

AUSTRALIA'S RELATIONS WITH THE USSR

Keynote address by Senator Gareth Evans, Minister for Foreign Affairs and Trade, at the Australia-USSR Business Council, Sydney, 24 May 1989.

This meeting of the Australia-USSR Business Council takes place at a time of profound changes in East-West relations. Today I wish to offer an Australian perspective on these changes and their significance at both the global and regional level. I also want to take stock of Australia's relations with the Soviet Union and to look at the scope for extending those relations - including our commercial relations - in a mutually profitable way.

Changing East-West relations. Australia is a member of the Western alliance. We chose that path, not only because it is in our security interests, but also because we identify with the liberal democratic values at the core of the alliance. We first made this choice almost four decades ago, at a time when there was a sharp division in the post-War world between East and West, and at a time when many countries believed that they had to take a stand in what then loomed as a great battle of ideology. We have not changed our commitment to the value - and the values - of the alliance as a means of achieving peace and security. But what has changed, and is continuing to change, is the nature of the East-West divide which has dominated the strategic landscape since the end of the Second World War.

It is no exaggeration to say that, before the current changes, the strategic and ideological competition between East and West affected most aspects of international relations. At one level, it threatened nuclear war. It also meant that almost every issue, whether a regional conflict, the role of the United Nations, preferred models of economic development, definitions of human rights, all these became enmeshed in the central contest.

The change we are experiencing is that the USSR, which for over 70 years has asserted the inevitable triumph of communism over capitalism, has now proclaimed that its view of the world is no longer dominated by conceptions of class war and capitalism's defeat. The negative, aggressive assumptions with which the Soviet Union previously faced the Western world have been removed. And in Eastern Europe, in Hungary and Poland, we are seeing signs of emerging political pluralism which Mr Gorbachev has encouraged and which are breathtaking when viewed against the rigid principles of the Brezhnev Doctrine.

Understandably, the West calls for prudence in assessing such dramatic declarations. It is only sensible that the Soviet Union's "new thinking" be probed and tested, because we are

dealing with issues of fundamental importance to everyone, East, West and non-aligned. But, at the same time, we must also acknowledge and draw encouragement from the fact that there have indeed been deeds to back the words: deeds in arms controls, in human rights, and in regional conflicts.

If this trend continues - as we all hope it will - it opens up the prospect of major changes to the current international environment. It will increase the chances of resolution of more regional conflicts; give real hope for major progress towards further arms control and disarmament; and allow the world to turn its attention to other massive and pressing social, economic and political problems. Some of these consequences are, of course, already evident and have found expression in the Soviet withdrawal from Afghanistan, the peace plan for Namibia, the conclusion of the INF agreement, progress in chemical weapons negotiations, the Sino-Soviet rapprochement, and major advances in the human rights and other areas.

It is not possible to predict the outcome of Mr Gorbachev's reform program, and notwithstanding the efforts of the Soviet leadership to air domestic debate before an international audience, we still have only a limited picture of the internal dynamics of Soviet politics and society. But the course on which the Soviet Union is currently set is, on any objective assessment, very much in its national interest. It would be sheer perversity for it to proceed otherwise. Our prudence is dictated by the fact that nations often do behave in perverse fashion, and in a society where the capacity for central fiat still remains strong, we should not assume anything is irreversible.

I am not suggesting in all of this that we are on the verge of seeing East-West competition thrown onto the scrap heap of history. I doubt if even the most optimistic voices in the Soviet Union - or for that matter in the West - foresee that happening soon. There remains mistrust on the part of both the United States and the Soviet Union. This, however, has not stopped them from working together constructively on a substantive - and expanding - agenda of issues. Ideology has not been removed as a motivating force in the affairs of nations, but it has been put to one side as both superpowers continue to "disagree agreeably", as Secretary of State Baker recently put it in Moscow. Competition for influence and leadership remains, but the residual differences, however significant, have at least been reduced to manageable proportions where they can be explored in a manner scarcely conceivable before.

None of this is to suggest that the US-USSR bipolar relationship has been displaced as the core of the central strategic balance. Global security will continue to pivot on the fulcrum of the US-Soviet military balance and nuclear deterrence, but its organising principle - confrontation - will be muted. And at the same time we can expect international economic issues to assume greater importance in the international agenda, as increasing economic interdependence brings new problems in its train.

This last point - the growing importance of economic issues - is central to the changes which are sweeping East-West relations. It is the driving force behind domestic - and foreign policy - reforms in the Soviet Union. In this the Soviet Union has something in common with the rest of the communist world. Whether small, like Cuba, or medium, like the East Europeans, or large like the USSR and the PRC, each has had to acknowledge to some degree the utility of private ownership, competition and a market economy.

It is to the credit of the current Soviet leadership that it is prepared to acknowledge all these points openly and frankly. Only a few years ago, commentaries on the shortcomings of the Soviet system were mostly restricted to observers outside the Soviet Union. Today the sort of direct remarks which I have just been making about past Soviet policies and practices are proffered most eloquently in the Soviet Union itself and by the Soviet leadership itself. Such an approach - encapsulated in the policies of glasnost and perestroika - is unprecedented and it is encouraging. The Australian Government welcomes it. And we wish it success. No healthy Western interest is served by the failure of policies which seek to open up Soviet society. A Soviet Union which is constructively engaged externally and actively pursuing internal liberalisation advances the ideals for which the West has always stood.

The Soviet Union and the Asia-Pacific region. Here, in the Asia-Pacific region, we saw last week an event of major global significance and one which we hope augurs a more constructive Soviet approach to regional affairs. I am referring, of course, to the successful visit to China of Soviet President Gorbachev. The reconciliation between the two most powerful nations in Asia, which that summit signalled, represents a positive contribution to reducing tension and confrontation in the Asia-Pacific region and more widely.

The summit did not result in complete agreement between the Soviet Union and China on the modalities of a comprehensive settlement to the Cambodian problem. But it is Australia's hope that better relations between these two important countries will help to facilitate a durable Cambodian settlement, thereby resolving the region's major dispute.

It is clear enough that the Soviet Union sees itself as a Pacific as well as a European power. But precisely what role it seeks to play in the region is less clear. Unlike Europe, where the security equation is firmly attached to the East-West axis, the Asia-Pacific region is a multipolar one. This means that the flow-on effect of improved East-West relations has not been translated into major disarmament agreements or other dramatic manifestations of the East-West thaw. There are, nevertheless, signs that the Soviet Union is interested in pursuing a more constructive approach to the Asia-Pacific region. The more positive Soviet approach towards Cambodia, the rapprochement between the Soviet Union and China, and the Soviet withdrawal from Afghanistan are all signs of good faith and serious intent which have been welcomed by the region.

But at the same time, it is also the case that regional reactions to Mr Gorbachev's 1986 Vladivostok speech, and subsequent statements on Soviet policies towards the region, have generally been rather cautious. And some Soviet suggestions, like the patently unbalanced suggestion that the Soviet base at Cam Ranh Bay be traded for the US bases in the Philippines, have evoked little enthusiasm from the region.

For its part, Australia welcomes a constructive Soviet involvement in those regional affairs where it has something to contribute. In the South Pacific, where Australia has important security interests, we can have no reasonable objection to the Soviet Union pursuing normal diplomatic and commercial relations with the states of the region. We can hardly expect the island states of the South Pacific to forswear direct dealings with the Soviet Union of the sort that countries like Australia and the United States regularly engage in. But it is important that Soviet activities here, as elsewhere in the region, do not result in an increase of superpower rivalry and that the Soviet Union does not seek to impose an East-West dimension on the problems of the region.

You will be aware that Australia is currently pursuing an initiative to increase and focus intergovernmental economic co-operation in the Asia-Pacific region. Last week I had the opportunity to report to the Australia-ASEAN Forum on the progress that has been made in advancing this initiative. I told that meeting that Australia had an open mind on which countries might participate in the proposed grouping. The question of possible Soviet participation is not, of course, under active consideration. But I made the point that, further down the track, it is possible that more countries may wish to participate. If so, it would be up to the group itself to decide on any expansion. As far as Australia is concerned, we have no ideologically based objection to involving the Soviet Union. But at this initial stage of the process, we doubt whether the Soviet Union yet has those interlinkages with the economies of the region which lie at the heart of the concept of increased regional economic co-operation.

Australia-USSR relations. Until relatively recently, political relations between Australia and the Soviet Union were of very limited scope. We were, of course, War-time allies, but before the War we had virtually no contact and after the War, as I have described, we found ourselves on different sides of a great divide. In the early seventies, under the activist foreign policy of the Whitlam Labor Government, an effort was made to broaden the scope of our bilateral relations, and Mr Whitlam made a historic visit as Prime Minister to Moscow. But with the defeat of the Whitlam Government and the Soviet invasion of Afghanistan bilateral political contacts were reduced to a bare minimum.

Since assuming office in 1983, the Hawke Labor Government has sought to broaden the scope of its relations with the Soviet Union to cover a range of mutual interests beyond our trading links. An important part of this process is expanding the contacts we have with each other at senior levels. A good start has been made with the visits in 1987 by Foreign

Minister Shevardnadze to Australia and by Prime Minister Hawke to the Soviet Union. I hope there will be an opportunity later this year to visit the Soviet Union myself, and we also look forward to a visit later this year by Soviet Prime Minister Ryzhkov.

We value the constructive dialogue we have been able to institute with the Soviet Union on human rights. We welcome the concrete measures that the Soviet Union has taken in this area, particularly in cases involving Australia. Human rights issues continue to be an important topic of our growing bilateral dialogue. This is as it should be because it is an issue which transcends national boundaries.

We place great emphasis on our annual consultations on disarmament and arms control which offer us an opportunity to put independent Australian views on both East-West arms control issues and the range of items which are on the multilateral disarmament agenda. In recent years we have consulted particularly closely in the Conference on Disarmament and elsewhere on chemical weapons matters. The conclusion of a comprehensive chemical weapons convention is a high priority of the Australian Government. We look forward to welcoming a Soviet delegation to the international Government-Industry Conference on Chemical Weapons which Australia will be hosting later this year.

As a medium sized nation with a strong tradition of internationalism, Australia has long been a strong supporter of the multilateral system. Multilateral diplomacy is also a major feature of the new thinking in Soviet foreign policy. We applaud this as we welcome the many contacts we have in multilateral forums in New York, Geneva and elsewhere. Now, more than at any previous time, there is a pressing need for international co-operation to address global problems which demand global solutions.

Part of the new approach by the Soviet Union towards multilateral co-operation is its growing interest in participating in international economic organisations, including the GATT, the World Bank and the IMF. Clearly, much would have to change in the structure of the Soviet economy, and in the nature of Soviet economic policy and practice, before Soviet membership in such organisations could be realistically contemplated. The Soviet Union itself acknowledges this. At the same time, it is clearly in the interest of everyone that the Soviet Union be encouraged to participate constructively in international economic activity. So Soviet membership of international organisations - while not an immediate issue - will require close attention in the future.

We hope that the growing interest of the Soviet Union in widening its economic links will result in an expansion of commercial ties between Australia and the Soviet Union. The Australia-USSR Business Council has an important role to play in this process, bringing together as it does representatives of the Government and private sectors.

In the last few years, we have certainly made good progress towards this objective of widening and deepening our bilateral commercial links. During the Prime Minister's visit to Moscow in 1987, our two countries were able to conclude a Program for the Development of Trade and Economic Co-operation for the period 1988-1995. We see this, and the other agreements which we have in such areas as agricultural co-operation, scientific and technical co-operation, and space science as providing a firm and long-term basis for expanding economic relations in both directions.

We have put to the Soviet Union several proposals covering the fisheries and commodities sectors, and I hope progress will be made on these issues. We are conscious that our commodities trade with the Soviet Union has, in the past, been subject to considerable fluctuations because of irregular purchasing patterns, and we believe both sides would gain by putting such arrangements on a more predictable and secure footing.

It is also important that our commercial relations be diversified. For our part, we would like to see our trade with the Soviet Union cover much more than the primary products which currently dominate our exports to the Soviet Union. We recognise that altering the profile of our bilateral commercial ties will not be a quick or easy task. The Soviet Union has recently made some important reforms in the foreign trade sector, including giving all Soviet firms the right to conduct export and import operations without working through the various state-run foreign trade organisations. But these new freedoms have been accompanied by restrictions - such as a new system of licencing and price controls for individual trade transactions - aimed at preventing trade imbalances. It remains to be seen how, if at all, these regulations will affect Australia-USSR trade.

Neither we nor the Soviet Union do any service by overstating the opportunities that exist to expand our commercial relations. Realistically, there are, in the short term, finite limits to the ability of the Soviet economy to buy, and more importantly, to absorb Western technology. The Australian Government continues to encourage Australian companies to examine joint ventures in the USSR on the basis of their commercial judgement. But similarly, we encourage companies to take a long term perspective of their strategic market positioning which may be enhanced by joint ventures.

There have been some encouraging signs that a broadening of commercial relations is beginning to occur. We have seen the first Australia-USSR joint ventures announced. Other joint ventures are under negotiation. There are possibilities opening up in the telecommunications, timber, building and construction, and minerals processing fields which are of real interest to Australia.

Australia is watching closely Soviet programs and policies aimed at the development of the Soviet Far East, and the creation there of special economic zones. Such plans open up the prospect of further joint ventures with Australian companies and of technological

exchanges which could benefit both sides. The Australian Government, with the support and encouragement of Australian industry, wishes to respond in a meaningful way to Mr Gorbachev's stated plans for the development of Soviet Far East economic links with the Pacific. We intend to mount a major Australian trade display in Vladivostok in the middle of next year. A team from my Department and AUSTRADE depart next month to commence work on this proposal.

Let me conclude with these observations. Australia is and will remain - through choice and self interest - a member of the Western alliance. But we do not regard that alignment as an obstacle to developing relations with the Soviet Union. This is a moment of great change within the Soviet Union and of profound changes in the Soviet Union's relations with other countries. Australia takes heart from these developments which we also see as creating new opportunities in commercial and other relations between our two countries.

The Soviet Union is a multicultural country with a great European heritage and a geographical reach into Asia. In this sense, it shares something in common with Australia. Yet distance and the divide of ideology have combined to make us nations which are still largely strangers to each other. If we are to develop our commercial relations - and make progress on the items which are on your agenda - we need to know each other better. To understand not just our differing business styles and customs, but also each other's society and world view. Nor is this a pre-requisite only for commercial dealings. In the nuclear age we share a common interest and a common obligation to reduce misunderstandings which can fuel tensions and conflict. And in a world of growing interdependence we must all make the effort to deal with each other openly and knowledgeably.

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