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and Commonwealth Affairs of the United Kingdom**

**‘The Commonwealth in a networked world’**

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I am delighted to be back in Australia as Foreign Secretary of Britain’s new coalition government. I am grateful to the Lowy Institute for the opportunity to speak here on the subject of the Commonwealth in a networked world.

It is a rare sight to see a British Foreign Secretary in Australia, or in New Zealand where I go tomorrow. In fact, I am the first to visit either country in nearly 20 years. Millions of British visitors have made their way here in that time – quite a few of them on a one-way ticket it has to be said - but not a single serving Foreign Secretary. We came to government convinced that this was a glaring omission in Britain’s foreign policy, and I am very pleased to be able to put it right within our first year in office.

I am also glad to be able to express in person Britain’s deep sympathy and support for the Australian people after the terrible flooding in Queensland. Our hearts go out to you, and have been lit up by the courageous fortitude with which you have faced this national calamity. I visited Brisbane this morning with your Foreign Minister Kevin Rudd. The devastation was overwhelming, but it was no match for the courage, tenacity and sheer resilience of the people I met. We will help in any way we can, as a sincere friend.

Another function of good friends is to keep us grounded, as I have been reminded very recently by Kevin Rudd himself. I doubt that many of you will have missed the fact that this month England succeeded in retaining the Ashes and winning a Test series on Australian soil for the first time in 24 years.

This was so unusual that Kevin actually contacted me about it on Twitter. He posted a message to his followers asking for advice about handling the delicate diplomatic encounter posed by my visit.

He need not have worried.

*'Ask how their World Cup Bid went'* was one crushing reply.

Another said *'remind him of our medal tally in the Commonwealth Games'*.

I'll skip lightly over other jibes about our weather and comparisons between white sand and chilly pebble beaches, to the wit who suggested that the Ashes were a *'present to England for Prince William and Kate's upcoming wedding'*.

With the World Cup in New Zealand later this year and the Olympic Games in London in 2012, we have many epic sporting contests to come. For the truth is that not only are you Australians hard to beat, you are hard to keep down.

One of my favourite Australia stories is about the Bushranger Matthew Brady, which I owe to your great historian Robert Hughes. Brady was declared a wanted man in 1824 by the local British Governor, who put a price on his head and plastered bills around town demanding his capture. Brady's response was to post a 'wanted' bill of his own, saying that he was greatly concerned that a dangerous Governor was at large and he would give twenty gallons of rum to any person who captured him. That fearlessness is one of the qualities that most springs to mind when any of us in Britain think of Australia.

I also relish the story of the enterprising duo who came to Australia in 1794, and who made up for their lack of business experience by having the foresight to bring the first encyclopaedia to the continent. Given that the journey to Australia took nearly a year back then, they would have had plenty of time to study it. History relates that they started by looking up the entry under 'beer' and making some of that. Then they progressed to 'soap', before culminating with 'ship', and building a trading vessel from scratch. Coming from a great beer-producing region of the United Kingdom, North Yorkshire, I find the order that they tackled their projects immensely cheering. Perhaps they intended to fall back on the consolations of beer if they failed further along the line.

I am here in Australia with my Defence Secretary colleague Liam Fox to represent Britain at the Australia-UK Ministerial Dialogue, with a new Government on both the British and Australian sides. We have had intensive discussions about the most pressing issues in international affairs, including counter-terrorism, cyber security, nuclear proliferation, Afghanistan and climate change.

Few other nations work so closely and instinctively together in foreign affairs as we do. When diplomacy fails, we fight together on the battlefield and on the high seas, as we have done in Afghanistan and Iraq and in the Gulf of Aden, and our intelligence services work side by side every day. In all these areas our partnership with Australia is one of our greatest assets in world affairs already.

But my visit is also the product of a decisive change in the foreign policy of the United Kingdom.

We are consciously shifting Britain's diplomatic weight to the East and to the South; to the economic titans and emerging economies of Latin America, the Gulf and of Asia, where we have not been as active in recent years as circumstances warranted. These are the markets of the future, and as the old club of so-called developed nations gives way to a wider circle of international decision-making, they may also come to hold the balance of influence in international affairs.

We are not turning away from Europe or from our indispensable alliance with the United States. America will remain our single closest ally and we will be an active and activist member of the European Union. We will support its enlargement, the effective use of its collective weight in the world, the strengthening of its single market, and proposals to promote economic growth.

But at the same time we must pursue a distinctive British foreign policy that is aligned with Britain's other national interests and geared to our security and prosperity. This requires Britain to look East as never before, to new sources of opportunity and prosperity and for solutions to threats to our security. Furthermore, one of the defining characteristics of the new global environment is its networked nature. Today influence rests on a whole range of shifting economic and political connections between states, which have multiple ties and networks of their own – more akin to a “facebook” of international relations than to the rigid relationships of the past. Your Foreign Minister describes Australia's response to this world as “creative diplomacy”. Our response in Britain is to say that we must avoid the strategic shrinkage of our international influence. We cannot allow our diplomatic presence in the world to wither, as it has done in some regions in the recent past. And we must ensure that Britain is fully connected to new economic and diplomatic networks, including by playing a leading role in the G20 and working to unlock the potential in the Commonwealth.

Because of the networked world, we will also pay much greater attention than previous governments to nurturing essential alliances and friendships, and to building new ones.

Strong bilateral relationships underpin our economy, our influence in world affairs and our ability to protect our security. They enable us to be more effective in multilateral bodies – whether it is the EU, the G20 or the UN Security Council. For it is a striking fact that while the world is becoming more multilateral, bilateral relations between states remain as important as ever. Tip O'Neill famously said that 'all politics is local'. I would argue that, ultimately, all foreign policy is bilateral. Multilateral bodies enable agreements which have the legitimacy and credibility of broad international agreement, and are a vital part of British diplomacy. But the decisions they reach are the product of a myriad of bilateral relations between them, and require effective bilateral diplomacy as well.

So we do not subscribe to the view that Britain has to choose between Europe or the United States or the Commonwealth, or to static notions of Britain as a 'bridge' between different parts of the globe. Instead our foreign policy has to become more expeditionary and agile. In our short time in office we have already begun a new initiative to strengthen our ties with the countries of the Gulf; we have brought a halt to Britain's diplomatic retreat in Latin America; we have put new emphasis on our relations with Japan and with Turkey; we have agreed with China that we are partners for growth; we have sought an intensified special relationship with India, and we are thinking seriously about ways to work with Australia and others to reinvigorate the Commonwealth. This is the backdrop to my visit.

We count ourselves fortunate to have such a staunch friend and ally in Australia, as well as an economic partner of the first order. Our relationship is based on common interests and mutual respect, as well as powerful living ties of history, sentiment, ideals, common traditions and yes, healthy rivalry. We feel these bonds every time that misfortune strikes one or another of us, as it struck Queensland this month or indeed New Zealand in the Pike River mining disaster. In Britain we also feel an immense pride and gratitude when Commonwealth citizens serving in our Armed Forces are recognised for their bravery and outstanding service. Time and again, Australia has come to the aid of our citizens in trouble, whether in the aftermath of the Bali bombings in 2002, or more recently in Laos. Where we can, we return the favour – not because of any treaty, but because of the deep ties that bind our two countries. These bonds should not be taken for granted, or neglected. Under

our Government Britain will look more to Australia, and indeed to New Zealand, than our predecessors did - and I myself look forward to visiting again later this year.

But while we are proud of the history and the sacrifices and achievements that bind us, the strongest and most productive period in our relations should lie ahead of us, not in the past. Our ambition is to reconnect with Australia and to open a new era in our bilateral relations.

I am talking about the future, but there is probably just one thing worth saying about the past, which has at times cast a shadow over UK-Australia relations. The early history of modern Australia is also the history of Britain's democratic development. European settlement of Australia began at a time when you could still be hanged in Britain for "impersonating an Egyptian" or cutting down a landowner's ornamental shrub, when only one in ten British men had the vote and women had no vote at all, and when the failings of our own society were sometimes projected overseas with cruel effect. In the twentieth century, the difficult years around UK entry to European Union are also still relatively fresh; when many in Australia felt that Britain had turned its back on an old friend and on the Commonwealth as a whole. But we should not be prisoners of any of that history, which is as far removed from contemporary realities as night from day.

The networked world opens whole new opportunities for our relationship: for our companies to collaborate and use each other's economies as springboards for access to new markets; to work together to tackle poverty, and when we choose to combine our diplomacy and intelligence efforts. In the G20 and at the UN, we are more effective when working together.

You are a dynamic and growing economy and a key member of the new and rising networks in Asia, which is a nerve centre of new economic activity. You are a major player in a region of great importance to our collective security, with powerful links with China and the economies.

We are home to the world's largest foreign exchange market, its biggest insurance market and one of the two largest centres in the world for fund management and international legal services. We are at the heart of the world's largest single market, ranked the easiest place in Europe to do business and the number one location for European headquarters. More than 330,000 new companies are registered in the UK every year and many Australian companies already use Britain as a springboard into the European market. By 2014 we aim to establish the most competitive corporate tax

system in the G20, making the UK still more attractive as a destination for business.

In the EU, we are the leading voice for free trade and against the throttling currents of protectionism. Like Australia we are a great trading nation, the 6th largest exporter in the world. Trade has driven our growth throughout our history. We will support EU Free Trade Agreements with Canada, India and Singapore among others, just as we are at the forefront of those calling for the EU to introduce temporary tariff waivers for Pakistan in the aftermath of their terrible floods last year. The conclusion of the Doha Development Agenda this year is the UK's number one trade priority, and we will be a staunch advocate of the lowering of barriers to trade in the G20.

And finally the UK and Australia are also equal partners in one of the most enduring networks in the world, the Commonwealth.

This year Australia will host the Commonwealth Heads of Government meeting in Perth, which we see as a great opportunity for the Commonwealth to assert and renew itself as a force for democracy and prosperity, and to speak out clearly on the issues of our time.

In preparing this speech I looked back at the FCO archives and found a paper from 1973 which said "so much has been written about the Commonwealth that it is almost impossible to say anything new". This was momentarily discouraging.

But in reality the Commonwealth's unique character as a network is only now becoming apparent, in ways which could not have been anticipated when its eight founding members declared themselves "united as free and equal members, freely cooperating in the pursuit of peace, liberty and progress" in 1949.

Today it is a growing organisation of fifty-four countries, spanning every continent and containing a quarter of the world's governments and every major world religion. 800 million Hindus, 500 million Muslims and 400 million Christians live in the Commonwealth. It contains India, one of the world's most populous countries, and Nauru, one of its smallest. This diversity within democracy is the Commonwealth's unique attribute.

I firmly believe that membership of the Commonwealth makes a difference to all its members, large and small – whether they are most concerned with

accessing development support and technical assistance, or looking for new opportunities for trade.

In a world in which democracy and human rights are under assault in many quarters, the Commonwealth stands against oppression, racism and religious intolerance, giving it the potential for real moral authority as an international organisation if it is prepared to seek such a role. It is not a club of the West, but a free association of equal members from all over the globe. Its achievements are often unsung – from helping to bring an end to the monstrous injustice of apartheid to aiding Sierra Leone in its return to stability. It has brokered agreements between troubled neighbours in Africa, helped calm tensions during contested elections in fragile democracies, and advised small states in international negotiations and at the UN.

In this period of transition in world affairs, greater cooperation among the member states of the Commonwealth and more effective action to promote the values that bind us and that ultimately make us secure, are prizes worth striving for.

But if this is still not enough to persuade the sceptics of the value of the Commonwealth, there is a growing economic dimension to its success.

First, over \$3 trillion in trade happens every year within the Commonwealth. Its combined GDP nearly doubled between 1990 and 2009. By 2015, its share of world GDP as a whole is forecast to have grown by 15% in 35 years. It contains several of the world's fastest growing economies that will shape the global economy of the future, including India, South Africa, Malaysia, Nigeria and Singapore, and five members of the G20. The middle class in the Commonwealth has expanded by nearly one billion people in the last two decades, and it contains 31% of global population as a whole, representing a huge and growing consumer market.

Second, the relative importance of intra-Commonwealth trade has increased significantly over time. Over the last two decades the importance of Commonwealth members to each other as sources of imports has grown by a quarter, and by a third as destinations for exports. More than half of Commonwealth countries now export over a quarter of their total exports to other Commonwealth members.

And third, the Commonwealth also gives us ready-made links to other networks which can benefit all its members. For example, Singapore, Brunei and Malaysia link us to ASEAN and make up a quarter of its entire GDP, while

Canada is the third largest economy in the Commonwealth and an important gateway to the USA for many countries, and Britain is a gateway into the EU. Forty four of the G77 countries are members of the Commonwealth, as are thirty-eight of the Non Aligned Movement, nineteen of the African Union, twelve of the Caribbean Community and the Organisation of the Islamic Conference, ten of the Pacific Island Forum, and seven of the Asia-Pacific Economic Cooperation. There is huge scope for our partnerships within the Commonwealth to help us all to compete in these markets.

So the Commonwealth's connections, economic success and commitment to free trade and democracy have the potential to contribute significantly to the prosperity of its members. In Britain we hope the Commonwealth will become a leading voice in the global economy, working to liberalise trade, break down barriers for international business, resist protectionism and contribute to the Doha Development Agenda. We congratulate Australia on its decision to host the Commonwealth Business Forum alongside CHOGM in Perth, and for drawing attention to these opportunities.

We would also like to see the Commonwealth assert an even greater role in development, conflict prevention and building democratic institutions in the coming years. One third of the Commonwealth's two billion people still live on less than one dollar a day. For many of its members, the Commonwealth's support in development is one of its most important functions. We are already doing our part to help, and development aid to Commonwealth countries is a substantial part of Britain's aid programme. We see scope for an even greater Commonwealth role in fragile states. For example, we hope to see the Commonwealth in a position to offer real assistance to the Zimbabwe of the future, which when freed from the grip of the past will be in dire need of help with its shattered institutions.

But therein lies a real choice for the Commonwealth.

Will it make the leap necessary to live up to its ideals fully, make a greater contribution to its citizens and have a bigger impact on world affairs, or will it continue to tread softly?

To what extent will it be prepared to speak out as an organisation against those who violate the principles of democracy and human rights? And can the Commonwealth expect to live up to the hopes and expectations of its young people and remain relevant as an organisation unless it does so, without sliding into irrelevance in their eyes?

Will its governments seize the opportunities of the networked world to increase the prosperity of all its citizens, expanding trade and cooperation in new and innovative ways and playing a greater role in world economic affairs?

These profound questions about the future need to be answered consensually since the Commonwealth belongs to all its members, but in Britain we hope that the Commonwealth will make this leap and adopt the reforms necessary to make these hopes a reality.

We welcome the work of the Eminent Persons Group which is preparing recommendations on the future of the Commonwealth, and has an excellent Australian representative Justice Michael Kirby. We hope that this will trigger a proper debate about the future role of the organisation, and how we connect with the aspirations and expectations of our citizens and make the most of the immense potential this organisation has.

So we welcome the leadership your government has shown in the run up to this pivotal CHOGM which could redefine our Commonwealth. Australia has a unique contribution to make to the future of the Commonwealth, as one of the oldest and most stable democracies in the world. You invented the secret ballot, gave women the vote decades before we did in Britain, and introduced freedom of information in 1982, many years before it was introduced in the UK. It is one of the features of thriving democracies that the debate about democracy never ceases, and in fact our own Government has begun a programme to bring about comprehensive renewal of our political system. The process of learning from other countries is never complete, and applies to the oldest as well as the newest members of the Commonwealth. We also welcome your leadership over Fiji, and we share your hope that the day will come soon when conditions in that country allow it to take its place around the Commonwealth table once more.

For my part and in line with the approach I have described, I am strongly committed to ensuring that our traditional friendships within the Commonwealth are strengthened and nurtured. They are built on generations or indeed centuries of ties between peoples.

As British Foreign Secretary one means I have to strengthen and develop those links is the Chevening scholarship programme for international postgraduate students hoping to study in the UK. I have decided that from this year a greater proportion of our scholarships will go to support students from Commonwealth countries.

These then are our hopes: to reinvigorate the Commonwealth for the benefit of all its current and future members and in support of democracy, human rights, prosperity and free trade, and to enjoy even more thriving ties with Australia in foreign policy, security and in trade.

The 1971 valedictory telegram of one of our High Commissioners to Australia had this reflection on our relations. He wrote that our “old relationship was predominantly a family one, and had that quality of boredom with which such relationships are too often attended. Each side took the other for granted. But even then, he could observe that the “relationship has evolved into something quite different: a consciousness of the strong common interest existing between mature and independent equals”. Over time that feeling between our nations has only grown. Now, we hope, is the time for those interests and that understanding to come into their own, so that within the Commonwealth, in our economic relations, and in our common endeavours for international peace and security, the best days in our relationship will be yet to come.