

AUSTRALIA AND AMERICA: A PERSPECTIVE FROM THE HEARTLAND

Address by Senator Gareth Evans, Minister for Foreign Affairs and Trade, to the Australian-American Chamber of Commerce and the World Affairs Council, St Louis, 27 September, 1991

In my three years as Australia's Minister for Foreign Affairs and Trade, I have made an effort on my visits to the United States to see more than the walls of conference rooms in New York, Washington and Los Angeles - not that I have anything against those great cities. But to have the faintest chance of understanding anything about America, you need to get to the vast and productive heartland that drives it. And to deliver a message to Americans you cannot just hope that your words will somehow filter inland from the coasts. Advances in communications have not removed the importance of personal contact - indeed, by making travel so much easier, they have enhanced it. So, as much for pleasure as for work, I am here today in a great city of the American heartland to tell you what I think America and Australia mean to each other.

The first point about any relationship between countries is that the most enduring foundation for that relationship will be the links between people. We in Australia recognise the vital importance of those people-to-people links. Tourism is an important way of building up such links, and I am pleased that American tourism to Australia has grown so rapidly - a quarter of a million Americans visited Australia last financial year. Given the ease of trans-Pacific travel these days and the role of St Louis as the hub of a great international carrier, TWA, I am sure that the number of visiting mid-Westerners will grow.

One area of particular importance for a high-technology centre such as St Louis is the role played by educational institutions in these people-to-people links. As American business focuses on opportunities in Asia, American colleges are starting to see Australia as well-suited to their own research on the United States's Asian future. University connections between Australians and their mid-Western counterparts are starting to acquire significance as part of the move in the United States to internationalise student and faculty bodies.

On a more abstract level, there are basic social and historical similarities that mark the United States and Australia out for partnership. These go deeper than the obvious differences in scale - the fact that Australia has the area of the forty-eight contiguous states of the Union but the population only of Texas. We are both settler nations, in which immigrants have had to shape the institutions to suit conditions vastly different from those they left behind. Our populations are distinguished by their multicultural diversity, which we both see as contributing to the pluralistic tolerance that underlies national life. Australia, even more than the United States, has had to adapt its essentially European ancestry, in our case to living with and increasingly depending on our links with the societies of our immediate Asian neighbourhood.

We share fundamental democratic values, notwithstanding the differences in some of our democratic forms. Indeed, the federal structure of the Australian Commonwealth - with its division of powers between national and state governments - more closely resembles the American federal structure than it does other, more centralised democratic systems of government. Which gives me an added reason for visiting St Louis and other major American centres - as a minister in a federal government, I know that whatever the contribution of national capitals may be, ideas and opinions live or die, and governments are made or broken not, ultimately, in Washington or Canberra, but in the heartlands of our two countries.

But a close similarity in basic ideas and perceptions does not necessarily add up to a close partnership. For that you need common and important interests. And the most immediate interest that we share with you is Australia's alliance with the United States, an alliance that includes, but is not limited to, the ANZUS Treaty.

Through this alliance we make a distinctive contribution to American global defence, and thus to global stability. Australia operates with the United States unique early warning and verification facilities in central Australia. Despite the demise of ideological and strategic competition between East and West, there will continue to be a role for these facilities, not least in arms control and disarmament. And America's enormous interests in Asia are well served by its alliance with Australia, a secure continent that straddles the Pacific and the Indian Oceans and offers a secure southern flank to Asia. The alliance is a part of the security system in the Western Pacific rim, a system based essentially on a series of United States defence arrangements in Japan and Australia are, respectively, the northern and southern anchors.

The security of an economically-dynamic Asia is manifestly in the interest of the United States. I can understand the problems some tax-payers might have in seeing the need to spend large sums on a continuing role in Asia, especially when more and more Americans feel that their nation's prosperity is being undermined by relentless and seemingly unfair competition from Japan and other Asian economies. But ultimately we all profit from world-wide economic growth, even if it forces difficult economic adjustments on us.

Nor do we see the alliance with the United States as absolving us from any serious effort at ensuring our own security. In Australia's view, an alliance means that both partners pay their way. We certainly do that with our access to the American defence equipment that is an important part of our overall defence preparedness. We are traditionally one of the largest cash purchasers of such equipment - our total purchases last financial year were in the order of \$US750 million. One of the most important items of our purchases over the years has been the FA-18 fighter plane, the mainstay of the Australian air-force, produced by the St Louis-based McDonnell Douglas Corporation.

Australia and the United States do not cooperate merely within the context of our alliance. We work together effectively in the resolution of regional security disputes with global significance - and it gives me particular pleasure that we are now at last about to sign a settlement ending the tragic conflict in Cambodia, which has occupied much of my attention and, I know, of Secretary Baker's.

Another example of our international cooperation is our work for an international treaty banning the development, possession and use of chemical weapons. In this area, Australia has focused particularly on the role of the international chemical industry in implementing such a ban, as part of which, we organised in 1989 a major international Government-Industry Conference Against Chemical Weapons. I am pleased to say one of the really key players, certainly one of the keenest and most innovative, was a senior executive from the Monsanto Corporation based here in St Louis - Will Carpenter. Will is the contact between the chemical industries of the Western world and the officials negotiating the Chemical Weapons Convention in Geneva, and I personally have profited from his ideas and his hard work to help make the world safe from chemical weapons.

I would also remind you of the fact that Australia was one of the very first countries to respond to President Bush's call to impose a blockade on Iraq. Two

Australian naval ships were sent to the Gulf to participate in the blockade and in the following campaign against Iraq. One of those ships is still in the Gulf, carrying on with the blockade.

The security relationship between Australia and the United States is only one element in the overall relationship. In economic terms, you are our second-largest export market, and Australia is your eleventh largest market. Unlike most of the United States' trans-Pacific trade flows, that with Australia is in a surplus of roughly two-to-one favouring the United States. In fact, that gap constitutes our largest trade deficit and is the third largest trade surplus that the United States enjoys with any country. It is growing.

It has not occurred to us to erect any barriers against American penetration of our market - indeed, Australia is dismantling protection at a rate unprecedented in our history. Earlier this year, the Australian Prime Minister announced that the general level of protection on manufactured goods would fall to the very low figure by international standards of 5 per cent by the end of the decade. This is at some cost to our large and diverse manufacturing sector. But we recognise that trade barriers are an inadequate and ultimately harmful substitute for international competitiveness.

Of course, the size of our population base imposes limits on the extent of our commercial relationship. In terms of GDP the Australian economy is only about 12 per cent the size of the American economy. Nevertheless, that can still be quite large. Looked at another way, the Australian economy is about the size of that of Texas or Florida. Ours is the twelfth largest economy in the world, bigger than India, a little smaller than Brazil, and - despite being just around 1/20th of their population - larger than all six ASEAN countries put together. A good trading relationship with Australia is not to be sneezed at.

The points that I made earlier about the need for any visitor to carry a message into the heartland of the United States apply even more to business than other areas. This is why the Australian Chamber of Manufacturers agreed with the St Louis Regional Commerce and Growth Association a few years ago to establish a program of cooperation. As part of that, the Australian Chamber of Manufacturers declared St Louis as its gateway to North America, and now the Chamber is sponsoring Australia Week in St Louis.

The Australian-American Chamber of Commerce in St Louis, like its nineteen

counterparts throughout the United States, is particularly important in providing the person-to-person links that are so crucial for both Australians and Americans. The range of activities of the Chambers includes an initiative which led to the enactment by Congress in 1990 of special legislation to give Australian business people access to special 'E' business visas which can be obtained with the speed necessary for the modern business environment.

The way in which the statistics are collected makes it difficult to say precisely what role St Louis and the mid-West play in the bilateral trade relationship. But the sheer importance of St Louis, and the corporations it houses, suggest that it is substantial. One small but telling example is that Southwestern Bell prints the yellow or business directory pages of all Australian telephone books.

The economic relationship between Australia and the United States has an important regional dimension. Australia is emerging as a centre for American business people seeking to understand and enter fast-developing markets in Asia and the Pacific. Already over forty major American companies, such as Eastman-Kodak and Gillette, base their Far Eastern operations in Australia.

These Asia Pacific economic links will inevitably increase as world production increasingly shifts from the Atlantic to the Pacific. Already, both of our countries do most of our trade with the Asia Pacific region - in Australia's case, over 70 per cent of our total trade; in the case of the United States well over half. Both Australia and the United States are trying to take advantage of this historic shift by encouraging the Asia-Pacific Economic Cooperation (APEC) process. APEC was launched in 1989 at a conference in Australia of Foreign and Economic Ministers from twelve Asia Pacific countries. Those countries are now working on a range of projects to improve economic linkages within the region and to expedite the flow of trade and services - not least through the liberalisation of regional trade in a way that does not discriminate against countries from any other region.

The third dimension of our economic relationship centres on our work together to produce a fairer and more liberal international trading system. Both the United States and Australia are working hard to ensure a successful outcome to the current round of multilateral trade negotiations, the Uruguay Round. But, as you are probably well aware in this part of the US, the Round threatens to founder on the issue of agricultural trade. The attitude of Australia - one shared by the United States - is that without the liberalisation of international agricultural trade,

there can be no outcome to the Uruguay Round.

Efficient agricultural exporters such as Australia and the United States suffer grievously from the protectionist policies of such countries as Japan and South Korea. We saw the absurd extremes of these policies earlier this year when Japanese authorities refused to allow even the display of American rice at a trade fair in Tokyo. But more unsettling than these have been the activities of the European Community.

Over twenty-five years, agricultural over-production in the European Community has produced stock-piles of unwanted commodities. These have, in effect, been dumped internationally, lowering prices and corrupting markets for traditional, efficient agricultural producers such as Australia and the United States. The costs to the European consumer and tax-payer and to the American and Australian farmer of these Alice in Wonderland policies are enormous. The Common Agricultural Policy means that consumers in Europe, depending where they live, pay between 19 and 52 per cent more for food and tax-payers pay up to 27 per cent more in taxes. Every European cow has a dollar subsidy greater than the per capita income of two thirds of the world's population.

The role of the United States in securing a favourable outcome to the Uruguay Round is crucial. Its immense importance in the international trading system gives it a voice that is difficult to ignore. Australia, which shares many of the United States's trading interests, does not have this influence. We have acted to help ourselves by forming and chairing a coalition of fourteen disparate countries with an interest in the liberalisation of agricultural trade, all agricultural fair traders. This coalition, known as the Cairns Group - from the name of the north Australian town where it first met - acts as an independent force in the Uruguay Round negotiations, keeping up the pressure for a satisfactory outcome to the Round.

Because we in Australia share the free-trading interests and the agricultural efficiency of the United States, it has been difficult for us to accept the United States's own export subsidies. The American Export Enhancement Program, although prompted by a desire to retaliate against the activities of the European Community, is by nature a blunt weapon, as we in Australia have seen. Despite assurances that the program was not aimed at Australia, we have seen it used in markets, particularly in the Middle East, where Australia has been a traditional supplier and the European Community has not. As our Prime Minister has

commented, it is all very well to know that the cross-fire is not aimed at you, but the effect is the same whether the bullets hit you accidentally or intentionally. And the fact is that the Export Enhancement Program is not working: the European Community seems only to be stepping up its subsidised sales. From my point of view, the real significance of American subsidies is the detrimental effect they are having on relations between Australia and the United States.

I use this direct language with you because I believe that this is another feature that Australians and Americans have in common, that we are essentially no-nonsense people, who want to get straight away down to business. Direct language, when it comes from Australians to Americans does not denote animosity - it is just a case of two peoples' speaking the same language.

Relations between Australia and the United States are healthy and mature. I prefer not to call ours a "special" relationship, because that is a term which too often indicates an unhealthy dependence. Nor do I believe that the disparity between America's and Australia's scale and influence rule out a relationship of mutual respect. Our relations are those of two independently-minded countries, both of which expect that partners in an alliance will pull their weight, neither expecting nor desiring a free ride.

I want to end where I began, here in St Louis. The test of any relationship lies in the perception not of governments, but with the broader community, which has the more critical perception of the voter and the tax-payer. And on the basis of what I have heard and seen already from practical people in St Louis, business leaders, civic figures and educators, I believe that the relationship between the United States and Australia is in fact just as mature and just as friendly as I have described it. Certainly from our side of the Pacific we will be doing our best to keep it that way.

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