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JOINT COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

Monday, 21 June 2004

Members: Senator Ferguson *(Chair)*, Mr Brereton *(Deputy Chair)*, Senators Bolkus, Cook, Eggleston, Chris Evans, Harradine, Hutchins, Johnston, Sandy Macdonald, Marshall, Payne and Stott Despoja and Mr Baird, Mr Baldwin, Mr Beazley, Mr Bevis, Mr Byrne, Mr Edwards, Mr Laurie Ferguson, Mrs Gash, Mr Hawker, Mr Jull, Mr Lindsay, Mrs Moylan, Mr Nairn, Mr Price, Mr Prosser, Mr Scott, Mr Snowdon, Mr Somlyay and Mr Cameron Thompson

Defence Subcommittee members: Mr Scott *(Chair)*, Mr Price *(Deputy Chair)*, Senators Chris Evans, Ferguson, Hutchins, Johnston, Sandy Macdonald and Payne and Mr Baldwin, Mr Beazley, Mr Bevis, Mr Brereton, Mr Byrne, Mr Edwards, Mrs Gash, Mr Hawker, Mr Lindsay, Mr Nairn, Mr Snowdon, Mr Somlyay and Mr Cameron Thompson

Senators and members in attendance: Senators Hutchins, Johnston and Payne and Mr Bevis, Mr Byrne, Mr Edwards, Mr Price, Mr Scott, Mr Snowdon and Mr Somlyay

Terms of reference for the inquiry:

To inquire into and report on:

Australia's defence relations with the United States.

Since World War Two, Australia and the United States (US) have developed strong defence relations. In particular, the last decade has seen a new level of defence relations encompassing Australian involvement in the first Gulf War, the invoking of the ANZUS Treaty, and Australian involvement in US led coalitions in Afghanistan and Iraq.

The Defence Update 2003 commented that Australia's alliance with the US 'remains a national asset' and the 'United States' current political, economic, and military dominance adds further weight to the alliance relationship.'

How should the Australian-US alliance be developed to best meet each nations' security needs both in the Asia Pacific region and globally focusing on but not limited to:

- the applicability of the ANZUS treaty to Australia's defence and security;
- the value of US-Australian intelligence sharing;
- the role and engagement of the US in the Asia Pacific region;
- the adaptability and interoperability of Australia's force structure and capability for coalition operations;
- the implications of Australia's dialogue with the US on missile defence;
- the development of space based systems and the impact this will have for Australia's self-reliance;
- the value of joint Defence exercises between Australia and the US, such as Exercise RIMPAC;
- the level of Australian industry involvement in the US Defence industry; and
- the adequacy of research and development arrangements between the US and Australia.

WITNESSES

HUISKEN, Dr Ronald H., (Private capacity) **17**

SCHIEFFER, Ambassador J. Thomas, United States Ambassador to Australia, United States Embassy Canberra **1**

Subcommittee met at 9.32 a.m.

SCHIEFFER, Ambassador J. Thomas, United States Ambassador to Australia, United States Embassy Canberra

CHAIR—I declare open this public hearing of the Defence Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade into Australia's defence relations with United States. Today the subcommittee will take evidence from the United States government and Dr Ron Huisken. Before introducing the witnesses I refer members of the media who may be present at this hearing to the need to fairly and accurately report the proceedings of the committee. It is my great pleasure to welcome the United States Ambassador to Australia, His Excellency Mr Thomas Schieffer, to today's hearing. Do you wish to make an opening statement to the subcommittee?

Ambassador Schieffer—I do, thank you. From time to time over the years the Defence Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade has held hearings on the health and relevance of the ANZUS treaty. You have graciously asked American ambassadors to give testimony and comment. In 1997 the then American Ambassador to Australia, Genta Hawkins Holme, said to this committee:

> Among the treaty's positive features are its brevity—only 11 articles—its flexibility and its adaptability. Like the American constitution, the treaty's focus on principles rather than details has stood the test of time.

It is an honour for me to follow in the tradition of those other American ambassadors in reaffirming to this committee that the United States still believes the principles of the ANZUS treaty are as relevant to our time as to any time in our history. The Australian-American alliance is a story of two great democracies, brought together out of necessity, who came to understand that their shared values gave them a shared hope for a better, more peaceful world. The real genesis for the alliance came from a shared experience in World War II. We both looked into the abyss and realised that our chances for survival were far greater together than apart.

Last month we celebrated the 62nd anniversary of the Battle of the Coral Sea. It was from that moment that both of us realised our futures were inexorably linked. As we look back now, it all seems so simple—the allies would win, democracy would triumph, freedom would flourish. But in May 1942, it did not seem so inevitable. In fact, the odds seemed quite long that it would end as it did. The Nazis controlled all of Europe, the militarists in Japan controlled most of Asia. France had fallen, Pearl Harbor was in ruins, and the great bastion of British power in the Far East, Singapore, had surrendered. Thousands of Australians were in prisoner of war camps. Americans had been defeated across Asia. MacArthur had barely escaped the Philippines. Darwin, Broome and Townsville were regularly bombed.

In that time of mutual despair, it must have occurred to many that the war might be lost; that the democracy we had known and the way of life we enjoyed might not survive. Then a glimmer of hope came to both of us out of the Coral Sea. The Japanese advance had been halted. A month later, the decisive blow was struck at Midway. We know now the consequences of victory. Thankfully, we only speculate on the consequences of defeat. What would have happened if we had lost the Battle of the Coral Sea? What would have happened if the American aircraft carriers had been sunk at Midway instead of the Japanese?

Some argue that the Japanese had no intention of invading Australia, and that might have been so in the short run. But would it have been so in the long run? At the very least, Japan was prepared to impose a strangling blockade on Australia that would have knocked it out of the war and forced upon it a humiliating peace. Can anyone seriously argue that a triumphant, expansionist Japan was prepared to tolerate a long-functioning, healthy democracy like Australia's on its doorstep?

When MacArthur came to Australia he brought with him the realisation that America had no other place to go. It was here, from Australia, that the tide would have to be turned or the war lost in Asia. Australians knew that the might of the British Empire, the linchpin of their liberty for so long, had already been defeated in the Pacific. If Australia was to survive as Australians had come to know it, the power of America had to be mobilised on her behalf. It is no wonder that the generation of Americans and Australians who experienced that time together have such a special affection for one another. They know that at that moment, without the friendship of one for the other, the world we now know would never have come to be.

The international order that emerged from that terrible conflict made our predecessors look at their security in a totally different way. Americans forever abandoned the notion that isolationism would protect them from the risk of overseas conflict. Australians realised that they would have to look beyond the United Kingdom for the strategic defence of the Commonwealth. Both of us looked for new ways to protect the way of life we had come so perilously close to losing. The answer we came up with almost simultaneously was the concept of alliance. But while the answer was the same, how we came to it was quite different. The United States believed that the strategic defence of Australia and eventually the whole world was dependent upon the resurgence of Japan. A non-communist, non-aggressive, prosperous Japan was seen by us as a bulwark against an expansive communist world led by the Soviet Union.

The United States promoted the idea of a soft peace with Japan, low on reparations and strong on democracy, that would get the country up and running again as soon as possible. Many Australians had real reservations about that strategy. They feared a resurgent Japan would risk the re-emergence of militarism. They argued that a soft peace would only hasten the day when the dogs of war were loose in Asia again. To them, an alliance with the United States offered as much insurance against an expansionist Japan as it did against an expansionist Soviet Union. Some Americans questioned the wisdom of formal alliances outside the scope of Europe. Our own joint chiefs of staff were initially fearful that the ANZUS treaty would spread America's resources too thin. They were persuaded finally to support it when it became obvious that Australia was not prepared to make peace with Japan without a guarantee from America to remain in the region.

The joint chiefs came to understand that the defence of America was directly linked to the defence of Australia. In the end, each of us came to understand that we could not defend ourselves without defending each other. Each of us came to see an alliance as a means of securing our future. Each of us came to see an alliance as a means of securing our values. Each of us came to see an alliance as a means of furthering peace in the world. But each of us knew that we came to the alliance from a different perspective. Our success since has proved that each of us was right: together we have achieved more than either of us could have achieved alone.

In May 1942, at the time of the Battle of the Coral Sea, only 12 democracies still existed in the world. Six—the United Kingdom, the United States, Australia, Canada, New Zealand and Ireland—traced their roots to the Magna Carta. And, of those six, five were under mortal attack from the Axis powers—and they were losing. Four democracies existed in Latin America. Only two, Switzerland and Sweden, still survived in Europe—and they were under the severest pressure from the Nazis. Not one existed across the whole face of Asia.

Today, almost 150 governments are elected in some fashion by their citizens. That did not just happen. It happened because Australia and the United States, and free men and women everywhere, were willing to lend a hand to make it happen. Our alliance worked, not only for us but for others. The threats that brought us together in alliance in 1951 have long since passed. Soviet communism is no more. The fear of a resurgent Japan bent on revenge like the Nazis of Germany has been replaced by the realisation that a democratic, prosperous Japan offers us both a friendship that even the most optimistic could not have imagined at the end of World War II. The march of democracy and prosperity across Asia has been hastened, not halted, by our alliance. The stability of our friendship has given us both an opportunity to make stable friends in other places.

The alliance we have today is far different than the alliance we first contemplated in 1951. No-one could have foreseen then that we would share the kind of intelligence that we do today. Together we each have a window to the world that would not exist if we were apart. Our militaries exercise, plan and deploy together around the world. Each of us is able to enhance our security by leveraging our individual assets with the assets of our ally for the mutual benefit of us both. We know more, talk more, consult more and trade more because we know each other more as a result of this alliance.

Now we look out on an emerging world order very different from the one that Percy Spender and John Foster Dulles contemplated in 1951. The great power conflict that the ANZUS treaty was originally meant to deter has largely gone away, but our earlier success at making a safer world must not lull us into thinking we have made a safe world. In this new world our enemies will not always wear uniforms or fly national flags. We may see them crossing the street before we realise they have crossed our borders. We may be sure, however, that their purpose can be every bit as deadly to the future of our citizens as any threat we have ever faced in the past.

Terrorism is the bane of our time. It can strike at home or abroad. Whether it is at a centre of finance, like the World Trade Centre, or a centre of recreation, like Bali, the lives of our citizens can be snuffed out in a moment of irrationality. Terrorism will be at the centre of our alliance for many years to come. The focus of our efforts cannot be limited to the region of our neighbourhoods. The terrorists of our day are transnational: they plan their attacks in one country, prepare for their execution in another and carry them out wherever the innocent may gather. The threat of terrorism means that we will have to look at our security in different ways than we have in the past. We must quarantine the terrorists from weapons of mass destruction and we must quarantine those who would provide them such weapons from the rest of the world. The safety of all of us depends upon the safety of each of us.

In his last State of the Union message before the United States was plunged into the Second World War, Franklin Roosevelt said that we sought a world in which four freedoms would flourish: the freedom of speech, the freedom of religion, the freedom from want and the freedom

from fear. Those freedoms are still at issue around the world. What we do on their behalf still matters. We can still make a difference in the world, just as those who forged this original alliance made a difference. This is not a time for us to pull apart; this is a time for us to pull together. The stakes are too high, the risks are too great for us to be comfortable in going our separate ways. The world may still be a dangerous place, but surely we are safer in facing it together than apart. We celebrate the foresight and courage of those who gave us this alliance 53 years ago this September. May we have the wisdom to maintain it.

CHAIR—Thank you very much, Your Excellency. I will now open the inquiry to questions from our subcommittee members.

Mr PRICE—Thanks very much, Ambassador, for being with us today and thanks very much for that opening statement. I notice that in the material you have provided to the committee there is a great focus on terrorism—appropriately—and weapons of mass destruction. But in the region in which Australia is located we also have the serious problem of failing states—and you have mentioned the Solomons in your submission. I was wondering if you would care to make some comments about failing states.

Ambassador Schieffer—I think failed states in this era of terrorism have a new meaning. Time was when we would regret the failure of some state, and Afghanistan comes immediately to mind. When the Taliban came to power in Afghanistan, we regretted that; we thought it was a terrible thing. When we saw that women were being taken out and shot in a public square for trying to go to school, we said ‘Well, that is a bad thing’ and when the Buddhist statues were destroyed, we said. ‘That is a bad thing’, but we really did not think that that affected our security. What September 11 ought to teach us is that when states fail they can threaten ultimately our security, whether it is Australian or American. I think that gives us a new stake in the outcome of places like the Solomons. Australia did a marvellous job in leading a coalition that brought stability to that country, and in doing so I think it enhanced the security not only of Australia and the Solomon Islands but of the United States as well.

Mr PRICE—I know this is about our defence relationship but, given those issues of terrorism, would you comment on how successful you see the domestic rearrangement has been with the establishment of the new homeland security department?

Ambassador Schieffer—Homeland security in the United States has been a difficult thing to do. It is just a mammoth organisation. I think it is the largest government organisation now outside the defence department, so there have been a lot of growing pains. But I think bringing all these agencies together in a coordinated manner will enhance the security of the United States in the end. We are slowly working through the glitches that have occurred and I think every day they become smoother and more efficient. On the whole homeland security has brought a focus to the issue that was needed and coordination to it, because what we are trying to do is to get the same message and the same information out to decision makers. That is a difficult thing to do, as you know.

Mr PRICE—Can I explore this idea of us being global partners? You pointed out that the Solomons was something that we did on our own, you provided valuable support in East Timor and we were together in Somalia, but we were not together in Rwanda, from memory. What do you see as the limits of that partnership? Is there an expectation that we will always be together?

Ambassador Schieffer—I think there is a hope that we will always be together but there is a realisation that each of us must make a decision as to what our national interests are and come to that conclusion in our own individual self-interest. That is perfectly understandable and I think that within the context of the alliance that is understood. I think why we so often wind up on the same side of things is because we have common values. What I was trying to say in the opening statement was that we came to the same conclusion for different reasons but we recognise that our self-interest was in a more peaceful world regardless of how we might have started out the conversation. I think that in the future we will go through that same process and, hopefully, it will lead, as it has so often in the past, to us taking the same position around the world.

CHAIR—In relation to ANZUS, has the Asia-Pacific focus of the ANZUS alliance become too narrow as a result of the global security environment in which the Australia-United States alliance currently operates? It is really a question of whether ANZUS is too narrowly focused in the modern context of the world we live in today.

Ambassador Schieffer—That is certainly something to contemplate. I would say, though, that the only time the ANZUS treaty has been invoked was as a result of the terrorist acts on September 11. The grounds for that invocation were that it was an attack on either of our metropolitan areas, and that gave grounds for the treaty to exist. What we have to understand is that terrorism is something that can strike us from any place in the world. Mohammed Atta, the leader of the September 11 terrorist attacks, actually met with a cell in Hamburg, Germany, and did much of the planning in Germany.

We do not know where these terrorists will strike. We cannot assume that our neighbourhood is safe or that in the immediate vicinity is the only place that these terrorists will touch us, because I think history has shown that they come from every place. All that terrorists look for is harbour somewhere and they are happy to get it. They have little care for the country in which they are. They are very parasitic in that regard. I think you saw Osama bin Laden move out of Saudi Arabia to the Sudan and from there into Afghanistan. He did not really care that much about where he was; he was more interested in what he was doing in those places. What that says to us is that the threat is a global threat, not just a regional threat.

CHAIR—Thank you.

Mr EDWARDS—Firstly, Ambassador Schieffer, it is beaut to see you here this morning. What consultation has the US government had with countries in the Asia-Pacific to clarify and perhaps explain the nature and intention of its missile defence program?

Ambassador Schieffer—I think that we have tried to consult across Asia and brief people on what missile defence is all about. I think we have largely been successful in getting the message across that it is not aimed at great powers; it is aimed at rogue states and terrorists who might acquire missile technology or a missile and then launch it. As a result of that, I think that the reaction in the region has been quite good.

Mr EDWARDS—In your statement you say that the stakes are too high and that the risks are too great for us to be comfortable in going our separate ways. Could you expand on that for us?

Ambassador Schieffer—I think this is a time when this alliance means as much as it has at any point in its history. We have to look at the world together to gather information to make the judgments that we need to go after these terrorists. I think it would be unfortunate if somehow the alliance were downgraded or if somehow the thought was left that it is not important to the security of the United States or Australia. I think it is terribly important to the security of both of our countries and I think it is important for us to enhance the cooperation and not diminish it.

Mr EDWARDS—In the way that we look at the world together, do you not see room for us to perhaps come up with different answers?

Ambassador Schieffer—Absolutely.

Mr EDWARDS—And that those answers, even though they may be different, do not mean to say that we cannot look to the future together?

Ambassador Schieffer—I think that is exactly right: we can come to a different conclusion. We have often come to a different conclusion in the past on why we are here or on why we are doing this or that, but more often than not we have come to agreement—and that is on a bipartisan basis. Both coalition governments and Labor governments have acted together in this alliance for the interests of both our countries, and hopefully that will be the case in the future.

Mr EDWARDS—Thank you.

Senator PAYNE—One of the tangible aspects of the future of the relationship is the development of a joint training facility, which has been discussed recently. From the United States perspective what would you identify as the objectives and outcomes of that proposal?

Ambassador Schieffer—What you have to understand first is what our view of the distribution of our military forces around the world is from a strategic standpoint. We start basically with the realisation that the troops are where they are largely for Cold War reasons—large troop counts in Germany and Japan, for instance. What we now understand is that the likelihood of those troops being engaged in those countries is fairly remote. So what we have gone through the process of doing is trying to say: does it make sense for us to have forces where they are now or would it be better to give them more flexibility by dispersing them in other places? I think that is where we have started the process.

What we are talking about doing with Australia is trying to create a joint facilities place where we could exercise together, train together and create more flexibility in the force posture than we have today. We do not believe that we need to have new bases. We do not think that is the answer. We do think that we need to have more flexibility. What we hope to do with regard to Australia is to have a facility that both of us could use for our own advantage, and one in which we could train together, get to know each other better and become more interoperable. I think those are the real goals of the joint facility that we are talking about.

Senator PAYNE—Taking up your point about the changes in the environment—out of Germany and less Japan focused—does locating it in Australia give you more of a reach into building relationships in South-East Asia? Is that part of the premise?

Ambassador Schieffer—I think it gives you flexibility to, as I said, train better and be more interoperable, and to do that in the full range of places around the world. We do not want to tie our hands in the sense of being wedded to a Cold War paradigm that no longer exists. What we are talking about is trying to adjust to a different world and trying to adjust our force posture as a result of that different world.

Senator PAYNE—What sort of time line are we looking at from the Americans' perspective for the development of the facility?

Ambassador Schieffer—I do not think we have a hard time line yet. We are still in the talking stage. We are still in the formative stage. I think developments have gone well and hopefully we will come up with something more definitive in the not-too-distant future.

Mr BYRNE—Ambassador, thanks for your presence this morning. I have a question about the joint strike fighter. Could you make a comment on its value to the Australian defence capability and also give some sort of level of undertaking in terms of the stealth technology. There has been a debate amongst some within our committee about the fact that we actually need a fully functioning aircraft that has the full stealth technology to put us in that regional superiority area.

Ambassador Schieffer—I think the joint strike fighter will be the best airplane that has been built and it will be without peer in the world. The fact that Australia is in the development stage of it will be extraordinarily beneficial to Australia in the long run. It gives you an airplane quicker than it would be if you were not in the development phase. It guarantees you that you will get the best airplane that is available to anybody. It also gives you the opportunity to have input into what kind of airplane it will be.

With regard to the stealth technology, the airplane that Australia will get will be the stealthiest airplane that anybody outside the United States can acquire. We have given assurances to Australia that we will give you the absolute maximum that we can with regard to that technology. Having said that, the airplane will not be exactly the same airplane as the United States will have. But it will be a stealth fighter; it will have stealth capabilities; and it will be at the highest level that anyone in the world has outside the United States.

Mr BYRNE—In terms of your understanding about the delivery of the plane, there have been some discussions about it being available to Australia in 2012. Are you aware of any indication that leads you to believe that the delivery of that plane might be a bit later than originally programmed?

Ambassador Schieffer—I do not know with specificity. I think that there have been difficulties with the weight of the airplane and trying to get that weight back down. People are working on that and are hopeful that those problems can be solved. We want the airplane in the United States as fast as we can, so we have similar interests in getting that airplane to the market as quickly as possible.

Mr BYRNE—On page 4 of your submission you talk about the US being able to focus more intently on less stable environments. Given the level of threat that we would anticipate, can we expect a greater American presence in the East Asian region rather than a lesser presence?

Ambassador Schieffer—Without categorising what is a greater or lesser presence in Asia, America is an Asian nation, and people sometimes forget that. We have had enormous interests in Asia for decades and we are not going to absent the field any time soon. Our trade relationship, for instance with China, is now huge. China is our No. 2 trading partner in the world. It surpassed Mexico this year in importance to us in trade. In Japan we have a relationship that is second to none and extraordinary. Here in Australia our relationship is extraordinary. So, throughout this whole neighbourhood, we believe that we have shown an interest, a stability and a sustainability in our relationship that would indicate under any measure that we are going to be in Asia for a long time—and hope to have influence in Asia for a long time.

Mr BYRNE—In terms of Australia's role, you were talking about a more flexible force deployment. By that I presume you mean, rather than having a permanent base, the use of aircraft carriers as the force projection?

Ambassador Schieffer—I do not know. Aircraft carriers are an obviously huge force projection instrument.

Mr PRICE—Have you got any spare ones?

CHAIR—Plenty of naval people would like one—just one!

Mr PRICE—I do not know that I was allowed to ask that!

Ambassador Schieffer—I think what we have to look at is this changed nature of the world. We have to realise that great power conflict may not be the greatest threat to our security, and that is really what our defence forces have been oriented toward in the past. It is something different now, and we are trying to figure that out—and I am not sure that we have completely figured it out, but we are trying—and I think that this forced posture view is part of that process: we see that we have to have greater flexibility and the ability to get around the world more quickly than we have in the past. No-one that I am aware of in the last presidential election in 2000 mentioned Afghanistan. No-one thought that the first conflict of the 21st century for the United States would occur in Afghanistan, but it did. That indicates that the place that we may not have thought about—the place that may be tomorrow's failed state—is also tomorrow's battlefield, in which both our interests are at stake. That is the kind of thought process that we need to be going through to adjust our thinking to the future.

Mr BEVIS—Welcome, Mr Ambassador. Your written submission refers to the US beginning to alter its footprint in Asia. Could you give us an insight into what you think that footprint might look like in Asia five years down the track and elaborate on that?

Ambassador Schieffer—I think, again, you look at the forces in Japan and Korea, for instance. We are going through this process of asking, 'Does everything have to be where it is? Does it make more sense to have some of it in Guam? Does it make more sense to have more facilities around Asia to exercise with our allies there—those sorts of things. I do not think anybody could really forecast right now how exactly it will come out at the end. We are at the beginning stages of this, not at the end, but I think you will see an emphasis on flexibility and adaptability of forces in the region.

Mr BEVIS—Prior to 9-11 there had been a drawdown of some of the US deployments in the Asia-Pacific region in any event—the Philippines, Okinawa. Is this a continuation of that, or is this examining that issue with a new set of parameters?

Ambassador Schieffer—I think it is examining it with a new paradigm—with a realisation that, in the future, historians may well say that September 11 was a historical marker when the Cold War paradigm finally ended and a new paradigm began. I think that is the way we will look at it, because prior to September 11, even though the Soviets had gone away and even though the Berlin Wall had come down, we still tended to think in Cold War terms. After September 11, I think we realised that old foes can be new friends, and we have tried to react in that way.

Mr BEVIS—Could I ask a broader question. Everyone understands and appreciates the depth and breadth of the relationship between our two countries. As you say, it is a bipartisan position on both sides of the relationship. I would like to look more broadly to those others who are close to our two nations—in this region we have the obvious question about New Zealand, which at one point in time was an equal partner in the ANZUS treaty—and beyond New Zealand to other countries in our region. I am thinking of some of the expectations or suggestions when things like APEC, the ASEAN Regional Forum and other gatherings were established, and the prospect of a broader international framework in our corner of the world that would help to contribute not just to economic opportunities but to security in the region—which I suspect is actually more important now, post 9-11, than it was before. I would be interested in your thoughts about that broader question. Obviously New Zealand is one part of that, because when we talk about interoperability we often talk about our interoperability—that is, between the US and Australian forces. But for us, and for New Zealand, it is also particularly important that there be good interoperability between the Kiwis and ourselves. If there are dysfunctions there, that raises capability questions for us, particularly in what might be lower intensity activities in our region. I would appreciate your comments on that broader issue.

Ambassador Schieffer—Sure. In preparing for this, I went back and read the original comments and cables out of the United States. It was a very interesting process, because the original idea was that you would have an Asian treaty with Japan, the Philippines, Australia, New Zealand and Indonesia. All of those countries were approached. The Indonesians declined, Australia and New Zealand actually objected to being in an alliance with Japan, and the Philippines wanted a bilateral relationship with the United States and not to be in a treaty with others. I think the more that we can come together in Asia as allies—I am talking about a broad sense—and the more that we add countries to the mix, the better off we will be. I think that is the way we still look at the world.

I hope I do not sound like I am bragging, but I think that the American foreign policy in Asia is really the untold success story of this administration. If you look at the relationship that we have with Japan right now, Prime Minister Koizumi says that it is the best relationship that the United States has ever had with the Japanese government. At the same time, the relationship we have with the Chinese government is said by the Chinese to be the best that they have ever had with an American administration. So you have two traditional rivals who both say they have a great relationship with the United States. I think that is good for both of them, and it is certainly good for us. If you look here in Australia, I think Prime Minister Howard would say this is the best relationship that Australia has ever had with the United States, and vice versa.

In South-East Asia, while we have not made as much progress with some of those governments as we have with others, I think that by and large our relationships with all governments in South-East Asia right now are pretty good. I think that gives us an opportunity to forge a broader consensus around Asia as to what ought to be done in the world, because we all have a common threat, and that is this threat of terrorism, because the threat that we face on terrorism is the same threat that all of these governments in Asia face from various elements, and I think that the more we recognise that we have common ground, the more we will be able to act on it.

Mr BEVIS—Where does that leave New Zealand in particular, and is there a role for the existing multilateral organisations in this part of the world that America is also a party to?

Ambassador Schieffer—We certainly continue to have a friendly relationship with New Zealand. In the intelligence area in particular we have a robust relationship. There is still the issue of whether American ships can come into New Zealand ports, and at some point in time we hope that they will be able to. That would obviously enhance the security relationship that we have with New Zealand, but at this point in time New Zealand does not want to approach that area and that is certainly its right. But again, all of us—not just the United States but all of us—need all the friends we can find in this world and the more we can do to enhance friendships the safer all of us will be.

Senator HUTCHINS—Mr Ambassador, in the second paragraph on page 2 of your presentation you remind us about what Japan may or may not have been able to do after World War II and whether or not it was in our interest to engage with the United States because Japan was not going to be all that threatening. Do you see in your own country issues arising where at some point the American people are going to be fed up with their citizens being beheaded and their flags being burnt all over the world, whether there may be an era in the not too distant future where America wants to retreat and go back to isolationism? Is that becoming an issue within American politics?

Ambassador Schieffer—I really do not think so. I think we crossed the Rubicon decades ago on that. After World War I the United States did retreat to ‘fortress America’, and it had disastrous consequences. I think Americans recognise that we cannot retreat from the rest of the world and we have to make the world safer. That is not necessarily an easy thing to do, but no-one, I believe, thinks that the world would be safer if we just withdrew from the rest of the world. It would not work—our interests are too varied and too broad. Americans are going to travel the world regardless of what the government may or may not do and they have to be protected and they have to be secure, and 9-11 showed us that the oceans that were thought to protect us in that period between the First World War and Second World War do not do that anymore. Terrorists will strike in the United States as easily as they strike around the world.

Senator HUTCHINS—I said that because that paragraph I referred to seems to be reminding us that we wanted to be isolationist and it is not in our interests to be that way. It seems to me also that that possibly reflects a bit of your concern about the direction of Australian domestic politics if you need to put that in a statement to our committee.

Ambassador Schieffer—Australian domestic politics are for Australians to decide—they are not for Americans or for me to opine about—but I think we live in a world in which we cannot

be isolated any longer. We cannot withdraw from the fray and think that we will be somehow safer. That world just does not exist for any of us. All of us have a stake in what happens around the world. All of us have a stake in terrorists, all of us have a stake in failed states and all of us have a stake in rogue states because of the nature of the threat that exists today. I think all of us would do well to remind ourselves of that in formulating the policies that we adopt in our respective countries.

Senator HUTCHINS—Thank you.

Mr EDWARDS—I have two questions. Firstly, we all have a stake in the future of Afghanistan. What do you see as the current situation in Afghanistan, and what do you see as the needs of Afghanistan so that we can stay in front of the game up there?

Ambassador Schieffer—The main thing we need in Afghanistan is patience. This is an extraordinary thing that has happened there. They are going to have some elections there, I think in September, and they are going to elect a government. That is a pretty remarkable thing, given the nature of what has been going on there for a long time. Democracy in Afghanistan is not democracy as it is practised in Australia or in the United States—it is still in its infancy. But a democratic Afghanistan gives us hope for the future. It is still a dangerous place. It is still a place where people get killed on a regular basis, but it is also a place that gives us an opportunity to have a peaceful, democratic government established there that can bring prosperity and safety to the citizens of Afghanistan. Again, it is not just a responsibility of the United States but also a responsibility of the international community to do as much as they can there to help that process play itself out.

Mr EDWARDS—My second question is: what damage do you think could occur not only to the alliance but also with regard to the manner in which a number of countries within Asia look at both America and Australia if there were a perception that America was in any way trying to influence the outcome of the next Australian election?

Ambassador Schieffer—What damage?

Mr EDWARDS—Yes.

Ambassador Schieffer—I do not think the United States is trying to influence the outcome of the next Australian election. If you are referring to the comments that the President made in the Rose Garden, he was asked by an Australian reporter what he thought the consequences of withdrawing from Iraq would be, and he said he thought those consequences would be disastrous. I think that you have to understand that that is the only answer the President of the United States could have given. Had he refused to answer that question or, alternatively, he had said, ‘Oh, I think that’s a good idea; I hope all of our allies will withdraw and leave us this full burden to carry ourselves,’ I do not think that would have been plausible. I think his answer was an up-front answer to an up-front question and it probably has to stand on its own. I do not think that it was an attempt to try to influence the Australian election; I think it was a reflection of what the United States believed its own interests were with regard to Iraq.

CHAIR—My question is in relation to Australian industry involvement in the US defence industry. On page 11 you noted that the US Army and the Marine Corps have leased vessels

from Incat and Austal for evaluation of their effectiveness. Will leasing continue to be the only avenue for these companies while the US Jones act continues to operate?

Ambassador Schieffer—No, I do not think so. I think the vessels were basically leased in order to see how they would perform in certain circumstances. The Jones act requires a boat or a ship to have an American hull. Both Incat and Austal have made arrangements with partnerships with companies in the United States that would basically allow them to build ships that would be acceptable for purchase by the United States Navy or Marine Corps. I think both companies are anxious to pursue that. We have had nothing but good reports on each of the two companies' ships. My guess is that there is a real opportunity there for further cooperation and further purchases on the part of our armed forces of ships that are built by those two companies.

Mr EDWARDS—Is 'partnership' the operative word there?

Ambassador Schieffer—I think it is a partnership. I think both companies are pleased with the relationship that they have with their American partners. I really have heard no complaints from either on what they are able to do. I think they have come to the conclusion not only that it is the case that the Jones act is involved but also that efficiencies can be obtained by the partnership with both companies.

Mr BEVIS—Mr Byrne raised an issue about the joint strike fighter and the opportunities it presents for technology transfer. That jogged my memory about material I have read about industry in the United Kingdom complaining about the lack of technology transfer on the JSF program to the UK. It struck me that if there were concerns about technology transfer in the UK, which I would have imagined to be perhaps the closest partner outside the US in that endeavour, then everybody else who is involved in the program is certainly going to have problems of at least the same magnitude. What is your view of that?

Ambassador Schieffer—The stealth technology that we have is extraordinarily important to us because it does not exist anywhere else in the world. It is a huge advantage, and I think we rightly are concerned that it not be easily disseminated to others. But I would commit again to the concept that we have signed off on Australia receiving the absolute highest level of stealth technology available to anyone outside the United States, be that the United Kingdom or anyone else. I think—it is certainly my understanding anyway—that the Australian military are quite happy with the level of technology that they think that they are going to receive on this aeroplane. Again, it will not be exactly the same as the United States but it will be a whole lot better than anybody else in the world has.

Mr BEVIS—We must be more easily satisfied than the UK people then.

Ambassador Schieffer—You are going through a period of negotiation here and everybody would like to get more—and that is certainly understandable. I think it is more a process of negotiation than it is a real problem.

Mr PRICE—In relation to an earlier question on missile defence you said that in the region you had undertaken consultation and the reaction was quite good. I have been to Indonesia twice in the last nine months and I must say that, not at the higher level but at lower levels, the reaction

is not good and that with the public it is quite horrendous. How do you overcome that? We are also in the gun on the same issue, I might say.

Ambassador Schieffer—We have seen more comments out of Indonesian probably than any place else. I am somewhat mystified by some of those comments. We have not seen it officially from the government per se, but I have seen some of those in the press that the Australian press covers.

Mr PRICE—Certainly at the parliamentary level there has been a lot of comment.

Ambassador Schieffer—Yes. This concern that it is going to start an arms race or whatever I think is misplaced. If you do not have missiles you do not have to worry about it. In places where they do have missiles, in China, for instance, there has not been a huge reaction to the missile defence program because I think the Chinese understand it is not directed at them. I think it is very important to understand that the missile defence that we are talking about in the context of 2004 is very different to the missile defence we talked about in the 1980s. In the 1980s we were talking about strategic missile defence, that we were trying to have a deterrent for the Soviet Union or China per se. What we are talking about here is a very limited defensive system that would deter a rogue state from launching a handful of missiles. This missile system could be quickly overcome by the great powers because they have enough capacity to overcome it. But what we seek is more security from the attack of the rogue state that might have a handful of weapons and might try to blackmail us or blackmail our allies into doing something not in our own interest.

Mr BEVIS—Let us say we have a rogue state that launches a missile attack, limited as you acknowledge it would have to be, that the place from which it came would be known, identifiable, and the retaliation would be I am sure immense. The likelihood of a rogue state or terrorists operating from a rogue state launching a missile attack, which is very traceable, seems to me to be far less likely than the sort of incidents that have happened—car bombs, truck bombs, train bombs, planes and things of that sort, which require a greater effort to identify who is responsible, from where they came and where they trained. This seems to be allocation of very scarce resources, even with the United States's very substantial DoD budget, to a priority I would have thought would have been much lower than many others.

Ambassador Schieffer—What we recognise is that we have no defence against that now. An irrational regime that has the capacity to launch these missiles—and missile technology—

Mr BEVIS—What is the threat assessment? What is the likelihood of such an event, given that anyone doing that would know that the retaliation would be swift and massive?

Ambassador Schieffer—I think there are two kinds of threats. The first is the regime that is prepared to pull down the house on top of itself in order to achieve its goals—a launch against Tokyo, a launch against San Francisco. That is a real possibility, because we have irrational actors in the international community. The other possibility that may even have a greater probability is the acquisition of missile technology or a missile by terrorist groups and the ability to launch it from somewhere else. We perceive that to be a real threat and a threat that could grow in the future. What we do not have now is the ability to intercept those kinds of launches.

That is what the missile technology is designed to try to prevent. It is to look at the world not only as it is now but as it might become and to try to have some sort way to defend against it.

Mr PRICE—My Indonesian friends would not forgive me if I did not raise with you their military purchases being held up by the congress in relation to Irian Jaya. Is there any prospect of that being overcome?

Ambassador Schieffer—I think we would like to see more progress made on the killing of those teachers to see if that could be resolved. That was a pretty heinous crime, and we still have not seen a lot of movement on it.

Mr PRICE—I know this is probably from left field, Ambassador, but there is newspaper speculation that David Hicks's lawyer, Major Mori, is facing some sort of investigation. Whilst there has been a debate in Australia about whether or not it is appropriate, I must say I think most Australians have been impressed by his forthrightness and what appears to be his integrity.

Ambassador Schieffer—I am not aware of those allegations per se in the media. I have not heard that. I think that the question that the Department of Defense has of Major Mori is that he claims that there was some abuse of Mr Hicks in either Guantanamo or someplace else but he has not brought that to the attention of the Department of Defense. On the contrary, when he had been asked about this in the past he said that there was no source for that. So I think what that may be referring to is an effort to try to get him to present whatever allegations he has to the Department of Defense so that they can be properly investigated. But I do not think anybody is contemplating that Major Mori himself is being investigated on a personal basis. I am not sure about that at all.

Mr PRICE—I thought the suggestion was that there was going to be an ethics inquiry and that his professional career could be adversely affected.

Ambassador Schieffer—I have not heard that and I am not aware of that.

Mr SOMLYAY—This is probably a motherhood question. The Cold War lasted for 50 years, Ambassador. How long do we think the war on terror might last, and how do you negotiate a peace process with terrorists?

Ambassador Schieffer—I don't think you can. I think one of the frustrating things in this whole process is that we are not likely to reach a day when there is a surrender signed on the battleship *Missouri*. It is just not going to happen. I think the day is going to come when the terrorists realise that they are not going to be able to achieve their goals by continuing to kill innocent citizens, and that will be a good day for all of us. But when that is likely to happen, I don't know.

Mr BYRNE—I have a follow-up question on the joint training facility. Do you ever envisage a circumstance in the war on terror where you may need to have a more permanent base in Australia?

Ambassador Schieffer—I do not. I have not heard anybody talk about the necessity of basing anything in Australia.

Mr BYRNE—So you could effectively rule out that there would be a permanent base in Australia over the next five to 10 years?

Ambassador Schieffer—As far as I am aware and as far as I have heard. General Myers, the Chairman of our Joint Chiefs of Staff, was here in January and he specifically said that that was not contemplated by anybody. Admiral Fargo, the Commander of our Pacific Command, has said the same thing. Doug Feith, the Under Secretary of Defense for Policy in the Defense Department, who is in charge of all this, said the same thing when he was here. So I do not think anybody contemplates the need for a base or a request for a base in Australia.

Mr BYRNE—Has there been any provisional planning for Australia being used as a staging post should there be any requirement to conduct some operations in South-East Asia?

Ambassador Schieffer—As a staging base, I am not aware of that.

Mr BEVIS—We all recognise that the threat from non-state terror is a major issue in security terms. It is obviously a focus for ANZUS, and rightly so. The military response to that threat is necessary and immediate, but it does seem clear that a military response alone is never going to successfully conclude a war on terror and that economic and diplomatic efforts are just as integral to a final outcome. Many of the issues that that relates to are far from our shores. It is not an economic issue with respect to which the US or Australia have failed in their jurisdiction. We are talking about other parts of the world. Does ANZUS provide a vehicle whereby Australia and the US together are able to address some of those underlying diplomatic and economic issues? I am thinking of places like Afghanistan, the Middle East, the question of Israel, the question of a Palestinian state, all of which feed in as precursors to create the circumstances for the likes of al-Qaeda to recruit and undertake their activities. Does ANZUS have a role in that regard?

Ambassador Schieffer—I think it does, but I think it is somewhat more subtle than the words in the treaty itself. The treaty is a military treaty; it is a security treaty. But because we have that treaty, it brings us closer together and we talk about things because of the treaty. I think it is that interaction that is caused by having this relationship that broadens it and gives us the opportunity to discuss things at all levels. That has been of enormous benefit for both countries as a result of the treaty. When you say you are an ally, you cross a threshold with each other that you would not otherwise have.

Mr EDWARDS—I have one final question, Ambassador. My understanding of the travel warnings for Greece and the Olympics are that both Australia and New Zealand have a more severe travel warning than the US. Are you able to comment on the travel warning that the US has and whether it may be upgraded between now and the Olympics.

Ambassador Schieffer—I really fear to comment on that because I just do not know. I am going to beg off on that.

Mr EDWARDS—Australia has been criticised for its travel warning.

Ambassador Schieffer—I am not aware that there is a different, if there is a difference.

Mr SNOWDON—Ambassador, leaving aside the differences that the Labor Party might have with the Howard government over Iraq, is it the general perception in the United States that there is strong bipartisan support for the alliance here in Australia?

Ambassador Schieffer—I think so. There is ample evidence in the past that there has been bipartisan support for the alliance, and that is our hope for the future as well.

CHAIR—Ambassador, thank you for your attendance here today. If you have been asked to provide any additional material, would you please forward that to the secretary—though I do not think that is the case. We really do value the time you have given us here this morning. I know your schedule is very busy, and the committee values your time and the evidence you have given today. Thank you very much for attending today.

Ambassador Schieffer—It has been a great honour for me to be here.

[10.39 a.m.]

HUISKEN, Dr Ronald H., (Private capacity)

CHAIR—Welcome. Do you have any comments to make about the capacity in which you appear before the subcommittee today?

Dr Huisken—I am a senior research fellow at the Strategic and Defence Studies Centre at the Australian National University, but I am here today in a private capacity.

CHAIR—Although the subcommittee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the respective houses. Would you like to make an opening statement to the committee?

Dr Huisken—I have a very short statement, to supplement the paper I left. I think most of us in this room are married, and that tells you that all relationships, including defence relationships, require constant, careful and mutual attention. The main objective of that process, even when there is no particular need or circumstance that calls for it, is to ensure that expectations are aligned. Surprises and disappointments tend to get remembered much more than open policy differences that have been exposed and that endure.

The recent dispute that we had between the Bush administration and the Labor Party's position on our military presence in Iraq illustrates the point quite handily. My assessment of that episode is that the high-level pronouncements in Washington were more of a plea to Australia than an instance of angry criticism. The United States' position in Iraq at the present moment is more precarious than anyone imagined it ever would become, and indeed is still delicately poised in the sense that it is by no means clear that things will not get worse rather than better. I think the message from Washington was very much, 'Not now; anytime but now,' with regard to the policy intentions of the Australian opposition. The reason I cite it as an example for this committee is that I believe both sides miscued; it is an example of allies miscuing.

I think we could have wished for Labor's initial statement on this issue to have been more comprehensive—more cognisant of perceptions and of the nature of the contest that Iraq has now become. Equally, however, it is clear to me at least that the US comments were strident and rather heavy. To their credit, they recognised it pretty smartly and took steps to fix it. For a moment there they forgot just how divisive the Iraq venture has been in this country, for good reason, and how difficult it has been for people to see good reasons to change their view. So, in both cases—allies that pay careful attention to their partner and the circumstances they are in—both sides in this instance miscued. Indeed, we may now have in this country quite rare cleavage on the alliance with the United States, in the sense that we have more intimacy and more congruency of thinking at the very top than we have ever had before, but I suspect that we have more ambivalence amongst ordinary Australians.

The Iraq experience has confirmed for me the importance of some commonsense rules of thumb that I have developed over the course of my career, much of which has been concerned

with the United States. They are in my paper, and they all amount to the same thing, but they are very short; with your indulgence, I will read them out. In approaching alliance management—and particularly, of course, the big milestones in the alliance that come up, as they did in the case of Iraq—the first of these commonsense rules of thumb is to approach every major decision, especially those involving potential joint military operations, as if the alliance did not exist and, in fact, pose the question of whether we should enter into an alliance over the issue in question.

The second rule is: do not aspire to be a loyal ally, but have the courage to affirm on each occasion that we are allies because we agree and that we do not agree because we are allies. The third rule is: do not give any weight to the view that we should suppress our interests and instincts in order to accumulate favours or put the US in our debt and thereby make their assistance to us more probable in some future hour of need. As I said, all these observations amount to the same thing; but I do believe that to varying degrees we stepped away from those rules of thumb in the most recent circumstances.

Let me conclude by saying that, in my view, the alliance with the United States is very important and rewarding for Australia. It is, in my view, substantially a natural partnership that has become very much part of the fabric of Australian foreign security policy. I therefore agree with Richard Armitage, who said the other day in Washington:

There's no avoiding our partnership, so let's try to make the best of it.

But Mr Armitage also said on the same occasion:

Our alliance is sacred ...

His purpose, admittedly, was to take the sting out of earlier US comments, including his own. As far as I am concerned, 'sacred' is going a bit too far in characterising the alliance with the US.

Mr EDWARDS—In your paper you comment at some length on the missile defence issue, and you come to the conclusion:

... the only sensible assumption is that such a capability will be too costly to be absorbed within 'normal' real growth in the defence budget.

It just seems to me that resourcing is not keeping pace with the rhetoric in relation to defence matters and defence acquisition. It seems to me that either there will have to be a massive injection of funds into defence or this missile defence capacity will come at the expense of other acquisition. Would you care to comment on those comments and on that conclusion that you yourself have come to?

Dr Huisken—It is very much an instinct at this stage. Missile defence technology is progressing very fast; it is immature. Anything that we may decide to acquire—I understand in government terms—is at least a decade distant. It is also the case, for example, that we have two principal scenarios promulgated by government on why we need missile defence. Senator Hill is tending towards the protection of our forces when we deploy overseas into areas where there is a ballistic missile threat, which tends to be the short- or medium-range variety. The Prime Minister is leaning towards the defence of Australia proper. At this stage, at least, the acquisition solution

to those two propositions are entirely different. Doing both, of course, compounds the problem. Part of the reason I came to that conclusion is that I have a strong instinct that, however the numbers play out, it is an entirely new capability for the ADF and it is going to add a significant additional slice of money. If it is not provided for with that in mind, significant compromises are going to have to be made.

The only thing I can offer in the way of some hard numbers is Japan. They have recently for the first time gone firm on a missile defence acquisition program. They want to buy over the next five years 16 Patriot 3 firing units, as they call the ones that have four tubes on them, and four Aegis class destroyers—I think they call them destroyers, but they may be cruisers—with standard 3, which is the envisaged upper tier missile defence engagement missile for the US Navy. That goes beyond the atmosphere into space. Over a five-year period, the Japanese put a price of $US6.5 billion on those 16 firing units for short-range ground based defence, or terminal defences, and four Aegis class ships with standard missiles. That is about $A2 billion a year over that five-year period. They already have their Aegis class boats. They have just got to buy the missiles and the other trimmings. Even if that is a relatively modest figure, numbers like this are about what it will cost to do things that never come out below the outcome. But if you consider $2 billion in the present Australian budget, which is in the teens—14, 15—it is a big additional slice.

Mr BEVIS—On the same point: in-theatre missile defence is not a new concept in development, and the things like the Patriot and the Aegis systems that you referred to have been around and are understood. The current debate seems to me to be focused not on that in-theatre missile defence but on the response to long-range missiles, as the ambassador indicated, rogue states and things of that kind. That strikes me as a whole different ball game, both in terms of what you require to do it and the question of its impact, strategically, on other countries. I would be interested in any thoughts you have on that aspect, not on the in-theatre, because I think that is a given—it has been around; no-one is arguing about in-theatre missile defence—but your response to long-range ballistic missiles. I guess that goes back to the ‘Star Wars’ ideas and what seems to me to be intrinsically related to that, and that is what has happened with the anti-ballistic missile treaty, which America’s current administration, anyway, in any event has not been keen to see continue. It seems to me that one exacerbates the other. I am not quite sure how the approach to the ABM treaty actually improves security, but I would be interested in your thoughts on that.

Dr Huisken—That is a very good question. When you got into the beginning of it I was going to start out and say that to provide a reasonably decent answer to that there is a much wider package of issues that has to be considered compared to the ones that normally are—and, in fact, you went on to touch on that. Its seems to me a truism, if you like, that in circumstances where for a quite extraordinary set of reasons the major powers of the world, and particularly the two superpowers at the time, both decided that it would be smart to, in the case of the marriage between the nuclear warhead and the ballistic missile, break the historic connection between offence and defence, history has been rewritten by this endless competition—sometimes offence has prevailed and history has been changed; sometimes defence has prevailed and history has been changed. When they got into the nuclear age they said, ‘Counterintuitive though it may seem, we need to stop that competition from going on.’ That supports here my fundamental instinct—and I see nothing to contradict it—that if you introduce defences into the equation it is going to have an accelerating effect on offence. That accelerating effect will be enhanced to the

extent that other players do not have the technological option of pursuing defences, which is pretty much the case now. The Russians can do missile defence with nuclear weapons. They are nowhere near being able to do it in a non-nuclear way—even, without a warhead, the direct hit.

Just to give you the sort of picture I think you would need to take into account at the moment: if you were a Russian or a Chinese analyst—and they are the two key players as to what the outcome of the current American program is going to be—the Americans have pretty much a technological monopoly on non-nuclear missile defence; that will erode, but it will take them time to do it. The United States also has, on paper, a grand strategy as it were, which is quite dramatic: it is the assertion that the United States will maintain so overwhelming a military superiority—not just vis-a-vis the Iraqis, but over everybody—that no-one will even deem it attractive or interesting or possible to aspire to the same ballpark as the United States. That is a big message. The United States has never sent that message as graphically in the past.

It is also, as you say, a signal quite graphically that the era of accepting technological restraints on the United States is over; the ABM treaty has gone, it is scrapped. More than that, they said, 'We're not attracted to this distinction which is growing up now in the literature and in fact in government thinking between theatre missile defence and national missile defence. Technology may render that a cramping distinction, so we will not practise that one.' Thirdly, they said to the Soviet Union and indeed to the world that the United States is no longer in the business of negotiating offensive nuclear arrangements with any other country. If you look at the Moscow treaty, it is in fact two unilateral plans just pasted together. So very strong statements from the United States, a very distinctive world view and attitude, if you like, about where the United States was positioned in the world and what it was going to do with that position.

Then of course you have the nuclear posture review, which came out in the heat of the moment during the Iraq crisis, in January 2002. That was a remarkable statement. It brought nuclear weapons very much back into the coalface of international relations, declared to be a critical element of American military posture, very robust language on a range of seven states, including China but also Korea, Libya, Iran, Iraq and so on. Again you had this illustration that the United States intended to maintain a strategic nuclear capability which was overwhelmingly bigger than everybody else. And just in case they wanted to be able to expand it to more than double that size, faster than anybody else could build additional offence. So you have this package now where other states know that the United States has, at least for the moment, a declared ambition to remain unambiguously the strongest power, not by a decent margin but by the widest possible margin. It is a power that with respect to ballistic missile defence no longer has any legal constraints on it. So the other powers are reliant purely on statements of intent out of Washington as to what the purpose and scale of their missile defence effort is going to be.

The United States have spent some time saying the target is the rogue state, specifically North Korea, and their efforts are limited. But if you look at the content of their missile defence program, what they are spending money on, it has still got the space based interceptor, both the laser and the kinetic kill version. That is an active research program. Once you take defences into space you are no longer talking Son of Star Wars, you are not talking limits. That is mainstream comprehensive defence. So if you were a Chinese or Russian and the conservative analyst that you would have to be, you would see in the US posture at the moment a sort of implicit threat to your deterrent, that the United States wants to have the option of denying you that deterrent. That seems to me a recipe for the most vigorous possible response they can

mount. It is true, as the ambassador has said, that in the last year or so China have gone dead quiet on missile defence; they no longer complain. I am not particularly surprised. There is absolutely nothing they can do about it for the time being. But you can be certain they have expanded and accelerated whatever offensive program they had in mind before.

Mr BEVIS—I must apologise; I have another meeting so I will not be able to stay for the whole hearing. I made a comment to the ambassador that they say that the missile defence program they are talking about is aimed at rogue states, non-state players and the like. In an area of mutually assured destruction you could argue there was some rationale to it. I think that was pretty perverse but there was some rationale you could see. For a non-state player or rogue state to launch what the ambassador acknowledges would be a limited capability, they would have to anticipate the most rapid and severe response. It would be the end of that regime and possibly the end of that part of the planet. I have some difficulty comprehending a risk assessment that says that that is so likely we should be allocating resources to this defence, if indeed that is the purpose the defence is for. If that assumption or query is right, maybe the defence is not for the stated purpose but for another purpose, which is to have it clearly understood in the globe that they have a capacity to move freely wherever they want without anyone being able to embark upon a counterattack in conventional terms.

Dr Huisken—I think it is very much the latter. A bolt out of the blue with your half-a-dozen very unreliable missiles—one or two of which may work—would certainly hurt the United States but you would not live long enough to enjoy it. The thinking is much more the latter. To cite a specific example, if North Korea demonstrably were able to hold some portion of the United States at risk or at a reasonable probability of risk of a nuclear strike, the reasoning would be that we would then be inhibited from performing or rearranging the region to our preferences, if circumstances were deemed to make that extremely desirable. In other words, it would dampen America's ability to demonstrate to the world that it will deal with all regional security challenges to the existing order.

That is a very key element in the thrust of the conservative or, in fact, neoconservative grand strategy at the moment. There was an undertaking from Washington that said: 'We are No. 1, we will deal with all the big messes around the world and we will have a monopoly on the use of force. In return you guys do not strive to challenge us but you support us when you can.' That is one of the basic rules of the unipolar world's functioning, if you like. It is very much about the freedom it has to do what it thinks is desirable or necessary in regional locations.

CHAIR—On page 3 you commented that:

... Australia's alliance relationship with the US is valued because of our potential contribution to shaping US policies to better serve regional needs and interests.

Could you elaborate on that point? The question that will flow from that is: to what extent is Australia seen as being too closely aligned with the US over policy?

Dr Huisken—It is a good point and a tricky one to handle even for an academic, let alone a politician, because it is such a subjective issue. My impression is that it is unambiguously and hugely important because, just as we have agencies and departments that look very closely at the relationships in the region that we regard as particularly important to our interests and how

Indonesia is feeling about Thailand and Malaysia and so on, those people also look very closely at us and want to go beyond the speeches, press releases and policy statements to actually get a feel for the colour and texture of what is going on.

My evidence is more or less anecdotal. I travel quite extensively in China and through South-East Asia. The way I would put it is this: if Australia is unambiguously seen to be developing and articulating an Australian view on a contentious issue, it does not matter whether or not it is different from the American one. More often than not we will come out into the same ballpark. That is why we have been allies for so long and through such turbulent and different international circumstances. But if we go to the trouble of actually making it plain that we have thought this through and we are saying in advance and without consultation with anybody that this is our diagnosis of the situation and this is what we think we should do to fix it and if we are also seen to be taking that view using our channels of communication under the alliance—which is special, and people acknowledge that we get listened to by the right people because of the alliance—to Washington and making an attempt to at least tweak US policy, that makes us worth engaging by South-East Asian nations, for a couple of reasons.

Although we are Caucasian and Christian and so on and in many ways very different from them, we are of the region. I think they know from experience that geography forces us to pay particularly acute attention to South-East Asia and therefore to some extent, to an inevitable extent, there is a degree of understanding and a degree of sympathy with the Australian position on how the issue in question affects our region and how it is looked at from our region. All of that makes us worth talking to, because we think independently and we use the channels of influence that we have under the alliance.

If you lose that perception, if you do not bother particularly hard to demonstrate why you have come out with the same position as Washington—and I think to a very significant extent that is what happened over Iraq—you are seen as (a) not thinking independently and (b) not using the privileges you have under ANZUS to plant ideas and nuances and different perspectives into the upper reaches of the American administration. That makes you not worth talking to.

It also feeds into the question that is frequently asked: is the fact of our alliance with the United States a liability or an asset in Australia's dealings with the rest of Asia? I think it is overwhelming an asset but provided, again, that most countries see us as making up our minds or making our own assessments independently basically as a state of Asia and therefore with a perspective coloured by the fact of our geography. Using the channels of the alliance enhances Australia's political weight, if you like, and confirms evaluations that it is useful to have Australia down here and allied to the United States. Most of these countries attach as much importance to the United States as we do, but they acknowledge that having a sympathetic set of eyes and ears in Australia, which is also allied to Washington, all adds up to a healthy package for the region.

But the elemental thing that has to come at the bottom is that you have to be seen to be brave enough to think things through for yourself, to articulate them proactively, if you like, and to be seen to be taking political risk and saying, 'This is what we think.' If that exposes differences then you go and deal with them. As I say, it is a very subjective answer, but I do believe we have lost a lot of ground in Asia over the years by allowing that impression to grow amongst Australians and certainly in the region—and, in fact, in the international media. Throughout the

political build-up to the Iraq war, we were just a throwaway line in every article; that of course Australia was 100 per cent with the administration and not of interest.

CHAIR—Your paper was fairly expansive and your answers have enabled us to elaborate on some of the questions we may have had. Is there anything more you wanted to say to the committee?

Dr Huisken—No, thank you for the opportunity.

CHAIR—Thank you for your attendance here today. If you have been asked to provide additional material, would you please forward to that to our secretary. In conclusion, thank you for your submission and thank you for your time this morning. We do thank you for the interest you have in this very important subject.

Dr Huisken—It has been a privilege. Thank you very much.

Resolved (on motion by **Mr Scott**):

That this committee authorises publication of the proof transcript of the evidence given before it at public hearing this day.

Subcommittee adjourned at 11.11 a.m.