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SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES COMMITTEE

Reference: Australia's foreign and trade policy strategy

THURSDAY, 21 AUGUST 2003

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SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES COMMITTEE

Thursday, 21 August 2003

Members: Senator Cook *(Chair)*, Senator Sandy Macdonald *(Deputy Chair)*, Senators Hogg, Johnston, Marshall and Ridgeway

Substitute members:

Senator Stott Despoja to replace Senator Ridgeway for the committee's inquiry into the performance of government agencies in the assessment and dissemination of security threats in South East Asia in the period 11 September 2001 to 12 October 2002

Senator Bartlett to replace Senator Ridgeway for the committee's inquiry into current health preparation arrangements for the deployment of Australian Defence Forces overseas

Senator Bishop to replace Senator Marshall for the committee's inquiry into current health preparation arrangements for the deployment of Australian Defence Forces overseas

Participating members: Senators Abetz, Boswell, Brandis, Brown, Carr, Chapman, Collins, Coonan, Denman, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Forshaw, Harradine, Harris, Hutchins, Knowles, Lees, Lightfoot, Mackay, Mason, McGauran, Murphy, Nettle, Payne, Santoro, Stott Despoja, Tchen, Tierney and Watson

Senator Kirk for the committee's inquiry into the performance of government agencies in the assessment and dissemination of security threats in South East Asia in the period 11 September 2001 to 12 October 2002

Senator Bartlett for matters relating to the Defence and Veterans' Affairs portfolio

Senators in attendance: Senators Cook, Hogg, Marshall and Sandy Macdonald

Terms of reference for the inquiry:

To inquire into and report on:

An examination of the adequacy and effectiveness of the Government's foreign and trade policy strategy, with particular reference to the forthcoming Foreign and Trade Policy White Paper, *Advancing the National Interest*.

In examining this matter, the Committee will have particular regard to:

(a) The merits of new policy directions identified by *Advancing the National Interest*;

(b) Whether *Advancing the National Interest* meets its stated objective of best using Australia's credentials and attributes to enhance Australia's national interests;

(c) The strategy's consistency with Australia's international obligations; and

(d) The process for implementation.

WITNESSES

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Committee met at 7.07 p.m.

WELLS, Mr Ric, First Assistant Secretary, South Pacific, Africa and Middle East Division, Department of Foreign Affairs and Trade

CHAIR—I declare open this meeting of the Senate Foreign Affairs, Defence and Trade References Committee. Today, the committee continues its public hearings into Australia's foreign and trade policy strategy, *Advancing the national interest*. The terms of reference set by the Senate are available from secretariat staff, and copies have been placed near the entrance to the room. Today's hearing is open to the public. This could change if the committee decides to take any evidence in private. Tonight's hearing will conclude at approximately 9.30 p.m.

Persons are reminded that evidence given to the committee is protected by parliamentary privilege. It is important for all witnesses to be aware that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. An officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy. However, officers may be asked to explain government policy, describe how it differs from alternative policies and provide information on the process by which a particular policy was arrived at. Witnesses will be invited to make a brief opening statement to the committee, and then I will invite members of the committee to ask questions. Thank you for appearing, Mr Wells. Do you wish to make an opening statement?

Mr Wells—I don't have an opening statement to make. I think everything I want to say is in the document which you have been considering. I am happy to answer questions.

CHAIR—Let me ask you a few questions, Mr Wells. First of all, can we go to the procedures adopted by the department in preparing a white paper. I assume, but perhaps you can confirm for me whether it is correct, that the government decides through the minister that a white paper shall be issued and, as a consequence, the minister commissions the department. Is that the process?

Mr Wells—The ministers for foreign affairs and trade, in consultation with the Prime Minister, decided that the department would draft a white paper.

CHAIR—Is there any pattern in terms of the frequency with which this might be done? Or is it just a matter of when the government thinks it is an appropriate occasion to table a white paper setting out its foreign policy and trade objectives?

Mr Wells—It is hard to say because, as you know, there have only been two such white papers. The first was about five years ago. I could say it happens every five years, but that is not really the answer you are looking for. To judge from the genesis of both white papers, I think you would have to say that they are irregular and they depend on the desire of the government of the day to explain to the broader community the framework for Australian foreign and trade policy.

Senator HOGG—Is there anything that triggers it, such as an international event?

Mr Wells—I don’t think so, although obviously by the time this white paper came out, the government felt that there had been sufficient significant development since the first white paper to warrant a subsequent white paper. Since the first white paper you have seen the Asian financial crisis, terrorist attacks, the failure of Seattle and the commencement of the Doha round. The sort of events that we have seen over the last five years could make it, and I think did make it, sensible for the government to decide that it was worth while setting these out in terms of the policy framework.

CHAIR—Looking at the two white papers, how are we to read them? Are we to read them as the second white paper being the second instalment of a series and should it be read against the objectives and comments made in the first white paper? Or rather than being a sequel to the other, is each one a stand-alone statement and perhaps newly minted policy?

Mr Wells—A bit of both, I think you would have to say. The title of the second white paper was chosen quite deliberately with a reference to the first. The first was entitled *In the national interest*. The second white paper is called *Advancing the national interest*. I think what the government wanted to underline by that title was that the enduring basis of government policy was the pursuit of the national interest. However, as *Advancing the national interest* makes clear, there had been significant changes in the international environment and obviously that had led to some policy changes. Nevertheless, the policies are still designed to pursue the national interest. I am saying ‘yes’ and ‘no’ to your question.

CHAIR—With respect to the decision to produce a white paper statement in the first case, which was not all that long after the change of government, was the purpose of that primarily for the government of the day to state as clearly as it could where it differed from previous policy and put its own mark on policy? Was that one of the driving purposes?

Mr Wells—Senator, I wasn’t involved in the first white paper. Clearly, the government wanted to state very early in its term what it believed—it wanted to present what were the policies it would pursue and the criteria for following those policies.

CHAIR—Given that we do read them as a further episode in the ongoing series, that we do read them as separate statements and that it does depend on what item we are looking at, I suppose, whether it is one or whether it is the other, what value should we place on policy notions set down in the first white paper if there is a conflict with the second white paper? The second white paper overshadows the first in that case, does it?

Mr Wells—The second white paper is meant to be a clear articulation of the framework of the policies the government is now pursuing. Some of the policies set out in the second white paper are obviously not the same as those in the first white paper, and that is clearly a reflection of the fact that the international environment had changed substantially. Some of the policies with which we pursue our interests with Asian countries are not the same as they were in the first white paper, because the circumstances of Asia are different. Our interests remain, but the policies we use to pursue those interests have changed. So I would not want to say that the second white paper overshadows the first, but the second white paper is meant to be a comprehensive framework for, and description of, the policies of the government at the time.

CHAIR—It is just that we have received some evidence pointing to where there are differences in policy focus between the white papers. I think you have answered that question. The last instalment is the most up to date and one should have regard for that. That is essentially what we are saying here, isn't it?

Mr Wells—Yes.

CHAIR—The government in the form of the Minister for Trade had a habit dating back to the former Deputy Prime Minister and Trade Minister Tim Fischer of tabling what in shorthand was called a TOOS, a trade objectives and outlook statement. That seems to have been discontinued in the form that former Deputy Prime Minister and Trade Minister Fischer inaugurated it in. Is that a policy decision, now that we have a white paper, to discontinue the annual instalments of TOOS?

Mr Wells—Not that I am aware of. TOOS still comes out each year. It is an annual statement. Obviously, the format and focus of it might have changed over time but, as far as I am aware, there has been no decision to discontinue it.

CHAIR—No, but there has been a decision apparently to discontinue the tabling of it in parliament.

Mr Wells—I cannot answer that. I would doubt if there is any connection between that decision and the decision to produce a white paper, but I would have to take that on notice and get back to you.

CHAIR—Okay. This is where I am coming from: to save having an iterative discussion about what was behind the question, let me expose the issue behind the question for you so that it is more comprehensible. When Tim Fischer announced the inauguration of TOOS statements, he did so with a flourish of words about how important it was for the government to tell the parliament what its trade objectives and outcomes were. I might say that was a very good innovation and a welcome one. And rightly Mr Fisher would carry the TOOS statement everywhere and quote from it liberally. It is nice to see that it reflects exactly the policy settings that he himself felt strongly about.

While the TOOS statement in a technical sense was tabled in the parliament, the process by which there would be a ministerial statement and a parliamentary debate following that ministerial statement seems to be discontinued just at a time when this year the trade agenda was chock full of quite interesting developments in the Doha round and in the commencement of the Australia-US free trade agreement. And at that stage the continuing negotiations, soon to be then formalised, of the Australia-Singapore agreement and the early nibblings about the prospects for an Australia-Thai free trade agreement were all in focus. But the practice of enabling a parliamentary debate about these matters through the tabling of a formal statement by the minister was discontinued. I am just curious to know whether that is related to the white paper or whether there is a stand-alone reason for that relating particularly to the trade agenda.

Mr Wells—As far as I am aware, it is unrelated to the tabling of the white paper, but I will have to take that on notice. All I can say is that I know the minister, and of course the department, continue to regard TOOS as a very important document because it is the minister's

annual opportunity to present to the broader community the achievements of the trade policy in the year before and the objectives for the year ahead. But on the specific question of tabling, I will have to get back to you.

CHAIR—Mr Wells, could you give us a bit of an overview of what the process is in the compilation of a document such as the white paper, what degree of public consultations are engaged in, what submissions might be invited and who the reference group, if there is one, to comment on and propose editorial arrangements—just a general overview of how the department goes about doing it. I accept that at the end of the process the minister has the final authority, but what is the process of assembling the white paper?

Mr Wells—I can certainly give you a description of how this white paper was produced but I don't know that you could draw general conclusions from that about how other similar documents might have been produced. In the case of this white paper, there was no reference group. Ministers decided that, given there was already a white paper that had been produced some time before that did set out the government's interests, this one would be produced slightly differently. There was consultation with the two relevant consultative bodies on foreign policy and trade policy—the Foreign Affairs Council and the Trade Policy Advisory Council. The ideas and concepts behind the white paper were discussed with both of those bodies, and presentations were made to them. We received advice and suggestions from those individuals.

The department also conducted consultations with individuals from the private sector, with commentators and academics whom we thought would have interesting perspectives to contribute. There was, of course, an invitation published on the department's web site for submissions to be received. We did receive a number of submissions—I cannot remember the exact number—from a wide range of individuals, institutions, industry organisations, state governments and some foreign governments. There wasn't, however, a structured program of public consultation, if that is what you mean. And of course there was extensive consultation with other government departments. Those were the inputs into the production of the white paper.

CHAIR—Was there any interdepartmental committee?

Mr Wells—No, there wasn't a standing IDC but, as I said, there was extensive and frequent consultation with a very wide range of government departments.

CHAIR—Which departments were they?

Mr Wells—The major departments for consultation were those whose ministers were represented on the National Security Committee of cabinet. So those are the departments of Prime Minister and Cabinet, Treasury, Defence, DIMIA, ONA, Attorney-General's—I think that was the core group of departments. But in describing Australia's international relations you do have to talk about a very wide range of subjects. So, as necessary, we consulted other agencies such as the department of education because of the importance of Australia's education exports as well as the department of industry and AFFA, I think—I would need to go back and check the records if you want to know the exact departments whom we consulted. Of course, the issue also went to cabinet, so the full range of cabinet members were aware of the white paper and were able to comment on it.

CHAIR—And their departments had the opportunity to put in coordinating comments?

Mr Wells—From memory, there was a presentation to cabinet about halfway through the drafting of the white paper, but I don't think that was a formal cabinet submission. However, the white paper was submitted formally to NSC, so those agencies were in a position to make formal coordinating comments.

CHAIR—Were there any international consultations with other governments or international agencies?

Mr Wells—From memory, no, not that I am aware of. I would need to check the records, but certainly no substantive international consultations. It was very much a document produced in Canberra.

CHAIR—So no consultations with foreign governments?

Mr Wells—No, not that I can recall.

CHAIR—Or international agencies?

Mr Wells—No.

CHAIR—You have described the security and foreign affairs element through the National Security Committee; what about the trade side?

Mr Wells—In drafting the trade sections we obviously had extensive consultations with those agencies, principally AFFA and DITR, and of course Treasury was a core agency—they were consulted extensively throughout. As the subject matter bore on the interests of other ministers and agencies, we were careful to consult those agencies.

CHAIR—What about industry, industry sectors, industry organisations and major corporations?

Mr Wells—We received submissions from a range of industry organisations, and from memory I think they are listed at the back of the white paper. Business people and members of industry organisations were represented in their personal capacity on both the Foreign Affairs Council and TPAC, so they were in a position to comment and some of them did provide very useful input.

In terms of the ad hoc consultations outside Canberra, from memory, there was some contact with individuals from the private sector, but again I would need to go back to the records and check exactly who did it. I didn't conduct all of those consultations myself, so I would need to check people's programs.

CHAIR—Okay. And I assume—but I will ask the question anyway—that the same is true in trade as it was in foreign affairs and security issues about consultations with foreign governments and/or international organisations.

Mr Wells—Yes, it is true. Certainly in drafting some of the trade elements of the white paper, we used material provided by international agencies, particularly the World Trade Organisation, but there was no structured process of consultation with international agencies or foreign governments.

CHAIR—We didn’t talk to other members of the Cairns Group, for example?

Mr Wells—Specifically about the white paper? No.

CHAIR—Or about trade objectives to be articulated in the white paper?

Mr Wells—As you know, Senator, we talk with our Cairns Group colleagues all the time about a wide range of trade policy matters, but to the best of my knowledge there was no discussion with other Cairns Group members about the white paper. It might be that at some stage at officials level we mentioned to other Cairns Group colleagues that we were doing a white paper in which trade policy would feature prominently, but I am just hypothesising.

CHAIR—So how does the writing get done? Where does that occur within the department?

Mr Wells—There was a small group of departmental officers in the department of which I was a member who essentially drafted the white paper. That drafting, as you know, was then carefully scrutinised and reworked by other officers of the department, by other agencies, by ministers and so forth.

CHAIR—No consultant was called in to do the final rewrite?

Mr Wells—An editor was used but he did no substantive rewriting.

CHAIR—Was that an in-house editor?

Mr Wells—No, it was a private sector editor.

CHAIR—A person on contract to the department for that purpose?

Mr Wells—No, it was a person whose services were hired for that purpose. Again, I think the identity of the editor is mentioned in the white paper. It is a reputable editor who the department has used for other publications to make sure that the punctuation is correct and other things.

CHAIR—That was the extent of bringing in expertise from outside?

Mr Wells—Yes, that is all—apart from type setting and typographical advice and presentation.

CHAIR—Of course. And from conception to delivery, do you have any idea what the gestation period was?

Mr Wells—Again, I would need to check the facts but, from memory, the group of departmental officers who drafted it began work in March last year, and the white paper was launched I think in February this year.

CHAIR—Do you know what the total ASL was for that?

Mr Wells—The total ASL probably would have averaged—I am just taking a guess—four for that period. At one period there might have been, say, six people working on the white paper, and towards the end there were only about three of us.

CHAIR—Do we know what the cost of producing it was from the hours spent and overall production?

Mr Wells—I would have to do that calculation for you. I don't know off the top of my head.

CHAIR—Thank you. I have finished asking questions on the structure and on how the white paper was put together. Do any of my colleagues have questions on that subject before I go to the next area?

Senator HOGG—If I could ask two questions in terms of the structure: first, what is achieved by having a white paper? Is there anything achieved given that it is quite different from having a white paper in defence and given that the circumstances that are being looked at in the white paper can change so dramatically—as happened in the instance of the last white paper? What is achieved by having the white paper?

Mr Wells—That is a really good question. In fact, it is one that Mr Downer addressed himself when he launched the white paper. He said quite clearly that people legitimately asked what was the point of putting out a white paper on foreign and trade policy at that particular time, which was a pretty tumultuous time. Mr Downer said that you did run the risk of having parts of the white paper date very quickly because events did change so fast.

There are two answers to that. The first is that what the government has tried to do in this white paper is not so much set in stone every single policy on every single issue—because you cannot do that; it changes—but it has tried to provide a framework so that the wider community would be able to place what the government was doing in the context of broader interests.

The other answer is that it is precisely at times like these when events do move so fast that the community is interested in foreign policy and trade policy. That is when they ask questions. So, as Mr Downer said, you win and lose. By publishing a white paper at times like these, you are trying to answer the questions people raise but you obviously run the risk of seeing parts of your presentation date because events move so fast. So that is also the answer to your first question as to what we have achieved. I cannot say what we have achieved but I can say what we tried to achieve, which was essentially at a time of great interest and questioning about foreign and trade policy to provide the community with a reference, with a framework, so that they could better understand the policies the government was pursuing.

Senator HOGG—Is there a justification for just having a white paper on foreign affairs and leaving the trade area out of it?

Mr Wells—I cannot say if there is a justification but, of course, the Foreign Affairs and Trade portfolio is an integrated portfolio.

Senator HOGG—Yes, I accept that.

Mr Wells—The same reasons that led the government to integrate the portfolio are good reasons for putting out an integrated foreign affairs and trade policy white paper.

Senator HOGG—My other question is: what would be different in terms of the operations of officers within the department if there were no white paper at all? Would it create a vacuum to a certain extent? I am obviously not talking about a complete vacuum. What difference would it really make within the department?

Mr Wells—Within the department, and that of course includes our posts operating overseas who face requirements that are not quite those of officers in Canberra, I think it is very useful for officers to be able to see how what they are doing fits into the broader context of what the government is doing. As I am sure you would understand, a lot of public servants do extremely valuable work on a very narrow range of issues. That is what they are paid to do and they do it well. But it is very easy in the Public Service, as in all other walks of life, not to be aware of how what you are doing contributes to the bigger picture.

Certainly within Canberra, it is useful for officers to have that broader context articulated in the white paper—and even more so at posts because, by definition, for most of our posts their work is focusing on one country or on one international organisation. So it helps them to be able to see what they are doing in a broader context. Particularly for posts, it is also very important for them to have a tool that they can use to explain to other governments and to other communities the broad context of Australian foreign and trade policy.

Senator HOGG—Thanks.

Senator MARSHALL—The government policy seems to have changed significantly. If we look at our actions in the Solomon Islands, they are very inconsistent with what the white paper said should be effectively a hands-off approach to the region. Has the white paper simply got it wrong?

Mr Wells—Both the Prime Minister and Mr Downer have said publicly that we are pursuing a different policy to some extent in the South Pacific. The government has made no bones about the fact that there has been a policy change, and that is seen most clearly in the Solomons.

Having said that, I was just going through the South Pacific chapter again as you came in, because that is obviously the area where people will see the greatest differences, and I think it stacks up reasonably well. The framework that is set out emphasises, first of all, that we do have important and enduring interests in the South Pacific. That certainly has not changed. It also emphasises that Australia cannot impose solutions to the problems of the South Pacific, and I think that also remains valid.

In the case of the Solomon Islands, we are obviously playing a very active role in concert with other countries from the region, which is also something that the white paper emphasises, but we

are doing so at the invitation of the Solomon Islands government. What we are doing is also based on a commitment from the Solomon Islands government to carry out very important reforms—reforms that Australia as a government cannot impose. So without denying that there has been a change of policy, because there clearly has, the framework that the white paper sets out is still in reasonable shape on the South Pacific.

Senator MARSHALL—I accept that you are putting the best spin on it. But how do you then communicate that change of policy to the department and to the posts? Are they still out there working to the white paper when there has been a policy shift? Do we amend it; do we put out bulletins? You said earlier that the purpose of the white paper is to give some focus and some direction and information to people; how do we let them know that is not the plan any more?

Mr Wells—We certainly keep posts well informed about policy developments, including ensuring they have access to speeches by ministers and by the Prime Minister. As I said, both the Prime Minister and the foreign minister have said clearly that there have been significant changes in our policy in the South Pacific. So our posts are aware of that.

Senator MARSHALL—But saying there are changes to the policy is one thing. Do they then set clear guidelines for what the new policy is so that people understand the difference compared with the white paper?

Mr Wells—If you are asking whether we have gone out to posts and said, 'Disregard the South Pacific chapter of the white paper, we have something new in place,' no, we haven't done that. But our posts do operate in a world where, although our interests are constant, policies do change to pursue those interests. So I think they can work out that some of the policies that were outlined in the white paper on the South Pacific are obviously not those the government is now pursuing. In continuing to brief posts, the department has certainly made no bones about the fact that some of the policies we are pursuing in the South Pacific are not the ones that we were pursuing six months ago.

Senator MARSHALL—In terms of our rather vigorous lobbying to get an Australian to head up the Pacific Islands Forum, do you see that as part of the new policy and inconsistent with the white paper or do you believe that is still consistent with the white paper as well?

Mr Wells—I certainly see it as being part of the government's new policy. I would say, however, that the decision to nominate Mr Irwin as a candidate for the Secretary-General of the Pacific Islands Forum secretariat was one that was taken some time ago. It was taken against the backdrop that, at the previous meeting of the Pacific Islands Forum, a decision was taken that Australia and New Zealand as well as Pacific island countries were able to nominate candidates. I certainly don't think there is anything inconsistent in Mr Irwin's nomination with the policy framework set out in the white paper. Again, I would emphasise that the white paper set out very deliberately to underline that the South Pacific is important to Australia. That is partly why we gave it a chapter of its own and put it towards the front. So the fact that Australia wanted to nominate a good candidate—

Senator MARSHALL—But it just insulted everyone that didn't get a chapter of their own and is at the back, I suppose. But that is okay.

Mr Wells—I can justify that too.

Senator MARSHALL—I am pleased.

Mr Wells—I don't think there is any inconsistency between Mr Irwin's nomination and the policy set out in the white paper.

Senator MARSHALL—Thank you.

Senator HOGG—You have emphasised the importance of informing the community about Australian foreign policy. Research in America has identified foreign affairs as low in the interest or priorities of your average citizen. Is our foreign policy the weaker for not having a higher level of broad community interest in, and input to, it? I quote from an article in the *National Strategy Forum Review* of spring 2001. The article is titled 'Grassroots foreign policy' and is by Richard E. Friedman. It states:

> U.S. foreign policy is made by a closed society of specialists in the field. These are competent and experienced people, including the president, past and present foreign policy and national security officials, scholars and academics, members of Congress and their staffs, foreign affairs think tank associates, and foreign policy publications. The public is not intentionally excluded, but informed input from private citizens is rarely present or considered.

That is the context in which I put that question to you in relation to this particular white paper. What are your comments?

Mr Wells—The white paper does say very deliberately that foreign and trade policy are strengthened by an informed awareness of what the government is doing, and hopefully that translates into support for government policies. That is the reason why we tried to set out in the white paper the various ways in which non-Commonwealth government input helps shape the formulation of policy. Public input is only part of that, of course, because state governments, NGOs, industry organisations and a range of people in organisations quite rightly have an influence on the formulation of policy. The public also has input in various ways, including through NGOs as well as through consultative forums that the government has established on a range of issues such as trade, the environment and arms control. So there is a range of structured ways to use those broad inputs in the formulation of policy, and those are very important for government.

Senator HOGG—Is the foreign policy weaker though for not having a higher level of broad community input?

Mr Wells—I think the government would say that it has done pretty well in getting broad input into the formulation of foreign policy. I suppose something else that we all bear in mind is that, in an age of globalisation, with the expansion of information technology, governments increasingly have to cope with influences that come from a very wide range of people and you can see the effect of those influences on various policy issues. Senator Cook would remember the Multilateral Agreement on Investment, which obviously was affected by broad public activities. The landmines convention was again something where the policy agenda was quite substantially influenced by public input. This government—like all governments but this

government in particular because Australia is an open society where people are wired—does absorb significant public input into the formulation of policy.

CHAIR—This is a question out of curiosity, Mr Wells, but you are the first assistant secretary, South Pacific, Africa and Middle East division. Why are you the one to draw the short straw and have to front up to us to talk about the white paper covering the whole of the Department of Foreign Affairs and Trade?

Mr Wells—It is a hard-earned privilege, I can assure you! It is simply historical accident. Before I was appointed to this position, I was one of the drafters of the white paper and I think I happened to be the only one available at the moment because of those staff movements for which DFAT is notorious.

Senator HOGG—Did you stand still when everyone else took two steps backward?

Mr Wells—I didn't move fast enough, yes.

Senator HOGG—I am glad I got that cleared up.

CHAIR—We have had a few criticisms of the white paper made to us during our inquiry. I want to articulate a number of them and ask you to comment on them so that we can turn our mind to these issues when we formulate our own report. One of the key witnesses said of the white paper that it—and I quote:

> ... certainly does not provide what might be called a set of objectives or a guide to allocation of resources and effort. I think that is what a foreign policy white paper should do ... Although, naturally, a lot of foreign policy does need to be reactive and probably should be reactive, I do think it is possible to identify four or five major priorities which a document like this could have identified and against which resources could have been allocated and objectives set.

Do you have a comment on that as a deficiency in the white paper?

Mr Wells—I think it goes back to Senator Hogg's question on comparing the utility of a white paper on foreign and trade policy with a white paper on defence. Given the experience with defence white papers, I could understand why members of the community think that it would be really nice to have a foreign and trade policy white paper that sets out those major priorities neatly and then allocates resources and describes how you achieve them.

But the problem, and you said it yourself, is that foreign and trade policies just are not like that. They are unpredictable. Of course, there are certain things that you can point to that are of enduring importance, but there is still a high degree of unpredictability in the foreign and trade policy agenda. That is partly because they are opportunistic. Governments take opportunities as they present themselves. You don't always know what those opportunities are going to be. So that entails the government being fairly nimble. If you suddenly have a proposal for a major free trade agreement in an important market that wasn't on the agenda a year ago, you don't look at it and say, 'We cannot do that. That wasn't one of the four or five priorities.' You look at it on a pragmatic basis, see whether it is worth the allocation of resources and pursue it.

I can understand why people ask the question. It is one of the reasons why it was important for the government to do the white paper to explain to people that the international environment is a complex one; it is dangerous; it is fast moving. Clearly you do need to refer constantly to your national interests and your enduring policies but you also do need to be fairly nimble and pragmatic about what you can do.

CHAIR—I take the comment at a slightly different level than setting operational priorities; that is, priorities about what you are going to do tomorrow or the next month or before the next white paper. I do not have this quote right—it is clunky and inelegant—but what I call to mind is the sort of phrase like ‘a nation’s interests are common although its allies may not be’ or the other way around. I think you are familiar with the thinking.

In a white paper on foreign affairs, surely we can articulate what our constant self-interest is as a nation and put those down in shining points so that we can then comprehend how we are addressing those as a country in trying to achieve the outcomes that are pre-eminently our self-interest. That is how I read this critique—not at an operational level but more at a deep-seated level that these are the sort of constitutional objectives we have.

Mr Wells—Yes, I agree with that, and that is certainly one of the aims of the white paper. If we take trade policy as an example, to start off at the easy end we have said that clearly the national interest is the prosperity of Australians. That is our economic interest.

CHAIR—That is so broadly defined that it is almost devoid of meaning. It is a motherhood statement, isn’t it?

Mr Wells—It is, but then the next step is to say that, given Australia’s position in the world and given the sort of economic changes we are seeing in the world, clearly the best way of maintaining our security is to ensure that sensible market policies and liberalisation are pursued by other countries, including domestically, and that economic reform continues. So then you ask yourself, ‘Well, how do you achieve that?’ That then leads you to the nitty-gritty of trade policy which talks at some length about the benefits from the pursuit of multilateral liberalisation and how those can be complemented by liberalisation through free trade agreements. That is one example. You could look at security issues and go through similar sequences.

I would argue that the government has tried to answer those quite legitimate questions. But then if you go beyond that, you start to ask, ‘Why are we pursuing an FTA with Thailand as opposed to whatever?’ That is a bit harder to answer in enduring terms, because that is where you do have to cope with the fact that circumstances do change.

CHAIR—I understand that point. Is what I am hearing here that you think that that criticism that has been made, the one I have quoted to you, is an unfair criticism of the white paper and there are clearly defined objectives in the white paper?

Mr Wells—They are all clearly defined objectives. In some cases they might be generic; in some cases they might be specific. Again, if we talk about trade, the white paper says very clearly that the free trade agreement with the United States is a major objective for the government, that it is a difficult one and that it will take some time to achieve.

CHAIR—Could you tell us, Mr Wells, what you regard as the four or five key objectives articulated in the white paper—what they might be?

Mr Wells—I would say that there are more than four or five.

CHAIR—Well, whatever number—maybe you need to take this on notice, I don't know. But the point is: if this criticism is not right, then we ought to be able to point to where that is wrong and that is what the objectives are. That is what I am saying. As one of the authors of this document, what do you regard as the objectives that are clearly spelt out?

Mr Wells—The major objectives of the government at the moment are spelt out clearly in each chapter. If we start off with—excuse me, it is a while since I have read this—

CHAIR—Please refer to the document.

Mr Wells—Clearly the war against terrorism is a major security objective of the government and that will continue to be the case. That is very clearly spelt out in the chapter on security. You could say that is a very general objective and you could then ask, 'What are the government's priorities in achieving it?' Again, we have tried to do that.

CHAIR—Well, that is a subsidiary question.

Mr Wells—Yes.

CHAIR—At this stage we are just getting a clear idea of your view of the principal objectives that are articulated here.

Mr Wells—The war against terrorism and dealing with the threat of proliferation of weapons of mass destruction are two key security objectives, and I think that comes through very clearly in the chapter on security.

The chapter which gives a description of trade policy emphasises the importance of multilateral liberalisation through the World Trade Organisation. That obviously remains a key objective of the government: the successful conclusion of the Doha round and the maintenance of the Cairns Group as a vehicle to achieve that. Also, as you would be aware, the government is keen to investigate bilateral and regional avenues to trade liberalisation, and of those the US FTA is the most important. It is very clearly stated that those are key objectives of the government, using the WTO and FTAs where appropriate to achieve trade liberalisation.

You then get down to the geographical chapters. That becomes much more difficult. What are the government's key priorities in Asia? One answer, and it is a bit of a smart answer, is simply to say that we have extensive interests in Asia and we want to pursue those. It becomes difficult there. I could be arbitrary and say that building an enduring relationship with Indonesia after the difficult times we have gone through is a key government objective. And I could look at our major partners in Asia and make a similar objective for each of them. But the list is growing as I speak.

The points I would make would be true but you are going to end up with a fairly large list at the end of the day by the time you have worked through Indonesia and, let us say, China and Japan, to be arbitrary about it. I am happy to do that and articulate what I think are our principal objectives in each of those areas. But I am not ducking the question when I say that, by definition, the range of major policies that you pursue to advance your foreign and trade relations gets pretty large, and quite a few of those can be of great significance.

CHAIR—Of course. And some of them are covered by asserting our national interest, which is a subject I want to talk to you about in a minute. But without holding you to this, because to some extent it may be an unfair question, is that what you see as the principal standout points of this white paper: the war against terror; the dealing with weapons of mass destruction, prevention and proliferation of; the citing of the Doha round and the process of FTAs; and then the other main points are spelt out in the geographical chapters? Is that a fair call on how we are supposed to read this?

Mr Wells—Yes, I think that is a fair call. And based on my personal opinion, if you are asking me what those four or five major challenges are, that is what I would say as one of the authors of the white paper. But it would not be surprising if ministers answered that question a bit differently, depending on the events of the day.

CHAIR—I am disbarred from asking you your private opinion; I am really asking you as an officer.

Mr Wells—Yes.

CHAIR—These points are clear enough but just on the multilateral round, the Doha round, and the pursuit of FTAs as a goal, on at least one major body of argument those two goals are mutually conflicting. Now I know that is not the government's view. In the event of there being a conflict, which is the superior goal?

Mr Wells—When you say that on one reputable argument they are conflicting, I think I would agree with you. But my answer on Australian policy would be that the government has said quite clearly that while it is willing to pursue FTAs, those would have to be comprehensive and genuinely liberalising. The problem you find, as you know better than I do, is when you have the multilateral system being undermined by a network of FTAs that are not only discriminatory, as FTAs are, but are not even genuinely liberalising. That is the real risk to the multilateral trade system.

The government has said quite clearly that it is interested in FTAs that are of a high quality, that are comprehensive, that include all goods and services and that achieve genuine liberalisation. It is a valid argument—I think it is true that the genuine liberalisation that you would achieve in such FTAs will contribute to the attainment of multilateral liberalisation through the WTO. High quality will help high quality. The problem comes, of course, when you have bad quality FTAs. That is something that the government too would be concerned about.

CHAIR—In the event of a clash in resource demands from within the department, how do you resolve that? Which is the superior of the two?

Mr Wells—At the moment, the department is coping with the demands of a busy FTA agenda and with the demands of a busy multilateral agenda. As you know from questions in other manifestations of the committee, the department has put substantial resources into both multilateral work and FTA negotiations, and so far we are coping.

CHAIR—Should we take as an indicator the level of prime ministerial activity? For example, the Prime Minister has had personal diplomacy with the US President about the Australia-US FTA. And just this week, if I understand the press reports, he has conducted personal diplomacy with the leaders of the People's Republic of China on an initiative for an FTA. But by comparison he has not conducted any personal diplomacy in the same manner about pushing the Doha round. Is that an indicator?

Mr Wells—No, I don't think it is. And you know the answer to that question just as well as I do—that leaders don't often visit the WTO in Geneva. It is a very different forum for the negotiation of trade liberalisation from bilateral negotiations.

CHAIR—But they might call on the European Commission and put their views about agriculture and work away about breaking European resolve on protectionism, or they could do the same thing in their personal diplomacy in Japan or South Korea. But instead we are putting propositions about a new framework of trade negotiation rather than arguing what needs to be reformed, if I read the Prime Minister's communiqués and speeches in those places correctly.

Mr Wells—I am not privy to the record of what the Prime Minister has raised, but I think you would find that the goal of what is being proposed is the same; that is, the liberalisation of trade and the removal of barriers that impede efficient Australian exports. Certainly I do know that, on his trips to Europe, the Prime Minister has hammered home very hard the need for reform of the cap. I know from previous visits to north-east Asian capitals that the Prime Minister has said the same about the protection of agriculture in Korea and Japan.

CHAIR—You are absolutely right, Mr Wells; he does do that. The distinction here is not that he does it, because if an Australian Prime Minister of whatever stripe didn't do it, Europeans would assume that Australia's position had relaxed. So of necessity we have to do it to maintain in their mind and to reassure ourselves that this is a serious objective of ours. Any lack of constancy on this would be seen as a lapse or as a slackening, I think.

But it is not that—that we don't make the speeches or utter the words—it is the amount of effort that goes into actually moving governments. In the case of the US FTA, it seems that a great deal of prime ministerial and presidential bonding occurred for the purposes of moving forward our agenda; whereas there doesn't seem to have been a commensurate effort with respect to the multilateral system in the other capitals where that could be strategically decisive. Is that an indicator of where the priority genuinely is?

Mr Wells—No. As I said, I don't think it is an indicator. I think I can speak with total conviction that across the full range of tools that the government has at its disposal, we continue to urge just as forcefully as we ever have the need for multilateral liberalisation of barriers to agriculture and, as you know, the most effective way to deal with distortion of global agricultural trade is through the WTO. Bilateral FTAs can lead to improved market access, but the global

problem of subsidisation is something that is most effectively going to be dealt with through multilateral disciplines, and I don't think the government has lost sight of that need at all.

CHAIR—I want to pass on to my next question. But on this point, just this week a criticism has been made that rather than seeking to persuade China that, after it has met its commitments that it gave when it joined the WTO, five years down the track it will have discussions about the possibility of an FTA with Australia, perhaps the Prime Minister could have acted more in the public interest by sprinkling some of his brilliance on the subject of recruiting China to the Cairns Group—where China is an observing member, not a participating member—and strengthened and bolstered the push for agriculture in this round just ahead of the Cancun ministerial. The question of where the strategic pressure from the most effective advocate might go is argued in trade circles as one that would have been a real gain rather than the superficiality of a political appeal but yet another FTA that might be lurking in the wings five years hence.

Mr Wells—Again, I think the key is to look at the ultimate objectives. If Australia were in the position of being able to negotiate an FTA with China, I am sure that our objectives would remain as they do with other FTAs—comprehensive liberalisation including of agriculture. An FTA used properly and achieving liberalising outcomes can contribute to multilateral liberalisation. So I would argue that it is not a case of either/or. There are various ways to achieve the goal. The goal is liberalisation of trade and, particularly for Australia, trade and agriculture.

CHAIR—But you are aware the Director-General of the WTO, Dr Supachai, has said that the proliferation of FTAs is sucking the oxygen out of the round.

Mr Wells—Yes, I am aware of that. But, as I said, I think his comments refer to the quite genuine concern that a criss-crossing network of non-liberalising FTAs is going to create problems for multilateral liberalisation. Australia's own experience with the negotiation of genuinely liberalising FTAs is that it can benefit the multilateral round, as we found with the closer economic relations agreement between Australia and New Zealand which did a lot of very useful liberalising work that contributed to the outcomes of the Uruguay Round. I would not want to overstate that because at the end of the day it is just Australia and New Zealand. But there is a valid argument to be made that, if you do achieve liberalisation on a bilateral basis, that will support multilateral liberalisation.

CHAIR—You think that the closer economic relations arrangement with New Zealand propelled the Uruguay Round to a more satisfactory conclusion?

Mr Wells—I said it contributed. I am thinking specifically of the area of services, for instance, where a lot of the work that was done by Australia and New Zealand in negotiating services liberalisation did feed into the Uruguay Round—more in technical areas than anything else because it helped show other countries the way you could negotiate a liberalising agreement.

CHAIR—I accept that argument from you, Mr Wells. There is no point in me pursuing this because we are not debating; I am obtaining opinion from a departmental officer. The phrase 'national interest' appears frequently in the white paper and there appears to be a more overt emphasis on values as well in this white paper. One of our witnesses has said that although

overtly there is a big focus on national interest, it does not really penetrate very deeply into the conceptual framework we are being offered. Again, having looked at the way in which that idea of values is used in the document and having seen to what extent those references to values go below the surface rhetoric and really influenced the analysis and prescriptions, I do not think that goes very deep. I think it is primarily a sort of presentational point.

Today we heard from another distinguished former Australian diplomat that one of his criticisms of the white paper—I am not quoting him accurately because I am relying on a defective memory—was along the lines that this white paper presents a spin doctor's spin of the world. He did use the word 'spin doctor' in that it puts up a lot of nice talk but, when you check that against what actually is being done, there is a big gap.

It is a sort of news management approach by the government rather than setting out what the government's objectives are. The purpose of the white paper is to, if you like, reassure everyone that everything is being done properly and manage their perceptions—that is my version of what he said. If he were here, he would do it far more articulately than I have done. But that is my understanding of what he said, which is a similar version to the quote I have just referred to. Do you have a comment on that?

Mr Wells—Obviously, the government wants to make a good, convincing, compelling presentation of its foreign and trade policy achievements. There is a genuinely good story to tell. But it is not strange that the government wants to put that in the best possible way to ensure that the wider public is aware that the national interests are being resolutely advanced across the board. I don't think you get very far by calling that spin treatment.

You also raised the question of values. That is a more difficult question to answer, because values are difficult to describe by definition. It is genuinely difficult to show how something as inducive as community values feed into the formulation of foreign and even trade policy. What we tried to do in the white paper is to show how that does happen in practical terms. For instance, by pointing to the fact that certain expectations of the community help shape our overseas development policy, which is clearly an important aspect of our overall foreign policy, we have tried to show that the expectations of the Australian community are something that the government clearly has to take into account when it deals with other governments that don't share Australia's values. China is one example where the Prime Minister has been very forthright on numerous occasions saying that we will work with China, we must, but we are different countries with different values. So we have tried to show how community values do have an effect on the formulation of international relations.

Senator MARSHALL—Just while you are on that point, can I take that a little further. Amnesty International has put to the committee that, on the one hand, the government insists that political and economic freedoms are the basis for security and prosperity but then, on the other hand, neglects these when it comes to the white paper's discussions on maintaining global security; Amnesty claims human rights don't get a mention even though they are a foundational freedom. How do you respond to that given what you have just said about the values?

Mr Wells—Human rights might not get a mention in the chapter on global security. That is partly because the chapter on global security faces very squarely the compelling threats from terrorism and the proliferation of weapons of mass destruction. Nevertheless, the white paper

does make it clear that human rights policy is important for the government and that the pragmatic encouragement of the better observance of human rights can contribute to an improved security environment for Australia.

I would dispute Amnesty's interpretation of the white paper. We did try to say that very clearly, without overstating it. But it is true that if there are pragmatic things you can do that can persuade other governments to move towards the internationally recognised observance of human rights, that can improve the security environment in which Australia operates. That is one of the reasons why the government does that.

Senator MARSHALL—Given that you have said that the white paper was a way of communicating our values to the broader community, are you saying that you are satisfied with the level of mention of human rights or the status of human rights that is in the white paper to actually do that?

Mr Wells—It gets back to the ruler syndrome, I suppose, of trying to work out whether everybody is satisfied with the square inches of mention of their country and their subject.

Senator MARSHALL—So it didn't get its own chapter up at the front.

Mr Wells—It didn't get its own chapter, no, but from memory—I would need to go back and see—I think there is at least a page on human rights. I will not say that a page alone is adequate recognition of the importance of human rights. White papers, like all government documents, are produced at a certain time when there is focus on particularly compelling issues of the day. But it is true to say that we did set out to explain what the government is doing on human rights and put it in the sort of context that would help people understand why the government is doing it—not only because of our values, which is an important reason, but also because there is a potential practical benefit that the better observance of human rights in other regimes can contribute to an improved security environment for Australia.

Senator MARSHALL—I am sorry, I interrupted you.

Mr Wells—The only other point I was going to make in answer to Senator Cook's question was that the white paper came out at a certain time: it was not very long after the bombings in Bali, and of course we had September 11 before then, and events in Iraq were continuing. I think that does explain the particular focus when it comes to security issues on terrorism and weapons of mass destruction. The point I am making is that that focus on terrorism does bring into play in a certain way the question of the community's values because, to some extent, it is those community values that are under attack from threats to our security, particularly from terrorism.

CHAIR—It is a debateable point though, isn't it, whether the terrorism is attacking our values as a society or our alliance as a country?

Mr Wells—I think we would say very strongly that terrorists attack Western societies of which Australia is one to a large extent because of certain values we pursue. The point I am making is that the salience of that terrorist threat, which is obviously an important element of this document, gives a certain focus on the values we have chosen to highlight.

CHAIR—But it is also fair to say, isn't it, that one of the reasons why there is a terrorist threat at the level that there is against Australia is that terrorists in their statements see Australia as an ally of the 'great Satan', the United States?

Mr Wells—Yes, because of what Australia has done, because of our values, because of our international links, because of who we are—all of those things contribute to the fact that in some circumstances Australians have become targets of terrorism. But Australians are targets of terrorism not only because they are Australians but because they are Westerners.

CHAIR—But, for example, Canada does not seem to have the same prominence as Australia does.

Mr Wells—No. It sounds a callous thing to say, but you do need to look at what has happened to Australians. Australians were attacked in Bali because they were Australians but also because they happened to be in a certain place in a country where a terrorist threat existed. From memory I can't remember if any Canadians were killed in Bali—I think they were.

CHAIR—I think they were.

Mr Wells—So you can make the same point that Canadians too, to some extent, because of the values they share both as Canadians and as Westerners, are also exposed to the terrorist threat. I am sure a large number of Canadians were killed on September 11.

CHAIR—But the purpose of both attacks—and this is the distinctive point—wasn't necessarily to attack Australians; it was to do damage to Westerners but principally to Americans. That was the purpose of the attack on both 9/11 and in Bali. Australians and Canadians were killed—this sounds callous from me, and I don't mean that in any sense—because they were in the same premises at the time.

Mr Wells—It is hard to believe that any Indonesian would not be aware of the fact that, at any one given point in Bali on any one day, probably the most numerous contingent of foreigners would be Australians. I think it is beside the point to say that they were attacked because they were Australians. The targets in Bali were attacked because they were manifestations of Western influence. Australians were the most numerous representatives of the West in those places at that time, and the perpetrators of those attacks would have known that.

CHAIR—But going to the broadcasts of various of the terrorist leaders, principally Osama bin Laden, assuming they are all authentic, we get a guernsey up near the front of the pack, don't we?

Mr Wells—It is one way of putting it, yes, on occasions. I am wandering from my area now but I think that at first we did not prominently feature but, as time has gone by, we have become more prominent.

CHAIR—No doubt we will come to that. However, I want to go on at the general level about national interest which permeates one of the key points about the white paper. How does DFAT define that or how do you think the white paper defines what is the national interest?

Mr Wells—This gets back to some of the questions you asked earlier. I think your description of one of my answers was that it was motherhood, and I can understand that. We have tried to define the national interest as being essentially the security and prosperity of Australians. As you say, that is not a very detailed answer but it is, if you like, a working basis on which to explain why the government has chosen to pursue certain policies in that those policies are the ones best calculated to achieve the security and prosperity of Australians.

CHAIR—Taking that as a broad definition of national interest, how does our membership of the coalition of the willing automatically arise as a national interest in that definition, the security and prosperity of Australians?

Mr Wells—You are referring to Iraq?

CHAIR—Yes, that coalition of the willing.

Mr Wells—The government decided to participate in the force in Iraq for a variety of reasons, and obviously the concern about the proliferation of weapons of mass destruction was an important element in that. Another reason was the ability and the record of the Iraqi regime in destabilising a part of the world that is of profound geopolitical importance, including to Australia. Those are principally the reasons because the Iraqi regime did represent a threat to regional and international security.

CHAIR—And it is under that heading that our national interest—security and prosperity of Australians—leads us to membership of that coalition of the willing.

Mr Wells—After a long time. I mean, this government, like other governments, did have a strong preference that that threat be dealt with by the international community through the United Nations. But it wasn't possible to secure United Nations action in the sort of time frame that the government thought appropriate. All I am saying is that I wouldn't agree with a rapid jump from the national interest to participation in Iraq—there were quite a few steps that had to be worked through before we got to that point.

As I said, it was the government's strong preference that the international community would have dealt resolutely with Iraq. The problem that the government faced was that the international community was not capable of doing that. The question then arose as to whether the government was prepared to do nothing because the United Nations would not or could not act or whether the government was willing to act in a smaller company. The government chose the latter course.

CHAIR—If I can just take those things separately, the first point being to disarm Iraq of its weapons of mass destruction: I distinctly recall Senator Hill on behalf of the Prime Minister telling the Senate that was the reason why we were a member of the coalition of the willing. I distinctly recall Senator Hill also telling the Senate that we were not into regime change and that we didn't go as part of the coalition for that purpose. I am not sure now how that argument arises that we were going in order to—and I forget what your exact words were; they were about removing that regime in Iraq.

Mr Wells—The government's concern was to remove the threats that the Iraqi regime posed. Iraq did have opportunities to commit to disarming itself of its WMD capabilities and chose not

to use those. I can understand your interest in this. Obviously, I am not in the best position to give you a lot of the detailed answers that you are seeking on this issue.

CHAIR—I am just trying to get the national interest understood here. Here is a clear case in which the national interest has been invoked. If the headline description of the national interest is security and prosperity, I have been trying to work out, after reading that and being confronted with the facts in Iraq, how we make the connection.

Mr Wells—The connection was partly one of concern about the proliferation of weapons of mass destruction.

CHAIR—Pre-eminently, I think.

Mr Wells—Yes. Saddam Hussein and his regime did have a record in terms of attempts to acquire a WMD capability. In some instances they had demonstrated their use of that capability. They had also been resolute in defying the United Nations for a substantial period and had clearly indicated their continuing interest, if they are able to, to build a WMD capability. WMD is a global threat. It is one that does affect Australia, and that I think was the principal motivation for the government's decision.

CHAIR—I am not wanting to go through the whole Iraq thing, let me reassure you of that, but it is an illustrative example of what the constant interests are of Australia as set out in the white paper in a dynamic world. We were, according to the government, not going for regime change but now the government has emphasised the lack of democracy, the inhumanity of the tyrant that was Saddam Hussein and the use of torture and other issues. If we are now saying they were parts of our reasons—my only quibble is they didn't seem to be stated up front at the time but, in my view, in themselves may be perfectly legitimate issues to have been stated—why aren't we still there trying to instil democracy and create the freedoms for which regime change obviously stood?

Mr Wells—We are still engaged in Iraq in various ways. We do have a program of development assistance to Iraq. Our troops are not there in the numbers that they were. That is the result of government decisions based on how our capabilities can best be used. Certainly, the contribution that we have made is a substantial one, and it has been recognised in those terms.

CHAIR—Coming back to Senator Marshall's earlier question about the Solomons, where in the white paper would we have got the lead that Australia would support unilateral action, as was the case in Iraq, rather than work through the multilateral processes of the United Nations?

Mr Wells—The white paper says, I hope, clearly that it is the government's preference that the international community will act to meet threats to international security. That means in the first instance the Security Council of the United Nations. That is the government's aspiration. Unfortunately, the Security Council has shown on various occasions that it is not capable of marshalling the resolution and the force needed to deal with some threats to international security. In some instances it is; Iraq was one case where it wasn't. As I said, it does raise the question of what you do: do you sit back because the United Nations can't act or do you look at acting with others?

CHAIR—Are you saying that the United Nations processes had been exhausted and, as a consequence, it didn't act; or that at some point the government made a judgment that it would disengage because it wasn't making sufficient progress?

Mr Wells—The United Nations processes were given a pretty fair opportunity to work.

CHAIR—Hans Blix still had inspections to conclude and said so at the time. His reports on the whereabouts of weapons of mass destruction seem to be vindicated by later events.

Mr Wells—Again, we are talking about the motivation or we are talking about why the government took the decisions it did. I think it would be difficult to argue that it made sense to give UN processes even more time since the sorts of compromise resolutions that were being advanced didn't sound as though they were going to keep the same sort of pressure on Iraq that would be necessary to achieve compliance with what the United Nations had been asking for for many years.

CHAIR—So in that case we reserve the right to disengage from the multilateral approach and join a unilateral approach?

Mr Wells—I don't think we did disengage from the multilateral approach. I mean, the government took a decision—

CHAIR—When you are acting unilaterally, it is pretty hard to pretend to your multilateral partners that you are still serious about working through their system, isn't it?

Mr Wells—No, with respect, I would disagree because the government was very serious about the United Nations. It was the failure of the United Nations that reinforced the government's seriousness. The objective wasn't to make the United Nations work—the UN is a means to an end. The end was dealing with a threat to international security.

The government, like other governments, including those with which Australia acted, was very serious about getting the United Nations to work. The United Nations didn't work; the government decided that the threat was of sufficient gravity to warrant the action that it took with the United States and the UK. You also mentioned Solomon Islands. I would like to say that I do think that is a very different case—

CHAIR—It is a totally different case. While I do have considerable reservations about whether our national interest was addressed by being a member of the coalition of the willing and while I think, speaking for myself, our national interest would be better addressed continuing to work and overcome the difficulties in the multilateral forum of the United Nations and back up the weapons inspections that were occurring there, in the case of the Solomon Islands I think the circumstances are vastly different.

I support the Australian engagement in the form that it has been requested from the Solomon Islands. I am not pretending these are analogous. The only thing they have in common is where, in reading the white paper, you could automatically come to the conclusion, in the set of circumstances faced in Iraq or in the Solomon Islands, that we would take those actions that we took in each of those different areas.

Mr Wells—The answer is that you can't. And I wouldn't like to think that you could because I hope the white paper does make it clear that it is the government's preference to work through the international community to deal with the sort of international danger that Iraq represented. It was only as a result of the inability of the Security Council to act in the sort of time frame that the government believed was valid that resulted in the actions the government took.

CHAIR—There is a basic dilemma on this line of discussion we are having about Iraq and unilateralism versus multilateralism; that is, if we assume the right to make a judgment that the UN processes don't any longer work and therefore we can act unilaterally, what is the objective basis upon which such a judgment can be made? And then what is to prevent other nations disengaging from the UN and making adverse judgments on the same principles against us? You are either in the system adhering to the rules, it seems to me, or you are by unilateralism undermining them.

Mr Wells—I can see where you are coming from, but it is not black and white. These cases are different. Iraq was a case of its own, one that didn't have a great many precedents, and I think you can draw certain conclusions from Iraq about the need to look at the machinery of the United Nations. I think the government would say that it didn't work as it ought to have, given the gravity of the threat—a threat, by the way, which other members of the Security Council didn't deny. There was no dispute about the gravity of the threat represented by Iraq.

CHAIR—I'm not arguing about it either; I'm just arguing about the best way of dealing with it.

Mr Wells—Exactly. This was the problem. I don't think you can automatically argue from that that the action that the United States, the UK and Australia took somehow creates a precedent for anyone to opt out of the UN system when they choose. For a start, governments are sovereign governments. They always have the right to do that. There have been many occasions in the past, ever since the inception of the United Nations, when governments have done just that. However, the answer is that it is in our interests when we do face grave international threats to ensure the international machinery works, as it did, for instance, in East Timor. Sometimes it does; sometimes it doesn't.

CHAIR—Although East Timor is half a day's sail from Darwin, whereas Iraq is a long way away.

Mr Wells—They were very different cases. Of course, the distance in distance terms is very great but also in the case of Iraq you are talking about weapons of mass destruction, which is clearly an issue of great international gravity.

CHAIR—If our national interest can be defined as thinking globally when it comes to weapons of mass destruction and the war against terror, and I can understand that very clearly, or indeed when we are thinking about the multilateral trading system and the need to open markets worldwide, how then would it not be in our national interest to think globally in the case of the Kyoto protocol, for example?

Mr Wells—The government does think globally, because clearly climate change is a global problem. That is precisely why the government does have problems with the Kyoto convention,

because it doesn't provide the sort of global disciplines that the government thinks will seriously address the problem of global warming. When you look at the two sides of your equation, think globally and act locally, in terms of acting locally, the government is, as you know, committed to achieving the targets that have been set out under the Kyoto protocol. The difficulty for the government is that what the Kyoto protocol imposes on other countries is simply not going to make a substantial enough contribution to the problem of global warming. It is the deficiencies on the international side that prompt the government's reservations about Kyoto. It is not a very good piece of global machinery. There is not much point signing up to a piece of global machinery that you don't think is going to work, if only because that then makes it less likely that you will be able to come up with something better, if there is any scope to do so.

CHAIR—But to pick up an earlier point, it is a piece of global machinery which in itself is important in its consideration. But its objective is what we are on about, dealing with global warming, and this is a piece of machinery to help us get there. If we are not in it, if we don't sign up to it, then doesn't that guarantee to some extent that it will be ineffective because we are not part of it and it won't succeed?

Mr Wells—With due respect, I think Australia's participation in the Kyoto convention, although important, isn't really what is going to decide the effectiveness of Kyoto.

CHAIR—I am not saying that it will in an absolute sense. However, we are a respectable nation of the world that other nations have regard to. If we are out of it, then it weakens the protocol; if we are in it, it gives greater significance to the protocol. I can think of several reasons that I have often debated why I think the protocol is insufficient in itself as it is currently framed. But the question is: are we going to be in it to improve it or out of it and guarantee that nothing happens?

Mr Wells—I think the government would argue that the protocol and the instruments that it uses to achieve reductions in greenhouse gas emissions are so blunt that they won't really achieve its objectives and along the way would involve substantial costs to Australia's international competitiveness. You make the point that Australia is an internationally respected country. I think the government's commitment to achieve the targets set out under the Kyoto protocol will only underline the fact that, when it comes to environmental practice, we do have a good story to tell. But the way the Kyoto protocol imposes to achieve the reductions in greenhouse gas emissions is not something that we think is going to be effective globally and it will be prejudicial to our wider economic interests.

CHAIR—Just turning to the values part of the white paper, one of our witnesses today referred to a statement that he attributed to Bill Hayden but it is a statement that Mr Hayden may say wasn't original to him, and that is 'in diplomacy words are bullets'. I think in diplomacy there is a general agreement that what exactly you say and how you craft your message is vitally important lest you be misunderstood or lest cynical, quizzical or hostile people want to use those words against you in some other way.

One of the points in the white paper that this witness referred to was the following sentence that appears in talking about our values: 'We are a Western country.' He went on to say, 'Yes, of course, we are in our origins but these days we are more a multicultural society.' He said that those words have been seized on by many in Asia, and I think in his example particularly in the

Philippines, to say, ‘Well, Australia really doesn’t think it belongs in this region of the world.’ While talking about ourselves being a Western country, the rest of the region listening in sees that as a statement that we are not part of the region. That is a fair comment, isn’t it?

Mr Wells—I would dispute the exact words of that because I don’t think there has been an adverse regional reaction in that sense partly because—

CHAIR—All I can say is this witness is a former diplomat and he argued that there has been in his experience.

Mr Wells—The government has said clearly that Australia has profound and enduring interests in the various countries of Asia. When we drafted the white paper we deliberately chose to avoid formulations like ‘Australia is part of Asia’ because we thought those were meaningless formulations; instead, we tried to focus on the community of specific interests that we share with the various countries of Asia. We thought that was a more compelling way to show what Australia and Asian countries had to achieve from cooperation with each other.

At the end of the day, it is that cooperation and the mutually satisfactory goals that you achieve from that cooperation that really matter. That is what international relations is about rather than a sterile debate on whether you are part of this region or that region, or whether in fact there is such a region. But we did try not to deal with those questions because we thought they would lead nowhere and they are ultimately sterile.

You also raised the formulation of Australia as a Western country. I should emphasise that we tried to say quite clearly that our tradition of multiculturalism is something that is important to us. I think we said that very early on. But we also tried to demonstrate that we are in our origins Western, that much of our population is of Western origin, that many of our values and institutions are Western and that that was one part, if you like, of the international identity of Australia. The other parts were the fact that we are located close to Asia—I can’t remember the words we used—if you like, in the Asian region. The history of our engagement with Asia has been one of the defining threads of Australia’s diplomacy. Ever since we were given independent control of our diplomatic affairs in the 1930s, it has been a constant theme of our interaction with the world.

In addition to that, we have profoundly important, historical, economic and value links with North America. So what we tried to show was that managing the interaction of all of those threads has had a very profound effect on how we conduct our international relations. It is not a very simplistic formulation but it is not a very simple subject either. It is much more complicated to think of it in those terms than whether we are or are not part of Asia. But we believe that it is a complex issue and it deserved thorough, if complex, treatment.

Senator MARSHALL—Can I take you to the public comments that the Prime Minister made either late last year or very early this year about Australia being willing to make a first strike on sovereign territory of other nations in our region if he thought that Australia’s interests would be served. You are aware of those comments?

Mr Wells—Yes.

Senator MARSHALL—Can you point me to the consistency with those comments and the white paper and also how you reconcile those views with what you just said about building and fostering our relationship within Asia?

Mr Wells—First of all, you would need to go back to what the Prime Minister said in the context in which he said it. I have a memory that what he said was that clearly we wanted to work with the countries of Asia to achieve our security goals. I think the formulation that the Prime Minister used was nothing like the fact that we reserve the right to a first strike or anything like that.

The point he was emphasising was that we wanted to work with the countries of Asia to achieve our security goals. This was particularly in the context of terrorist attacks. That is something that the white paper takes up very strongly, because it was a controversial issue at the time—and Bali showed this, as did the attack on the Marriott Hotel in Jakarta. Clearly we need to work as closely as possible with neighbouring countries, particularly Indonesia but also other countries in South-East Asia, because to some extent that is the frontline for Australia in the battle against terrorism. That happens to be where many terrorist movements are active and where they have targets. And some of those targets are Australians for a variety of reasons.

Senator MARSHALL—I accept all that, but that ignores the first strike comments.

Mr Wells—Senator, with respect, I think you are taking the alleged first strike comments out of their context, because the point that the Prime Minister was underlining was that it was clearly in Australia's security interest to work with Asian countries to achieve our security goals through cooperation. That was the main point. You have asked how those comments stack up against the white paper; all I can say is that we have tried to emphasise very strongly in the white paper the need to work not only with our traditional security partners but also with the countries of Asia in the battle against terrorism.

Senator MARSHALL—So there is clearly no policy position presently that would anticipate or consider a first strike option.

Mr Wells—With respect, I think the first strike option is a bit of a furphy. What the government has actually done, as shown in the aftermath of Bali and in the aftermath of the attack on the Marriott, is work with the countries of Asia. That is the most effective way to achieve our security goals.

Senator MARSHALL—I agree that that is happening but the words were said and many of our neighbours took offence to them at the time.

Mr Wells—As Senator Cook said, 'words are bullets'—

CHAIR—I don't think I was the originator of that.

Mr Wells—But you do have to judge countries by their actions. The fact is that the record of the government's counterterrorist cooperation with Asian countries is a very strong one and that works to safeguard the security of Australians.

I would argue too that it is something that the countries in South-East Asia are very aware of, particularly Indonesia. They increasingly understand that these threats are not just against the security of Western tourists but also four square against the security of some Asian governments. The sort of capabilities and the assistance that we can provide are important to some of our partners in South-East Asia. That is why we have been able to cooperate so well with the Indonesians in the investigations after Bali and after the Marriott attack. There is a real community of interest here, and the resurgence of terrorism is increasingly something that does define the nature of our relations with some of the countries in South-East Asia.

CHAIR—Can I just take you back to this 'part of Asia' discussion; I'm not sure who is responsible for alleging that we are part of Asia. I can say though that it is certainly not Paul Keating, because he assured me vehemently he has never said that, although he is often accused of saying that. He reckons it's a bum wrap and that he never did.

But you have said that we are in the Asian region as a way of defining us. Well, even that may be a bit of a stretch, with due respect, Mr Wells, but we are certainly part of the Asian economy. The issue here surely is not one of where we are according to a definitive geographer's guide to the globe but how we see ourselves and what relationships we wish to build with countries near to us in the region of the world we are in. And not to offend them but to actually use language, and use actions which back the language, which reassure them that we see our future tied up with their future and that we are tolerant of their needs and respect their rights, and so forth. I think that is what we are trying to say.

But I cannot get past this point—it is not just the evidence we have received today; it is evidence we have received from other speakers who have appeared before us, and it is partly my experience, too, in moving around Asia—that irrespective of what we say now about our intentions in the region, there is an image perception in the region that we don't think that our engagement in Asia is the priority it used to be and that have we have gone off the Asians to some extent. I think there is a body of perception out there that is like that. It would have been comforting in the white paper to have seen a specific effort to dispel it. Maybe I have misread the white paper. Is there something that you could point to that is aimed at reassuring our trading partners and our neighbours in the region that we see ourselves as part of the concerns that they are on about too?

Mr Wells—The white paper does try to show what Asian countries and Australia can respectively gain from cooperation. We have taken a very interest based approach. We have tried to focus on the results of interaction, both on security issues and on economic issues, because we believe it is that interest based approach that ultimately governs what governments and countries will do, rather than on any alleged sense of Asian identity and whether or not X or Y country is part of that. I know that is not what you said. So we have tried to emphasise interests and, flowing from that, we have made the pretty obvious point that Australia's security and economic interests are profoundly engaged with Asian countries.

On the trade and economic side, you only need to look at the statistics and in that context you really do need to judge by actions. When you look at the record, you can only conclude that many Asian countries do recognise that they share a significant community of interest with Australia. We have negotiated an FTA with Singapore; we are negotiating one with Thailand; we have signed a major LNG export deal with China; we are chipping away at what are extremely

difficult economic negotiations with the Japanese; and we could be entering into similar negotiations with the Chinese. I am not overstating the likelihood of rapid results. But none of those results, it seems to me, indicates that the governments of Asian countries don't see Australia as a very valued partner. I'm only talking about economic relations there.

We have already talked about security relations where I think it is very clear that, particularly in South-East Asia, Australia is seen as a very valuable partner. I am emphasising first of all the interests of various countries that are engaged in all of this and I am suggesting that it is worth while focusing on the results, on what Asian countries are willing to do with us. On that score, I think many, if not most, Asian countries would see Australia as a significant player on Asian matters.

CHAIR—See us as a significant player on Asian matters, yes, but how committed to working as part of the region is the problem. I suffer from the considerable and obvious disability that I'm a politician. For politicians it is often said that perceptions—whether they match reality or not is another matter—are more important than reality and that what people believe is what we have to deal with. So it is in diplomacy to some extent. What people believe about us are the issues that we have to deal with. If what they believe about us is wrong, then we have an obligation to try to correct the perception so that it is a true perception of what is the case. My question was really about what we are saying in the white paper that corrects what I believe is a perception in Asia that the government is not as committed to involvement as it was previously.

Mr Wells—The only answer I can give is that I think this is becoming a bit theological. The best judge of perception is what people and governments do. On that basis, if you look at the willingness of Asian governments to engage Australia in a wide range of areas and in extremely difficult negotiations, I think you could make the reasonable conclusion that Asian countries do see Australia as being committed to working with them, Asian countries, and that they do see that Australia brings significant aspects assets to that interaction.

I am not going to answer your question as to whether they think we are more or less committed than we were because I think you have to focus on what you are actually doing. If you look at the government's Asian agenda, if you like, again I mention the Singapore and Thai FTAs, the economic negotiations with Japan and now possibly China and the very intimate security relationship that now exists on counterterrorism with Indonesia and with other South-East Asian countries—all of those I would say add up to a pretty ambitious and compelling Asian agenda. It is hard to see how you could argue from that that the Australian government is less committed to Asia than it was before.

Having said that, obviously the government is also in very important interactions with other parts of the world—particularly in the FTA with the United States and in our very close security alliance with the United States. But I would think that the people who run governments in Asia are quite sophisticated enough to understand that you can do both of those things at the same time. We have not seen any evidence that they don't understand that.

CHAIR—I am going to pass on to the next question, Mr Wells, otherwise we will descend into a debate, which is not the purpose of this. I thank you for those answers. I conclude this point by saying you have made a stout defence in terms of what the reality is and accepting my questioning that, if that is the reality, that is the reality. But I still think irrespective of the

reality—and this is the curse of politics too—that the perception is otherwise. It doesn't matter how damn good the reality is, if people don't believe it then you still get a bad rap. However, I am not trying to trap you into some sort of 'foreign affairs officer commits failings on Asia' sort of situation—far from it.

I want to go back to values for a minute. In the discussion on values, considerable emphasis is placed on values and the threat posed to values of the Western world by terrorism. What are the key points you would make or you think could be made, either in the white paper or in government policy, about the promotion of Western values which might counter the arguments that terrorist sympathisers and terrorists make that it is Western hegemony and political and economic dominance that is being pursued? How can we use our arguments about values to destroy their assertions and justifications for their actions, do you think?

Mr Wells—That is a profoundly difficult question.

CHAIR—It is the sort of question that happens in these sessions, unfortunately.

Mr Wells—I realise that. They are the questions you get when you write a white paper, I suppose. Obviously, terrorists are motivated to some extent by sheer dislike of the size and the power of the United States: the fact that it is big; the fact that it is globally dominant; the fact that its popular culture dominates the world—

CHAIR—The fact that it is not Muslim.

Mr Wells—The fact that it is not Muslim; and the fact that it clearly has significant influence in the Middle East—terrorists don't like that. A lot of other people don't like it too, but most of them don't start throwing bombs at other people. I am answering this question sideways, but it does bring you to the issue of why people commit the terrorist atrocities that they do. First of all, it is a tiny group of people, a very small proportion indeed. If we are talking about fundamentalist Islamic terrorism, it is a very small proportion of people who believe in Islam. I suspect, and this is now a personal opinion—

CHAIR—I can't cop those, I am sorry!

Mr Wells—Explaining Western values to a very small group of committed fanatics is not going to make much difference; explaining Western values to larger Muslim populations is clearly something that is worth doing. Dialogue and understanding between representatives of differing communities and differing faiths does make sense. It's not a very hard-edged answer to a very hard-edged problem.

If you look at the sort of thing that we are doing with Indonesia now where the government is trying to develop schemes that enable a greater sharing of knowledge between, for instance, Australian and Indonesian Muslims so that some Indonesian Muslims have a better idea of how a multicultural, multifaith society actually works, that is something that over the long term could have some sort of effect. But it is long term; it does make sense to try to explain the values that are important to a country like Australia. One of those important values, of course, is tolerance and the ability to practise faith—and that is manifested in the fact that we have a very large Muslim minority in Australia. It makes sense to do all of those things. But, of course, I'm not

arguing for one moment that that is the major or even the immediate answer to the terrorist threat.

CHAIR—No.

Mr Wells—It can be one useful component in addressing misunderstanding. But addressing that is not going to have much effect on the very small group of fanatically committed people who are willing to do things like fly planes into skyscrapers.

CHAIR—Just on that point, there are a series of strong statements about the need for resolute action against extremists and that forceful measures should be taken against terrorists and so forth—I strongly agree with all of those. But the focus of the white paper seems to be on the elimination of the extremists themselves, which is an understandable thing to focus on, of course, but what other resolute action might we take to prevent terrorism? What I have in mind I suppose is a slogan that Tony Blair went to the last election in Britain with: 'Tough on crime and tough on the causes of crime'. It seems here we are focusing on the extremists but what are we doing about what incubates extremism and the circumstances that create it?

Mr Wells—That does get you into a very difficult discussion of what are the causes of terrorism. There are no very clear answers to that. Ultimately the cause of terrorism is whatever impelled those particular individuals in different circumstances to do things.

CHAIR—That is a fair point. But it seems to me it is a worthwhile discussion to have, if I may break in, because if we don't deal with the causes we will be met with conceivably an endless stream of terrorists. If there is some way of dealing with the causes and ending that stream of terrorism or reducing it to controllable, manageable levels, then that is positive preventative policy.

I guess the argument that I have in mind here is that, while poverty itself doesn't cause terrorism, extremism and fundamentalism do; nonetheless, terrorists can recruit more easily in countries where there is poverty and where people see no hope or no prospect of change for themselves. It is in those societies that it seems extremist ideology has greater appeal—not universally but nonetheless it seems to have greater appeal.

Mr Wells—With respect, I would query that. I really would. There is a continuing debate about this, and it is very difficult. Again, if you look at particular circumstances, let us take—

CHAIR—What I'm looking for is what can I focus on in the white paper that not only deals with the effect of terrorism but also deals with the causes of terrorism; or is that still a discussion that we're not resolved on and have not yet developed a policy posture on?

Mr Wells—From a government point of view and as a contributor to a white paper, we obviously haven't tried to make a definitive judgment on the causes of terrorism. However, I can see what you are getting at with your question. There is a range of policy responses that can help reduce the attractiveness or the likelihood of terrorism. Even though I think arguably most terrorists do come from fairly prosperous middle-class families, nevertheless, there is a good argument to be made for addressing not only poverty but also hopelessness which operates as a strong recruiting ground for terrorism.

I am thinking in particular of 20-year-old Palestinians who would rather go and blow themselves to bits than work towards the future. That is a concrete example. Clearly, it makes sense to try to address the question of Palestine. If you can do that, that can't help but have an effect on the way in which young Palestinians are recruited to be terrorists. Australia has limited leverage on that issue, but it is an important one for the government. The government will give what support it can to the rather difficult peace process.

More broadly, you are talking about poverty and how it can contribute to the recruitment of international terrorists. I think that is true. Addressing poverty is not exactly a simple thing to do, but one thing that you can do—it is what the government is trying to focus on—is try to address some of the failures in governance that give, let us say, young Indonesians a disgust of their own institutions and make them more amenable to a spurious alternative that is presented by terrorists.

A considerable proportion of Australia's development assistance now does go to governance issues to try to help other countries, including Indonesia, develop better judicial systems, better police institutions, institutions that are more transparent, less corrupt and that could perhaps over time give young Indonesians a greater sense that their government and their institutions are respectable and that the alternative is not Islamic obscurantism. That is very, very long term but it is important, and the government is putting a sizeable amount of money into it. Personally, I think you could also argue that the economic reform and trade liberalisation are also going to be longer term contributors. Anything that promotes a more transparent, more honest global environment is gradually going to reduce the attractiveness of other options.

CHAIR—Is that a weakness in the white paper—that we don't have a discussion about what Australia's role might be in dealing with issues of global poverty that create tensions and disputes between countries? What should our position be on the World Bank, on the IMF, on why the round is important as a development round giving the chance for developing countries to sell their goods to developed markets and grow under their own steam—issues like that? Is that a weakness in the paper that we don't take that matter on, look at it from an Australian point of view and say, 'This is important to us that we as a tolerant nation want to see others prosper and we think this is a process by which we might'?

Mr Wells—I can see what you are saying. There is a fair amount of that but I would agree it is not concentrated together in one section. But I think you would find that, in the various chapters of the white paper, we do try to make all of those points, particularly the point about the need for trade liberalisation as a tool of development. So all I can say is that the points are there. They are not grouped together under one heading that deals with that issue.

You have alluded to the relationship between poverty and terrorism. It is a complex issue and I would have to say it was something that we didn't go into in the white paper simply because it is so difficult. The results of the research are pretty variable.

CHAIR—Should it be one of our concerns that we are living in this new age of terror and that we are counselled to be alert but not alarmed? That is like saying, 'Be on guard but be reassured that things aren't as bad as the sensationalist view of them might be.' To me it makes plain sense that apart from dealing with the effects, we should grapple with the causes and if not a definitive answer—I think your words earlier were that we don't have a definitive answer—nonetheless, an

effort to at least set down some policy positions which attempt to address what we do know about the causes of it.

It may not be that we have 100 per cent knowledge, but I think we have far better than 50 per cent knowledge. So rather than wait for perfection, let's get on with the job of trying to deal with what we know about it now. The whole terrorist argument, which is now part of our life and likely to be so for many years perhaps—unfortunately—requires us to actually start to come to grips with the causes and see whether there are remedies.

Mr Wells—It is a worthwhile suggestion. Again, all I can say is that white papers, like other documents, are the product of their times.

CHAIR—But this was straight after the Bali bombing, as you said.

Mr Wells—Don't forget the white paper is designed to give a picture of our international relations. Clearly the focus of those relations then, and to a considerable extent now, is in dealing with the immediate issue of identifying and deterring terrorist acts and of finding those who have perpetrated them and bringing them to justice. Those are the immediate concerns. Those are at the moment important features of our international relations.

I accept your points about there being wider longer term issues. I think the government would argue, however, that if you can actually improve intelligence, interception and punishment, you can make substantial inroads into the threat of terrorism. But you are quite right: there is a much wider range of policies that does have an effect on the environment that breeds terrorism, and I think those policies are described in the white paper. Off the top of my head, I don't think that the threat represented by terrorism would cause the government to change any of those broader policies that it is pursuing, because we are pursuing multilateral trade liberalisation and we are working seriously to address poverty. But I take your point about the presentation.

CHAIR—When I asked you up front earlier tonight to articulate what the major four or five principles would be in this white paper if we had to bring it down to that, the first one you started with was the war against terror. I agree with you that that is a major issue, but it seems to me that you cannot have that debate without focusing equally on causes and trying to come up with preventative medicine in this case. Anyway, we have had that discussion. The British diplomat Michael Butler, speaking about the importance of public diplomacy has observed:

> In most countries a broadly internationalist posture in a country's foreign policy will be positive. A narrow and open pursuit of national interests at the expense of others will be negative.

Do you agree with that statement?

Mr Wells—Couched in those terms it is hard to disagree.

CHAIR—I think it is a reasonable statement and that is what we are saying. Looking at the white paper, how should we see it in those terms? What are the features of it that indicate to us that the government thinks this is broadly internationalist in posture and not narrow in pursuit of our national interests at the expense of others?

Mr Wells—I think the problem comes with the phrase 'at the expense of others'. Realistically, a country like Australia is not going to be able to achieve most of its national interests if it pursues them at the expense of others without minimising our attributes. It is pretty clear that we are more likely to get what we want by working with others. That is what our international relations are about, in both foreign and trade policy. We are not the United States; we clearly do need to be able to bring other countries along with us.

There is no reason why we should be ashamed of pursuing our own national interest but we need to be realistic that, to get other countries to help us pursue our national interest, we need to be able to help them achieve their interests. That is what we do. Now that does not mean that the only way you can do that, for instance, is through the United Nations. I know that is not what you are saying. It is a criticism—

CHAIR—It is probably part of what I am saying. It is not what I am saying in chief, but that notion is subsumed in what I am saying.

Mr Wells—Yes. The United Nations is an interesting example because it does raise the whole question of multilateral cooperation. If you look at what the government does and how it pursues its international relations, an enormous amount of the government's activity is actually conducted on a multilateral basis. It just happens to be through agencies like the World Bank, the IMF, the WTO, specialised agencies of the United Nations and non United Nations agencies. The political part of the United Nations is only one very small part of the immense array of multilateral cooperation in which Australia is actively engaged.

I think critics have focused on the security organs of the United Nations to the detriment of the bulk of international and multilateral activity, which achieves good results and in which Australia is actively involved and through which we pursue our national interests. You can be internationalist in outlook and not necessarily see the Security Council and the General Assembly as the touchstones of diplomacy.

CHAIR—What would you then say are the touchstones of diplomacy?

Mr Wells—I think the government would argue that you need to be pragmatic. You need to look at what your national interests are, what you are trying to achieve on particular issues and work those through. I am not minimising the United Nations. The only point I am making is that an enormous amount of the government's foreign, trade and other international relations take place through other international and multilateral institutions. But critics sometimes lose sight of that.

CHAIR—My problem with that argument, to be frank, is that if we reserve the right to act unilaterally if we don't think we can get our way in these institutions, then we set an example that, if others choose to do so, they can act unilaterally too. All the work that has been done in building an international consensus around these institutions is then undermined.

Mr Wells—We have had this discussion before.

CHAIR—We have.

Mr Wells—If we are getting back to Iraq, obviously it was the government's preference to work through the United Nations.

CHAIR—I am not going back to Iraq; I am talking conceptually. Time is almost up, so let me try one last question. Senator Marshall, do you have any more questions?

Senator MARSHALL—I don't have any more questions.

CHAIR—One of the things that the white paper does talk about is people-to-people links. I think it refers to the fact that there are some 750,000 Australians living as expatriates in other countries around the world. I have heard another figure of about one million, but let us assume that is the ballpark figure. It is one thing to draw attention to that as an important resource for Australia in helping the world understand what we as a nation are like and building people-to-people links in other countries. Do you think it is a weakness in the white paper though that we don't go on to explore how that asset, having identified it, could be more effectively used for Australia in its foreign relationship?

Mr Wells—I think it is a good point. I have seen the issues raised in the discussion paper. To a large extent, some of those ideas go beyond my competence; they are beyond the DFAT portfolio. But it is an important issue. In a globalised world, if we have to use the word, it is highly likely that the expatriate Australian community is going to become more important and not less important. There will be a lot of Australians who remain Australians and who will achieve prominence in other countries. They are valuable assets for us. It is something that the government is beginning to think through as to how we can mobilise that asset. It raises a lot of very difficult questions.

CHAIR—The other element of that asset—it is not the same sort of asset—is that Australia as a source of education services for foreigners has the virtuous advantage of mainly providing high-standard, high-quality education. One hopes that our universities don't mark down students in order to attract trade. There is a debate about that, which I would much rather see resolved as being emphatically that they don't and that quality is the question. But it means that we create very good people-to-people relations with former students who have experienced the Australian way of life and have gone back home and have fond memories of Australia. Is that something we could have brought out more in the white paper in terms of how we deal with developing that type of link as well?

Mr Wells—I don't know if we could have brought it out more in the white paper, but I would certainly agree with you that it is a very important asset for the government and for our international relations. Having said that, you do have to be careful not to overplay what it can mean in concrete terms, and Malaysia is a very good example of that.

Over the years, first through the Colombo Plan and then through the growth of private educational links between Australia and Malaysia, you have seen the development in Malaysia of a very large number of people in the Malaysian elite, if you like, who have been educated in Australia. However, that doesn't mean that you don't have quite difficult political problems between the two countries, and people-to-people links are not necessarily going to address those problems. What they do, however, is to provide a substratum of close relations that can be developed for trade and economic benefits, for benefits in terms of broader linkages. But you

would need to be careful not to see people-to-people links as a substitute for political and other interests.

CHAIR—Of course.

Mr Wells—It is important and it is something that particularly our overseas posts are very conscious of. As you would be aware from your own travels, our posts particularly in Asia spend quite a lot of their time cultivating links with alumni of Australian institutions in Asian countries. They do a lot of work on that and they try very hard to ensure that those links are kept alive.

CHAIR—I think we are out of time. We have kept you beyond the witching hour. Mr Wells, thank you. This hearing is adjourned.

Committee adjourned at 9.34 p.m.