



Speech by

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**The Asia Pacific Century
and the Australia-United States Alliance**

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Introduction

Thank you Ambassador Indyk for your warm welcome.

Distinguished guests, ladies and gentlemen.

It is a pleasure to be at The Brookings Institution today to talk about the Asia Pacific Century and the Australia-United States Alliance.

In its 60th year, the Australia-United States Alliance is the indispensable, enduring feature of Australia's strategic and security arrangements.

Since the first formative meeting of Australia's great World War Two Prime Minister – John Curtin – and the United States's great World War Two President – Franklin Roosevelt – in South Carolina on Anzac Day 25 April 1944, the Alliance has been supported and developed by both major political parties on both sides of the Pacific: Labor and Liberal, Democrat and Republican.

Since the Battle of Hamel on Independence Day 4 July 1918 – the first occasion on which Australia and United States forces fought together and on that day under the command of Australia's greatest General John Monash – Australia has stood side by side with the United States in every major war the United States has fought in the past century, including the Second World War, the Korean War, the Vietnam War, Iraq and now in Afghanistan.

That is a unique record.

The formal Alliance that has underpinned our unique record of shared commitments has changed but the commitment remains unflinching.

Afghanistan

Today, Australian and United States troops are again fighting side by side, this time in and around Uruzgan Province in southern Afghanistan where we are working together under the flag of the International Security Assistance Force in Combined Team – Uruzgan.

Australia's strong view is that it is in our national interest to be in Afghanistan, not just with our Alliance partner the United States, but with the 46 other members of the International Security Assistance Force (ISAF) operating under a United Nations mandate.

Australia is the largest non-NATO troop contributor in Afghanistan, the tenth largest troop contributor and, importantly, the third largest contributor of Special Forces.

Our mission in Afghanistan is clear – to prevent Afghanistan, especially the Afghanistan Pakistan border area, from again being used by terrorists to plan and train for attacks on innocent civilians, including Australians, in our region and beyond.

To achieve that goal we must help prepare the Afghan Government to take responsibility for providing security for the Afghan people.

To do so we must stabilise the security situation and mentor and train the Afghan security forces so they can take the lead for security.

The international community now has both the military and political strategy in place, the resources to match it and the people on the ground to deliver it.

It has taken the international community too many years to get to this point, but the NATO/ISAF surge, the surge in Afghan security forces and our Special Forces operations, are working.

ISAF and Afghan resources have enabled combat and enforcement operations to occur with more confidence and to greater effect.

There are more Afghan soldiers and more Afghan national and local police officers and they are more capable.

Partnered Special Forces operations have killed or captured insurgent leaders, taking them off the battlefield and disrupting insurgent activity across Afghanistan.

We know the Taliban will strike back, both on the ground and through high profile propaganda style attacks, including assassinations.

Australia remains confident that between now and the end of 2014, we will effect a transition to Afghan-led responsibility for security in Uruzgan.

We know that our objective in Afghanistan will not be achieved by a military solution alone, but these military gains are essential in building the pressure on the Taliban to open up possibilities for reintegration, reconciliation and political settlement.

As a result of these military gains and the pressure that has been put on the Taliban, there have been what then Defence Secretary Bob Gates described as the early signs or preliminary outreach for political settlement.

Historic shift towards Asia

Australia's strong and continued commitment to the Alliance is based on our assessment that it is in Australia's national interest to do so.

It is also unambiguously in Australia's national interest for the United States to be active and engaged in the Asia-Pacific, as economic, political, military and strategic influence shifts to the Asia-Pacific, to our part of the world.

In this century, the Asia-Pacific will become the world's centre of gravity.

The rise of China is a defining element of Asia's growing influence, but it is far from the only or whole story.

Everyone sees the rise of China but the rise of India is still underappreciated, as is the impact of the rise of the ASEAN economies combined.

The major and enduring economic strengths of Japan and South Korea also need to be acknowledged.

So must the great individual potential of Indonesia – as it emerges from a regional to a global influence.

The ongoing shift in influence is, however, not just about economics or demographics, it is also about military power.

The Asia-Pacific is home to four of the world's major powers and five of the world's largest militaries - the United States, Russia, China, India, and North Korea.

The implications of this historic shift continue to unfold.

Some seem to implicitly assume that the economic and strategic influence of the United States, the world's largest economy and superpower, will somehow be rapidly eclipsed overnight as a result of the new distribution of power.

That is not Australia's view.

In Australia's view, the United States has underwritten stability in the Asia-Pacific for the past half century and will continue to be the single most important strategic actor in our region for the foreseeable future, both in its own right and through its network of alliances and security relationships, including with Australia.

This stability has enabled economic and social development and prosperity, as well as the creation of a regional framework based on APEC and ASEAN. The United States does need to remain engaged, supportive and most importantly, visible in the Asia Pacific.

Indeed, Australia sees greater United States focus on the Asia-Pacific region as the demands of current operations reduce and the United States' strategic priority returns to the Asia Pacific region.

Regional Architecture

Australia has greatly benefited from the Asia-Pacific region's long period of peace, security, stability and prosperity.

We owe this in part to the creation and growth of regional institutions like ASEAN and its related forums, institutions that continue to build habits of dialogue and cooperation in the region.

But we also owe it to the efforts of successive Australian Governments, following in Curtin's footsteps, to shape Australia's strategic environment in cooperation with our regional partners.

Australia's contemporary, comprehensive relationship with China, for example, has been underpinned by the Whitlam Government's recognition of the People's Republic of China in 1972, when it was not necessarily fashionable to do so.

The Hawke Government's push for APEC's establishment in a rapidly growing region built consensus around open markets, trade and investment.

The Keating Government's elevation of APEC to a Leaders-led organisation consolidated APEC as a driving force for economic growth and prosperity in our region.

Since coming to office, the Rudd and Gillard Governments have both advocated the need for a regional Leaders' meeting which can consider both strategic and security matters, as well as economic matters, with all the relevant countries of our region in the same room at the same time.

That is why we very much welcome the entry of the United States and Russia into the East Asia Summit this year, and why Australia so strongly supported the inaugural meeting of the ASEAN Plus Defence Ministers Meeting (ADMM-Plus) in Hanoi at the end of last year.

The ADMM-Plus is the Defence Ministers equivalent of the expanded East Asia Summit for Presidents and Prime Ministers and Foreign Ministers. It is made up of the ASEAN countries plus Australia, China, India, Japan, New Zealand, the Republic of Korea, Russia and the United States.

This creates a forum for the key regional players to discuss peace and security cooperation, build stability and promote greater defence cooperation.

Present and Future Challenges

With the rise of the Asia-Pacific region comes a range of challenges.

Some have been with us for years. Others are more recent, non-traditional security challenges.

Our region contains a number of conventional security problems, some of which, like the Korean Peninsula, are leftovers of past conflicts and others stem from past grievances and unresolved territorial disputes.

Amidst continuing tensions on the Korean Peninsula, we commemorated the 60th Anniversary of the Battle of Kapyong earlier this year.

It was for its actions in the Battle of Kapyong that the 3rd Battalion, The Royal Australian Regiment, was awarded a US Presidential Citation for "*extraordinary heroism and outstanding performance of combat duties in action*" in helping stop the Chinese Communist Army's final attempted breakthrough to Seoul.

Almost sixty years later, in November of last year, we saw the shelling of Yeonpyeong-Do Island. This followed reports of North Korea developing a sophisticated uranium enrichment program in defiance of United Nations Security Council resolutions and the earlier North Korean attack on the South Korean corvette *Cheonan* which claimed 46 lives.

These events have been deeply troubling and threaten stability on the Korean Peninsula and North Asia.

Tensions have also increased over maritime and territorial disputes in the South China and East China Seas.

Australia does not take a position with respect to competing territorial and maritime boundary claims in the South China Sea or elsewhere. We encourage all States to invest in their own continued prosperity by resolving maritime disputes patiently and calmly through multilateral security and negotiation mechanisms, consistent with international legal norms.

In Bali last week, ASEAN and China agreed on a set of guidelines to implement the ASEAN Code of Conduct in the South China Sea. Australia welcomes this agreement, which calls for peaceful resolution of territorial disputes in the South China Sea in line with international law, and for restraint from the use or threat of force.

This is a good starting point but more needs to be done.

The recently established ADMM-Plus offers real opportunities for practical cooperation in maritime security. As a maritime nation, Australia is acutely interested in the need and the potential for regional cooperation in maritime security.

The establishment of an ADMM-Plus Experts Working Group on Maritime Security is an opportunity for a positive and constructive dialogue to improve maritime cooperation in the region and help address maritime security challenges as they emerge. This is why Australia is so pleased to Co-Chair with Malaysia the Expert Working Group on Maritime Security, the first meeting of which occurred in my own home town, Perth, just last week.

The Australia-United States Alliance

In addition to the Alliance commitment to “*act to meet the common danger*”, our bilateral defence relationship ranges across military operations, extensive intelligence cooperation and sharing and the development and acquisition of common capability platforms.

For almost 50 years, through the joint defence facilities in Australia, we have made a significant contribution to United States national security by hosting or supporting some of the United States' most sensitive and critical strategic capabilities. These include systems related to intelligence collection, ballistic missile early warning, submarine communications, and satellite-based communications.

Collaboration on defence capability is another area where cooperation is mutually beneficial. For Australia, the most obvious benefit is access to developmental, leading edge US capabilities and proven off the shelf platforms.

These acquisitions help make Australia a reliable partner of effective and interoperable capability.

For Australia, off the shelf acquisitions reduce much of the risk in acquiring highly complex and costly military capabilities. Acquiring the equipment operated by our ally does maximise interoperability, the ability of Australian and US forces to operate in close and effective cooperation.

Australia's acquisition of C-17 aircraft has provided the Australian Defence Force (ADF) with a highly capable heavy lift aircraft which has been very effective in support of the ADF's operations, including disaster relief and humanitarian assistance in Australia, New Zealand and Japan.

In responding to the earthquake and tsunami in Japan, three Australian C-17 aircraft worked closely with the United States Forces Japan Air Operations Command in providing humanitarian assistance and disaster relief. This was an historic first and a very practical demonstration of Australia-Japan-United States trilateral cooperation.

Both Australia and the US also benefit through sharing lessons learnt in capability development and acquisition.

One of the projects I have been discussing while in the United States is Australia's future submarine project.

The 2009 Defence White Paper outlined the acquisition of 12 new submarines to replace the Collins Class.

Our new submarine fleet will be the single biggest defence project that Australia has embarked upon so we need to get the planning absolutely right.

Part of this planning is to talk to our friends and partners who have significant expertise in designing, building and operating submarines.

Part of this planning is also making sure that our future submarine, its combat systems and capabilities, is interoperable with US forces so we can continue to work together to meet security challenges into the future.

The growth and development of the Alliance

With the Asia-Pacific region going through a period of significant geopolitical change, it is important to ensure that our Alliance continues to grow and develop to meet the strategic and security challenges we face.

Curtin laid the ground work for such an approach in his Call to America speech in December 1941, when he encouraged Australia to think through problems itself and to apply an independent and creative approach to international challenges.

He articulated a clear-eyed vision of Australia's place in the world, supporting a new global order based on international law and setting the stage for our Alliance relationship with the United States.

Curtin was pragmatic, hard-headed and far-sighted when it came to protecting and defending Australia's national security interests.

He forged a close and essential relationship with the United States, one that has matured into the friendship and the Alliance that we see today.

He also forged a practical new framework for Australia's security in the face of the terrible challenges of World War Two.

In doing so Curtin negotiated the parallel demands of Australia's history and Australia's strategic imperatives through a process of invention and innovation.

This process of invention and innovation remains important to this day to ensure that our Alliance relationship continues to respond to new and emerging security challenges.

Force Posture

Consistent with this historical approach and in the best spirit of our relationship, then United States Secretary of Defense Bob Gates and I agreed last year to establish a bilateral working group to identify options flowing out of the US Global Force Posture Review to align Australian and United States force postures in ways that are of benefit to both our countries' national security.

The strategic focus of our discussions with the United States is to the north of Australia, and to the strategically important arc running from the Indian Ocean through to the Asia Pacific region.

Australia and the United States will work together to, for example:

- develop options for increased US access to Australian training, exercise and test ranges;
- consider the prepositioning of US equipment in Australia; and
- develop options for greater use by the United States of Australian facilities and ports.

The discussions include making sure that we are postured to be able to respond in a timely and effective way to a range of contingencies that may arise in our region, including humanitarian assistance and disaster relief.

That would mean pre-positioning supplies, equipment and Navy platforms to be closer to where natural disasters may occur.

I look forward to continuing this work with Defense Secretary Leon Panetta.

In June of this year I announced Australia's own Force Posture Review to ensure that the Australian military is correctly geographically positioned to meet future security and strategic challenges.

A World War Two '*Brisbane Line*' disposition of Navy, Army or Air Force assets south of a line drawn from Brisbane to Adelaide does not reflect the reality of where the Australian Defence Force must operate, whether for military operations or humanitarian assistance and disaster relief, or other contingencies.

We do need to consider whether the Australian Defence Force is appropriately geographically positioned to respond in a timely way to Australia's 21st Century strategic and security demands. This work will complement the joint work we are undertaking with the United States on the US Global Force Posture review.

New Focus Areas – Cyber and Space

Again in keeping with our Alliance's history of invention and innovation, Australia and the United States have committed to working together to advance our shared interests in space and cyber.

Building upon a long history of defence space cooperation, at the last Australia United States Ministerial Consultations in November 2010 we signed a Space Situational Awareness Partnership Statement of Principles to facilitate and enable close cooperation on space surveillance.

On cyber, we have seen increasing sophistication in the nature of threats to national interests. At the AUSMIN consultations last year we agreed that there are substantial benefits to be derived from enhanced collaboration when operating and defending mutual national interests in cyberspace, including shared defence and economic interests. We also agreed to work together to promote a secure, resilient and trusted cyberspace that assures safe and secure access for all nations.

The importance of India and the Indian Ocean

With economic, political, military and strategic influence moving to our part of the world, our region needs to look west, as well as east.

The Indian Ocean is of critical strategic importance. Indian Ocean shipping routes are vital to Asia Pacific economic and strategic interests, particularly for the energy and resources that meet rising demand in India and China and elsewhere.

As we think about the security and stability of the Asia Pacific region, at the same time we need to think about security and stability in the Indian Ocean.

It is in all our interests that India plays the role it could and should as an emerging great power in the security and stability of the region. India's significance cannot be under-appreciated.

India is the largest democracy in the world. As India assumes the mantle of global influence accorded to it by its democratic status, economic size and strength, its strategic weight in the world is naturally increasing.

India is now rightly making its voice heard in the corridors of regional and international fora. It will continue to make a strong and positive contribution to the great issues of the day. Australia welcomes this because we see in India a country that combines a remarkable pace of domestic development with an active and constructive role on the regional and world stage.

India has global interests, but India's expanding strategic role has increasingly focused on our shared Asian neighbourhood. This is a natural progression of the imaginative and skilful 'Look East' policy launched by former Prime Minister Narasimha Rao in the 1990s.

Australia like India is an Indian Ocean country. Chennai is closer to Perth than Shanghai is to Sydney. I am optimistic about the future of the Australia-India relationship. In signing the 2009 Joint Declaration on Security Cooperation, Australia and India declared our shared desire to promote regional and global security, as well as our common commitment to democracy, human rights and the rule of law.

The Role of China

The continuing rise of China is part of the defining change in the world order.

Australia is positive and optimistic about China's emergence. Australia wants, as the Chinese would say, China to emerge into a harmonious environment or as Bob Zoellick would say to be a responsible stakeholder.

With this rise comes added strategic responsibilities for China, including the need for greater openness and transparency in relation to capabilities and strategic doctrine.

Australia has committed to developing strong and positive military and defence relations with China through dialogue and practical activities.

Given the strategic importance of the relationship between Washington and Beijing, the recent increases in cooperative military engagement between the US and China are encouraging and to be encouraged.

The agreement in June 2009 by President Barack Obama and Chinese President Hu Jintao to advance and sustain military-to-military relationships was an important step. And the visit by then Defense Secretary Gates to China in January this year and People's Liberation Army Chief of General Staff Chen Bingde's visit to the United States in May have paved the way for expanded practical exchanges between the US and Chinese militaries.

Conclusion

John Curtin, living in a very different time and looking out to a very different region, would not have foreseen the detail of these developments both in the Asia Pacific region and in the Australia United States Alliance.

But he would nevertheless recognise the judgments about national and national-security interests that lie behind them.

He would also recognise the process of argument and advocacy inherent in defining and advancing Australia's national security interests amid the Asia Pacific Century.

He would recognise the importance of building the habits of dialogue and communication which will help us withstand and resolve serious tensions if and when they arise.

He would recognise the importance of creative and constructive diplomacy in building the regional architecture and institutions that can help us manage emerging security challenges.

He would recognise the pragmatic and hard headed assessment of national security interests that seeks to find a role and place for emerging great powers such as India and China.

Finally, he would recognise the process of invention and innovation that continues to see the Australia-United States Alliance continue to grow and develop to meet the challenges of the Asia Pacific Century.

And he would also recognise this:

The analysis of our mutual collaboration, though well worth reiterating today, has been made before. Australia's confidence in continuing United States engagement, likewise.

A point not so often made is how Australia's strategic value to the United States is changing. The balance of geopolitics is shifting and Australia is at the southern tier of that central dynamic.

Apart from our geographic position, Australia is the world's largest coal exporter and one of the largest uranium exporters. In ten years' time we are on track to be the largest exporter of liquefied natural gas.

We have the fourth largest amount of funds under management. We sell to China and we invest in the United States.

Nine thousand Australian companies do business in the United States. They pay an average wage of US\$70,000 per employee per annum and include your largest shopping centre owner and two of your largest 20 banks.

Australia is an Ally that adds value.

We are not a consumer of United States security who imposes tough choices on the United States military and United States public policy.

We value add and we do so from a vantage point of respect not dependency.

Thank you.