

Chapter 11

Australia and China's foreign policy

11.1 East Asia is of fundamental importance to Australia: it is where Australia's immediate interests and responsibilities reside.¹ Australia faces many challenges in managing its relations with countries in East Asia particularly as China's rapidly growing economic and strategic influence reshapes the neighbourhood. This chapter begins with a review of China's foreign policy before looking at Australia's unilateral, bilateral and multilateral approach to dealing with the changing environment in the region.

China's foreign policy

11.2 Three major forces shape China's relations with the outside world—the need for domestic harmony and regional stability to ensure China's continued economic development, the drive to secure energy supplies and its national identity as a good neighbour and responsible world citizen. They have given rise to a foreign policy whose first principle is 'peaceful development'. In keeping with this stated policy, China is deliberately cultivating friendly relations with its ASEAN neighbours, with countries rich in the natural resources it needs to sustain economic growth and is presenting itself to its citizens and the outside world as an advocate of global accord. It wants to reassure the world that its rise is peaceful and does not pose a threat to any country.²

11.3 Although China clearly enunciates its wish to develop friendly and cooperative relations with the outside world, doubts about its intentions persist.³ Many countries publicly praise and welcome China's friendly foreign policy yet some remain unsure of its long-term designs.⁴ Smaller countries, especially those with important economic links with China, such as Australia, are keen to strengthen their

1 Prime Minister the Hon. John Howard MP, *Transcript*, Address to the Lowy Institute for International Policy, 'Australia in the World', Westin Hotel, Sydney, 31 March 2005.

2 See paragraphs 2.9–2.12, 2.13–16, 2.23–33.

3 Numerous commentators refer to the uncertainty that surrounds China's long-term strategic intentions. See for example, Shannon Tow, 'Southeast Asia in the Sino-U.S. Strategic Balance', *Contemporary Southeast Asia* Singapore, December 2004, vol. 26, Issue 3; Elizabeth Economy, *China's Rise in Southeast Asia: Implications for Japan and the United States*, (updated version prepared for *Japan Focus* of an article that appeared in *Journal of Contemporary China*, August 2005) *Japan Focus*, 6 October 2005; Robert G. Sutter, 'China's Rise in Asia—Promises, Prospects and Implications for the United States', Asia–Pacific Center for Security Studies, *Occasional Paper Series*, February 2005, p. 5; David Shambaugh, 'China engages Asia: Reshaping the Regional Order', *International Security*, vol. 29, no. 3, Winter 2004/5, p. 67; Chung Min Lee, 'China's Rise, Asia's Dilemma', *The National Interest*, Fall 2005, p. 89.

4 *ibid.*

political and diplomatic relations with China but are aware that the relationship is not risk free.

11.4 A number of witnesses questioned the extent of influence that China may exert over Australia. In his submission to the inquiry, Professor Colin Mackerras, emeritus professor of Asian Studies at Griffith University, noted that:

Given the size of China and its economy compared to Australia, it is hardly surprising that China matters much more to Australia in trade terms than the other way around.⁵

11.5 A common concern is that Australia may compromise on matters of principle so as not to upset the relationship and the maintenance of good trading links with China. Professor Stuart Harris from the Research School of Pacific and Asian Studies at the Australian National University (ANU), has referred to economic coercion, which could include the withdrawal of economic relationships, as an important potential weapon in itself and 'a factor in Chinese thinking'.⁶ Professor John Fitzgerald, professor of Asian Studies at La Trobe University, made a similar observation:

Generally speaking it is reasonable to say that in the contemporary world order countries get their way by pushing people around. It is not unusual for...cultural representatives of one country to intimate to business leaders of another that they would lose a contract unless something was done about some other totally unrelated issue; like you might go to wage war in order to win a trade concession. This linkage of trade with other issues is now quite widespread. China does not hesitate to use that kind of intimidation with anyone in relation to business. There is nothing that is unique to Australia about that. It is unfortunate, but it strikes me as fairly commonplace.⁷

11.6 Mr Peter Jennings, Director the Australian Strategic Policy Institute, suggested that Australia and China have 'sought to secure their economic relationship by tacitly agreeing not to stress the issues that either party finds difficult to handle'.⁸ Professor Bruce Jacobs, professor of Asian Languages and Studies at Monash University, was of the view that Australia chooses to play down or ignore troubling aspects of China's development because of China's influence. He asked, 'Why do we feel a need to kowtow to China's leadership even before they say anything? Is it because in the past the Chinese have thrown a few hissy fits?'⁹ Dr Stephen Morgan, a research associate of the Australian Centre for International Business, argued that

5 *Submission P54*, p. 9.

6 Professor Stuart Harris, 'Does China matter? The global economic issues', Department of International Relations, ANU, Canberra, September 2003, p. 3.

7 Professor John Fitzgerald, *Committee Hansard*, 27 June 2005, p. 82.

8 *Submission P2*, p. 4.

9 Professor Bruce Jacobs, *Committee Hansard*, 27 June 2005, p. 36.

Australia should not let short-term developments get in the way of Australia upholding principles related to democracy and economic institutions.¹⁰

11.7 The Prime Minister of Australia, the Hon. John Howard, recently commented on Australia's approach to managing tensions in its relations with China. In an address to the Asia Society, he stated that 'Australia's relationship with China further illustrates what can be achieved when countries focus on the substance of common interests'. He told the audience that Australia seeks to build on shared goals and not 'become obsessed by those things that make us different'.¹¹

11.8 Despite diplomatic efforts to remain on friendly terms with China, there are circumstances where Australia may be in a situation requiring choices involving competing interests. Indeed, many analysts have noted that Australia has a difficult task in charting a careful diplomatic course that would avoid any confrontation with China while remaining on good terms with a major regional partner who may be in dispute with China.

11.9 The following section looks at China's engagement with particular organisations or countries and its significance for Australia.

China and ASEAN countries

11.10 A number of regional fora designed to improve economic, political, security, social and cultural cooperation between its members have come into existence over recent decades. China is actively cultivating friendly relations with countries in the region and participating constructively in regional multilateral fora, such as ASEAN and the ASEAN Regional Forum (ARF), often taking a leadership role in initiating projects or programs.¹²

11.11 ASEAN is one of the most important regional fora, promoting cooperation and building a broad community base in East Asia. Although Australia is not a member of ASEAN, it became ASEAN's first dialogue partner in 1974 and is currently one of ASEAN's 10 dialogue partners. The committee believes that it is important for Australia to continue to show an interest in ASEAN and to demonstrate a willingness to cooperate in furthering its aims to improve regional cooperation. The committee would like to see Australia strengthen its relationship with the ASEAN Secretariat (see recommendation 1 at paragraph 3.90).

10 Dr Stephen Morgan, *Committee Hansard*, 27 June 2005, pp. 8–9.

11 Prime Minister the Hon. John Howard MP, *Transcript*, Address to the Asia Society Lunch, the Asia Society, New York City, 12 September 2005.

12 See paragraph 3.22.

ASEAN Regional Forum

11.12 Both China and Australia participate in the ARF which is concerned with key regional political and security issues of consequence to the region. The committee recognises that the ARF plays an important role in facilitating dialogue on regional security issues, as well as more generally assisting to foster mutual understanding in the Asia-Pacific region (see paragraphs 3.44–3.52). It creates an atmosphere of cooperation and confidence building that enables countries in the region to address, and even resolve, issues that they might not otherwise discuss (see recommendation 1 at paragraph 3.90).

Asia-Pacific Economic Cooperation (APEC)

11.13 APEC is another important regional forum and one that Australia strongly supports. The committee recognises the significant role that APEC has in the region, not only in facilitating trade, but in promoting regional cooperation, goodwill and security. It is important for Australia to ensure that APEC remains relevant to its members and active in pursuing regional goals.¹³ The committee believes that Australia should take a lead role to ensure that APEC remains relevant and on track by revitalising the process. Having said so, the committee supports equally the work being done in other regional fora such as ASEAN, ARF and the East Asia Summit. It believes that they also have an important place in developing a sense of regional community and warrant the strongest support from Australia (see recommendation 1, paragraph 3.90).

The East Asia Summit

11.14 Although a strong advocate of the EAS, China has made clear that it supports ASEAN's leading role in the Summit.¹⁴ Australia's policy makers are of the view that the East Asia Summit has the potential to build a stronger and more cohesive East Asian community. Furthermore, they acknowledge that it is in Australia's long-term interests to be an active participant in the Summit and the growing regional community. After indicating its intention to sign the Treaty of Amity and Cooperation, Australia was invited to attend the inaugural meeting of the East Asia Summit (see paragraph 3.69–3.82).

11.15 Australia's acceptance into the EAS marked a general recognition by East Asian countries, including China, that Australia has an important and constructive place in the region. The exclusion of the United States from this summit has, however, raised concerns and ignited debate about the role of the United States in the region.

13 See paragraph 3.53–3.63.

14 See paragraph 3.68.

11.16 The committee believes that Australia must remain engaged in the EAS and that it acknowledge that the Summit is as important as other major regional fora such as ASEAN and APEC (see recommendation 1, paragraph 3.90).

Summary—regional fora

11.17 Although sometimes criticised for their failure or slowness in producing positive results, ASEAN, the ARF and APEC provide an ideal environment in which Australia, together with other smaller like-minded countries, can pursue their interests.¹⁵ ASEAN, the ARF and APEC allow countries in the region that are in dispute, or whose relations are strained, to resolve their difficulties with the support and encouragement of their neighbours. The recently formed EAS also has the potential to promote the goodwill needed to foster greater regional cooperation.

11.18 The committee believes that Australia must continue to participate actively in regional fora and encourage other countries, especially the U.S., to demonstrate its support for the broader objectives of ASEAN, including the ARF. The committee believes that Australia must do its utmost to encourage the U.S. to remain constructively engaged in the region (see Recommendations 1 and 2, paragraphs 3.90 and 5.26).

China and the United States

11.19 Australia has made clear that it is a strong and staunch ally of the United States. The Australian Prime Minister, the Hon. John Howard, has stressed the importance of Australia's friendship with the United States:

America has no more reliable ally than Australia, and I'm not ashamed to say that because in the long run it's only America that could be our ultimate security guarantee. But we have interests in Asia. We have a separate, strong growing relationship with China and it is not in Australia's interests for there to be conflict between America and China, and I will do everything I can, and Mr Downer will do everything he can, to discourage that ever occurring.¹⁶

11.20 He has stated, however, that Australia is not an agent of the United States and that it does not have a role as a mediator or regional broker. Both the Prime Minister

15 For example, the Singaporean Minister for Foreign Affairs, Mr George Yeo, stated that 'ASEAN is a "paper machine"... That we seem to spend a lot of time talking, back tracking and then moving forward again. Not always moving in a straight upward course. Let us take a step back and look at ASEAN in its historical development. It has been very good for all of Southeast Asia... a weak ASEAN would mean that Southeast Asia would be balkanized and new security problems will appear.' Singapore, Ministry of Foreign Affairs, Remarks by Singapore Minister for Foreign Affairs, George Yeo, *Parliament on the Strategic Overview*, 4 March 2005.

16 *Transcript*, Interview with Neil Mitchell, *Radio 3AW*, 20 August 2004.

and the Minister for Foreign Affairs have made it clear that Australia's primary role in the region is to help friends.¹⁷

11.21 The health of the Sino–U.S. bilateral relationship is of vital importance to Australia, as it is to every other nation in the region. The U.S. has provided a strong security presence in the region, while China's rapid economic development will be of enormous benefit to other regional economies hoping to 'piggyback' on China's successes. This dual benefit—stability and growth—depends, however, on the U.S. and China remaining on relatively good terms, thus negating the need for other countries in the region to choose between them, and by extension, the benefits each provides. As Mr Peter Jennings has written, 'we have not yet been forced to choose between Beijing and Washington'.¹⁸ So long as the relationship remains friendly and mutually beneficial, Australia can pursue relations with China and maintain strong alliance with U.S.

11.22 As discussed in Chapter 5, China has publicly indicated that it is comfortable with Australia's long and continuing alliance with the U.S.¹⁹ There are a number of plausible explanations for this mentioned in earlier sections of this report. The U.S. has helped provide the relatively stable regional security environment that has underpinned Chinese economic growth. Furthermore, the Chinese are aware that the U.S.–Australia alliance is Australia's most important strategic partnership for ensuring Australia's own security, one that Australia will not contemplate compromising. China understands Australia's security priorities and does not reject their legitimacy. It may also value Australia's closeness to the U.S. as a means by which to press a positive, moderate view of China within Washington policy-making circles (see paragraphs 5.44–5.53).

11.23 Australia is also in a sound position in terms of avoiding U.S. concern over Australia's increasingly close relations with China. The U.S. has enjoyed unwavering Australian support for its activities in Iraq and Afghanistan in the face of widespread disquiet elsewhere over U.S. foreign policy. Both the Australian and U.S. governments have commented on the strength of the contemporary alliance. Citing the international editor of the *Australian*, Mr Paul Kelly, Dr Peter Edwards has suggested that the assuredness of the alliance may provide Australia with the diplomatic leverage to pursue closer relations with China.²⁰ There is no indication that Australia is maintaining the U.S. alliance as an insurance policy against a Chinese misadventure or

17 Transcript of the Prime Minister the Hon John Howard MP, Interview with Neil Mitchell, Radio 3AW, 17 October 2003; U.S. Department of State, 'Remarks by President Bush and Prime Minister Howard of Australia in a Photo Opportunity', October 2003, Parliament House, Canberra.

18 Peter Jennings, 'Getting China Right: Australia's policy options for dealing with China', *ASPI Strategic Insights*, October 2005, p. 2.

19 See paragraph 5.47.

20 Dr Peter Edwards, 'Permanent Friends? Historical Reflections on the Australian-American Alliance', *Lowy Institute Paper 08*, p. 51.

catastrophe. Australia has a longstanding and solid alliance with the U.S. that predates any concerns about China. Rather than 'hedging' on the U.S., Australia has used its warm relations with Washington to broaden its relationship with, and secure opportunities from, China. In addition, the U.S. welcomes having a close ally that can advocate the U.S. view in the EAS and other regional fora (see paragraph 5.14).

11.24 While these satisfactory diplomatic conditions prevail, Australia will not be required to 'make a choice' between U.S. strategic benefits and China's economic magnetism. The committee indicated in Chapter 5 that Australia's relationships with the U.S. and China largely depend on how those two nations handled their own bilateral relationship. To help avoid a Sino–U.S. fall-out, Australia should, through its favourable access in Washington, continue to remind the U.S. of the positive aspects of China's rise and discourage confrontational rhetoric. Australia should also use improving relations with China to convey U.S. concerns over the People's Liberation Army's (PLA) modernisation, actively encouraging the Chinese authorities to undertake this process with greater transparency and openness.

China's military modernisation

11.25 The committee notes that China's leaders are working assiduously to enhance China's position as a world leader, using a mix of trade incentives, confidence building measures and development aid. It recognises the particular efforts that China has made to reassure the world that it is acting with the best of intentions.

11.26 Even so, some commentators have raised fears about the intentions underpinning China's military expenditure.²¹ The lack of transparency in both China's reporting on its military expenditure and its military intentions creates the confusion and uncertainty that has given rise to speculation and heightened anxiety about China's ultimate ambitions.²²

11.27 As a country that openly reports on its growing military expenditure, Australia can encourage China to improve the transparency of its reporting regime on its military modernisation program (see recommendation 4, paragraph 6.88). Military exchanges and joint exercises with China also provide an ideal mechanism for Australia to encourage China's military leaders to report more openly on China's defence spending and military intentions. The committee commends the exchange programs.

11.28 Alongside its bilateral endeavours, Australia can also work through regional political and security structures to reduce anxiety about China's strategic ambitions. Like-minded countries, intent on maintaining and securing a stable and peaceful region, could work through the ARF to formulate, propose, and initiate measures designed to improve regional security, such as encouraging greater transparency in

21 See chapter 6, pp. 86–90.

22 See chapter 6, pp. 94–98.

reports on military spending. The first step in this regard is to generate interest in, and discussion on, such measures (see recommendation 3 and 5, paragraphs 6.80 and 6.95).

China and Taiwan

11.29 The committee agrees with Australia's current position that supports the one-China policy and continues 'to urge restraint and a peaceful resolution of issues across the Taiwan Straits'.²³ The Prime Minister stated that Australia sees itself as:

...having a role in continually identifying, and advocating to each, the shared strategic interests these great powers have in regional peace and prosperity.²⁴

11.30 Furthermore, the committee endorses the approach taken by the Australian government in declining to speculate on hypothetical situations involving conflict between China and Taiwan. The committee believes that the Australian government is right in declaring Australia's strong alliance with the U.S. and its desire to deepen diplomatic ties with China.

11.31 The committee recognises the importance for China and the U.S. to offer each other greater assurances that both want the peaceful reunification of China and Taiwan. Australia has shown itself a friend to China and the U.S. and is well placed to encourage all parties involved to act in a manner that will promote peace in the region, particularly between China and Taiwan. Again, the committee highlights the important role that regional fora have in helping countries resolve difficulties.

China and Japan

11.32 The committee understands that China and Japan have taken positive steps to strengthen diplomatic ties, improve mutual understanding and to achieve greater cooperation between them. Even so, the committee notes that there are a number of unresolved and long-standing irritants in the relationship that have the potential to undermine good relations between them. The committee believes that it is important for both countries to arrest any further erosion of their relationship

11.33 The committee agrees, however, with Australia's approach not to interfere in the disputes between China and Japan. Mr Downer has stated that while Australia

23 Prime Minister the Hon. John Howard MP, *Transcript*, Address to the Lowy Institute for International Policy, 'Australia in the World', Westin Hotel, Sydney, 31 March 2005.

24 See Prime Minister the Hon. John Howard MP, *Transcript*, Address to the Lowy Institute for International Policy, 'Australia in the World', Westin Hotel, Sydney, 31 March 2005.

hopes that both countries are able to work through their differences, the quarrels are 'a matter entirely for China and Japan'.²⁵

11.34 It should be noted, however, that there are a number of regional fora that create opportunities for leaders of countries whose relationships are strained to seek cooperative means to resolve their differences and repair damaged relations. Regional fora such as APEC are ideal for members such as the United States, Japan and China to manage their relationship in a spirit of cooperation. It is uniquely suited to deal with complicated and sensitive strategic interactions in the Asia-Pacific region and help defuse tensions that exist between members.

11.35 The committee recognises that Australia's role in influencing relations between China and the U.S. and the triangular relationship between Japan, China and the U.S. is limited. It does see a role though for APEC in providing a forum that can facilitate or promote a cooperative approach by these countries, not only toward achieving the goal of free and open trade and investment in the region, but to assist the countries toward cooperative agreement in securing a stable and safe regional environment.²⁶

11.36 Dr Peter Van Ness from the Research School of Pacific and Asian Studies at the ANU also saw a role for members of the broader community, especially academics, to work together toward improving relations between Japan and China. He told the committee:

One thing that my colleagues are planning to do at the ANU as academics is to set up a workshop next year on reconciliation between China and Japan, because we think the hostility between them is counterproductive to everything that might move the region in a positive direction. Thus far, in beginning to organise that workshop, the responses from both the Chinese colleagues and the Japanese colleagues have been overwhelmingly enthusiastic. Another point they make is that this is something Australia can do, because Australia is neutral ground for something like that. Australia, again, wants to cooperate with both China and Japan and with both the United States and China. As the Prime Minister has said, China is an opportunity. There is a lot we can do on the positive side—which is not to ignore the downside of things and, in the worst-case, the dark side of things. I think we have a responsibility to look in both directions.²⁷

25 The Hon. Alexander Downer MP, *Transcript*, Doorstop interview, Sydney, 18 April 2005. The Prime Minister, the Hon. John Howard, expressed similar sentiments: '...the bilateral relationship between China and Japan is not something that I give lectures to either country on...I'm obviously keen to see the bilateral relationship being strong and positive...', *Transcript of the Prime Minister The Hon. John Howard MP Press Conference*, Imperial Hotel, Tokyo, 20 April 2005.

26 See the findings of the Senate Foreign Affairs, Defence and Trade References Committee in *Japan's Economy: Implications for Australia*, August 2000, p. 227.

27 *Committee Hansard*, 13 September 2005, p. 28.

11.37 The committee welcomes initiatives such as that taken by the ANU in arranging a workshop on reconciliation between China and Japan that includes both Chinese and Japanese academics. It believes that the government should lend strong support to Australian institutions using their resources to bring together colleagues from the region to discuss problems such as disagreements between regional neighbours.

Recommendation 8

11.38 The committee recommends that the Australian government support Australian institutions that are using their initiative and resources to bring together colleagues from the region to discuss means to reconcile differences that exist between countries such as those currently between China and Japan.

The North Korean nuclear issue

11.39 China's leadership in the Six-Party talks has been a constructive process in Sino–U.S. relations. China fully deserves praise for its role in drafting the September 2005 statement of principles according to Washington's insistence on 'complete, verifiable, irreversible dismantlement'. However, the committee notes that the North Korean plan proposed in November 2005 has stalled. The main area of contention continues to be the sequence of disarmament and reward. North Korea is adamant it will not freeze its nuclear weapons program without first receiving a concession. It is currently boycotting the Six-Party talks.

11.40 The committee found that the details of a successful disarmament strategy will be a significant test for multilateral diplomacy. China and South Korea favour an aid-based approach to North Korea. The U.S. prefers to isolate North Korea through sanctions, although there remains a preparedness to engage Pyongyang in the Six-Party process. The committee emphasises that the successful disarmament of North Korea is a long-term goal and that China should not be burdened with international expectations. China clearly has a vested interest in reviving the Six-Party process. It is understandably concerned that social instability in North Korea does not spill over its border and that a nuclear arms race does not develop in the region. Beyond these imperatives, however, the committee recognises China's genuine willingness to make a contribution to multilateral security efforts.

11.41 The committee endorses the Australian government's approach in supporting the Six-Party process and using its bilateral relationship with North Korea to encourage dialogue and an agreement on disarmament. In light of North Korea's latest boycott of the talks, these efforts must continue (see recommendation 6, paragraph 9.56).

Southwest Pacific

11.42 The committee found that the small island states of the Southwest Pacific have much to gain from the development assistance offered by countries such as China. However, the relative poverty of Pacific Island nations, and their lack of

appropriate institutional mechanisms to ensure political and bureaucratic accountability, leaves them prone to financial influence and corruption. Without appropriate safeguards, aid assistance may not be directed to where it is most needed or it may find its way into the hands of local politicians or officials or other improper beneficiaries.²⁸

11.43 The committee noted that amongst some Pacific Island nations, competition between the PRC and Taiwan for diplomatic recognition has, on occasion, appeared to take on the characteristics of a bidding war, conducted mainly through bilateral 'aid' payments. This problem can be exacerbated when the practice of gift giving, an important aspect of many Pacific Island cultures, is exploited.²⁹ The committee recognises the potential for serious corruption or political unrest to occur as rival factions bid for increased untied grants in return for promises of diplomatic recognition.

11.44 The committee was of the view that aid support to the islands must be constructive, with the primary goal of improving their welfare. Clearly, the political rivalry between China and Taiwan in the Southwest Pacific does not provide an environment conducive for the most effective use of development assistance (see paragraphs 10.51–10.52).

11.45 The committee recommended that Australia, through the Pacific Islands Forum and Post Pacific Islands Forum, encourage members to adopt the OECD principles on official development assistance for the islands of the Southwest Pacific. The committee also recognised the benefits that could result from China and Australia engaging in joint ventures to deliver development aid to the Pacific Islands (see recommendation 7, paragraphs 10.63–10.67).

11.46 Furthermore, Australia cannot afford to become complacent in the attention it gives to the Pacific Island community. The committee believes that it is vital to Australia's interest for Australia to continue to take a lead role in the Pacific Island Forum and to demonstrate that Australia is committed to the ideals and aspirations of its members (see recommendation 7, paragraph 10.63).

Need for skilled diplomacy

Trained analysts

11.47 In the first part of its report on Australia's relationship with China, the committee found that Australia should have skilled analysts monitoring developments in China, predicting trends in the market and forewarning of problems. It was of the view that 'such a body of experts would be an invaluable asset for Australian

28 See paragraphs 10.28–29–10.30.

29 See for example 'Questions of corruption in the search for Pacific Allies', *Sydney Morning Herald*, 7 February 2005, p. 16.

businesses and Australian leaders'.³⁰ The committee now considers whether the same conclusion applies to strategic considerations.

11.48 The East Asia region is characterised by political, ethnic, cultural and religious diversity. This report has highlighted the complex and changing web of relations that exists in East Asia and some of the tensions that threaten to disrupt this network, particularly those existing between an increasingly influential China and the U.S. It has shown that Australia's interests are very much caught up in this web. To safeguard its own economic and security needs, Australia relies heavily on the region remaining politically stable and economically healthy. It does not want to be drawn into disputes between powerful neighbours, especially any confrontation between the U.S. and China.

11.49 As noted by Mr Allan Gyngell, Director of the Lowy Institute for International Policy, Australian leaders 'will need all their resources of strategic foresight, diplomatic skill and political cunning' to deal with the challenges facing Australia.³¹ Mr Reg Little and Mr James Flowers highlighted the need for Australia to have 'an astute understanding of regional interactions and regional sensitivities about the influence on non-regional and alien cultural norms'. They stated:

It is apparent that Australian policy cannot afford to be ill-informed about powerful, deep-rooted cultural qualities, largely suppressed and disguised over much of the past century, that direct behaviour among its most powerful neighbours.³²

11.50 Professor Hugh White of the ANU's Strategic and Defence Studies Centre wrote of the critical importance of having a 'more active, imaginative and effective diplomacy than we have shown so far'.³³

11.51 The importance of effective diplomacy assumes even greater significance in light of China's skills in this area. A number of commentators, including those participating in the committee's inquiry, remarked on China's growing and impressive diplomatic performance. Dr Brendan Taylor, a post-doctoral fellow at the Strategic and Defence Studies Centre, acknowledged that China's use of soft power in the region had become 'significantly more adept' and its new diplomacy 'more adroit'.³⁴

30 Senate Foreign Affairs, Defence and Trade References Committee, *Opportunities and challenges: Australia's relationship with China*, pp. 237–238, 242–243.

31 Mr Allan Gyngell, *Time International* (South Pacific ed.), Issue 16, New York, 25 April 2005, p. 27.

32 *Submission P26*, p. 9.

33 Professor Hugh White, 'It's a delicate dance to tiptoe between colliding giants', *Sydney Morning Herald*, 13 April 2005, p. 9. See chapter 3 particularly the section headed Chinese Soft power in East Asia—peace, progress and cooperation, pp. 24–26 and in particular paragraphs 3.7 and 5.43.

34 Dr Brendan Taylor, *Committee Hansard*, 13 September 2005, p. 15. See also paragraphs 5.12–5.13. See also paragraphs 5.12

11.52 The building block for good diplomacy is sound intelligence. Professor Paul Dibb, however, questioned whether Australia put 'enough effort into analysing and studying China'.³⁵ Professor William Tow, Director of the International Studies Program at the University of Queensland, suggested that Australia could begin to train more strategic analysts. He stated:

Paul [Professor Dibb] talked about this earlier: to what extent now are the vagaries of the day essentially dominating, if you will, our perceptions and our thinking about international security and security studies in general? I think I can state with a high level of confidence—being a veteran of tertiary teaching over the past decade and a half in Australia and for 10 years prior to that in the big place across the Pacific—that Australian universities right now are remarkably deficient in addressing the need to train motivated, bright young people in the security studies field. I am talking not just about the traditional strategic studies approach; I am talking about peace and conflict resolution and so forth. There is no systematic equivalent in Australia today to the national security programs that emanated in the United States, following Sputnik, in the late fifties and early sixties...

I think the government has to take a good hard look at this now. The Australian Research Council is not doing it, we know that, in terms of the types of topics that they fund. While it would be nice to think that there might be corporate support for this type of thing, it is not happening. This is a field that has a paucity of support at a time, frankly, when support is needed more than ever before...Train a new generation, so that this committee can reconvene in 15 or 20 years and have young people come in and address it.³⁶

11.53 As noted earlier, the region is of critical importance to Australia's economic prosperity and national security. The quality of Australia's diplomacy relies on good, sound, accurate and incisive analysis that is able to take account of developments and trends that will influence Australia's long-term interests in the region. Because training and experience takes time, the committee believes that this is an area that cannot be neglected.

11.54 The committee also believes that Australia needs skilled and well-trained analysts with a thorough understanding of China's security priorities and the complexities of relationships in the region. In light of the importance of East Asia to Australia and the rapid and complex changes taking place in the region, the committee makes the following recommendation.

35 Professor Paul Dibb, *Committee Hansard*, 13 September 2005, p. 20.

36 Professor William Tow, *Committee Hansard*, 13 September 2005, pp. 29–30.

Recommendation 9

11.55 The committee recommends that the Australian Government:

- **place a high priority on building-up a pool of highly trained, skilled and experienced analysts specialised in East Asian affairs, and**
- **review the incentives it now has in place to attract and train highly skilled strategic analysts to ensure that Australia's current and future needs for such trained people will be met.**

SENATOR STEVE HUTCHINS
CHAIRMAN