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KEYNOTE ADDRESS

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MALCOLM TURNBULL

PRIME MINISTER OF AUSTRALIA

Malcolm Turnbull, Prime Minister, Australia

Thank you very much, Dr Chipman. Prime Minister Lee Hsien Loong, Ho Ching, honoured guests, ladies and gentlemen, I thank you for the honour of inviting me to deliver this year's Keynote Address. As always, visiting Singapore is a great pleasure. Indeed, Prime Minister, you and your fellow Singaporeans make all Australians feel at home here, none more so than our son, daughter-in-law and granddaughter, born in 2015 and thus an SG50 baby. That 50 years of Singapore's independence has seen profound changes to our region and profound contributions to the world from our region, one of which is this very meeting. The Shangri-La Dialogue has grown to become one of the world's great strategic gatherings since you, John, established it 15 years ago with the encouragement of the Australian historian Bob O'Neill and our former Defence Minister Robert Hill.

Your reasoning was straightforward. You saw that the US-anchored rules-based order, the remarkable system where nations big and small play by the rules and respect each other's sovereignty, could not be taken for granted here in the Indo-Pacific. Unlike the North Atlantic, there was nowhere in this region where regional defence leaders and strategists could convene and talk frankly about latent security tensions that are now palpable on the Korean peninsula, in the East and South China seas and further afield. You chose Singapore to host this Dialogue for the obvious reason that this nation has been at the very heart of regional strategic policy thinking since its independence in 1965.

Prime Minister, your father and your nation's, Lee Kuan Yew, keenly understood that strategic stability does not just happen by itself. In 1966, when Singapore was about a year old and Britain was beginning to consider its withdrawal of its military forces east of Suez, he spoke about the strategic environment and cited the old Chinese saying, 'Big fish eat small fish and small fish eat shrimps'. Lee Kuan Yew described how the shrimp, as he modestly described his new nation, would survive. It could make itself unpalatable to the larger fish by being self-reliant and strong. It could make friends with other larger fish, strong alliances and collective security. He recognised then, as his son and successor as Prime Minister does today, that we all have a vested interest in each other's security. That it is peace and stability which have formed the essential foundation for the remarkable advances in prosperity and freedom in our region above all.

Lee Kuan Yew's message was not confined to the binary categories of stability and military conquest. He was speaking at a time of insurgency and foreign-sponsored subversion – not a world away from the challenges of our time. As he told this forum in 2009, he devoted his life to creating the political and economic space that was necessary to preserve the freedom to be ourselves. For the shrimp, the little fish, and the middle- to large-sized fish of all dimensions represented here today, we face more than a Manichaeian choice between life and death, war and peace. The more salient question, even when the risk of war remains remote, is what kind of peace can we maintain?

For more than 40 years, our region has seen the greatest burst of economic growth and human advancement the world has ever seen. Rapid economic growth has generated trade, investment and people flows which bind us all. However, these same economic forces also bring political uncertainty,

the acquisition of military capability and strategic ambition. Regional flashpoints are intensifying – seemingly interminable conflicts in the Middle East and Africa, the sickening insanity of terrorism, economic and border instability in Europe, foreign interference across the democratic world and a deeper level of political alienation and economic nationalism than we have seen since the 1930s. The internet and the digital technologies it has enabled are breaking down national boundaries and distances. Billions of people now have in their pocket a device that potentially connects them to everyone else in the world. Not so long ago, only states and large corporations had megaphones powerful enough to address a nation; now, a tweet or a YouTube video can reach millions, if not billions, and do so in seconds.

Reflect on the pace of these changes. The first iPhone was launched in 2007. Facebook, with 1.5 billion accounts worldwide, began in a Harvard dorm in 2004. It has 200 million accounts in India and 100 million in Indonesia alone. Technology has connected local aspirations and grievances with global movements. Hyperconnectivity has amplified the reach and power of non-state actors, forcing us to reassess how we as nation-states assert and defend our sovereign interests. Last month's ransomware cyber attacks confirm that the world is still coming to terms with the new threats and vulnerabilities.

In this brave new world we cannot rely on great powers to safeguard our interest. We have to take responsibility for our own security and prosperity while recognising we are stronger when sharing the burden of collective leadership with trusted partners and friends. The gathering clouds of uncertainty and instability are signals for all of us to play more active roles in protecting and shaping the future of this region. I believe that the Indo-Pacific, as the most dynamic region, is well placed economically, strategically, culturally, to shape and drive the global response. That is the premise of my address tonight.

Australia's vision, optimistic and born of ambition rather than anxiety, is for a neighbourhood that is defined by open markets and the free flow of goods, services, capital and ideas; where freedom of navigation goes unchallenged and the rights of small states are untrammelled; where our shared natural bounty, our land, water and air is cherished and protected, and disagreements are resolved by dialogue in accordance with agreed rules and established institutions. This is a world where big fish neither eat nor intimidate the small. Our interests will not align on every issue, but we have to find a unity of purpose. Our generation must arm itself with urgency and conviction in order to ensure the Indo-Pacific retains its place at the centre of human ambition and achievement. We must commit to the principle that respect for the rules delivers lasting peace and work together through our regional institutions for the common good; reject the deglobalisation impulse with a principled and sustained commitment to greater economic integration; and embrace the opportunities and address the vulnerabilities of the digital age.

Together, we have succeeded in creating the fastest-growing, most dynamic part of the world precisely because the strong have not done what they will without consequences. This disciplining of power has delivered compounding returns in stability and prosperity. We should be under no illusions: if we are to maintain the dynamism of our region, then we must preserve the rules-based structure that has enabled it thus far. This means cooperation, not unilateral actions to seize or create

territory or militarise disputed areas. This means competing within the framework of international law, not winning through corruption, interference or coercion. However, the economic, political and strategic currents that have carried us for generations are increasingly difficult to navigate.

The restoration of China and India to the ranks of economic giants with the strategic power and influence that follows is seen by their leaders and their people as a return to the natural order of things. China's growing power continues to be the topic of the most intense debate, and China will play a larger role in shaping the region. It is natural that Beijing will seek strategic influence to match its economic weight, but we want to see China build a leadership role it desires in a way which strengthens the regional order that has served us all so well. Some fear that China will seek to impose a latter-day Monroe Doctrine on this hemisphere in order to dominate the region, marginalising the role and contribution of other nations, in particular the United States. Such a dark view of our future would see China isolating those who stand in opposition to or are not aligned with its interests while using its economic largesse to reward those toeing the line.

China has gained the most from the peace and harmony in our region and consequently it has the most to lose if it is threatened. The rapid rise of a new power, be it modern China or ancient Athens, creates anxiety. President Xi himself has pointed to the need to replace concerns with confidence and thus avoid falling into the Thucydides trap and the conflict that follows. A coercive China would find its neighbours resenting demands they cede their autonomy and strategic space and look to counterweight Beijing's power by bolstering alliances and partnerships between themselves and especially with the United States. This hemisphere has nothing in common with the Western Hemisphere of President Monroe's day. Our region includes the third-largest economy, sophisticated, capable, advanced Japan; a rising giant in India destined to match China itself; the fourth-most populous nation, an increasingly confident and prosperous Indonesia; not to speak of Australia's or indeed our host's own determination and capability to assert and defend our interests.

Just as modern China was founded in 1949 on an assertion of national sovereignty, so will twenty-first century China best succeed by respecting the sovereignty of others and in so doing build a reservoir of trust and cooperation with its neighbours. It has no better or more urgent opportunity to build that trust than to use its great leverage and the responsibility with which it comes to curb the unlawful, reckless and dangerous conduct of North Korea. Maintaining the rule of law in our region, respecting the sovereignty of nations large and small, is the key to continued peace and stability. It means working within the rules and sometimes accepting lasting compromise. That is what the rule of law is and this is why it works.

The peace and stability of our region has been enabled by consistent US global leadership. While that leadership would not have been possible without the hard power of fleets and armies, its greatest potency has come from the values which it embodies. Through all the twists and turns of history, the United States has stood for the values on which its great republic was founded: freedom, democracy and the rule of law. That leadership, that commitment, those values, are more important than ever. Some have been concerned that the withdrawal from the Trans-Pacific Partnership and now from the Paris Climate Change Agreement herald a US withdrawal from global leadership. While these

decisions are disappointing, we should take care not to rush to interpret an intent to engage on different terms as one not to engage at all. Vice President Pence, Secretary of State Tillerson and Defence Secretary Mattis, who is here with us tonight in Singapore, have all made early visits to the region. The Vice President joined us in Australia only weeks ago, and Secretaries Tillerson and Mattis will be with us in Australia next week. President Trump has committed to visit the region and attend the East Asia Summit later this year. I am confident that this administration and those that follow it will, and for the same reasons, recognise as its predecessors have that the United States' own interests in the Indo-Pacific demand more US engagement, not less.

Some commentators argue that Australia has to choose between Beijing and Washington. It is an utterly false choice. We have a good friend and partner in Beijing, steadfast friend and ally in Washington. Nothing constrains us in our dealings with the other; neither constrains us in our dealings with the other. Our foreign policy is determined in Australia's national interest and Australia's alone. We know that our security and our prosperity depends on the continued stability and peace of this region, a condition which can only be achieved if all other nations can pursue their destinies free of coercion or interference. Our alliance with the United States reflects a deep alignment of interests and values, but it has never been a straitjacket for Australian policymaking. It has never prevented us from vigorously advancing our own interests and it certainly does not abrogate our responsibility for our own destiny.

I acknowledge the substantial cost of the US commitments to stability in our region and we understand President Trump's request that those who benefit from the peace America secures do more militarily and financially to contribute. As my government demonstrated in our 2016 Defence White Paper, Australia will pull its weight in an increasingly multipolar region. Our investment in new and expanded capabilities for the Australian Defence Force (ADF), and in particular our navy, is the largest in our peacetime history. Our defence spending will have reached 2% of GDP by 2020. In these uncertain times, we should all be thinking about what more we might contribute.

Islamist terrorist organisations, including al-Qaeda and ISIL, are very active in our region, as recently demonstrated by the bombing in Jakarta and the large-scale attacks in Mindanao last week. In this hyperconnected world, terrorism is a global threat, as digital as it is dangerous, harnessing technologies which have been the source of so much progress and enlightenment for their own dark and destructive ends. A new generation of criminals and terrorists is using a new generation of technology, attempting to divide us by exploiting platforms designed to bring us together.

We all have a vested interest in each other's security. We all have a vested interest in each other defeating terrorist movements wherever they arise. With the bitter memory of the 2002 Bali bombing, I am keenly alert to the risk that the next mass-casualty attack on Australian victims could well be somewhere in Southeast Asia where ISIL propaganda has galvanised existing networks of extremists and attracted new recruits. As ISIL's so-called caliphate is destroyed in Syria and Iraq, more fighters will seek to return to our region, battle-hardened and trained. Just as the terrorist networks are transnational, so must be our collaboration, and nowhere more so than the sharing of intelligence. To that end, Australia will continue to work closely with our friends in the region and beyond. This

means joining international-coalition efforts to defeat Islamist terrorism at its source and working together to stem the flow of foreign fighters to conflict zones and manage the threat from those who return.

In marking the Association of Southeast Asian Nations' (ASEAN's) half-century this year, we should acknowledge its success. ASEAN embodies opportunity in our region. It is the region's strategic convener. It has used its influence over time to support and maintain the rule of law. ASEAN has sought to shape a region in which might is not right and where inclusiveness is the norm. It has helped create an environment in which GDP has more than tripled in real terms in less than two decades. ASEAN's integration agenda, reflected in the declaration of the ASEAN Economic Community in 2015, has also brought benefits not just to Southeast Asia but to ASEAN's economic partners. It now represents around 15% of Australia's total trade and is our third-largest trading partner after China and the European Union. That is an extraordinary achievement, but it has not come about by chance. Since becoming ASEAN's first dialogue partner in 1974, Australia has worked assiduously to support the organisation's economic-integration and trade-liberalising activities. We continue to do so today.

During the last decade, we secured the ASEAN–Australia–New Zealand Free Trade Agreement (AANZFTA), still ASEAN's most comprehensive trade agreement. That agreement has in turn inspired the drive for an even bigger prize in the form of the Regional Comprehensive Economic Partnership (RCEP), which will also bring in China, Korea, Japan and India. As our strategic spaces become more crowded, the challenge for ASEAN is to show that the impressive statecraft of the past can be sustained in a more complex future, to remain nimble enough in a more testing time. Australia's interests in ensuring that this is the case are very clear. We support a strong, united ASEAN that continues to convene and strengthen organisations such as the East Asia Summit, the region's only leaders-led forum that can help manage the region's strategic risks. We support an ASEAN that remains committed to liberal economic values. So I look forward to welcoming to Sydney in March 2018 all ten ASEAN leaders at the first ASEAN–Australia Special Summit. This will be an unprecedented opportunity to reinforce Australia's strategic partnership with ASEAN, a partnership as vital today as it was nearly 50 years ago. When in Singapore our Foreign Minister, Paul Hasluck, responded to the British withdrawal of its forces east of Suez by saying, 'Others can go but we can't go home because this is our home'.

The challenges our region faces at a time of unprecedented change and uncertainty, at a time of change utterly unprecedented in both its scale and pace, should not overawe us. Our region has faced challenges before: imperial nationalism, economic crises, inter- and intra-state conflict, and pandemics. Australia sees a region that has seen off, worked through, made progress on all of those challenges. It has emerged stronger, richer and more at the centre of global affairs. In the process, our region has seen the largest and fastest economic transformation in human history, lifting hundreds of millions out of poverty. The growth has been enabled by our region's embrace of the digital world with a sense of opportunity rather than fear. A region with this dynamism can solve its own problems so long as we are clear about the principles that guide us: a region where might is not right, where

transparent rules apply to all – the big fish, the little fish and the shrimps. A region which supports and advances open markets, free from coercion. In doing so, our region can do more to address global challenges. Indeed, as economic and political weight shifts to this region, we are at the centre of the global economy – and with that comes greater responsibility for leadership. Australia will be an enduring, engaged and constructive partner. As Lee Kuan Yew reminded us, we need to make the choices that are necessary to not only keep the peace, but also preserve the freedom to be ourselves. Thank you very much.