



**THE HON RICHARD MARLES MP
SHADOW MINISTER FOR DEFENCE
MEMBER FOR CORIO**

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SUBJECTS: *South China Sea, President Trump, TPP*

TOM CONNELL: Richard Marles, thanks for your time. I think it's the first time in 2017 you've joined on Sky News. I'm just wondering, have you been thinking over summer, Donald Trump was obviously a reality then, about what sort of redrawing of Labor's defence policy might need to happen, what sort of reaction that Labor should be trying to influence the government to do in all this?

RICHARD MARLES: Well it's certainly nice to talk with you in 2017, Tom, and yes, this is my first day back after a holiday. I was in fact in the US when the inauguration happened last Friday US time.

I think, in answer to your question, it's important that we are really clear-eyed about Australia's own national interest and we focus on that. Now, the South China Sea, our national interest is asserting the UN convention on the law of the sea. We've spoken a lot about the need to do freedom of navigation operations which assert the UN convention on the law of the sea.

The reason that's in our national interest is because so much of our trade goes through the South China Sea and it's important that we are advocating that to the US and encouraging the US's presence and continued presence in East Asia.

I've listened to the comments that have been made out of the White House over the last 24 hours. I think it's important that people don't overreact to that. You're going to see a change of language whenever you see a new administration, but we just need to be very clear-eyed about continuing to articulate what is Australia's national interest in all this.

CONNELL: And what about the freedom of navigation exercises, because this was an interesting point of contention in Australian politics, most of defence is obviously usually bipartisan. Stephen Conroy, your predecessor, was quite outspoken about this, saying that there should be a directive from the government that we should be actually engaging in these types of exercises. The government at that time was saying, 'well, that's a bit too strong, you've got to leave it up to army chiefs and defence chiefs' and so on. Do you think the moves of the Trump administration give Labor cover or will you be speaking out more about that with a new US administration?

MARLES: I think it would be better if we had some bipartisanship around this, and it's unclear to me exactly where the government is at. There should be a very clear statement from the government about the need to assert the UN convention on the law of the sea. That is our national interest here.

It's our national interest because of the trade that goes through the China Sea, and we ought to be doing freedom of navigation operations asserting the UN convention on the law of the sea. Now certain comments of the government seem to agree with that. At times the government seems to be taking different positions.

What we need is clarity on the part of the government. What you have is clarity on the part of the Labor and the Opposition, and that's all we can provide in this circumstance and it's very clear what is Australia's national interest.

CONNELL: And that clarity from Labor is that there should be a directive from the government for various chiefs within the defence force, that they should be conducting these exercises when they deem it is the best time to do it, when it's safe to do it, but that should be a directive from the government.

MARLES: We support freedom of navigation operations which assert the UN convention on the law of the sea, and we support that in the South China Sea. That's as clear a statement as you can get.

We want a rules-based international order. We have benefited very much from that. In this instance that is all about the UN Convention on the law of the sea and that needs to be the case in the South China Sea. It's important that that continue to be the case.

We think that's a very simple statement that should be uttered by the government as well. At times they seem to be saying comments like that, but at other times they say other things.

From the point of view of the US-

CONNELL: -Just to jump in, sorry, Richard Marles, the issue seems to be where the government and Labor are not quite seeing eye to eye and where the directive comes from. I know what you've said there and you support these freedom of navigation operations and upholding international law, but would you say that it's time for the government to give that directive, not just that it could happen at the behest of Defence, but that it should happen at the behest of government?

MARLES: In terms of the relationship with the government of the day and the military and the Australian defence forces and the way in which they conduct their operations, I don't actually think there is any difference between ourselves and the government in relation to that. I don't think there is anything different in terms of past practice in terms of how that relationship exists. It's very important that government sets policy and that the ADF carries that out.

Policy in this circumstance we think ought to be very, very clear, and that is asserting the UN Convention on the law of the sea in the South China Sea because that is very much in our national interest.

A Court of Arbitration ruling last year in relation to the artificial structures in the South China Sea made that pretty plain, what the international rules say in relation to this. That is a clear statement of policy and that is where this matter should be at. The national interest would be better served if there was bipartisanship on this and the government could give us clarity on their position.

CONNELL: The Philippines basically walked away from a decision that went towards them and since have cozied up to China. What about where we're at, because there's been so much debate recently choosing between the US and China and plenty of people saying that Australia don't need to, but this latest action or at least the sentiment and announcement from Donald Trump that he's not going to allow this continued build up in the South China Sea on China's behalf. You must see this as a possibility where Australia really will be asked by these two major powers, well, where are you going to sit on this?

MARLES: Well, firstly in relation to the comment on the Philippines, just let me be clear on that - Australia has never taken a position on the precise sovereignty claims amongst some of the reefs in the South China Sea. That's why I've used the language I have.

Our national interest is in the UN convention on the law of the sea and freedom of navigation because of the trade that we have which goes through the South China Sea.

On the question of our relation with the US and our relation with China, I again think that's actually pretty clear. Our security partner, our ally partner, is the United States. It has always been so. No one is seriously questioning that.

At the same we're keen to have a growing relationship with China and that's particularly the case in the economic realm. The China Free Trade Agreement is a good example of that, but that itself just a manifestation of growing trade between Australia and China and we welcome that, and in that sense we welcome a China which is growing in the context of a rules-based international order.

Now, there's no question as to who our ally partner here is and who our security partner here is - that is the United States. We have always said that it is in our interests, in Australia's interests that there is a presence of the United States in East Asia and that that is maintained under a Trump Administration. It's important that we continue to advocate for that and that includes in terms of the US's relationship with countries such as Japan and South Korea.

We obviously want issues within our realm, within East Asia, to be sorted through in a sober, sensible way by negotiation. I don't want any precipitate action. That's important to argue as well in the context of our relationship with both the US and with China. We just need, in that context, to pursue Australia's interest in a very sensible way.

CONNELL: I'm just trying to get this sort of broad feeling though, Richard Marles, whether you sit there mulling over this type of question, because we do have for the first time in quite a while this possibility that things are going to come to a head in the South China Sea. If you believe some of the strong language of Donald Trump, and that's already obviously upset people in Beijing, that this is some of the sort of stuff you're having to mull over now, whether or not it comes to that point there is a genuine conflict, a confrontation perhaps, and Australia might need to figure out what it does beyond the line at the moment, where we have the allied partner, and we have the trading partner.

MARLES: Well, firstly I don't think we're anywhere near the situation of some of the strong language that you've referred to, and it doesn't serve anyone's interest for Australian politicians to be giving comment in relation to that.

We all need to take a bit of a deep breath here. All we've seen in the last few days is a new administration using slightly different language. We need to be really careful about what our interests are, and make sure we are clear about them, and I don't think we ought to be overreacting to what people have said, and we oughtn't to be double guessing what is being said. I think we are a long way from any kind of confrontation, to use the word that that you just did. We need to be playing a sensible and sober part in all of this as a country which is in the region.

In terms of where our relationships lie, they are very clear. Our security partner, our defence partner, is the United States. That's not a surprise to China. It has always been so — well, it's been so since 1941 — and that is where we stand.

At the same time we support the rise of China within the context of a rules-based international order and we've been clear about that as well.

CONNELL: Do you see a positive, Richard Marles, in Donald Trump really trying to assert the US's stance against China, standing up in layman's terms, a bit more to China that could counter some recent Chinese aggression?

MARLES: A US presence in East Asia is really important. There were comments made during the US election around alliance relationships with countries such as South Korea and Japan which obviously raised the question about America's presence in region. We want to see continued American presence in the region and an interest on the part of the US in East Asia is obviously welcome.

At the same time we need to be making sure that we don't have precipitate action. Last year we saw Twitter being used in a way which doesn't seem to me to be helpful. There are, for example, very settled diplomatic forms around Taiwan and mainland China. We think the established basis of that ought to be maintained.

We want America in this part of the world and we absolutely support the US's ongoing presence here. The more we see of the US in East Asia the better. It's really important that activities in this part of the world happens in a very sensible and sober way.

CONNELL: Just turning your attention to trade, it seems Labor very quickly, once the TPP was put on ice by Donald Trump, said 'let's forget about it - move on'. Japan is another country trying to keep this alive, as is Australia.

What do you make of the PM saying Bill Shorten is a protectionist? He's certainly starting to talk a lot about Aussie jobs. Everyone wants Australian jobs, but is he going a protectionist path in an electoral sense?

MARLES: Well, look, Malcolm Turnbull is all over the place. He has said that his principle economic agenda this year is the TPP. No amount of hoping and wishing is going to see that occur.

The truth of the matter is that the TPP really has been on ice since the presidential election campaign. The position of Hillary Clinton in that campaign made it clear that whoever won the US election we were going to see a situation where the TPP was put on ice.

Nothing in the last day or so is a surprise to any of us and it shouldn't be a surprise to the government. The fact that the government is still seeking to pursue this in circumstances where it has been so completely plain is really an act of wilful blindness, and where it leaves the government is without any kind of agenda at all.

CONNELL: No concern that Labor's on the side of Pauline Hanson on this element, and foreign workers as well?

MARLES: I mean, that's silly.

Labor has been a supporter of trade liberalisation for decades and we were so during the last term of government. We actively pursued Free Trade Agreements with Japan, with Korea, with China. The Australian-New Zealand-ASEAN free trade agreement, which at the time was the largest free trade agreement Australia was a party to, was signed during the Rudd-Gillard years.

In opposition we've supported the China Free Trade Agreement, the Japan Free Trade Agreement, the Korean Free Trade Agreement. Of course we would, because we were actively supporting those when we were in government, so when you look at all of that, to suggest that we are engaged in protectionist policies is just silly.

CONNELL: Richard Marles, Shadow Defence Minister, thanks for your time this morning on AM Agenda.

MARLES: Thanks, Tom