



Australia's Asia Dilemma

By Purnendra Jain

When Kevin Rudd was elected Australian prime minister in November 2007, pundits predicted a period of rosy relations with Asia, given his deep expertise on the region, especially China. That hasn't happened. Adelaide University Professor Purnendra Jain explains what happened to thwart those early optimistic predictions.

AS AUSTRALIA'S ASIA ODYSSEY continues unabated, relations with the region have once again taken center stage in domestic politics. Questions are being asked about Kevin Rudd, the new prime minister, and whether he will be able to manage the Asia challenge any better than his predecessor, John Howard. This is quite a remarkable situation. When Howard took office in 1996, he was characterized as "racist" and "anti-Asia," a proud exponent of Australia's links with its British colonizer and a leader who wanted to re-establish strong ties with Europe and the United States. And yet the Howard government during its 11 years in office was able to achieve close diplomatic ties with many Asian countries.



In contrast, when the China expert and former diplomat Rudd, a Mandarin speaker, was elected prime minister in November 2007 he was seen as an Asia enthusiast and friend of the region. But in his early days as prime minister, Rudd's Asia policy has not been smooth sailing. His government is already under attack from the opposition and other commentators for being insensitive to Asia and many of his policy decisions and pronouncements have drawn fire. It is unlikely that Rudd's current rough ride will get any smoother soon. He looks set to struggle while coming to grips with the region and achieving his aspirations to deliver a more constructive record of Asian engagement than Howard.

ASIA'S IMPORTANCE

Leaders on both sides of Australian politics agree that Asia holds the key to Australia's continuing economic prosperity. They also stand together in upholding a non-discriminatory immigration policy after the "White Australia" policy was abandoned more than three decades ago. More and more migrants come from Asia and their share in Australia's population mix is rising constantly with Asian migrants more readily accepted now than ever before in both regional and metropolitan areas. With China and India the two main sources of new migrants, Asian popular culture is becoming increasingly a part of Australian life. In parallel, the earlier anxieties about a "yellow peril" and the possibility of attacks from "the north" have faded in government strategic calculations and more significantly in popular perceptions.

Yet Asia remains an enigma to Australia and an arena of political contest. This is partly due to Australia's modern history, which does not sit comfortably with its geographical location and has created an unending tug-of-war in contemporary Australian discourse. Early settlers from Britain generally had a deep cultural superiority because many Asian countries were colonies of their mother country. Isolation and distance from Britain made the new settlers deeply suspicious of their Asian neighbors. Concern about an Asian invasion resulted in the restrictive im-

¹ Asia's rejection of Australia's inclusion in the Asia-Europe Summit is one clear example. A former Australian ambassador to China and respected foreign policy analyst, Stephen FitzGerald, published a book entitled, *Is Australia an Asian Country?* (St Leonards: Allen & Unwin, 1997), highlighting the debate in Australia about its position in Asia.

migration program that was later named the White Australia policy.

THE POLITICS OF ENGAGING ASIA

Today, political leaders of both of the two main political parties — the Australian Labor Party and the Liberal/National Coalition — claim to have a strong record of overcoming these earlier concerns and insist that their policies toward Asia are built around accommodation, engagement, and integration. In this discourse, Asia often becomes an arena for political point scoring, with each party accusing the other of either not doing enough, or of being insensitive to Australia's neighbors and their concerns. Meanwhile, the politicians keep an eye on their domestic constituencies and try to engineer outcomes that suit their narrow interests.

In a most memorable statement, then Labor Prime Minister Paul Keating in early 1996 characterized the opposition leader John Howard as unacceptable in Asia, claiming “the leaders of Asia will talk to John Howard but will not deal with him.” The comment was meant to highlight Keating's own achievements in engaging Asia and to push a panic button among Australian voters and Asian leaders about the dangers that would follow if Howard won the 1996 federal election.

Undoubtedly, Keating and his foreign minister Gareth Evans added feathers to their foreign policy caps by strengthening Australia's ties with Asia, particularly with East and Southeast Asia — but it was a process begun under Prime Minister Bob Hawke, whom Keating succeeded after mounting a leadership challenge in 1991.

Hawke's contribution in helping to launch the Asia Pacific Economic Cooperation forum in Seoul in 1989 was a landmark of multilateralism. It was formed after years of consultation and input from many other Asia-Pacific nations, most

prominently Japan. Later, Keating was largely responsible for upgrading APEC to a leaders' level summit in 1993, a move that inspired willingness among leaders from across the Asia-Pacific region to form a multilateral cooperation framework. Furthermore, the Keating-Evans role in the Cambodian peace settlement, in establishing the ASEAN Regional Forum and in securing an Australia-Indonesia defense agreement earned Australia considerable recognition for having a desire to integrate within the region.

So keen was Evans, Keating's foreign minister, to claim that Australia was part of Asia that he even produced a new map of the region — which he called the “East Asian hemisphere” — that included Australia along with East and Southeast Asian nations.

Yet some Asian leaders refused to accept Australia as part of the region¹, and Keating could not escape criticism from regional leaders despite his enthusiasm for Asia. In particular, Australia's relations with Malaysia deteriorated significantly, with Keating at one point describing Prime Minister Mahathir Mohamad as “recalcitrant” for not attending the first APEC leaders' summit in Seattle in 1993. Furious, Mahathir not only sought an apology from Keating but his government also threatened to downgrade diplomatic relations and trade ties. Mahathir's proposal to establish an “Asia-only grouping” was a direct reaction to the establishment of APEC, which in some Asian capitals was seen as being dominated by the West (in particular, the US, Canada, Australia and New Zealand). An Asia-only grouping eventually appeared in 1997 in a different reincarnation as ASEAN + 3 (Japan, China and South Korea).

When Howard became prime minister in 1996, Australia's ties with Asia deteriorated quickly. There was well-founded skepticism about his interest in Asia even before he took office. As op-

To add insult to injury, Rudd's first official overseas itinerary included China, the US and some European nations but not Japan, giving the impression he was downgrading Tokyo diplomatically.

² Hansonism refers broadly to the policies that Pauline Hanson proposed while serving as an independent member of the Federal Parliament in the 1990s. Some of those policies included reduction in the number of Asian migrants, assimilation rather than multiculturalism, decreasing refugee intake and reducing welfare for the indigenous community of Australia. The Howard government endorsed and accepted many of them in the name of national interest and protecting Australia's borders.

position leader in 1988, for example, he pledged to reduce Asian migration into Australia if he were elected prime minister, which fortified his reputation as a racist. His apparent allergy to Asia continued after he became prime minister. He condoned parliamentarian Pauline Hanson's maiden speech in the Australian Parliament in which she warned that Australia was "in danger of being swamped by Asians." Soon after becoming prime minister, his government abolished an economic aid scheme that supported development projects in Asia as part of Howard's aim to "rebalance" Australia's posture toward Asia and the West. He also abrogated the defense agreement with Indonesia that Keating had signed only a few years earlier.

While the Hawke and Keating governments pursued a so-called "middle power" foreign policy that sought multilateral engagement through regional architecture such as APEC and the ASEAN Regional Forum, the Howard government focused on bilateral arrangements, with Australia's links to the United States at the forefront. Although claiming that it did not reject multilateralism in principle, the Howard government in practice favored bilateral relationships to promote what Howard identified as Australian interests. He firmly believed that bilateralism was the basic "building block for effective regional and global strategies."

The Howard government adopted the "Asia first, but not Asia only" principle to distinguish itself from Keating's government, whose comprehensive engagement with the region had become an electoral liability. According to the Howard government, Australia did not need to "choose between its history and its geography." The government's 1997 foreign policy white paper, *In the National Interest*, captured the essence of the new preference for bilateralism and rejection of the history/geography dichotomy.

3 One book that analyzes Howard's Asia policy in a positive light is Michael Wesley's *The Howard Paradox: Australian Diplomacy in Asia 1996–2006* (Sydney: ABC Books, 2007).

4 Among others, see comments by Australia's two most senior and respected journalists and media commentators: Michelle Grattan, "Treading carefully in Asia," *The Age*, 27 July 2008; and Paul Kelly, "Time may not be ripe for brave new forum," *The Australian*, 9 July 2008.

Australia's cultural history does not sit comfortably with its geographical location and has created an unending tug-of-war between history and geography in contemporary Australian discourse.

Howard's stated interest was to "bring about a sensible rebalancing," meaning Australia's engagement with the US was even more vital than its engagement with Asia.

Howard began poorly and his decisions repeatedly cast him as anti-Asia (for example, his decisions on aid to Asia, the treatment of refugees, and support for so-called Hansonism²). Yet in the end Howard's flexible and hard-headed approach to foreign policy and his bilateralism formalized certain types of links with Asian nations that some observers now see as major achievements. These include a security agreement with Japan, signing or at least beginning negotiations for free trade agreements with several Asian nations and developing ties with India, which Howard had earlier ignored. The fruits of Howard's typically pragmatic approach were manifest in 2005 when Australia joined the East Asian Summit process, conditioned upon him signing the Treaty of Amity and Cooperation that he had earlier rejected.³

ENTER KEVIN RUDD

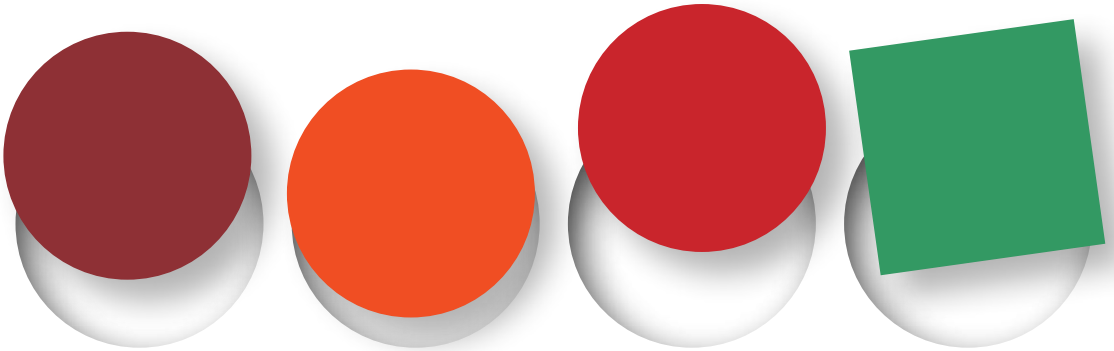
With the inauguration in November 2007 of a new national government led by the Labor Party's Rudd, it was widely expected in Australia and the region that Australia's often-vexed relations with

other Asian nations would improve, as would perceptions of Australia throughout the region. Two circumstances lay behind these expectations.

First, as noted earlier Howard was broadly perceived as less willing to engage with Asia and focused more keenly on the West, in particular the US. Second, Rudd's background suggested he would be more open to Asia. He is, after all, "Asia literate," knows China intimately, speaks Mandarin fluently and spent time in China as a student and later as an Australian diplomat. As an Asia enthusiast he has been a key driver of "Asia literacy" programs across educational sectors in Australia, first through his senior political positions in the state of Queensland in the 1980s and later through his electoral pledge as leader of the opposition to make Australia the "most Asia-literate country in the collective West."

In his early months as prime minister, Rudd was received well in Australia and in Asia generally, particularly after he offered an apology to indigenous Australians for their historical mistreatment. He was also applauded for ratifying the Kyoto Protocol on climate change within weeks of taking office. But some of his later actions have raised questions and tarnished his image.⁴

Some observers applaud Rudd's diplomatic finesse, experience and initiative in dealing with



the complexities of the Asian region. Others, who generally praised Rudd's predecessor, claim that on the basis of his first six months in office, he has been less than successful in his relations with Asia and doubt he has either a long-term sustainable vision or the sensitivities required to deal with a region so politically, economically and culturally diverse. These and other critics are concerned that Rudd's deep knowledge of China may hinder rather than help Australia's relations with the rest of Asia. In particular, they believe his strong leanings toward China come at the expense of relations with other Asia nations such as Japan, which has remained Australia's most important economic partner for several decades and is an increasingly important strategic partner.

DIPLOMATIC BLUNDERS

Rudd's political and diplomatic skills were questioned over his handling of Japan's whaling practices, which Tokyo calls "scientific research" but Australia insists are commercial. These practices are a subject of long-standing disagreement between Canberra and Tokyo and are captive to strong domestic lobbies in both countries. Rudd took the whaling issue to a new height when he announced the launching of sea

surveillance to gather information to mount possible international legal action against Japan. The Japanese leadership and Tokyo bureaucrats were incensed. Prime Minister Yasuo Fukuda even refused to return Rudd's calls.

To add insult to injury, Rudd's first official overseas itinerary included China, the US and some European nations but not Japan, giving the impression that he was downgrading Tokyo diplomatically. Certainly China has become Australia's largest trading partner and is rapidly acquiring global political influence. However, Japan is still Australia's largest export market and will remain a key economic partner. Moreover, Tokyo regards itself as a long-time all-weather friend of Canberra and the two nations signed a security agreement only a few months before Rudd's election. Australia and Japan are also partners through a new trilateral security dialogue with their key security guarantor, the United States. Japan also successfully argued Australia's case for membership in the East Asian Summit, which China had opposed. Naturally Tokyo was offended by Rudd's behavior.

Rudd has also managed to upset India, Asia's other emerging giant. First, the new Labor government's foreign minister, Stephen Smith, announced unilaterally that Australia would with-

⁵ See Kevin Rudd, "Leading, not following: the renewal of Australia's middle power diplomacy," Sydney Institute, 19 September 2006. http://eherald.alp.org.au/download/now/rudd_middle_power_diplomacy.pdf

draw from a quadrilateral security process that would have included India, Japan and the US (Australia, Japan and the US are already partnered in a trilateral security framework). While New Delhi was anyway not keen on the idea of a quadrilateral security process, what ruffled leaders in India was that Smith made the announcement in the presence of his Chinese counterpart. Indian analysts and officials interpreted the timing and place of the announcement as meant primarily to please China — a country with which India has a historical border dispute and fought a bloody war in 1962.

Second, and more important to India, is the issue of uranium sales. Australia has more than 40 percent of the world's known uranium deposits and supplies it to many countries including China and Japan. Australia's policy has been to deny uranium sales to countries that, like India, are not parties to the Nuclear Non-proliferation Treaty. The Howard government made an exception for India in light of the civilian nuclear technology agreement between the US and India. The Rudd government, however, reversed this policy decision, arguing that no exceptions should be made. The issue became further muddled after Foreign Minister Smith expressed support for India at the Nuclear Suppliers Group — a move that effectively means Australia endorses the idea of other nations supplying India with uranium, while Australia itself bars such exports.

AN ASIA-PACIFIC COMMUNITY

With misgivings still in the air about where Rudd's government really stands on India, the prime minister dropped another bombshell in June when he announced — prior to a hurriedly planned trip to Japan and Indonesia — a proposal to establish an Asia-Pacific community by 2020 to include the US, China, Japan, India, Indonesia and "the other states of the region." Rudd provided scant details on the proposal, nor did he say what he thought should happen with the existing regional groupings that some Asian governments were instrumental in constructing. He appointed former diplomat

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Richard Woolcott to begin sounding out Asian leaders on his proposal.

Rudd's intentions may be sincere and Asia may indeed need a regional body more effective than those that now exist. But his style and timing were bad. Some feel that his claim to want "to lead, not just to follow" is somewhat presumptuous for a country the size of Australia that is located in a region where more than a few titans aspire to leadership. Furthermore, to announce a huge regional initiative without prior consultation with key leaders in Asia appeared tantamount to acting unilaterally. The idea received lukewarm acknowledgement in some Asian countries while critics have written it off as a non-starter. It will take time to cultivate friendship, build networks and trust, and earn respect through action. Rudd's aspiration to achieve quick fame in foreign affairs was seen widely as premature and bad diplomacy.

Rudd also appears not to understand that his knowledge of China alone is not sufficient to deal with a diverse and rapidly transforming region, where competing interests, long-standing political differences and past wars fuel continuing division. It is essential that Rudd take a balanced approach, learn to become sensitive to more than just China and refrain from political grandstanding. His Asia engagement will be doomed if he acts in haste, but may be rewarded if he takes advice astutely and consults broadly before making any pronouncements.

WHERE IS AUSTRALIA HEADING?

Rudd has affirmed his government's position that Australia is a "middle power" with limits on its foreign policy.⁵ While the Labor leaders of the 1980s and 1990s like Hawke and Keating embraced the middle-power path, they had more diplomatic leeway to promote multilateralism, set regional agendas and take a leadership role than Rudd has in 2008. The regional geo-political environment has changed since the Hawke-Keating era. China has grown dramatically in power and stature and today looms large as a regional and global great power. Japan, the economic superpower of the 1980s,

is still the world's second largest economy, but is now dwarfed by the political and economic resurgence of its next-door neighbor, China, which many believe will soon overtake Japan in economic size. Add to this regional transformation the recent emergence of India, a country that mattered so little when APEC was launched that Keating, like other national leaders at that time, ignored India's desire to join.

Asia has long eluded Australia. Positive engagement with the region will remain difficult for Australia as it struggles to balance its history and geography, and to adjust diplomatically to the competing interest of the three Asian giants — China, India and Japan — that are all important to Australia economically and strategically. Australia's Asia policy will achieve success through an informed, dispassionate assessment of Asia's political environment and of how Australia can be best positioned to meet national interests within this rapidly transforming region. Since perception is vital in managing international relations, the Australian government will need to carefully pursue balance so it is not seen to be either too close to, or too critical of, any one of the Asian giants.

Most crucially, Australia needs to be perceived as shedding its strategic over-reliance on the US and its thirst for Washington's endorsement of its strategic direction. It needs to proactively replace the "deputy sheriff" image cultivated by the Howard government with an image — reinforced by action — of an Australia working comfortably and collaboratively with its Asian neighbors. Bilateral and multilateral engagements are vital, as is an Australian population that is well informed about Asia and able to communicate effectively with its many diverse parts.

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