

Overview

The Government is publishing this White Paper to chart a clear course for Australia at a time of rapid change. Over the coming decade Australia will need to pursue its interests in a more competitive and contested world.

Our world is now more interconnected and interdependent than at any other time. Scientific and technological advances and the speed with which ideas and knowledge can be transmitted have driven economic growth and helped millions of people live longer and better lives. Australia and Australians will have great opportunities to prosper.

At the same time, concerns about globalisation and levels of political alienation and economic nationalism in many countries are on the rise. The same connectedness that empowers individual citizens increases risk and volatility in the international system. Similarly, it amplifies the reach and impact of non-state actors, including those who would do us harm.

In the Indo-Pacific,¹ the economic growth that has come with globalisation is in turn changing power balances. The United States has been the dominant power in our region throughout Australia's post-Second World War history. Today, China is challenging America's position.

Australia and our regional and global partners face a diverse range of security threats, from North Korea's long-range missile and nuclear programs to Islamist terrorism.

State fragility, demographic shifts and environmental challenges like climate change will continue to shape our world and demand policy responses.

Powerful drivers of change are converging in a way that is re-shaping the international order and challenging Australian interests.

In the decade ahead, Australia will need to be competitive and agile to take advantage of the opportunities that will come from dynamic Asian economies and technological and scientific advances.

In parallel, risks to our interests are building. In particular, the stability of the Indo-Pacific region, which has underpinned its economic transformation, cannot be assumed.

Any significant rise in protectionism globally could create strategic friction, damage economic growth and undermine the rules that support flows of trade and investment.

Similarly, the rules and institutions that help maintain peace and security and guide global cooperation are under strain. In some cases, major powers are ignoring or undermining international law. With many divergent interests and shifts in power between states, it is more difficult to get governments to respond collectively to some security and economic challenges. In the United States, there is greater

¹ We define the 'Indo-Pacific' as the region ranging from the eastern Indian Ocean to the Pacific Ocean connected by Southeast Asia, including India, North Asia and the United States.

debate about the costs of sustaining its global leadership.

In this dynamic environment, Australia must seek opportunity while protecting our interests in the face of complexity and uncertainty.

In a more contested and competitive world, our domestic and international policies will have to work together to maximise our national power and international influence. We will require active, determined and innovative foreign policy built on strong domestic foundations—a flexible economy, strong defence and national security capabilities and resilient democratic institutions within a cohesive society.

These broad themes—opportunity, security and strength—sit at the heart of this White Paper. They recognise that an outward-looking Australia fully engaged with the world is essential to our future security and prosperity.

Foundations for success

The Government's starting point is that we should approach this period of change with confidence. Australia has the strength to shape its own future.

At home, our democratic institutions, open society and strong economy underpin significant defence, foreign policy, border protection, law enforcement and security capabilities. Our economy has grown for 26 consecutive years. We are a member of the Group of 20 (G20). Our standard of living is one of the highest globally. We live in the most economically dynamic region of the world and have the minerals, energy, goods and services sought by growing Indo-Pacific economies.

These are strong foundations for international success. They give us advantages in a period of uncertainty and change that many other nations will not enjoy. Even so, in the decade ahead Australia will have to work harder to sustain our influence and secure our interests.

A strong, competitive economy will be fundamental to our future prosperity. A growing economy helps to maximise our weight in the world as countries in our region gain in strength and influence.

Innovative, outward-looking and well-governed countries will also enjoy advantages in a competitive and interdependent world. Nations with flexible economies and resilient institutions will better withstand occasional systemic shocks. Countries positioned to adapt and innovate will be able to seize opportunities and to support citizens through periods of change.

In the decade ahead, strong diplomatic, defence and national security capabilities will be essential to shape events to our advantage. Our development assistance will support efforts to build a stable and prosperous world, with a focus on the Indo-Pacific.

Our dynamic commercial sector, the stability of our policy settings, our reputation as a reliable trading partner and the excellence of our institutions and standards magnify our international influence.

Australia's values are a critical component of the foundation upon which we build our international engagement. Our support for political, economic and religious freedoms, liberal democracy, the rule of law, racial and gender equality and mutual respect reflect who we are and how we approach

the world. They underpin a strong, fair and cohesive society at home and are a source of influence for Australia internationally.

A framework for opportunity, security and strength

The policies described in this White Paper serve the national interest by advancing the prosperity of Australia, the independence of our decision-making and the security, safety and freedom of our people. They provide a framework to guide the deployment of our resources and capabilities in pursuit of our highest foreign policy priorities.

We identify five objectives of fundamental importance to Australia's security and prosperity. The Government will:

- promote an open, inclusive and prosperous Indo-Pacific region in which the rights of all states are respected
- deliver more opportunities for our businesses globally and stand against protectionism
- ensure Australians remain safe, secure and free in the face of threats such as terrorism
- promote and protect the international rules that support stability and prosperity and enable cooperation to tackle global challenges, and
- step up support for a more resilient Pacific and Timor-Leste.

Collectively, these priorities and the policies that support them provide a clear-eyed and active agenda for Australia's international engagement. They are bound by a common thread—each seeks to respond

to the opportunities and uncertainties of a contested world. In many instances, they build on current policy settings with new approaches and higher levels of activity and ambition.

While the Indo-Pacific is of primary importance to Australia, these priorities also reflect the global scope of our national interests and foreign policy.

Planning for an uncertain decade is inherently difficult. In the current environment, it is possible that some of the trends identified in this White Paper will move against Australia's interests in ways that require further responses. Agile policy and regular reviews of our foreign, defence and national security frameworks will be important.

A stable and prosperous Indo-Pacific

Australia's interests are clear as the distribution of power in the Indo-Pacific changes. We want peace to help sustain the growth that has brought the region to the centre of the global economy. Equally, we want a region where our ability to prosecute our interests freely is not constrained by the exercise of coercive power.

For Australia, the stakes could not be higher. The Indo-Pacific encompasses our most important economic partners and its dynamism supports economic growth in Australia, creating jobs and increasing our standard of living.

Our cultural, educational and people-to-people links are also deep. The region is the source of many of our biggest migrant communities, which are vital to our modern, vibrant nation.

Navigating the decade ahead will be hard because, as China's power grows, our region is changing in ways without precedent in Australia's modern history.

North Korea's destabilising nuclear and missile programs also raise the risk of a conflict that would dramatically re-shape Asia's security landscape and have severe economic and humanitarian consequences.

The starting point is to be clear about the kind of Indo-Pacific region we want. We set out our vision for a neighbourhood in which adherence to rules delivers lasting peace, where the rights of all states are respected, and where open markets facilitate the free flow of trade, capital and ideas.

Our alliance with the United States is central to Australia's approach to the Indo-Pacific. Without strong US political, economic and security engagement, power is likely to shift more quickly in the region and it will be more difficult for Australia to achieve the levels of security and stability we seek. To support our objectives in the region, the Government will broaden and deepen our alliance cooperation, including through the United States Force Posture Initiatives.

The Government is committed to strong and constructive ties with China. We welcome China's greater capacity to share responsibility for supporting regional and global security. We seek to strengthen our Comprehensive Strategic Partnership for the benefit of both nations.

To support a balance in the Indo-Pacific favourable to our interests and promote an open, inclusive and rules-based region, Australia will also work more closely with the region's major democracies, bilaterally and in small groupings. In addition to the United States, our relations with Japan,

Indonesia, India and the Republic of Korea are central to this agenda.

As competition for influence in the region grows, the Government will increase Australia's efforts to ensure we are a leading security, economic and development partner for Southeast Asia. We will also reinforce the regional forums that promote economic and security cooperation.

We will work to ensure regional trade, investment and infrastructure building are inclusive and based on market principles. We want an open, outward-looking regional economy strongly connected to global markets. This will maximise economic growth and help guard against protectionism and strategic rivalry. Our long-term vision is for a region-wide free trade area that includes all major economies.

Australia will boost defence engagement to enhance the capacity of our regional partners to manage security challenges. Our development assistance program will help to support stability and prosperity. We will promote high-quality Australian regulatory models.

Australia will continue to work with others to impose the strongest possible economic and other pressure on North Korea to stop its dangerous behaviour. North Korea's actions underline the importance of the United States' extended deterrence to Australia's security and the security of the Republic of Korea and Japan.

Maximising opportunity in a globalised world

In the decade ahead, the linkages between globalisation, technological change and new forms of production, consumption and

trade will shape economies and societies in profound ways.

For Australia, there will be significant opportunities. We will use science and technology to improve our productivity and harness new sources of economic growth including in the digital economy.

Australia will continue to benefit from the complementarity of our economy with those of our neighbours. Asian economic growth, urbanisation and expanding middle classes will sustain or increase demand for minerals and energy, premium agricultural products, and services. We are also building stronger economic partnerships with—and finding new opportunities in—Europe, Latin America, the Middle East and Africa.

Equally, there will be challenges to manage. Globalisation, greater use of digital platforms for trade and business, and further advances in automation will bring competitive pressures on many industries. The nature of some jobs will change even as new jobs are created.

Responding to these changes, especially if they occur rapidly, will be a focus for communities, businesses and governments globally. In some countries, weaker public support for free trade and doubts about the benefits of openness could further fuel economic nationalism and trade tensions.

Australia's policy response must prepare the country to seize opportunity and manage risk. Our domestic and international approaches will need to reinforce each other. Policies to strengthen the resilience and competitiveness of our economy and enable communities and businesses to harness innovation, science and technology to drive growth will be essential.

The Government will continue to work

hard to ensure community support for our openness to trade, investment and skilled migration. Australia's open economy improves our competitiveness, generates more and better paying jobs, gives us access to new ideas and technology, supplements our pool of domestic savings and lowers prices for consumers and producers.

We balance this approach with policies, such as our migration and foreign investment screening regimes, that maximise the benefits to Australia of openness. Our policies will also assist workers through change and help ensure all Australians have access to the opportunities offered by our growing economy.

The Government will be a determined advocate for an open international economy. We will stand against protectionism and promote and defend the international rules that guard against unfair trade actions and help resolve disputes.

At the same time, because comprehensive deals in the World Trade Organization (WTO) are unlikely, we will pursue new opportunities for our companies and strengthen trade rules through bilateral and regional free trade agreements (FTAs). We will work to support the competitiveness of Australian businesses and to advance our commercial interests in overseas markets.

The Government will continue our strong commitment to international economic governance. In a world of considerable systemic risk, the engagement of all major economies in institutions such as the G20 and International Monetary Fund (IMF) is essential to a stable international monetary system and an open global economy.

Keeping Australians safe, secure and free

The Government's first duty is to do everything possible to keep Australians safe and protect our freedoms, our way of life and our values.

Australia remains one of the safest and freest countries in the world. Our democracy and our institutions are robust and transparent. The risk of direct military threat to Australia is low. The security of our nation supports our prosperity.

Even so, globalisation and technological change, including the reach and vulnerabilities of the internet, state fragility, and environmental stresses, will at times amplify a range of threats to Australia's people, borders, economy and infrastructure.

These threats will endure for the foreseeable future. In some cases—such as Islamist terrorism, cyber attacks and transnational organised crime—the threat could worsen over the decade ahead. Australia and other countries must also deal with challenges from efforts to interfere in democratic decision-making and to shape public opinion through misinformation, including through the use of new technologies.

Our national strengths and international partnerships give us the confidence and resources to deal with these threats. Our strategies in response must be long-term and flexible. We will need to safeguard community cohesion and the resilience of our society.

The Government will continue to ensure Australia's law enforcement and security agencies have the legal authority and funding to enhance safety and security at home. We will work closely with a

wider range of international partners in our region and globally to address threats at their source. Our cooperation with Five-Eyes intelligence partners (the United States, the United Kingdom, Canada and New Zealand) and others will remain critical to our ability to address terrorism and other threats. In the period ahead, we will place particular importance on strengthening counter-terrorism cooperation in Southeast Asia.

For some issues, including in cyberspace, our ability to deter others will be enhanced by a willingness to use offensive capabilities to respond to threats.

International rules and cooperation protect Australian interests

We have entered a period of sharper challenge to the rules and principles that underpin international cooperation. Anti-globalisation, protectionism, changes in the balance of global power and geopolitical competition are testing the international order.

These challenges present risks to Australia's national interests. Our security and prosperity have been supported by US global leadership, an increasingly open world economy and the development of international institutions and rules.

It is difficult for countries like Australia, even working with others, to influence an international system that is predominantly shaped by the actions of much larger nations. At a time of challenge, we could choose to narrow our global vision and ambition. Such an approach would not, however, serve Australia's long-term interests nor align with our values.

Australia will work with others to protect and promote those elements of the international order that help ensure that all states can pursue their interests securely. We will act on the principle that Australia will be safer and more prosperous in a global order based on agreed rules rather than one based on the exercise of power alone. Such an approach is complemented by the development of Australia's own defence and security capabilities and our alliance with the United States.

Australia will also act to preserve a world in which all countries enjoy access to the sea and the air as provided for under international law. We seek to ensure that new domains, such as cyberspace, are governed by rules that reinforce stability, support openness and facilitate trade.

Similarly, in an interdependent world, a system that promotes collective responses to problems that cannot be solved by countries acting by themselves best serves our interests. For example, we support cooperation to stop the spread of weapons of mass destruction, address climate change and promote the 2030 sustainable development agenda. We will continue to work internationally to respond to global health and humanitarian crises.

Australia will continue strongly to support US global leadership. The Government recognises there is greater debate and uncertainty in the United States about the costs and benefits of its leadership in parts of the international system. We believe that the United States' engagement to support a rules-based order is in its own interests and in the interests of wider international stability and prosperity. Without sustained US support, the effectiveness and liberal character

of the rules-based order will decline.

It is strongly in Australia's interests, therefore, to support US global leadership, including by maintaining the strength of our alliance, keeping our commitment to increase defence expenditure to two per cent of GDP and contributing to coalition operations in support of global and regional security.

Beyond the United States, our cooperation with like-minded partners is also increasingly important to collective efforts to limit the exercise of coercive power and support an open global economy and a rules-based international order.

Australia will support reforms that give new and emerging powers a greater role in the international system. Some change to institutions and patterns of global cooperation is inevitable, necessary and appropriate to reflect the greater weight of countries such as China, Indonesia, India, Nigeria and Brazil.

Reform should be a shared project. Australia is a willing partner. At the same time, Australia's national interests are best advanced by an evolution of the international system that is anchored in international law, support for the rights and freedoms in United Nations declarations, and the principles of good governance, transparency and accountability.

A shared agenda for security and prosperity

Australia will remain committed to working with Papua New Guinea, other Pacific island countries and Timor-Leste to support their economic growth and governance, and to strengthen our

cooperation. Their security and stability is a fundamental Australian strategic interest.

The Government is delivering a step-change in our engagement with Pacific island countries. This new approach recognises that more ambitious engagement by Australia, including helping to integrate Pacific countries into the Australian and New Zealand economies and our security institutions, is essential to the long-term stability and economic prospects of the Pacific. Our partnership with New Zealand will be central to advancing this agenda.

New Colombo Plan is designed, in turn, to support young Australians to embrace study, work and travel in the region as a rite of passage. This will build a generation of Australians with greater understanding of our region.

Working with partners and leveraging our influence

In a globalised world, our work with business, development partners and state and territory governments will be critically important to our foreign policy.

In addition to our five main policy priorities, the Government will develop new approaches to harnessing Australia's soft power assets in ways that add to our international influence. We will work to improve how we market our commercial, educational and cultural credentials in a competitive global market.

Australia's institutions and expertise are themselves important sources of influence internationally, as is an effective and responsive development assistance program. We will continue to promote Australia's excellence in education, science and research and the creative industries.

We have been proud to host hundreds of thousands of students from across the Indo-Pacific. We aim to welcome many more in the decade ahead. The