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**THE AUSTRALIA-UNITED STATES ALLIANCE AND ITS ROLE IN RESPONDING  
TO ASIA PACIFIC THREATS AND CHALLENGES**

**ROUNDTABLE WITH THE CENTRE FOR STRATEGIC AND INTERNATIONAL  
STUDIES**

**WASHINGTON DC**

**TUESDAY, 10 OCTOBER 2017**

**\*\*\*CHECK AGAINST DELIVERY\*\*\***

Thank you for the invitation to participate in today's Roundtable discussion on the Australia-United States Alliance and its role in responding to Asia Pacific threats and challenges.

I think it's worth giving you a sense of my visit to the US so far. I arrived in Dallas on Friday and saw the Lockheed Martin facility which is assembling the F35s, and from there went to Mobile, Alabama and saw the Austal shipbuilding facility which is building Littoral Combat Ship for the US Navy. Both were fantastic facilities to see.

I came away with a couple of key observations about those facilities.

The Lockheed Martin facility in Fort Worth is the place where the B24s were built during the Second World War. Churchill said that the single biggest military phenomenon in the world at that time was the power of the American economy, and the challenge for Britain was harnessing that power on its side in the contest with Germany. When you hear the statistics about the number of B24s that were produced in that very facility, the shed as we Australians might call it, you get the sense that the Second World War - at least part of it - was fought and won right there. It's a historically significant building and a key reminder of the importance of defence industry and the way in which it helps countries to project strength, as it did for the US back then.

And I think Australia needs to think much more about how defence industry plays a role in helping Australia project now.

Then I went to the Austal facility in Mobile. When I arrived at the front desk of the hotel and was speaking with the staff -an Alabaman - and explained I was there to visit Austal, I got an immediate reaction. They know all about Austal and they know that it has its roots in Australia. And you get the very real sense that Australia is playing very big in Mobile. Not just in Mobile in terms of the public, but clearly Austal, and with them Australia, is playing big within the US Navy. Australian defence

industry is playing an important role in America, and is being taken seriously in this country and by the American military.

Defence industry has a whole range of aspects to it and I think there is a need for us in Australia to be thinking about it far more deeply than we are at the moment. But one of the key aspects of it, and why we would seek to have a defence industry as distinct from any other industry, is that it helps us project power. It is a projection of power which has a complementary role to that of our defence force in our country being taken seriously, and you can really see that in Mobile.

Perhaps another way of thinking about it to look at it in an American context. Part of the American projection of power globally is definitely aircraft carriers and marine bases, but it is also about the idea that America is the home of Lockheed Martin and Northrop Grumman.

We are currently having a discussion in Australia about defence industry and while there is a degree of bipartisanship around it, I do think that the rationale for having a defence industry needs to be better explained. And it's been a great experience for me to see those two sites to illuminate that discussion.

The final point on industry that I want to make is that when you when you look at the facility in Fort Worth, where America is playing a role in constructing Australia's future Air Force and when you go to Mobile and see how designs that are being done in Perth are helping build the American Navy, it's a really clear example of the significance of the Alliance relationship.

The main thing I wanted to talk about today was the state of the Alliance and particularly the state of the Alliance under the current US Administration. There is a degree of heat and light that comes with the President which has given rise to an assessment and a review of the alliance in Australia. I ultimately feel this has been a healthy process because it is a very deep and affectionate relationship and often deep affection relationships can find themselves in places where they become a matter of course and are taken for granted.

The current President has forced us to think it through, and in thinking it through I think you come to the conclusion that the Alliance is as relevant today as it's ever been. But really what I think has been asked are two questions, one is whether or not the values between Australia and the US do align in the way that we've traditionally thought, and the second is whether or not America's global presence is on the increase or decrease.

There is a school of thought in Australia which will argue that America is on the retreat. I think in terms of the question of values, certainly when you look at the immigration ban that was put in place by Executive Order earlier this year and the fact that it was done on the basis of religion, that is a concern. It would be completely contrary to the way in which we would engage in an immigration program in Australia.

But having said that, when you take a step back and ask, does Donald Trump signify a significant departure in terms of the values that we see as aligning our two countries and that we really hold as being critical? The answer to that can be achieved pretty quickly, and that fundamental alignment is absolutely there. We are obviously both democracies but perhaps more importantly we are countries which

respect the rule of law and significantly are seeking to try and build the rule of law internationally.

So in that sense there is as strong an alignment between Australia and the US now as there's ever been. And the Bretton Woods institutions which have given a sense of stability within the world, and certainly in East Asia, upon which our prosperity has been built have really been underwritten by the United States more than any other country and that continues to be the case.

You can get into the detail and be concerned about particular decisions the Trump Administration has made, but at a fundamental level there remains a complete alignment of values.

The question of retreat is a harder one to answer. Certainly there was concern about candidate Trump's comments in respect of alliances and paying their way. And what that might mean in terms of the alliances with Japan and South Korea in particular. Within the first week of the Administration the withdrawal from the TPP was probably Exhibit A in terms of a decision that raised concern about the US retreating from our part of the world.

But again if you look at how this Administration has acted since then and we ask this question: Do we imagine at the end of this four year period America's footprint in the world will be bigger or smaller? I think there's an obvious answer. I can well imagine that the American footprint will be just as big, perhaps bigger, at the end of these four years, which suggests that this President is not necessarily going to be an agent of a retreating America. Whatever the case it is clear that if there is any retreat going on, it's hardly a full scale march and there is a large American presence in East Asia and that is certainly welcome.

The other point to make as an example of that was the Trump-Turnbull phone call at the beginning of this year. It was a really illustrative example. It was a phone call that a lot of us found worrying. But the reaction to that phone call by the American system has been superb, absolutely superb. I personally had the American Charge d'Affaires on the phone within a matter of hours of that story breaking. I certainly wouldn't have been the first call he made. He was working through his list diligently and wanted to reassure us all that the relationship was fine.

Since then we've had a Vice Presidential visit, we've had Senator John McCain come for a visit, we've had AUSMIN which was accompanied by quite a lot of additional diplomatic engagement on the American side than perhaps you would normally see. Clearly America is making an effort in respect of Australia right now and I take that as a really encouraging sign.

I think the take out is this; the Alliance is as relevant today as it's ever been. Of course, part of what comes from the role of the Alliance is the sense of predictability that our shared values gives rise to, and part of the issue with Donald Trump is that he considers unpredictability to be a virtue. There is an awkwardness about that which we just have to deal with. And there are going to be decisions that this Administration makes which require criticism, and the Executive Order in relation to immigration is an example of that.

I don't think that the reflex and instinct that has guided us in the past in respect of this relationship is necessarily going to get us through the next few years. I think we are going to have to be taking issues on a case-by-case basis, and pro-America

people like myself are going to need to be willing to criticise. But in the context of all of that, the answer is clear and the relationship remains as relevant as it's ever been.

All of that analysis about where the Alliance is under this President occurs in a context in East Asia of a rising China. A rising China raises a whole lot of questions and challenges for Australia. The economic benefit of it has been fantastic for our country. But we are constantly balancing that with the security anxiety that we have in respect of China. That is a hard balancing act to do, but we're not alone in doing that. ASEAN are doing it, India is doing it, the United States is doing it. So it is a time where it makes more sense for us to be closer with countries in the region, including the US, so as to compare notes on this balancing act. To be clear, the analysis to be made here is not one of a choice between America and China. It makes more sense for us to be as close as we can be with the US right now because both countries share in the experience of building relationships with China.

I think it is critical that we build a greater political relationship with China; I think it is important America is also doing that. From an Australian perspective, the world feels safer when America and China are talking with each other. I think America would expect of us to build our own political relationship with China.

There is also an important observation to make: China is not the Soviet Union. It is fundamentally a force for good in the world. It has presided over the single biggest rising out of poverty that humanity has ever seen. We ought to give China credit for that, and I think often we don't do enough of that.

There are clearly security concerns and anxieties that we have in respect of China and it is important to proceed cautiously. But with that caution in play, proceed we should and America is doing that. We should also acknowledge that a peaceful rise of China within a rules based global order is legitimate and ultimately in our interest. There are clearly, as I said security concerns, the current situation in the South China Sea being an example of those we need to be mindful of.

Finally, what arises from all of that is that it is ultimately in our interest to see the Alliance, and the presence of America in East Asia, continue. Much of our effort going forward needs to be focussed on engaging with America in a way that means we play a role in maintaining America's interests in East Asia. That's not to say that I believe America is leaving the region any time soon, but if there is anything in this idea of retreat then obviously we need to be very active in trying to keep the US engaged in East Asia because clearly the world is easier for us with America there.

We are, as an allied partner, a country that pulls our weight, we are very reliable and that is appreciated by the US. However, there is room for us to do more in terms of our intellectual contribution to the Alliance. The Pacific is an obvious case in point. I think that US expects Australia to take more of a lead in the Pacific and I believe we could lead a lot more in this area.

Thank you once again for the invitation to speak with you today and I'm looking forward to the discussion to follow.

**ENDS**