



## **PRIME MINISTER**

**SPEECH BY THE PRIME MINISTER, THE HON P.J. KEATING, MP  
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I am pleased to be able to open this 1994 National Seminar of the Australian Royal United Services Institute of Australia.

I am particularly pleased that Vice-President Sutrisno is here.

As I have said before, it is difficult to exaggerate how much Australia's security interests have benefited from Indonesia's stability and economic growth over the past 30 years.

It is very appropriate, Mr Vice-President, that you should be at this seminar.

Indonesia and Australia share strategic interests.

The security of each benefits the other.

That is why our defence relationship is an active one.

Moreover, cooperation between us benefits the security of the region as a whole.

I would like to thank Brigadier Grant for his warm welcome, and the Royal United Services Institute for their continuing contributions to an informed defence and strategic debate in Australia.

I am also pleased to welcome Admiral Richard Macke, Commander in Chief, US Pacific Command, among the other distinguished guests.

We stand at the edge of history.

The strategic structure of our region and Australia's strategic circumstances are changing fundamentally.

Asia is a formidable powerhouse.

Its economic potential is enormous.

By the year 2000, some 400 million Asian consumers - three times as many as today - will have disposable incomes at least equal to the current OECD average.

Asia will continue to change the global economic balance.

Global structures and institutions have to respond.

This has profound consequences for our region.

It's why the Australian Government prepared its *Strategic Review 1993*.

And it's also why we shall soon release a Defence White Paper which will draw the consequences for the future nature of our defence capability.

The essence of our defence policy is that increasingly Australia has to find its security with Asia.

As Asia's growing economic power makes it more important to our prosperity, so Asia's growing strategic weight makes it more important to our security.

The decisions Australia and other regional countries take now will shape the future of our region. .

Looking ahead five years, we can say with reasonable confidence that despite the magnitude of change our region has every prospect of remaining stable.

That presents us with an important opportunity to shape our defence forces, to build regional structures and to develop cooperative linkages which will create a framework within which strategic change can be managed beneficially.

Economic growth, stronger political institutions, greater self-confidence, and nations' increased stake in regional harmony all represent positive forces for the future stability of the region.

Still, there are uncertainties.

Economic growth is uneven.

The Chinese economy, for example, is expanding by the size of Vietnam's economy every three and a half months.

But that explosive growth is localised, straining the low level of Chinese infrastructure and its institutions.

Many regional countries, some of which have been experiencing fast growth for close to 30 years, are now encountering economic bottlenecks caused by infrastructural weaknesses, inadequate capital flows and labour imbalances.

History has left a range of territorial disputes which, should they be left to smoulder, may flare into regional confrontations.

Separatism and ethnic aspirations, like fundamentalism, may find fertile ground in unfulfilled promises of political freedom and economic wealth.

So we can't exclude tensions or frictions arising, perhaps even tempestuously.

Increasing economic prosperity is also leading many nations to modernise their defence forces.

That can enhance security.

If nations are better prepared to resist and punish an attack, potential aggressors are deterred.

The Gulf War demonstrated the potency of high technology weapons.

The technology, expertise and data once available only to the superpowers are now readily accessible to a wide range of countries.

Next-to-cutting edge technology is available to those willing to pay, and there are many willing suppliers.

Such modernisation can strengthen security and stability, but it can also increase the intensity of any conflict.

Still, we are not facing any regional arms race.

Growth in regional defence expenditures remains below rates of economic growth.

More worrying, however, is the potential proliferation of weapons of mass destruction.

The Chemical Weapons Convention, in which Australia played an important role, and the Nuclear Non-Proliferation Treaty have proved useful.

But international regimes need to be strengthened and tightened.

All of us in the region have good reason to help make these regimes more effective.

The risks of proliferation threaten not only the security of the immediate North Asian region but also that of Southeast Asia and Australia.

That's why Australia supports the efforts of the United States, South Korea, Japan, and China to encourage North Korea to accept its international obligations and account for past nuclear activities.

In many ways, the evolution of the relationship between Japan and China will determine the future of Asia.

Japan is defining an international role for itself.

The region - and, in the first place, Japan's own people - must feel comfortable with that role.

A beginning towards that comfort should be a full understanding within Japanese society of the history of the Pacific War.

That will help generate confidence in the region about Japan's ability to play a constructive global role, commensurate with the size of its economy.

In this respect, the recent statements by Japanese prime ministers, and in particular Prime Minister Murayama, have been welcome.

Japan's alliance with the United States continues to play a pivotal stabilising role.

We welcome Japan's contributions to UN peacekeeping activities and its active participation in regional security discussions.

Inescapably, the extent and nature of China's engagement with the rest of Asia will be a key determinant of regional security.

China's size, population and fast growing economy mean that it is likely to be the strongest country in Asia.

That makes its policies, and other countries' perceptions of its intentions - central to the region's security.

As others have said, we have to help China find a place for itself.

China's GATT application and its full involvement in APEC are signs that China is choosing directions congenial to stability - and Australia actively supports these moves.

China's increasingly active participation in regional security exchanges provides another important way for China to reassure the region about its policies.

These developments are all the marks of a region changing dramatically.

New forces and powers are emerging from the end of the Cold War - an era of tension but also of stability.

Now, more than ever before, the future of the region's security lies in its own hands and not on a balance kept by others.

In meeting this challenge, countries in the region - including Australia - have come to understand that their security has to be found with their neighbours rather than against them.

New forms of security cooperation are emerging.

The ASEAN Regional Forum (ARF) is one such important example which Australia strongly supports.

In due course it might lead to other initiatives, such as meetings of regional defence ministers, which could tackle common military and security problems.

Regional countries are also building up their bilateral contacts and cooperative defence activities.

This is something that Australia is actively engaged in as I shall mention shortly.

As well, the United Nations can now play a more direct role in improving security in our region as elsewhere in the world.

Australia has made a tremendous effort to support UN peacekeeping activities, and most particularly in Cambodia.

That said, the region has to be more self-reliant in securing strategic stability.

But it will not be entirely self-sufficient - nor should it try to be.

I started by mentioning the significance of the powerful engine of economic growth in Asia.

This growth still depends greatly on links with the United States - despite the spectacular growth in intra-Asian trade, the United States remains Asia's largest single market.

US technologies and innovative strengths will remain essential to further economic development in the region.

As the United States is critical to the region's economic health, so is its engagement pivotal to the region's strategic stability.

US military power and engagement in Asia provide the necessary deterrence and balance to create confidence during periods of change.

Thus Australia's alliance relationship with the United States is an important component of regional stability.

And we welcomed President Clinton's assurances last year that America was a Pacific nation, and that it would remain an active presence in the region.

But just as Asia needs the United States, the United States needs Asia.

US exports to East Asia are growing at three times the rate of East Asian exports to the United States.

This conjunction of economic and strategic interests explains why APEC has an important role to play.

One of the chief values of APEC is its capacity to engage the major economies of the United States, Japan and China.

It does this within a cooperative framework that fosters trade and economic growth and in a way that underpins strategic stability.

President Soeharto will be hosting the APEC leaders meeting at Bogor in a few weeks time.

With his vision, and under his leadership, APEC is poised to take an historic step towards free trade in the region - a step which will lock in the trend towards trade liberalisation, impede protectionism, open markets, strengthen commitment to multilateral trade approaches and promote global trade liberalisation.

If we can achieve this, it will be a turning point for the region, and perhaps the world.

It will certainly have beneficial strategic consequences.

How is Australia responding to the challenge of change in our region?

In short, with well-founded self-confidence.

For a start, Australia is one of the most naturally secure nations on earth.

Our geography is an enormous asset.

We are a one-nation continent, sharing no land borders.

Our long maritime approaches make it easier to ensure that hostile forces can not reach our shores or operate on our territory.

We can increase the cost to any potential aggressor by maintaining a credible capability to defeat any attack on Australia.

And the government is committed to maintaining Australia's military power to do just that.

Crucial to our self-reliant defence capability is our alliance with the United States which gives us access to intelligence, technology and training that would be beyond our capacity to provide independently.

But Australia's national security depends on more than military power.

It is inseparable from our sense of national purpose, our economic vitality, the coherence of our policy-making, our human and natural resources and our infrastructure.

From these we draw a confidence which, combined with our defence capability, gives us the scope to help develop security arrangements and understandings in the region.

Indeed, we have the responsibility to do just that: to engender strategic stability and thereby prevent the emergence of threats to our territory.

In this way, our choices about the sort of society and political and economic structures we want will be based on a sense of opportunity and not fear.

Australia's defence capability and our stability and security as a continent anchoring the southern bounds of Asia are themselves an important regional asset.

The Australian defence industry - crucial for our self-reliance - is also an important regional asset.

It is always looking for new approaches, employs the most up-to-date technology, and has developed world-class expertise and skills.

Only last week, I attended the launch of the first of ten ANZAC frigates - a collaborative venture between Australia and New Zealand.

And not long before that, I attended the launch of the first Collins-class submarine, the most formidable conventional submarine in the world.

As many of you know, we are currently exploring the scope for cooperation with Malaysia in developing a new patrol vessel and have commissioned a design which we hope will be the basis for such cooperation.

We are also interested in joint ventures with other regional partners, and we are prepared to transfer our technology and invest our capital.

Our active participation in a web of alliances, commitments and cooperative activities help to underpin the security of our region and offset any uncertainties.

Our commitments to Papua New Guinea and New Zealand are important to each country's security and that of the region.

Our defence links with the island nations of the South Pacific are an important reassurance to them.

And, as I mentioned at the outset, we have an increasingly close and cooperative defence relationship with Indonesia.

With both Malaysia and Singapore, we have very active defence relationships including through the Five Power Defence Arrangements.

Singapore already trains its pilots and soldiers here in Australia, and last week I discussed with Prime Minister Goh how we might expand our cooperation even further.

This is the sort of activity that the Government labelled "strategic partnerships" in the *Strategic Review 1993*.

As I said earlier, the Government is committed to maintaining the capability to deter and defeat any attack on Australia.

We must have the ability to defend ourselves without aid from other countries' combat forces.

The Defence White Paper, to be released later this year, will set out a framework for achieving that goal over the next 15 years.

The Australian Defence must be versatile.

It must be able to contribute to achieving a stable strategic environment.

It must also be able to meet the challenge of a wide variety of tasks above and beyond the territorial security of Australia, often at short notice.

Adaptability is also key.



The Australian Defence Force must be capable of responding quickly to changes in our strategic environment.

That requirement also extends to our industrial, scientific and technological base, and to the skills and capacity of our people.

And it's why the White Paper will focus on making defence a national effort by building links between defence and industry and between defence and the community.

Let me conclude then.

Looking ahead to the year 2000, we can be reasonably confident the region will be benign and stable.

Economic integration and interdependence will help underpin that stability.

But stability is not guaranteed.

An effective defence force remains vital for our security.

Because, in the final analysis, each nation must be responsible for its capacity to defeat attacks upon its own territory.

At the same time however, all nations in the region must cooperate to help build a stable and secure region in which armed conflict is less likely.

We must all work to secure our future not against our neighbours, but with our neighbours.

We should take the opportunity we now have to put in place assurances against future uncertainties.

For Australia's part, these assurances are to be found in the three intertwining strands that I have covered today:

- the capability and flexibility of our defence force
- the broader national effort to strengthen national security in its widest sense
- and the efforts we make with our neighbours to build cooperation and trust in the region

And let me say, I have every confidence that the actions the Australian Government is now taking in each of these three areas will strengthen the security of Australia and the region.

Thank you.