands our circumstances and position. We've been working through that issue without any strain on the relationship whatsoever. Indeed, I would argue that that relationship has never been better and never been stronger.

One challenge Secretary Gates and I have been talking about regularly is the need to make better progress in Afghanistan. Australia's contribution in Afghanistan is a substantial one. It includes a reconstruction task force of about 400 personnel and a special operations task group of around 300 special forces soldiers, an Air Force control and reporting center, a rotary wing which of course includes to Chinooks, logistic support, and a national command element, more than one-thousand personnel in all. This makes us either the ninth- or tenth-largest contributor overall and of course the largest non-NATO contributor in Afghanistan.

But like Secretary Gates and other members of the administration, the new Australian government has been unimpressed by a number of things including a lack of whole-of-country, whole-of-government coherent strategy and the shortcomings of the contributions of some of our NATO partners. For my part, I've made my concerns known on these issues with typically blunt Australian frankness.

The Bucharest Summit in April produced some good outcomes and provided hope that many of the shortcomings in the Afghanistan project will be remedied, but of course the final outcome will be all in the implementation of the plan embraced in the Romanian capital. Australia remains committed to the Afghanistan project. We believe it goes to the heart of our own national security at a time when we are all facing a challenging strategic environment. We are committed to ensuring that the tyrannical regime which provides safe haven for terrorists cannot be allowed again to take hold in Afghanistan. Quite apart from how we limit the capability of terrorists who wish to harm our citizens, we have delivered real benefits in terms of education and health care and employment to the people of Afghanistan. We have protected our own people but hopefully have made their lives a little better as well, and we think it's work which is worth continuing on in the future.

The complexity of that environment explains why one of my first acts as Defense Minister was the commissioning of the new Defense White Paper Michael referred to. White papers in Australia aren't our regular thing. In fact, this paper will be only the fifth since the Vietnam War. The Defense White Paper and the strategic guidance it provides are critical to successful defense policy formulation. In the absence of an up-to-date strategic document, government decisions in the defense portfolio can become ad hoc and misdirected. The document the former government was working from was developed in the late-1990s and delivered in the year 2000. The world has changed so much since then, September 11 and subsequent terror attacks in Bali and Jakarta and Madrid and London, the wars in Iraq and Afghanistan, the fear of nonstate actors getting their hands on weapons of mass destruction, the nuclear ambitions of North Korea and Iran, big shifts in the global distribution of power including of course the rise of China, and of course the emergence of new technologies, cyber-warfare and increases in space technology, these are significant changes which significantly change our future strategic environment and a review of our situation in Australia in my view was long overdue.

The new white paper will be unprecedented in both its broad scope and the demands it will place on my own department. For the first

time the Australian government will have a comprehensive picture across a range of defense issues including the current strategic environment -- force structure and the levels of preparedness required to meet Australia's defense needs, defense capability, the overall defense budget, the size and composition of our uniformed and civilian workforce, force disposition, supplying and sustainment of deployed ADF elements, defense's information and technology needs, and finally the requirements of our defense industry and science and technology more generally.

The crucial starting point for the white paper process will be a wide-ranging review of our security environment, our strategic interests, and the roles and tasks which the government will require the Australian Defense Force to be able to undertake over the course of the next two decades. Unless we start from this base, future decisions about the ADF's force structure and pure defense capabilities will be neither rigorous or disciplined. The Australian Department of Defense is currently undertaking this wide-ranging strategic review in consultation with other agencies including those in the Australian intelligence community and of course here in the United States. These are major issues to be considered during this phase. For example, what is the likely future role of force in the international system? What is that system going to look like by 2030 when a number of emerging major powers will have attained

considerably more economic, strategic, and raw military power than they currently have today or have ever had in the past? Will the era of state-on-state conflict in the international system have come to and end, superseded by an era of interstate strife and conflict as well as threats from so-called nonstate actors such as terrorists and other insurgent groups? What risks and threats will we face in the emerging strategic environment? Will changes in -- climate for example cause us concern and be a force on our decision making? What role should our armed forces which are largely and trained and geared for war play in the future as distinct from civilian agencies? These are big questions the government will need to turn its mind to. We will need to look through the data as economists like to say and discern enduring trends, risks, and threats, as well as abiding interests.

Trying to look through the data and judge enduring trends and risks and threats is one of the most difficult for our defense planners. Just think back twenty-odd years. Could anyone in this room honestly say that in 1986 they picked the collapse of the Soviet Union or that NATO would be in Afghanistan confronting those who in some cases at least fought the Soviets in the 1980s? Who would have thought that NATO meetings would be held in Bucharest or in Lithuania, a country that didn't even exist not that long ago? So trying to undertake defense planning on

the basis of current preoccupations is a fraught exercise. Of course, today I have no intention of preempting the outcomes of Australia's white paper development process, but there are some things I can say with a fair degree of certainty. First, Australia's priority will remain the defense of our continent and an ability to do so without relying on the assistance of others. Second, it will be necessary to maintain a capability to take a lead role in stabilization efforts in our own immediate region. Third, we will also maintain the capacity to join in coalition efforts in the broader Asia Pacific region and beyond. This will of course require a balanced force and some difficult capability and force structure decisions given the relative size of our very limited budget.

The Asia Pacific represents both challenges and opportunities for both Australia and the United States. The region is home to two of the most important powers over the next 50 years, China and India. Their unquenchable thirst for our commodities including oil and gas and iron ore has provided Australia with a long period of sustained economic growth. But in the coming decades, their economic growth and military capability will shape both the region and the globe. Managing this shift in the center of gravity to the Asia Pacific will be our great challenge in the first half of this century. That is why Prime Minister Rudd has begun his push for the new regional framework I spoke of earlier. Regional

dialogue which nurtures confidence and trust in one another will be crucial to managing changes in the power balance both within and outside our region. And as we attempt to look out 30 years and beyond, miscalculation in the Taiwan Straits or on the Korean Peninsula is not the only potential threat. As the region continues to grow we could face energy resource challenges as nation-states seek to meet the needs and expectations of their people. Water may become just as precious as population growth as pollution and et cetera puts pressure on fresh-water supplies. Climate change could force large migrations of people which brings me to topics closer to home, that is the South Pacific.

It's a region of much promise and hope, one that has been faced with many challenges in the past few years. Fiji's latest coup in 2006 was the fourth in 20 years. It has led to a growing decline in the standards of governance in Fiji and is also impacting upon the nation's economic health as the nation's economy responds in political turmoil. We continue to reinforce our desire to see this important nation within the Pacific return to democracy not only for reasons of principle but also for the sake of improving the quality of life of the average Fijian. Australia and other nations have provided significant security assistance to East Timor's move to independence in 1999. We were called upon again to do so in 2006 as the security situation deteriorated. East Timor continues to

hold a special place in the hearts of all Australians and we are committed to assisting the leadership there to continue to develop and take their nation forward.

Since 2003 Australia has also provided both security and governance support to the government of the Solomon Islands following on from a period of ethnic tension -- made the proper operation of government untenable. While we continue to maintain a small military presence in the Solomon Islands, Australia's main effort is now directed toward assisting in the continuing development of a robust and effective national government. Elsewhere the riots in Vanuatu in 2007 and Tonga in 2006 highlight the sometime fragile security situation in otherwise peaceful nations. Australia's future in the South Pacific are intertwined. Our government recognizes the importance of the Pacific in our approach to the working partnership with our Pacific neighbors to unlock their potential. Since coming to government we have sought to reenergize Australia's engagement with Pacific nations and to improve person-to-person links. In this endeavor Australia is of course joined by our closest friend in the Pacific, that is of course New Zealand. In the future, regional security will be dependent upon our developing strong regional partnerships that can meet the challenges which are not necessarily apparent today. Of course the key to any regional partnership or grouping

is the continuing strong U.S. presence and engagement. This U.S. presence and engagement is crucial to regional stability, and as a close friend and ally we will continue to work closely with the United States toward these important and common goals.

Of course the security and stability of Indonesia is also of vital importance to Australia. It is quite amazing how far Indonesia has come both economically and politically in the past few years. I'm pleased to be able to say that our relationship with Indonesia is going from strength to strength. We are already cooperating closely in a broad range of areas including counterterrorism where Indonesia has made enormous strides following the horrific attacks in Bali in 2002, attacks which killed 202 innocent people including 88 Australians and 7 Americans. Indonesia's response to the threat of Islamic extremism and terrorism both by its government and its population reflects its impressive evolution into a modern democracy. While Indonesia still faces all the challenges inherent in its status as an emerging democracy, its progress is impressive. As the world's large Muslim country, success of Indonesian democracy sets an important example for the region and of course the rest of the world. We have recently concluded the Lombok Treaty with Indonesia to increase the depth of our bilateral security cooperation and we hope this will be just the first step toward a deeper and broader security relationship. I know that

the U.S. will work with Australia to support and encourage these positive developments in Indonesia and that all three nations can work cooperatively in the future to address our common security interests.

Japan is another key partner in the region. Both our countries already have a strong bilateral relationship with Japan, but through trilateral cooperation there is the potential to leverage our considerable collective strengths. Australia, the U.S., and Japan are now linked through the Trilateral Strategic Dialogue in which our three countries can discuss security challenges. We are keen to see this trilateral engagement progress particularly with the view toward more practical security cooperation. Greater practical cooperation between our governments and defense forces in areas such as humanitarian and disaster, peacekeeping and maritime security, has the potential to make considerable contribution to regional peace and security. At the Australia-U.S. Ministerial Meeting this year we agreed to further enhance our bilateral defense relationship by expanding our joint and combined training capability to improve the quality and value to Australia and the U.S. training in Australia. We also agreed to explore how we can better cooperate to improve our collective ability to provide humanitarian assistance and disaster relief in the Asian Pacific region. Finally, we agreed to look at better sharing and cooperation in the field of intelligence,

surveillance, and reconnaissance, to allow both nations to operate more effectively together. These important agreements not only strengthen our alliance but also the activities and presence of U.S. forces in the Asia Pacific region and we of course welcome that very much.

In Hawaii I got to see first-hand as part of the -- exercise just how closely our forces work together and how valuable our military collaboration is to both countries. Thus as it has been for the last 57 years, I am convinced that the Australia-U.S. alliance has a critical role to play in the future peace and security of the Asia Pacific region.

As important as the future security and stability of the Asia Pacific region is to Australia, we cannot ignore broader global problems and issues. The Asia Pacific will not develop in isolation. Instability and problems in the rest of the world will have repercussions in our own region which is why we see a need for strong multilateral systems. Australia has always been and will continue to be a great supporter of the United Nations in its vital work. Australia was a founding member of the U.N. and of course a famous Australian and a former member from Hunter, Doc Evatt was President of the General Assembly in its third session from 1948 to 1949. I should explain that I'm a member from Hunter. I just realized my audience might not realize that. There are some high-quality

people from Hunter. In fact, Edmund Barton, our first Prime Minister was the member for Hunter. So the tradition continues.

Today we maintain that vision and commitment. Australia is the thirteenth-largest contributor to the U.N. budget. We have a proud history of contributing to our fifty peacekeeping missions, five of which are ongoing. I've seen firsthand the fine work that the men and women of the Australia Defense Force do while on peacekeeping operations. Theirs is a difficult but rewarding task. Australia has recently announced that it will stand as a candidate for a nonpermanent seat on the Security Council. It's long overdue. I think it's been some 30 years since we first had a seat at that table, too long of course an Australian argue, and we think we've got a substantial contribution to make based on both our history in doing so and of course our geographical location.

It goes without staying that Australia's strong support for the U.N. in no way devalues our bilateral relationships, particularly our relationship with the United States. Bilateral relationships are an important and necessary element in the international system in the way in which we all do business together. But the problems and challenges we are facing today, terrorism, transnational crime, pandemics, global warming, et cetera, do not respect international borders. The challenges they represent can only be met with a network of global responses and the

United Nations along with other regional multilateral bodies has an important role to play in developing effective global responses to all of these challenges. We must invest in our multilateral systems so that they can continue to work as a stabilizing influence. They will not run themselves. They will require effort and patience that our future prosperity and security are linked to as exists in these endeavors. It was only 4 months ago that the Prime Minister in addressing this institution committed Australia to being more active in meeting global challenges through multilateral diplomacy. As a country with which we share many common values and interests, I know there will be many opportunities for Australia and the United States to work together in multilateral institutions particularly the U.N. to address the challenges we collectively face. It is my intention and the intention of the Australian government to not only maintain the alliance relationship, but to seek to push our engagement in a new deeper level of cooperation. Already this year our two countries have made significant commitments -- to enhancing our defense relationship and we work closely to achieve important outcomes together on planning in Afghanistan. I look forward to doing more together in making sure the alliance continues to grow even closer and stronger. I'll be happy to take some questions. Thank you.

MR. FULLILOVE: Thank you, Minister, for those very wide-ranging remarks. I think one of the things they showed was the breadth of Australia's interests. Can I congratulate you too on mentioning the great Hunter region of New South Wales? I think you were very restrained not to mention its beautiful beaches and vineyards as well as its previous statesmen. Thank you also for agreeing to take some questions. I certainly want to come back to you on one or two points, but first of all I'd like to go to Peter Singer from Brookings for the first question.

MR. SINGER: Thank you, Minister. I first wanted to thank you for joining us at Brookings. It's an honor for us. Then secondly, as an American I feel that we should thank you and your troops for your service with our troops in Iraq and Afghanistan.

I wanted to follow-up on a point you made discussing the White Paper process. You talked about that there would be difficult choices when it came to capabilities and maybe tradeoffs. I wonder if you could flesh that out a bit. What do you think are going to be the biggest challenges in those sorts of difficult choices?

MR. FITZGIBBON: Thanks, Peter. There are many. I might just first of all say we won't be sending the ambassador home for -- Hunter wine -- residence last night the Clear Valley wine was very nice.

These are big challenges for Australia. I made the point that we will spend more money on defense this coming financial year than any Australian government has ever spent in the past and I'm talking in nominal terms of course -- in GDP terms -- Vietnam war we were up around 4.6 percent and we're just under 2 at the moment. $22 billion is a lot of money nominally but not much in relative terms and a small amount when you think about the sorts of things we need to do as a relatively isolated island continent. First defending that -- to our north. How do you do that? You're going to do that with surface combatant submarines and pretty high-quality fast jets and maintaining air combat superiority to our north is obviously crucial to maintaining -- protecting our country. That's all very, very expensive.

In addition to that of course we need to be able to maintain that capability to go forward whether it be in the South Pacific or -- more generally in a lead role, so it's not participating as a junior partner in some sort of coalition effort, in a lead role as was the case very effectively in East Timor. Of course in addition to that as we see a changing global environment, big shifts in the distribution of power that we also want to be able to participate in coalition efforts in the broader region itself. If there were miscalculation in the Taiwan Straits for example we'd be expected I think to play our role. Then of course in addition to that we need to

maintain the capability to make contributions to coalition efforts in places like Afghanistan. So that's a big mix for a country of just under 22 million people I remind you and with our $22 billion defense budget. So they are the challenges and the real challenge is how do we structure and what tradeoffs do we make. Is it more submarines, more infantry battalions, more special forces, more submarine surface combatants? It's not easy and that's the very significant challenge we face as we develop this White Paper.

MR. FULLILOVE: Can I ask you, Minister, can I draw you out a little bit on the phenomenon of weak states? You mentioned Melanesia and you mentioned some of those states in which Australia is active. If you buy the argument that weak states produce national security threats then we as an alliance have to get a handle on not only how to stabilize those conflict situations but build resilient, stable, sustainable states. Can I ask you to what extent do you think we do have a handle on that? A few years ago there was a lot of optimism I think in the early days of the Iraqi and Afghanistan deployments. A few years ago I think East Timor would be seen as a case study of an international intervention. Particularly in its early days under the leadership of Nick Warner I think the Ramsey mission in the Solomon Islands was widely looked upon around the world as a very impressive way of structuring an internal

intervention, but it's extremely hard for any external power to build sustainable states.

So can I ask you looking at the range of situations that you have to, how close are we to working out how to do this?

MR. FITZGIBBON: I'm glad you mentioned Nick Warner because his work there is very well recognized. And he's also a former ambassador to Iran so if there are any Iranian questions today I'll just default to Nick if you don't mind.

I think we've done poorly in recent years. I don't want to be political today, but I could launch a few attacks here on how our government in the way in which we were so conditional about our aid efforts and so head master in our approach to our relationships to some of those Pacific island states. This sort of idea that we can ride in on our charger and offer money conditionally and expect them to do run their society just as we'd expect them to is a poor one and one which won't produce success. There are just countless transcripts of some of Alexander Downer's meetings with Pacific island leaders which would make your hair curl. By the way, we think Alex will do a great job in Cyprus, we support that idea, but we need to work more with them as partners and be less conditional about where our aid goes, making them more autonomous and masters of their own destiny.

The Chinese for example are very active in this region at the moment and they are building infrastructure without too much reference at all to local needs using only Chinese construction workers, et cetera. That sort of I think doesn't help much at all. We've got to be more engaged and got to give them more authority over their own future and be more in dialogue rather than insisting on how they run their affairs and making that insistence conditional upon our aid efforts.

MR. FULLILOVE: I should say the Minister is referring to former Foreign Minister Alexander Downer who is likely to be appointed the Secretary General's special adviser on the Cyprus situation.

MR. FITZGIBBON: I'm sorry. I assumed your audience would be watching that with great interest.

MR. FULLILOVE: I'm going to open it up, and can I ask everybody first of all wait until the microphone arrives and please state your name and affiliation before your ask your question which will hopefully have a question mark at the end of it. This gentleman on the edge.

MR. WALKER: This gentleman is Tony Walker from the Financial Review of Australia. Minister, do you subscribe to John McCain's view that Iraq remains the central front in regard to the war on terror or do you lean to the Barack Obama perspective that Iraq has been

a distraction from the war against al-Qaeda in Afghanistan and Pakistan? And if you lean to the latter, what are the policy implications for Australia and the Australian government?

MR. FITZGIBBON: It's pretty hard to get away from mischievous Australian journalists isn't it? How long have I got to answer that question?

MR. FULLILOVE: Half an hour.

MR. FITZGIBBON: I don't like to dwell on history in terms of Iraq. I will say though that in my view Iraq has been a distraction from the main game and it certainly has emboldened Iran in my view, and even more, I think upset the power balance between those countries when you consider the Shia and Sunni situation. But my view is Afghanistan is where the real action is and I say the context being we now have made very good progress in Iraq and I think we can be pretty optimistic about the future. So I'm of the view that it's a project pretty much done. That might be a bold claim, but I see it as a project pretty much done and it is time to get the focus back on where the real action is and that's of course Afghanistan where we as Australians believe our own security is directly threatened. Those people who killed Australians in Bali and Jakarta were trained in Afghanistan. The drug trade in Afghanistan not only funds terrorism in Afghanistan, it funds global terrorism including terrorism which

is perpetrated on our own doorstop, and of course some of those drugs end up on the streets of Australia and having all sorts of economic and social effects. We cannot allow Afghanistan to again consolidate as a breeding ground for terrorists prepared to perpetrate -- around the globe. From our perspective that's where the action is. Of course we're all also looking nervously at Iran and developments there. Any instability in the Middle East is bad for both Australia and the global community.

MR. FULLILOVE: Minister, if I can pick up on that point, how is the fight going in Afghanistan?

MR. FITZGIBBON: -- Australia the other day that I've spent a fair bit of time feeling pessimistic about Afghanistan but thankfully I spend more time feeling optimistic than I do pessimistic. I hope I was being honest in my public pronouncements. I think that's right. I think we can win the war in Afghanistan. What does winning the war in Afghanistan mean from my perspective? It means we need the hearts and minds of the Afghan people, proving to them that what we're offering as a construct, as a government construct, as an economy, as a model, is better than what the Taliban or any other group can offer them, and we won't do that until we build economic capacity and give them a decent standard of living, and we won't do that until we're able to match that with

the capacity on the part of the Afghan government to enforce their own rule of law.

To get to that point we're going to need a much better marrying -- first of all, we're going to need more troops, substantially more troops, sort of a surge if you like. We're going to need a better marrying of the military and nonmilitary efforts. We're going to have to do more in governance, more in economic capacity building, all of which means more money. We're going to need to do more on the counter-narcotics front. I don't think anyone would argue the poppy eradication scheme has worked as well as it could. I think we got to do more on economic capacity building before we take the only livelihood people have away from them. And they're all the easy bits. Then you turn to Pakistan. If you're looking for something that pushes me more to the pessimism than the optimism you only need to look at Pakistan.

If we get our act together, the special envoy is already doing a good job and I'm very pleased that he's extending now his influence to -- Province which is where we operate. If we get our act together and get some more money, get some more troops, get our counter-narcotics program right and get some deeper engagement on progress in Pakistan, we might just win.

MR. FULLILOVE: Thank you. The gentleman I was referring to before is actually two behind Tony if I might call on him.

MR. DOYLE: Thank you. John Doyle with "Aviation Week and Space Technology" magazine. Sir, last week on this same podium the U.K. Defense Secretary Des Browne urged the passage of the Defense Trade Cooperation Treaty between the United States and the U.K. which appears to be stalled in the Senate Foreign Relations Committee right now. There's a similar treaty between our country and Australia. Are you going to be meeting with American legislative leaders to urge passage of that treaty? Also how crucial is that treaty to Australia?

MR. FITZGIBBON: The treaty is very crucial to Australia. It will underpin our export opportunities in the defense industry in the future years. Our industry has long been frustrated by the current system -- foreign military sales, huge compliance costs, long timeframes, et cetera, and this would be hopefully a free-trade situation for the defense industry between our two countries not without -- by the way even under the new scheme but very, very important to us and very much part of our potential to be more linked in the global supply chain. So while I'm here I will be talking to Secretary Gates and other members of the administration about this very issue and indeed members of the Congress. It is the Congress and not the administration which in the end determines the fate of this

arrangement and we can understand members of the Congress and senators having concerns, so we'll just continue to push. The important thing for us is the exclusions list, that is the exemption of certain areas of military sales from the free-trade arrangement. And of course, like any free-trade arrangement, the more exclusions you have the more you undermine the effectiveness of the instrument. So we'll be pushing for a faster rather than slower passage of the agreement through the Congress but also pushing hard to ensure that the exclusion list is a very small one. It's very important to the Australian defense industry.

MR. FULLILOVE: The gentleman at the back, please.

MR. MCVADON: Eric McVadon, the Institute for Foreign Policy Analysis. Mister Minister, I wonder if you'd comment on China's role in the region and its relations with its neighbors, namely Japan, Southeast Asia, and Taiwan.

MR. FITZGIBBON: Obviously China's role in the region is a very, very significant one and a growing one. I think I mentioned in the speech that we've enjoyed great economic prosperity because of demand from China and prices we've been receiving for our commodities and we expect that demand to continue and those prices to remain high for some time to come. So from that perspective, our relationship with China has never been stronger. People are obviously concerned that China's military

buildup is a substantial one. I believe it's fair to say that any nation-state building such economic power will naturally seek to build its military strength and to protect its interests. I don't see a lot of evidence that it's gone beyond that. I think China is very, very much focused on economic growth and spreading that dividend more broadly and more equally across those who populate its nation-state. In any case, tensions have now dropped off in the Taiwan Straits since the election recently in Taiwan and cooperation as a result of that of course -- dialogue has now normalized between the two countries, so you'd have to say miscalculation in the Taiwan Straits is now -- or the chance of that is now considerably low.

I think the important thing on China is that we all continue to talk very regularly together. This is part of what I'm saying about a new framework in which the major interests have a seat at the table. There's nothing like regular talks and dialogue to build confidence and trust between nation-states, and I'm quite optimistic about it all. I think that the future is bright on that front and China can be a good force in the region and I don't believe at this stage that it has anything but an intention to remain a positive force in the region.

MR. FULLILOVE: Yes, the gentleman on the right.

MR. ROTH: Stanley Roth, the Boeing Company. When your American counterpart was in Singapore for the Shangri-La Dialogue

he had to spend most of his time trying to persuade the audience that the U.S. is still engaged as an Asia Pacific power. I think it's helpful as an American for us to get a readout from a non-American on how we are perceived in the region. So if you could give us your thoughts as you meet with your colleagues and counterparts of the Asia Pacific, is there a sense that the U.S. is somehow a declining Asia power? And if so, I don't want to prejudge the answer, what do you think the U.S. should do about it?

MR. FITZGIBBON: I certainly agree with your assessment of the conversation in Singapore. I was surprised that there appeared amongst Asian countries in particular a concern that somehow the U.S. would withdraw from the Asia Pacific region. I've certainly never heard that since and I can't understand for the life of me why it would, and I thought Secretary Gates delivered a really good speech providing that reassurance. Actually it would be interesting to ask him when I see him tomorrow when that speech was written and whether he had anticipated so much skepticism about their ongoing role there. How I'd like to see it in the region? It's a very diverse region and that would take a long time to answer, but I think generally they're -- very welcome in the region, nation-states like Australia and the Philippines and Singapore and Japan, and that's not an exhaustive list by the way. And naturally they're treated with

suspicion by many in the region as a nation-state with imperial ambitions I suppose. I don't think that those views will ever completely disappear. But the important thing is that the ongoing engagement in the region is absolutely crucial to maintaining a balance of power more so than ever. And having just been to Hawaii at PACOM, I certainly don't get any sense of them withdrawing or reducing their tempo in the region anytime soon.

MR. FULLILOVE: Let me just add one small editorial note. I've noticed that some of the public opinion polling of the United States in Asia and in the world is coming back now and some of the opinion polling on views of China for example that was very high and was causing a certain amount of nervousness is falling off a bit. So there's probably an element of the cyclical to it and it's probably tied in some way to the election campaign here as well. Yes, the gentleman over here, please.

MR. : -- from Agence France-Presse. Sir, could you please comment on your Prime Minister's Asia Pacific initiative, the new initiative, and the feedback that has been received from the region, particularly amid reports that some sectors in Southeast Asia seem to be cool toward the proposal?

MR. FITZGIBBON: Some people will be cool to it. There's a potpourri -- a proliferation of regional groupings in the Asia Pacific region. The important thing to be said about all of them is that they all have an

economic -- my good friend Paul -- will tell you that APEC deliberately didn't have security anywhere -- because some people may have found that confronting or threatening in some way and certainly APEC particularly at the leadership level has played a role in strategic issues. But none of them have in particular a strategic focus and none of them include all the important countries, India, China, the U.S., Japan, together. So that those -- I think urge a new framework which embraces all the key players including we'd like to think Australia. Of course, we are not part of many of those regional institutions. In addition to that, the big shift of power and influence in Asia I think calls upon us to redouble our efforts in establishing and maintaining dialogue on all fronts. So on that basis I think the Prime Minister is absolutely right to begin the push to establish such a framework.

Reaction in Asia I couldn't really comment on. I've just frankly been too busy and haven't engaged in that part of the world since he made that pronouncement and I can't really help you with that. But I think Australia is a good nation-state to be advocating it. I think we're very much not treated with suspicion -- an honest broker in the process, a middle power not without influence and a bridge to Japan and the United States but also with a very good economic relationship with China, for example, Indonesia. So I think we are well placed to be the initiator of this

thing and I think there are very good reasons to do it. But I think the fact that it is us pushing it I'd like to think might reduce any skepticism or paranoia or concern about the proposal.

MR. FULLILOVE: Can I ask you a slightly wonkish question about the foreign policy process and the national security process? In addition to the very comprehensive White Paper process that you told us about, there's a national security statement which will be produced by the Australian government and there's speculation that that will have an Office of National Security and perhaps a National Security Adviser. Of course people in this town are used to a particular kind of National Security Adviser who has a very high profile and so on. Is there anything you can tell us about the statement or about how the government is thinking about that individual or the institution that he or she would run?

MR. FITZGIBBON: We operate on a Westminster System so our National Security Adviser would be a much different -- than the one you're used to dealing with here -- very much an official as part of -- Prime Minister and cabinet offering direct advice to the Prime Minister. But under the Westminster System of course ministers who also sit in the legislature, myself, the Foreign Minister and the like, the Attorney General, Minister for Homeland Security, et cetera, Home Affairs -- will continue to play an important role in advising as a National Security Committee on

these matters. So I suppose I assume the new National Security Adviser is an addition to that suite of advice but someone who works directly under the Prime Minister as an alternative source of advice I suppose but I wouldn't say as a sort of high-profile position generally seen here in the United States.

MR. FULLILOVE: Thank you.

MR. FITZGIBBON: National security standards are all about making sure we've got a whole-of-government approach to these issues. The Defense White Paper is very, very important, but there is so much overlap and synergy to be found in other areas of public administration so it's about getting the umbrella right.

MR. FULLILOVE: Thank you. The lady there?

MS. : Beverly -- from UDC. As a linguist, I have noticed that the U.S. government has considered language as a part of national security. I wonder if the Australian government is doing that and particularly because I'm also besides being an American but also an Australian as a dual citizen. In addition, I taught Kevin Rudd.

MR. FITZGIBBON: If you taught him Mandarin, you did a very good job. It never ceases to amaze me how fluent he is in that regard. I just haven't many times seen a Caucasian speak so fluently. It's a bit of a surreal thing. And I don't know how he keeps the standard so

high. He did tell me once he speaks on the telephone a lot, almost just as an exercise in maintaining it, but it's very, very impressive. I haven't followed your debate here but I assume what you're saying is that it's pretty hard to have dialogue and understanding across cultures if you don't, one, share some language skills and, two, understand one another's cultures. Is that what you're saying? And the Prime Minister has regularly talked about that and unfortunately we haven't done sufficiently -- we're part of Asia, the epicenter has been moving to Asia and yet in Australian schools and universities we've been underdoing considerable in Asian language skills. I can't say that we have a specific policy on it now, but I do recall before we took government, Kevin, the Prime Minister and others, talking about it on a regular basis. I need to check my facts on what issues we've taken since in the 8 months we've been in government, but I'm confident that you'd find in there some initiatives to ensure that we do much better on that front because we have to make sure that the Japanese courses and the Chinese language courses are sufficiently equal in number so that people don't -- some people don't read too much into it.

MR. FONTE: Thank you very much. I'm Mike Fonte. I work on U.S.-Taiwan relations. I wonder if you'd sketch out briefly your policy

toward Taiwan particularly in the light of what you talked about in terms of regional architecture both on the security and the economic side?

MR. FITZGIBBON: We support like the previous government did a one China policy. We in all cases urge calm and dialogue across the Straits and we are very pleased with developments there since the recent election. Security architecture in the region, again we have a proliferation of organizations now that no security architecture per se concentrating on that alone and I think that that's exactly what Kevin had in mind -- the Prime Minister had in mind beyond economic prosperity when he was thinking about that new framework. But it's very complex. We have very long-standing tensions in the region whether it be Japan, China, the Korean Peninsula, the largest Muslim country in the world right in our own backyard, many nation-states that have an American -- heritage. It's a real potpourri there and that is a mix that requires constant attention and again that's why a new framework which ensures that all players are a part of that dialogue is important.

MR. FULLILOVE: We have time probably for one more question. Yes, this gentleman.

MR. : Frank -- International. You mentioned India in passing in your prepared remarks, Minister. The United States government as you know has been pursuing for some years a strategic

relationship with India. I was wondering where Australia comes down on its bilateral relationship and how it sees the Washington-Delhi --

MR. FITZGIBBON: Like China, it's very much an emerging power and its influence in the region will be significant and long-standing and we are in the process of establishing a stronger relationship with India ourselves and of course encourage greater strategic dialogue between India and the United States. We are at the moment for example looking to do more in military exercises with India -- it's interesting, our Foreign Minister Stephen Smith is West Coast. It's a big continent, Australia, and if you have a look at where Perth is, the capital of the West Coast and where he lives, its relationship with India is a pretty obvious one and so many of our commodity exports increasingly go to India. So there's a real natural relationship there, two great democracies or three great democracies being the U.S. and given our British heritage, a far greater cultural mix than we have for example with China, English speaking largely. And of course India on the demographic projections -- more populous than China I think by the middle of this century if not before. So we all need to be engaging more deeply with India and I think the U.S. and Australia both are well placed to do so and certainly we intend to give it more emphasis in the coming years.

MR. FULLILOVE: Minister, can I thank you very much both of your speech and for so generously taking everybody's questions? Good luck with your meetings here in Washington. Perhaps I can tell you one cautionary tale which is my favorite story about alliances and has to do with Franklin Roosevelt and Winston Churchill. When Churchill came to Washington on a Prime Ministerial visit after Pearl Harbor he stayed with Franklin Roosevelt at the White House, and on New Year's Day 1942 according to historians FDR wheeled himself into Churchill's bedroom to talk to him about something, and he was horrified to find Churchill in the bath. And Roosevelt was a sort of a bit of a prude and a bit embarrassed and he started to wheel himself back out, and Churchill stood up in the bath and he stood before Roosevelt naked, pink, plump, and dripping and said, "Please, Franklin come back. The Prime Minister of Great Britain has nothing to hide from the President of the United States."

I know that your government is taking a more business-like approach to the alliance. I commend you for that. I thank you again for coming to Brookings. You're always welcome here at Brookings, and of course you're always welcome at the Lowy Institute in Sydney. So thank you very much Joel Fitzgibbon.

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

/s/Carleton J. Anderson, III

Notary Public # 351998
in and for the
Commonwealth of Virginia
My Commission Expires:
November 30, 2008