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Foreword

The nineteenth century English writer, Edward Bulwer-Lytton, wrote the memorable line, 'beneath the rule of men entirely great, the pen is mightier than the sword'. From the perspective of today's advanced professional development courses for military officers, it might be more accurate to suggest that the pen and the sword are bound much more closely together. The diversity and complexity of the 21st century's global security landscape with its broad spectrum of conflict; its joint, interagency, multinational and media settings, its proliferating technologies and its volatile mixture of state, non-state and hybrid actors means that military practitioners must be highly innovative and adaptive. They are called upon to be a blend of archetypes – at once exemplars of physical action; advisers on strategic policy; promoters of operational reflection; and communicators of military knowledge.

These roles mean that, in the profession of arms, strategic-level practitioners must be as broadly educated as they are expertly trained. The role of a modern defence college is to provide a 'theory for practice' to satisfy a range of strategic-level competencies. Military officers and national security specialists have to be prepared for the tasks of performing in uncertain and unpredictable conditions through provision of an active adult learning environment. At the Australian Defence College's Centre for Defence and Strategic Studies (CDSS) such an environment is characterised by a program of in-depth reading, research and analysis, that culminates in students translating their critical thinking into writing. It is in producing research papers that the military practitioner's higher-order intellectual skills, logical organisation, stylistic elegance and grammatical skills are most rigorously tested. Members of the profession of arms may be first, and foremost, the guardians of civil society, but nations can only be enriched when a cadre of uniformed experts is encouraged to write on security issues. The pen is the catalyst for military professionals to communicate their knowledge to a wider audience.

This edition of the Indo-Pacific Strategic Digest is composed of the work of Australian and international members of the 2015 Defence and Strategic Studies Course (DSSC), the flagship of Australia's professional military development system. The articles written by DSSC students are wide-ranging in scope and content. They include contributions on various Chinese and Indian security issues; consideration of America's Asia-Pacific security policy; an assessment of Australian-US strategic relations in the light of the American 'rebalance' to Asia; an article dealing with the challenges of contested sovereignty in the South China Sea; and an inquiry into the security problems posed to a liberal democracy by the phenomenon of radical Islamist foreign fighters.

The Indo-Pacific Strategic Digest is a blending of intellect and experience; theory and practice. It is a publication that gives air to the intellectual views of senior officers studying at the Australian Defence College. Most importantly, the Digest seeks to both address and to ameliorate, Lieutenant General Sir William Butler's famous complaint that, 'the nation that will insist on drawing a broad line of demarcation between the fighting man and the thinking man is liable to find its fighting done by fools and its thinking done by cowards'.

Professor Michael Evans (Deakin University)
Hassett Chair of Military Studies
Australian Defence College

Introduction

The Centre for Defence and Strategic Studies is the senior professional development and educational institution of the Australian Defence College. It is responsible for providing students with the knowledge and skills required to operate at the strategic level in a modern security environment. It is also responsible for leading developments in Defence's learning environment, manages Defence publications and research, and delivers courses on leadership and ethics.

The Defence and Strategic Studies Course is our marquee activity. This year-long masters-level course is designed for senior military officers and government officials engaged in national security matters. The course is attended by Australian and international officers and officials who focus their learning energies on defence and security issues in a complex strategic setting. This group of practitioners brings substantial intellectual weight to the national security debate and it is therefore appropriate that the best analyses are published in the Indo-Pacific Strategic Digest.

The range of papers in this second edition of the Digest reflects research submitted by students of the 2015 Defence and Strategic Studies Course. The papers have been chosen for publication based on their scholarly attributes and strategic relevance. The topics relate to Australia's area of primary and enduring strategic interest—the Indo-Pacific region—and have relevance to Australia's policy interests. International students have authored almost half the papers in this edition. The diverse perspectives that are important contributions to learning during the course are now able to be shared with readers of this Digest. These international insights provide excellent balance to the Australian perspectives and I am pleased to offer both to you.

On behalf of all staff and students, I commend these readings to you.

For further information about the Centre for Defence and Strategic Studies' publications, please visit <http://www.defence.gov.au/adc/publications.asp>

Ian Errington, AM, CSC
Principal
Centre for Defence and Strategic Studies

November 2015

What are Australia's National Security Interests in the South China Sea?

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Abstract

This paper examines Australia's national security interests in the South China Sea. It notes that a number of states lay claim to various islands in the region, and that territorial disputes over those claims have occasionally erupted into armed conflict in the past. The paper contends that China's more recent behaviour in asserting its claim is unsettling the region and heightening strategic competition between China and the US, particularly regarding freedom of navigation through the South China Sea.

The paper explores two key interests: first, the maintenance of a rules-based international order, especially in a contested and strategically-located area so close to Australia's diplomatic, economic and military interests; and second, in ensuring continued and free access to the 'global commons'. It concludes that Australia has real and tangible national security interests in the South China Sea that will become increasingly significant across the next decade, not least because Australia's interests are closely aligned with those of the US, which potentially could involve aiding the US in the event of conflict.

Introduction

Australia's 2013 *Defence White Paper* states that 'Southeast Asia is located in a geo-strategically central position between the Pacific and Indian Oceans' and that '[i]t acts as the conduit for the intensifying exchange of goods, people and ideas between East, South and West Asia'.[1] Along similar lines, Robert Kaplan contends that '[t]he South China Sea functions as the *throat* of the Western Pacific and Indian Oceans—the mass of connective economic tissue where global sea routes coalesce'.[2] Notably, the South China Sea is also of vital economic importance to Australia because 54 per cent of its trade passes through the region to the markets of Northeast Asia.[3]

The South China Sea is, however, also host to a strategic competition and a range of territorial disputes that have occasionally erupted into armed conflict in the relatively-recent past. Rory Medcalf and James Brown have argued recently that 'the chance of a near-war maritime security crisis in the disputed waters of … the South China Sea may be more likely in the next few years than in subsequent years'.[4] This region will, therefore, be of elevated national security importance to Australia over the coming decade because of this increasing risk of conflict.

This paper argues that Australia has real and tangible national security interests in the South China Sea that will become increasingly significant across the next decade. It explores two key interests: first, the maintenance of a rules-based international order, especially in a contested and strategically-located area so close to Australia's diplomatic, economic and military interests; and second, in ensuring continued and free access to the 'global commons'. The paper will also contend that because these two key Australian interests in the South China Sea disputes are also aligned with the global security interests of the US, there is a strong link to the Australia-US alliance commitment—with all its implications, including potentially aiding the US in the event of conflict.

Why is Australia interested in the South China Sea?

The South China Sea is the fulcrum of Southeast Asia. Excluding Taiwan, Pratas Island and Hainan Island in its north, the South China Sea includes three main geographic groups—the Paracel Islands, the Spratly Islands and Scarborough Reef—comprising only 13 square kilometres of land.[5] China, Taiwan, Vietnam, The Philippines, Brunei, Malaysia and Indonesia each lay claim to some or all of the islands in the South China Sea, although many of these claims overlap and all are vigorously disputed.

Michael Wesley notes that '[t]he conventional view is that the South China Sea disputes involve and are driven by three factors: overlapping territorial claims; rivalry over what may be significant hydrocarbon resources in the sea bed; and rivalry over considerable fisheries of the sea'.[6] However, Wesley also notes that 'there are at least four broader drivers of the conflict that make it unpredictable and extremely difficult to resolve through rational negotiation among the parties'.[7] These broad drivers, which attract most interest by Australia, include that:

> [T]he disputes are a direct manifestation of Asia's changing power topography [occasioned by the rise of China]; the disputes reflect the growing anxiety of China about its dependence on external lines of supply; the disputes also bring the United States and China into direct opposition in terms of their deepening rivalry; [and] the tendency [in Asia] to see rules and institutions as subordinate to the needs and prerogatives of the state.[8]

Australia's 2013 *National Security Strategy* states that 'Australia's region is home to several major powers, but our major ally the United States and our major trading partner China will have the greatest influence on the region'.[9] It also asserts that 'the United States-China relationship will be the single most influential force in shaping the strategic environment'.[10] The strategic location and importance of the South China Sea suggest that is where the interests of China and the US will increasingly intersect. Additionally, because of competing and often overlapping territorial claims by nearly all the littoral states of the South China Sea, the region is rife with territorial disputes that have occasionally erupted into short, nasty skirmishes at sea.

Australia's national security interests in the South China Sea are best summed up by the 2013 *Defence White Paper*, which states:

> Australia has interests in the peaceful resolution of territorial and maritime disputes including in the South China Sea in accordance with international law, the prevention of aggression within Southeast Asia, and freedom of navigation and maritime security in the region's sea lanes.[11]

A rules-based international order

A rules-based international order is where states recognise common interests and values, are bound by international law, respect each other's sovereignty, honour their agreements, and accept limitations in making and conducting war.[12] Anthony Bergin and David Lang recently argued that '[t]he rule of law is an essential condition if cooperation and orderly behaviour are to be advanced in the Asia-Pacific. We need norms and rules that guide—and govern—relations among regional states'.[13] For its part, Australia has made clear that any disputes—but particularly those in the South China Sea—should be resolved peacefully and in accordance with international law.[14]

All of the territorial claims in the South China Sea extend seawards to 12 nautical miles (nm) in relation to territorial waters and 200 nm for exclusive economic zones (EEZ). Most of these claims are based on the provisions of the 1982 *United Nations Convention on the Law of the Sea* (UNCLOS).[15] Of note, while China and Australia have ratified UNCLOS, the US has not—although it adheres to its provisions in practice.[16]

Despite China's ratification of UNCLOS, the Chinese claim, most recently articulated to the UN in 2009 but extending back to the 15th century, is by far the most extensive and provocative, being 'more than a thousand miles from the Chinese mainland',[17] and seemingly 'based on surveying expeditions, fishing activities, and naval patrols'.[18] It is often referred to as the 'nine dash line' claim, as it comprises 'nine dashes that encircle islands, waters, and other features of the South China Sea … encompass[ing] approximately 2,000,000 square kilometres of maritime space'.[19]

It is unclear whether China claims the entire area and all that is within the nine dashes, or just the landmasses and their associated territorial waters and EEZs under the provisions of UNCLOS. China asserts that it has 'indisputable sovereignty over the South China Sea and the island[s]'.[20] However, its claim is disputed by other claimants, not least because its 'nine-dash-line' overlaps the claims of others. Also, UNCLOS 'compels states to surrender the majority of their historical maritime claims in favour of the maritime zones awarded under the convention', which China has not done.[21]

Over the past several decades, territorial disputes in the South China Sea have occasioned bullying and even bloodshed. China used force in 1974 when it 'ejected South Vietnam from the western Paracel Islands', while between 1979 and 1982 there were numerous small clashes between China and Vietnam in the Spratly Islands.[22] In 1988, another clash in the Spratly Islands occurred when the Chinese Navy destroyed three Vietnamese vessels, resulting in 73 deaths.[23]

In 1995, The Philippines discovered that China had occupied Mischief Reef, in an area claimed by it.[24] In more recent years, China has undertaken a substantial land reclamation program on several islands.[25] It has also fortified a number of islands already in its possession, and significantly increased its naval and para-military patrols in the South China Sea. China's seemingly increased readiness to employ military force to assert its claims in the South China Sea has unsettled its neighbours and been a source of continuing instability in the region.

While Australia does not take a position on the competing claims, it 'continue[s] to encourage the parties to clarify and pursue their claims and maritime rights in accordance with international law'.[26] Michael Wesley goes further and argues that Australia, as a medium-level power, 'benefits from the ascendancy, vitality and continuing evolution of a rational, egalitarian, rules-based international

order'.[27] It seems evident, however, that China is less interested in a rules-based order, subordinating the rules and institutions of the international order to its own needs and desires,[28] which impacts the concept of 'the global commons' and the strategic interests of Australia and the US in ensuring they remain free and open.

The global commons

The global commons are 'those areas of the world beyond the control of any one state—sea, space, air, and cyberspace—that constitute the fabric … of the international system'.[29] The US takes access to the global commons very seriously, not least because the sea or maritime commons are intrinsically linked to US naval supremacy, allowing the US Navy to project global power from international waters. As explained by Tara Murphy:

> In today's global community, a state cannot consider its security solely a function of the areas directly surrounding it; rather, the security of one is tightly linked to the security of all. National defense is not ensured only through maintaining the sanctity of one's borders, but is also highly dependent upon the ability to navigate safely through the global commons. These commons … enable militaries to protect national territory and interests, as well as facilitate the passage of goods, people, communications, and data upon which every member of the international community depends.[30]

It is the maritime commons that are most impacted by the ongoing disputes in the South China Sea. In accordance with UNCLOS, only the territorial sea claims out to 12 nm from their baselines are territorial waters. Theoretically, therefore, everything else is 'common', wherein all vessels have right of free passage. However, because of the 'nine dash line', and the multitude of overlapping 12nm territorial seas, there is not much unclaimed space left in the region. Additionally, China requires states to 'first obtain permission … before transiting its EEZ', which is in contradiction of the provisions of UNCLOS.[31] As Murphy argues:

> China's assertion of exclusionary rights in its exclusive economic zone (EEZ) … heighten suspicion of Chinese intentions in the region. If other states follow suit to prevent safe, unrestricted passage of sea vessels through their EEZ … the openness of the commons is directly challenged and could have devastating economic results.[32]

Needless to say, Australia and the US do not recognise China's assertion. Nor do they limit their application of the freedom of navigation as they continue to sail warships through 'contested' areas as an expression of their will. As a result, there have been several incidents where Chinese forces have challenged US forces operating in the global commons.

In March 2009, US Naval Ship *Impeccable*, an intelligence collection vessel, was operating 140 kilometres from Hainan Island when it was harassed by a combination of Chinese naval, para-military and fishing vessels, forcing it to

leave the area.[33] In December 2013, another incident occurred in international waters in the South China Sea between USS *Cowpens*, a guided missile cruiser, and the Chinese Navy's sole aircraft carrier battle group.[34] Both incidents serve to underscore the tensions evident in the region, the differing US and Chinese understandings of international law, and the seriousness of the US in maintaining its unhindered access to the global commons.

Wesley argues that '[a]s a small, relatively isolated, heavily trade-dependent country, Australia would be more affected than most nations by sustained competition over control of the global and regional commons'.[35] It is not surprising, therefore, that the 2013 *Defence White Paper* asserts that 'Australia has interests in the … freedom of navigation and maritime security in the region's sea lanes'.[36] This is significant because Australia clearly benefits from US maintenance of the commons and its exercising of freedom of navigation. But it is also important because of its potential to bring Australia into conflict with China because of its alliance with the US.

The Australia-US alliance

The 2013 *National Security Strategy* states that '[t]he Australia-United States alliance … remains our most important security relationship'.[37] The relationship is based on ANZUS, the 1951 security treaty between Australia, New Zealand and the US, which requires the parties to 'consult together whenever in the opinion of any of them the territorial integrity, political independence or security of any of the parties is threatened in the Pacific'.[38]

Some would argue that the wording of ANZUS is deliberately ambiguous. But so is Australia's policy position on whether ANZUS would be triggered if the US chose to go to war with China over Taiwan, or conflict in the East China Sea or South China Sea.[39] Several Australian ministers have stated in the past that ANZUS would 'not necessarily apply in the case of a Taiwan contingency' or if 'the US had sent forces to support its Japanese ally in a confrontation with China over the disputed Senkaku/Diaoyu Islands'.[40]

However, the contemporary relevance of the ANZUS agreement is not about whether one party would be drawn into a conflict involving another; 'it involves a great deal more'.[41] The Australia-US relationship is also based on intelligence and technology sharing, as well as the maintenance of common values and traditions, which includes the desirability of a rules-based international order and the sanctity of the global commons.[42] Therefore, in many ways, ANZUS is no longer simply about what is says but what it stands for as a symbol of unity and resolve in maintaining regional stability.

Nevertheless, on the specific question of Australia being drawn into conflict, Nick Bisley and Brendan Taylor have argued that:

> [A]n East China Sea [or South China Sea] conflict is very unlikely to lead to an automatic invocation of ANZUS. But because of the strong links established between Washington and Canberra in recent years, as well as the expanded strategic purpose of the alliance, if America expects Australian involvement then it will be very difficult to remain on the sidelines.[43]

Wesley similarly argues that '[w]ere Washington to become embroiled in a conflict in the South China Sea, it is highly likely that Australia would be expected to fulfil its alliance obligations alongside US forces'.[44] Any conflict between the US and China is likely to be the result of a failure in the inter-related concepts and requirements of a rules-based international order and unhindered access to the global commons. The incidents involving the *Impeccable* and *Cowpens* are examples which could easily have escalated into conflict, with significant ramifications for Australia. Astutely, Medcalf and Brown assess that:

> Any potential Australian involvement in a conflict with China would most likely come about through a request from the United States. It is difficult to imagine that the Australia-US alliance would avoid fundamental damage were Australia to refuse to support America in a military conflict or confrontation with China.[45]

Conclusion

Two of Australia's national security interests in the South China Sea are the maintenance of a rules-based international order and continued and free access to the global commons. As Medcalf and Brown remind us:

> Australia benefits from exceptional interconnectedness with the world, through flows of trade, finance, information and people. This brings with it a reliance on rules, order, and secure access to the global commons.[46]

The South China Sea epitomises this 'inter-connectedness', particularly in the context of major strategic competition between a rising China and the US, with the potential also to involve one or more of the Southeast Asian claimant states, as well as Taiwan. This competition, which seems unlikely to be resolved in the near term, will ensure the region will continue to remain significant to Australia.

The disputes remind us of Thucydides' assertion that 'the strong do what they can and the weak suffer what they must'.[47] Kaplan argues that this is indeed China's 'undeclared strategy' and that it is using a range of diplomatic, economic and military levers to strengthen its position in the region against the other claimants.[48] The issue for Australia is that China's assertiveness may cross a 'red line' in terms of the strategic interests of the US, with profound implications for the Australia-US alliance—and for regional stability—if hostilities were to breakout in the South China Sea. It clearly is in the interests of all parties to ensure they do not.

Notes

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2 Robert D. Kaplan, *Asia's Cauldron: the South China Sea and the end of a stable Pacific*, Random House: New York, 2014, p. 9.

3 Michael Wesley, 'Australia's Interests in the South China Sea', in Leszek Buszynski and Christopher Roberts (eds.), *The South China Sea and Australia's Regional Security Environment*, National Security College: Canberra, September 2013, p. 46.

4 Rory Medcalf and James Brown, *Defence Challenges 2035: securing Australia's lifelines*, Lowy Institute: Sydney, November 2014, pp. 5-6.

5 US Department of State, *Limits in the Seas, No. 143, China: Maritime Claims in the South China Sea*, Office of Ocean and Polar Affairs, Bureau of Oceans and International Environmental and Scientific Affairs: Washington, DC, December 2014, p. 4, available at <http://www.state.gov/documents/organization/234936.pdf> accessed 4 February 2015.

6 Wesley, 'Australia's Interests in the South China Sea', p. 46.

7 Wesley, 'Australia's Interests in the South China Sea', p. 46.

8 Wesley, 'Australia's Interests in the South China Sea', pp. 46-7.

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10 Department of the Prime Minister and Cabinet, *Strong and Secure*, p. i.

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18 International Crisis Group, 'Stirring up the South China Sea (I)', Asia Report No. 223, *International Crisis Group* [website], April 2012, p. 3, available at <http://www.crisisgroup.org/~/media/files/asia/north-east-asia/223-stirring-up-the-south-china-sea-i.pdf > accessed 4 February 2015.

19 US Department of State, *Limits in the Seas*, No. 143, p. 4.

20 As asserted by China's Ministry of Defence spokesperson Geng Yangsheng: see *Asia News*, 'China's claims in South China Sea cause sparks with United States and Vietnam, Asia News [website], 30 July 2010, available at <http://www.asianews.it/news-en/China%E2%80%99s-claims-in-South-China-Sea-cause-sparks-with-United-States-and-Vietnam-19075.html> accessed 25 August 2015.

21 International Crisis Group, 'Stirring up the South China Sea (I)', p. 3.

22 Leszek Buszynski, 'The development of the South China Sea maritime dispute', in Buszynski and Roberts, *The South China Sea and Australia's Regional Security Environment*, p. 6.

23 Buszynski, 'The development of the South China Sea maritime dispute', p. 7.

24 Buszynski, 'The development of the South China Sea maritime dispute', p. 7.

25 See, for example, Shannon Tiezzi, 'Revealed: China's reasons for island-building in the South China Sea', *The Diplomat* [website], 10 April 2015, available at <http://thediplomat.com/2015/04/revealed-chinas-reasons-for-island-building-in-the-south-china-sea/> accessed 25 August 2015.

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27 Wesley, 'Australia's Interests in the South China Sea', p. 48.

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37 Department of the Prime Minister and Cabinet, *Strong and Secure*, p. 22.

38 Peter Dean, Stephan Frühling and Brendan Taylor (eds), *Australia's Defence: towards a new era?*, Melbourne University Publishing: Melbourne, 2014, pp. 306-7.

39 Nick Bisley and Brendan Taylor, *Conflict in the East China Sea: would ANZUS apply?*, Australia-China Relations Institute, University of Technology: Sydney, November 2014, p. 22. While this paper focuses on the East China Sea, its analysis on ANZUS and the Australia-US relationship are similarly relevant to the South China Sea.

40 Foreign Minister Downer in 2004 in the former and Defence Minister Johnson in 2014 in the latter; cited in Bisley and Taylor, *Conflict in the East China Sea*, pp. 16-7.

41 Bisley and Taylor, *Conflict in the East China Sea*, p. 23.

42 Bisley and Taylor, *Conflict in the East China Sea*, p. 24.

43 Bisley and Taylor, *Conflict in the East China Sea*, p. 6.

44 Wesley, 'Australia's Interests in the South China Sea', p. 48.

45 Medcalf and Brown, *Defence Challenges 2035*, p. 6.

46 Medcalf and Brown, *Defence Challenges 2035*, p. 2.

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China and India: A 'New Great Game' founded on historic mistrust and current competition

Colonel Stuart Kenny, CSC
Australian Army

Abstract

This paper examines the ongoing strategic competition and rivalry between India and China, suggesting it can be seen as a 'New Great Game', with parallels to the original 'Great Game' played out between Britain and Russia for control of South and Central Asia in the 19th century. It argues that like the original, the current Sino-India competition includes territorial disputes, competition for access to resources, the development of strategic military alliances and the use of strategic relationships with other powers to contain the rise of the opposing nation.

The paper asserts that the two games are also similar in that both have mistrust of the other's strategic intentions and ambitions as the core aspect of their competition, based on a long history of intractable territorial disputes and diplomatic friction. The paper concludes that while the continuing socio-economic development of both countries is clearly dependent on a conducive security environment, the 'New Great Game' between India and China—unless it is checked—has the potential to lead to conflict, with likely profound consequences for regional and indeed global stability.

Introduction

The rise of China and its growing competition with the US tends to take up most of the strategic debate in the Indo-Pacific region. However, the simultaneous rise of China and India and their likely competition has the potential also to have a critical effect on the geopolitics of the region, and demands the attention of regional players.[1]

It is generally agreed that 'India and China—key actors in this region—are simultaneously moving upward on relative power trajectories'.[2] With both nations having rapidly-expanding economies supporting rising defence budgets and capabilities including nuclear weapons, combined with the availability of massive manpower reserves, both are viewed as expecting 'legitimacy in the arena of great and emerging global powers'; as a result, they are competing for influence in South Asia, Central Asia, the Indian Ocean and Southeast Asia.[3]

In part, China and India's expectations of becoming great powers are based on a sense that 'their civilisation greatness entitles them to great-power status', derived from their shared pre-colonial background as regional powers, at which time they displayed the will and capability to act as hegemons and dominate the economy and security of their respective regions.[4]

Some would argue that this notion is particularly evident in China's perceived intent for the international relations of the Indo-Pacific region to be reordered to reflect its historical position as the 'Middle Kingdom', fuelling concerns that competing Sino-Indian expectations of great-power status will be difficult to resolve.[5] Regardless, it is clear that the Sino-Indian relationship is complex, as a result of the history and shared borders between the two countries but also because underlying tensions are being exacerbated by current-day expectations of greatness and a trend of mistrust of their respective geopolitical intent.[6]

Yet the Sino-Indian relationship started from a very positive basis. In the 1940s and 1950s, for example, India was the first Commonwealth nation to formally recognise the People's Republic of China. However, the relationship has since deteriorated over a range of issues, the most public—at least in the Western media—being China's renewed control over Tibet and the issue of Tibetan refugees, including recognition of the Dalai Lama. However, Mohan Malik reminds us that 'while the rest of the world started taking note of China's rise during the last decade of the twentieth century, India has been warily watching China's rise ever since a territorial dispute erupted in a brief but full-scale war in 1962'.[7]

David Scott similarly argues that the issue is one of strategic-level competition, noting that 'even if the territorial disputes were resolved, India and China would still retain a competitive relationship in the Asia-Pacific region, being as they are, two Asiatic giants aspiring to Great Power status'.[8] He and a number of other commentators have referred to this competition for regional influence as a 'New Great Game', in reference to the 19th and 20th century competition for influence in Asia between Russia and Britain, known at the time—and publicised by Rudyard Kipling—as the 'Great Game'.[9]

Like that competition, the Sino-India 'New Great Game' includes territorial disputes, competition for access to resources, the development of strategic military alliances and the use of strategic relationships with other powers to contain the rise of the opposing nation. Scott contends that China's 'Great Game' is the containment of India and that, while the initial focus of Sino-Indian competition was centred on South Asia, China is concerned that 'an emerging India … [poses] a strong competitor for China from South, West, Southeast and Central Asia to the Indian and Pacific Oceans, where their interests and influences will clash'.[10]

This paper examines Sino-Indian strategic competition and rivalry in more detail. Part 1 discusses the concept of a 'New Great Game'. Part 2 establishes the history of conflict and friction between the two nations which has led to mistrust of their strategic intentions. Part 3 then analyses the strategic objectives which drive each nation's competitive approach before focusing on contemporary competition and tension. Part 4 focuses on the perceived Chinese strategic encirclement of India and considers the wider implications of India's response. The paper concludes that while the continuing socio-economic development of both countries is clearly dependent on a conducive security environment, the 'New Great Game' between India and China—unless it is checked—has the potential to lead to regional conflict.

Part 1: A 'New Great Game'?

The concept of the original 'Great Game' originated in the early 19th century and was used to describe the geopolitical rivalry between the imperial powers Russia and Britain in Central and South Asia.[11] Its aim was imperial domination of the region, either through territorial control or influence over its rulers. At stake was the future of the British Empire's interests in India, against the interests of the Russian Empire in Central Asia, roughly divided by modern-day Afghanistan.

The two key elements of the currently-defined 'New Great Game' are the definition of geopolitics and how the concept differs from the original. For the purposes of this paper, 'geopolitics'—encompassing the linkages between geographical space, political power, economic growth and decision making—can be defined as:

> A foreign policy approach and an international relations theory that stresses an awareness of relative position among countries and corresponding response of statesmen to advantages and vulnerabilities that territorial and maritime space may bring to foreign affairs and national security.[12]

Before proceeding to the second element of how the concept differs from the original, it is important to note that there is no general agreement that the concept of a 'New Great Game' is even valid. Matthew Edwards, for one, argues that it does not exist and that use of the term without further qualification is both inaccurate and misleading.[13] In particular, he contends that the geopolitical objectives of the many players of the new game in Central Asia—Russia, US, China, India and Iran—are fundamentally different to those of the two original contestants, Britain and Russia, to the extent that the concept is no longer valid in the current geopolitical environment.

Therefore, it is important to define what is meant by the concept and to provide evidence that the game exists. For the purposes of this paper, the Sino-India 'New Great Game' refers to the geopolitical competition for 'influence, power, hegemony and profits' predominately between China and India in Central and South Asia, the Indian Ocean and Southeast Asia.[14] This rivalry includes economic competition and the concept of strategic encirclement and mistrust, which will be discussed later in the paper. However, it is not being played in isolation, as it involves other major powers, including the US and Russia, as well as regional powers such as Iran and Pakistan. It also impacts the Central Asian nations of Uzbekistan, Turkmenistan, Tajikistan, Kyrgyzstan and Kazakhstan, and the South Asian nations of Afghanistan, Nepal, Bangladesh, Myanmar, Sri Lanka and the Maldives.

Hence, it will be argued that while the definition focuses on China and India, the influence and interests of the 'New Great Game' extend into and across both Central Asia and South Asia because both countries share numerous land borders between themselves and other nations, into which they seek to extend their influence. Thus the broader region is a 'contested space', where both nations have overlapping interests and are acutely aware of the activities of each other.[15] Scott, for example, notes that India is challenged by China's control of Tibet and its claims on the adjacent frontier, particularly in Arunachal Pradesh, highlighting that the Sino-Indian 'balance of power game' is 'entwined with the geopolitical locations in … areas surrounding India'.[16]

Moreover, while acknowledging Edwards' concerns regarding the different actors and differing strategic objectives, it can be argued that there are a number of similarities between the 'New Great Game' and the original. In the original 'Great Game', Britain and Russia were contesting for influence and manoeuvring against each other for regional leadership in South Asia and

Central Asia respectively, separated by the disputed territory of modern-day Afghanistan. In the 'New Great Game', India has replaced Britain, and China has replaced Russia. However, India has lost a sizeable proportion of South Asia with the post-independence formation of Pakistan. And whereas Russia's interests in Central Asia were geographically focused on what were later the so-called 'Stan' republics of the Soviet Union, China's interests in Central Asia are primarily further eastward. They particularly include the areas abutting its south-western borders, stretching from modern-day Pakistan to Myanmar, although China obviously has interests in the now independent 'Stans' abutting its western border, as well as the sea lines of communication through the Indian Ocean.

A number of analysts have noted that Beijing, both as a consequence of China's rapid rise but also because of its history, views itself as the natural leader in Asia, with a resultant propensity to contain the rise of rivals. Mick Ryan, for example, contends that 'China sees itself as the rightful pre-eminent power in Asia, and India as its major medium- to long-term competitor', leading Chinese strategists to perceive that 'India possesses an ambitious and belligerent and expansionist strategic culture'.[17] Baladas Ghoshal makes a similar observation that China's ultimate objective would seem to be to 'curb the influence of India, the other rising Asian power and a perceived rival in South Asia, India's traditional backyard'.[18]

In South Asia, this manoeuvring for influence and power can best be seen in the Sino-Pakistan alliance. This relationship was established in 1962 and has been an ongoing military and economic formal alliance between the two nations. Rajshree Jetly and Sangit Dwivedi assess that the relationship has provided China with geopolitical and geostrategic advantages over India in both South and Central Asia.[19] These advantages include providing a counterbalance to Indian hegemony in South Asia and preventing India from only focusing on China.

In Central Asia, the 'New Great Game' can be seen in both the competition for resources and influence in the region. China has had a head start on India, having been involved in Central Asia since the 1990s when its state-owned China National Petroleum Corporation acquired the Uzen oilfield in Kazakhstan.[20] Similarly, in 1996, China established a new Eurasian forum, known initially as the 'Shanghai Five', which involved China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan in social, economic and military-related discussions; it was enlarged in 2001 to include Uzbekistan, and renamed the Shanghai Cooperation Organisation.[21] In July 2015, its members agreed to broaden the grouping to include India and Pakistan, a move no doubt intended by China and Russia to counter the influence of the US in Central Asia. Others, however, have asserted that Pakistan and India's well-established bilateral disputes will likely burden the forum, as well as further complicating China-India relations and their respective spheres of influence.[22]

In recognition of the growing relevance and importance of the Shanghai Cooperation Organisation in regional affairs—and no doubt aimed at countering China's influence in Central Asia—India announced in June 2012 a new policy of 'Connect Central Asia', with India's Minister of State for External Affairs stressing that 'most [Shanghai Cooperation Organisation] member countries are our neighbours, or belong to our extended neighbourhood, with a strong historical and cultural legacy of centuries binding us together'.[23] An underlying element of the policy also relates to India's interest in accessing the energy resources of Central Asia, which is complicated by India's lack of a border with the Central Asian states, and Pakistan's lack of cooperation in facilitating the transit of hydrocarbons and the movement of trade goods to India. It is one of the reasons that New Delhi has developed relations with Tehran to use Iranian territory to transit energy from Central Asia via the Iranian port of Chabahar.[24]

The final key facet of the 'Great Game' was the mistrust between Russia and Britain with respect to each nation's imperial intentions in Central Asia. The same circumstance exists in the current Sino-India 'New Great Game', which will be examined in the following sections, where it will be seen that the mistrust of the other's strategic intentions and ambitions is a cornerstone of their competition.

Part 2: A History of Mistrust

The Sino-Indian relationship has a history of being challenging and complex, underpinned by longstanding territorial disputes and diplomatic friction. The primary areas of territorial dispute are in the Himalayas on the shared Chinese-Indian border, in particular Arunachal Pradesh, Sikkim and Aksai Chin. Arunachal Pradesh and Sikkim are occupied by India but claimed by China, while Aksai Chin is occupied by China and claimed by India. The two historical areas of diplomatic friction are China's longstanding strategic alliance with Pakistan, and China's concerns regarding India's position on the status of Tibet and recognition of the Dalai Lama.

Malik suggests that despite a history of Sino-Indian joint declarations regarding Tibet and its borders, China still believes that India's intent is for Tibet to regain its independence, a perception exacerbated by India's long-term hosting of the Tibetan government-in-exile.[25] In highlighting this lack of trust, Paul Dibb notes that the two nations have longstanding regional disputes and that the Sino-India relationship 'lacks warmth and depth and … [that] there are serious points of friction and underlying mistrust', leading to insecurities by both nations when interpreting the intent of the other.[26]

A history of conflict and tension

Initially, in the late 1940s, in the immediate years following their formation as republics, the Sino-India relationship was friendly and had the potential to become cooperative and mutually beneficial; indeed, the founding Prime Minister of India, Jawaharlal Nehru, often described the potential for India and China, along with other South Asian nations, to form an 'Eastern Federation'.[27] However, after China took action in 1950 to renew its control of Tibet, India's strategic calculus changed. Thereafter, India became increasingly concerned at the risks from a resurgent China, and any chance of a grand partnership and mutual solidarity were quashed, with the relationship seemingly destined for conflict.

Prior to China's occupation of Tibet, China and India were distant neighbours buffered by Tibet and the Himalayas. However, after Tibet's occupation, the two countries—which then shared a 4000 kilometre border—became 'next door neighbours with contested frontiers and disputed histories', leading to a 'brief but full scale border war in 1962, followed by skirmishes in 1967 and 1987'.[28]

Yet China's claim to Tibet actually has its roots in the 'Great Game'. In 1913, Britain organised a conference in Simla, India, to discuss the future status of Tibet, attended by representatives of the UK, the Republic of China, and Tibet. Taking the view that China exercised only weak suzerainty over Tibet, the British Foreign Secretary, Henry McMahon, proposed that Tibet be split into two (by what was to become known as the 'McMahon Line'), effectively establishing a buffer between China and India. China disagreed with the proposal and withdrew its representation, so the 'Simla Accord' was essentially only agreed by the UK. However, because of the internal weakness of the Chinese state, and various distractions including civil war and Japanese occupation, China made no real effort to oppose the Simla Accord, enabling Tibet to continue as a *de facto* independent state for several decades.[29]

In the aftermath of World War 2, and following the emergence of the Chinese Communist Party in 1949, China's new leader, Mao Zedong asserted that a strong China had to reclaim control of its traditional outlying territories, including Tibet, to right the unequal treaties imposed by the colonial powers.[30] In 1950, China's People's Liberation Army (PLA) commenced its 'peaceful liberation of Tibet', which it completed by 1951.[31] China then consolidated its rule over Tibet with two key agreements. The first was in May 1951 when the leader of Tibet, the Dalai Lama, signed an agreement which promised Tibet autonomous self government within Chinese territory. Then in 1954, despite protests in the UN, India signed the Panchsheel Agreement with China, recognising Tibet as the 'Tibet Region of China', and making all previous agreements between Tibet and India invalid.

The Tibet crisis and border disputes

Although India had formally agreed that Tibet was part of China, the mid-1950s saw a slow decline in Sino-Indian relations, which led to a major shift in 1959.[32] This shift was shaped by border delineation disputes and the Tibetan uprising in 1959, and set the conditions for the Sino-India 1962 border war. As the decade progressed, Sino-Indian diplomatic tensions increased as questions began to appear regarding their shared frontier borders, including those between India and Tibet. Prime Minister Nehru asserted that the 1913-14 'McMahon Line' was the rightful line, whereas China disagreed and plotted the border further south. In the west, the two nations disputed control of the Aksai Chin plain, as China wanted it to connect Tibet and its western province of Xinjiang. These disputes led to significant internal political pressure on Nehru to harden his policies towards China, further increasing the mistrust between Beijing and New Delhi.

The Tibetan uprising of 1959, in response to harsh Chinese policies and widespread popular discontent, had been aggressively suppressed by the PLA and led to a mass exodus of Tibetans into neighbouring India, including some 80,000 refugees and the exiled Dalai Lama.[33] The uprising also saw a clash between the PLA and the Indian Army at Longju, in the China-India border zone, as a result of the PLA's pursuit of Tibetan rebels. These events caused a number of large protests in Indian cities and additional pressure on Nehru to take a tougher approach to China. India's concerns regarding China's intent in Tibet were expressed at the time by P.C. Chakravarti, who asserted that 'any strong expansionist power, entrenched in Tibet, holds in its hands a loaded pistol pointed to the heart of India'.[34]

Meanwhile in China, China's leadership was blaming India for stoking the insurrection in Tibet, and demanded the return of the Dalai Lama. Because of the known existence of Tibetan resistance fighters' bases along the India-Tibet border, as well as the discovery in 1958 of the presence of foreign intelligence services in the border zone, China took the view that India and the US were attempting to separate Tibet from China.[35] This situation caused apprehension and mistrust of India within the Chinese Government. India's then Defence Minister, Krishna Menon, remarked that 'we should have defined our relationship to China *vis-à-vis* Tibet.... [instead we] gave the Chinese the idea that we wanted Tibet, or that we wanted to use Tibet as a buffer state or something'.[36] As a result of the mistrust of India's intent, China claimed that it had 'taken up posts at key defensive points along the border to prevent imperialists and foreign reactionaries from dispatching spies and special agents into Tibet'.[37]

As the tension increased, broader border disagreements were continuing and pressure mounted on Nehru to act. In 1958, Nehru publicly expressed his frustration with the 'regularity with which China has been distributing maps showing large stretches of Indian territory as parts of China'.[38] When Indian troops discovered a Chinese-built road in India's Aksai Chin plateau, the Indian parliament demanded action. As a result, in November 1961, the Indian Army launched its confrontational 'Forward Policy' in the disputed border zones and territories, which ordered Indian troops to patrol and position themselves as deeply as possible to cut off Chinese positions and force a withdrawal from the territory claimed by India.[39]

Thus the combination of embedded mistrust, miscalculation by India, and wrong assessments by the Chinese led to the brief but full-scale Sino-Indian border war of 1962.[40] On 20 October 1962, to the surprise of Nehru and the Indian Army, China attacked the Indian border zone in Arunachal Pradesh and Aksai Chin plateau. The PLA captured most of both regions and badly shook the Indian government, which feared that 'they were going to overrun the plains'. The conflict ended, 31 days later, after Nehru sent an urgent request to the US and UK for military assistance, which was promptly responded to by both nations, with the US positioning an aircraft carrier group off the Bay of Bengal. China 'unilaterally declared a ceasefire and withdrew to the positions it had held prior to the beginning of the dispute'.[41]

The shock of defeat caused major ramifications to India and shaped its future policies towards China. The mutual mistrust that developed during the war 'permeated the psyche of Indian policy makers as well as the public'.[42] The defeat also created considerable and enduring shame in the Indian military, and forced it to review its equipment, preparedness and intelligence—and was a key factor in India's later decision to acquire a nuclear capability.[43] It also provided a 'watershed' moment for Indian foreign policy, where it aimed at 'taking a more realistic approach to China … premised on calculations of power'.[44] For its part, in the aftermath of the border war, China established its now longstanding alliance with Pakistan.

More broadly, the war instilled a 'permanent Sino-Indian rivalry [that] would last indefinitely'.[45] Ongoing tension on the long Sino-Indian border contributed to the sense of mutual mistrust. As noted by Malik, the ongoing uncertainty of the status of the Sino-Indian border in Arunachal Pradesh exacerbates India's lack of trust of China's intent, and provides China with 'strategic leverage…. [by] exposing India's vulnerabilities and weaknesses, and [thus] encouraging New Dehli's 'good behaviour' on [Chinese] issues of vital concern'.[46] The longstanding effect on India's threat perception and deep distrust of China's intent is best summed up by India's Prime Minister Vajpayee's explanation to

US President Clinton regarding the 1998 Indian nuclear tests, when he declared they were needed because of 'an overt nuclear state on our borders, a state that committed armed aggression against India in 1962 [and] with whom an atmosphere of distrust persists'.[47]

The impact of the Sino-Pakistan alliance

A further source of friction in Sino-India relations is India's concerns of China's quasi alliance with its arch rival Pakistan.[48] China's long-held strategic alliance with Pakistan has been the cornerstone of its South Asia strategy and has been a linchpin in India's mistrust of China's intent. Beijing's view is that Pakistan provides it with geopolitical and geographic advantages in both South and Central Asia.[49] Dwivedi and Jetly assess that the Sino-Pakistan alliance provides China with five critical benefits.[50] First, it provides China with diplomatic support on the world stage regarding Tibet, Taiwan and Xinjiang. Second, it is a counterbalance to India's hegemony in South Asia and prevents India from focusing exclusively on China. Third, Pakistan provides China with opportunities to meet its growing energy requirements via a gateway to the Islamic world and access to the energy-rich nations of Central Asia. Fourth, it provides China with access to the Indian Ocean and a transport corridor into its restive western province of Xinjiang. Finally, the alliance assists China's 'long-term strategy of keeping US preponderance in the region at bay'.

A key to the Sino-Pakistan alliance lies in the history of post-partition India and the influence of the US. This relationship commenced when Pakistan and China formally established diplomatic ties in 1951.[51] By 1955, their bilateral relationship expanded when, at the first Afro-Asian Conference at Bandung, Indonesia, it was reported that China had reached a 'strategic understanding with Pakistan founded on their convergent interests *vis-à-vis* India'.[52] Since then, the Sino-Pakistan relationship has continued to develop along common geostrategic and geopolitical concerns, directed at Indian and US influence in South Asia.[53] The critical events which shaped the alliance include the Sino-Indian border war of 1962, the 1965 Indo-Pakistan War, the 1971 Indo-Pakistan War, the US nuclear-related sanctions of the 1970s, the Afghan-Soviet war and the actions of the US in South Asia post 9/11.[54]

The US has been a critical element in the establishment of the Sino-Pakistan alliance. While the primary purpose of the Sino-Pakistan alliance was to contain the common enemy of India, it was also designed to counteract Beijing's concern and Pakistan's sense of betrayal of US diplomatic support and military aid to India during and after the border conflict of 1962.[55] The US played a further role in cementing the Sino-Pakistan alliance as a result of its diplomatic actions during the 1965 Indo-Pakistan War. Its decision to issue a statement of

neutrality, followed by apportioning blame for the conflict on Pakistan, was seen by Islamabad as a further betrayal. As a result, Beijing filled the gap and provided Pakistan with the desired diplomatic support, threatening India with intervention. In the absence of US military aid, China stepped in and became Pakistan's premier conventional weapons supplier.

Since then, what it sees as continuingly inconsistent behaviour by the US has resulted in Pakistan perceiving the US as a 'fickle' partner.[56] As a result of this and earlier experiences, Islamabad made it a priority to further invest in its relationship with Beijing.[57] From Islamabad's perspective, Beijing is a reliable strategic partner that counterbalances India in its unequal relationship with Pakistan and is able to be consistently relied upon, unlike the US.[58] In 2005, the relationship was formalised with the signing of the Sino-Pakistan 'Treaty for Friendship, Cooperation and Good Neighbourly Relations'.[59] In it, both nations pledged not 'join any alliance or bloc which infringes upon the sovereignty, security and territorial integrity of the other'.[60] It was also agreed that each nation 'shall not allow its territory to be used by a third country to jeopardise the state sovereignty, security and territorial integrity on the other'.

The centrality of China in Pakistan's strategic calculus, at the expense of its relationship with India, has further soured the mistrust between India and Pakistan.[61] The Sino-Pakistan alliance has provided China with a key ally in its strategy to constrain India, which will be discussed later in the paper. The alliance has also provided critical strategic benefits to Pakistan, to the detriment of India's balance of power. These benefits include diplomatic support, military-to-military cooperation, and nuclear capability. Diplomatically, China has consistently defended Pakistan in international forums and provided Pakistan with moral support in times of need.[62]

The Sino-Pakistan military-to-military cooperation has been the most enduring pillar of their alliance and is aimed at their shared anxiety of India. The alliance has emphasised the need to counterbalance the relative strength of India's military capability in comparison to Pakistan's. A key component is based on China's assessment that it must ensure that Pakistan has the appropriate military capabilities to defend its interests from the perceived threats of its rival India.[63] As a result, after the US failed to support Pakistan after the 1965 Indo-Pakistan war, China has continued to provide Pakistan with modern military equipment and arms.[64]

Chinese assistance to counter India is not just confined to military equipment sales; it also involves the modernisation of Pakistan's military industrial complex. The modernisation is focused on Pakistan's naval capability and developing its military aircraft manufacturing capability.[65] Malik contends that this support is aimed at countering India's military strength in South Asia and meets 'Beijing's long-standing policy to arm Islamabad with every weapon system that India has (and will have) in order to maintain a favourable balance of power in South Asia'.[66]

The final component of Sino-Pakistan military cooperation, aimed at countering India, is the development of Pakistan's nuclear capability. This cooperation commenced in response to the Indian nuclear test in 1974.[67] It has included Chinese assistance in building Pakistan's three nuclear power plants/laboratories and nuclear weapons.[68] China has also supported Pakistan's development of its short- and medium-range ballistic missile capability and the transfer of technology.[69] This nuclear cooperation is seen as a critical pillar of the alliance and is aimed at balancing India's conventional and nuclear capability, if not ensuring that 'Pakistan enjoys an edge over India in the nuclear sector'.[70]

Beijing views the Sino-Pakistan alliance as a lasting partnership which has helped contain India despite the pressures of time and shifting geopolitical and geostrategic landscapes. The alliance meets China's strategic goals in South Asia as 'Beijing prefers a powerful and well armed Pakistani military that helps mount pressure by proxy on India'.[71] However, from India's perspective, Beijing's overt conventional and secretive nuclear support to Pakistan only adds further to India's mistrust of China's intent in South Asia.

In summary, it is evident that despite the current rhetoric of a cooperative Sino-Indian rise, there is a deep-seated lack of trust and longstanding competitive tendency between India and China. This lack of trust reflects the situation during the 'Great Game', which is being repeated in the 'New Great Game'. It is 'a critical impediment to the normalisation of China-India ties'.[72] As summarised by Malik:

> [T]ensions between the two powers have come to influence their military and security decision making … [as well as] their economic and diplomatic manoeuvring, with implications for wary neighbours and faraway allies alike. The relationship is complicated by layers of rivalry, mistrust, and occasional cooperation, not to mention actual geographical disputes.[73]

Part 3: Competing Strategic Objectives

With a complex contemporary relationship, shaped by a history of tension and mistrust, there is unevenness in the perceptions that India and China hold of each other. This perception is marked by the China's official policy to 'deride, if not ignore' the rise of India and its 'regional ambitions and economical development, whereas China is central to India's strategic calculus'.[74] However, contrary to China's public perception, each nation has developed strategies to deal with the other and to ensure that they are positioned to compete with the other for influence and power in South and Central Asia.

China's strategic view

China's recent White Paper on Military Strategy identifies three new challenges emanating from 'hegemonism, power politics and neo-interventionism', and asserts that international competition is intensifying for 'the redistribution of power, rights and interests'.[75] In particular, the paper highlights the perceived threats emanating from the US 'rebalance' to the Asia Pacific, threats associated with Japan's overhaul of its military, the ongoing threats from 'Taiwan independence' forces, and threats from external nations meddling in China's affairs in the South China Sea.[76]

The paper does not directly refer to India. In part, that it because China does not want to give India the satisfaction of being rated as a strategic threat. It is also because India does not 'provoke the high level of concern that the US or Japan does'.[77] Nevertheless, it is clear that India does rate in China's strategic calculus. Malik, for example, assesses that China sees India as an expanding threat to its core interests, identifying Chinese concerns that:

- 'India is a hegemonic and expansionist power that intends to … re-establish India's dominance over the entire subcontinent;
- The Indian navy wants to dominate and control the Indian Ocean; and
- India aspires to become a great world power, in league with the US, Russia and China, armed with nuclear weapons and a UN Security Council veto.' [78]

Baladas Ghoshal similarly contends that China's ultimate objective in Asia is to challenge the US as the dominate power and to curb the influence of India in South and Southeast Asia.[79] In order to achieve this objective, China must position itself as the key player in South Asia by steadily extending its reach through its expanding economic and strategic influence over the region.

China's strategy in relation to India would seem to comprise six elements. First, China needs to generate a larger amount of resources than India for its political and military purposes via a continued high economic growth rate.[80] Second, China needs to minimise a conventional arms race with India, while taking into account that India poses a significant nuclear threat.[81] Third, China needs to contain the rise of India by either denying it access to or marginalising its influence in regional and international organisations such as APEC and the Asian Development Bank.[82]

Fourth, China needs to continue its support to Pakistan in order to ensure Pakistan's military strength remains an important factor in India's calculations, thus maintaining a two-front threat to India.[83] Fifth, Beijing needs to continue its policy of inaction to resolve Sino-Indian boundary disputes, so as to keep India under 'continuous pressure until the regional balance of power shifts in China's

favour and disputes can be resolved to its own advantage'.[84] Finally, China needs to continue bolstering its military, economic, trade and development engagement with nations of South and Southeast Asia in order to extend its strategic influence and contain India's influence.[85]

It is telling to note that, in contrast, China's strategic objective in its engagement with the states of Central Asia is neither expansionist nor militaristic; rather, it is focused on securing stable hydrocarbon resources, and the development of infrastructure and commercial interests.[86]

India's strategic view

As India's economy accelerates, its foreign policy has moved from its Cold War focus on non-alliance and non-interference to one that attempts to address its place in Asia and more widely globally.[87] During the British colonial era, British India saw itself as the 'security manager' of South Asia and other parts of the Indian Ocean. India now has aspirations towards regional leadership and as a 'net security provider' to its region.[88] As part of this shift, C. Raja Mohan assesses that 'India's main objective is to emerge as an indispensable element in the Asian balance of power'.[89]

There are two theories as to how India is addressing its position in the region. The first assesses that it lacks 'a strategic vision of a future regional and world order .... to establish its rightful place in the world balance of power' and, instead, is awaiting other nations to accord it a role.[90] Certainly, in the past, one of the criticisms has been that India lacked a clearly-stated policy approach to counter China's rise.

The second theory assesses that India does have a strategic vision and that it is engaging in its own diplomatic and military strategy to increase its influence in the Asian region.[91] This theory accords with the 'multi-dimensional foreign policy' espoused by India's Foreign Secretary, Nirupama Rao, in a speech in June 2011, which included the need for India to:

- Promote economic growth targets and ambitions;
- Achieve energy security to guarantee economic growth;
- Foster a peaceful regional periphery, including an emphasis on building networks of inter-connectivity, trade and investment;
- Address the challenge of a rising China;
- Gain the recognition and respect due a nuclear weapon state; and
- Confirm India's due place in the emerging international balance of power as one of three great powers.[92]

The analysis of several Sino-India observers is that India does not see the rise of China as an immediate threat; rather, India sees China as a medium- to long-term threat within the context of an uncertain future.[93] There is also a perception that India's strategic culture is too fixated on its arch rival Pakistan, highlighted by the assertion of India's Defence Minister in 2009 that India needed to refocus its attention on China as its main threat.[94] That view is supported by contemporary surveys of Indian popular opinion, including a 2010 Pew Research survey, which indicate that a majority of respondents see China as a future threat to India's security and have an unfavourable view of China's rise.[95]

Mohan contends that India has more recently exhibited a preference for an inclusive approach in Asia, based on the principle of a 'multi-polar Asia', rather than one focused exclusively on China.[96] That would seem to align with the strategic objectives of the US and Japan, which want the balance of power to remain 'in favour of liberal democracies'.[97]

India's current policy approach to respond to China is focused on being as subtle as possible, and assessed as being made up of four key components.[98] First 'is to avoid picking rhetorical, political or military fights' with China and instead focus on improving their bilateral relations as rapidly as possible through trade agreements and cooperation in fighting terrorism.[99] These efforts are evidenced by Prime Minister Modi's visit to Beijing in May 2015, where he and Chinese Premier Li Keqiang signed a joint statement focused on economic and trade cooperation and guidelines on political talks.[100]

Second is to revitalise its relationships with the nations of Southeast Asia, East Asia and Central Asia. This plan is a manifestation of India's shifting strategic view of the world and a better understanding of its place in the changing global economic environment.[101] Fundamental to this plan is India's 'Look East' policy and its 'Connect Central Asia' policy. The 'Look East' policy is aimed at reviving its relationships with nations in Southeast and East Asia, such as Singapore, Vietnam and Japan. The 'Connect Central Asia' policy is aimed at the renewal and upgrading of India's ties to the Central Asian states.[102] These policies will be discussed in more detail in later sections of this paper.

Third is to balance China's rise. India—along similar lines to strategies being pursued by countries as diverse as Australia, Japan, Vietnam, Taiwan, Mongolia and Indonesia—has pursued a 'balance of power' strategy, aimed at strengthening its ties with the US as well as a range of other regional states. However, India has refrained from developing formal strategic security alliances with other nations. Fourth is to ensure that it has sufficient national power to protect itself from China through the continued modernisation of its conventional military forces and the maintenance of its nuclear deterrent.

It is evident that both India and China desire a peaceful strategic environment for their respective economic development and do not wish for direct confrontation with the other. However, it is also evident that neither country is comfortable with the rise of the other, and that both are suspicious of the other's strategic intent and longer-term ambitions. As observed by Malik, 'both seek to expand their power and influence in and beyond their regions at each other's expense'—and it is this lack of trust that exists between China and India which shapes their strategic view of the other.[103]

Part 4: Strategic Encirclement

The critical element of the Sino-India 'New Great Game' is the regional geopolitical power play between the two nations and a mutual suspicion that each is seeking to contain the other through strategic encirclement. In their view, this encirclement is being achieved through competition for regional influence and military manoeuvring in the other nation's traditional sphere of influence. This situation leads to a classic security dilemma; where a professed defensive manoeuvre by one nation is seen by another as an aggressive action. The result is that China and India are circling 'each other warily, very much aware that their feints and jabs could turn into a future slugging match'.[104]

This section of the paper will examine the Sino-India competition for regional influence that contributes to the fear of encirclement and its implications on the South Asia region. First, it will examine China's purported encirclement of India through its strategic relations in South Asia and its increasing penetration on the Indian Ocean. The section will then discuss India's counter-actions through its 'Look East' policy, including its interest in the South China Sea, and its 'Connect Central Asia' policy. The section will conclude by proposing that the effects of these strategic moves are contributing to ongoing instability in the South Asia region.

China's perceived encirclement of India

China's strategic alliance with Pakistan and its developing relationships with India's other neighbours have heightened tensions between China and India, not least because China' actions are perceived by India as a deliberate strategy of encirclement.[105] Indian observers, in particular, perceive that China's penetration into South Asia is a calibrated plan to challenge India's dominance of its neighbourhood. In their view, China's plan is designed to keep India focused on the sub-continent in the expectation that it will constrain its influence from spreading wider into Central and South East Asia. Vikram Sood, a former head of India's foreign intelligence agency, states that the Chinese tactics to achieve this are simple—'keep borders with India tranquil but do not

solve the disputes, trade with India but arm Pakistan, and wean away Nepal, Bangladesh, and Myanmar'.[106] These actions also are consistent with China's perceived intent to limit India's ambition to establish pre-eminence in South Asia, both on the land and on the sea.

On the land

The key region for China's contended strategic encirclement of India is along India's northern and western borders. Earlier, this paper summarised the Sino-Pakistan strategic alliance and its strategic significance to China. For Beijing, Pakistan and its proxies are able to keep the one million-strong Indian Army focused and preoccupied to its west and in Kashmir. In Kashmir alone, Pakistan has tied down some 500,000 to 700,000 Indian troops for the past 20 years. This action has ensured that the Indian Army has not had the capacity to interfere in Tibet or in the wider Southeast or East Asia regions.[107]

Sino-Pakistan observers assess that Pakistan's stance against India also meets China's strategic objective of supporting other South Asian nations as a counterweight to India.[108] Pakistan provides an example to the smaller South Asian nations, with Malik assessing that:

> [These nations can] benefit from Chinese economic and military largesse, enjoy China's diplomatic protective umbrella, safeguard their sovereignty from [the] interventionist policies of major powers (read, the United States), and counter Indian attempts to dominate or influence their decision-making.[109]

To India's north, China has been increasingly developing its military capability in Tibet, adjacent to Arunachal Pradesh. This build-up is aimed at ensuring that the Indian Army is challenged with two fronts on its immediate borders. Gurmeet Kanwal has highlighted that China has developed sophisticated military infrastructure in the area, including the 'construction of new railways, 58,000km of all-weather roads, five air bases, supply hubs and communication posts', which would assist China to strike with power and speed if it decided to seize the Indian-controlled territory which it claims as its own'.[110]

To further pressure India and keep its focus to its north, China also implemented an aggressive patrolling and incursion strategy in the border areas from 2003 to 2010; this Chinese strategy caused policy inertia from within the Indian foreign policy establishment and criticism from the Indian media and military officials for the lack of an official Indian response.[111] China is also developing its relationship with Nepal with the objective of decreasing the influence of India.[112] This has included the use of 'no strings attached' concessional loans and economic aid. It has also offered military logistics and training assistance to the Nepalese Army. However, of most concern to India are China's plans to develop railway lines through Nepal, connecting to Tibet, which would make India's northern flank more vulnerable to China.

In 2008-09, as a result of aggressive Chinese activities in the vicinity of Arunachal Pradesh, and concerns regarding Chinese military infrastructure, India turned its attention to this border zone and commenced a modernisation of its forces in the area. India's response has been an expansion of its security forces and their capabilities to defend the zone. It has included a five-year plan to raise a new mountain corps and increase the force level to 120,000 troops in the northeast of India.[113] In addition, India has also deployed Sukhoi SU-30MK1 aircraft, helicopters and cruise and ballistic missiles to help defend Arunachal Pradesh.[114]

Although India would argue that these measures are defensive in nature, and in response to the PLA's force build-up, China sees India's response as highly provocative.[115] The military build-up on both sides has added to their shared security dilemma and—particularly given the sensitive nature of Tibet and Arunachal Pradesh—has increased the possibility of conflict over the area.[116]

On the sea

The final component of China's perceived encirclement strategy is its penetration into the Indian Ocean. As China and India's economies grow, and their energy needs increase, their respective areas of interest have expanded to include the sea lines of communication (SLOCs) in the Indian Ocean and South China Sea.[117] China's increased presence and influence in the Indian Ocean region has included its cultivation of partnerships with a number of India's neighbours, the development of Pakistan's Gwadar deep-sea port and the expansion of naval activities in the Indian Ocean, all of which have caused Indian policy makers to become increasingly concerned that China is implementing a strategy of maritime encirclement.[118]

In recent years, China has developed multi-dimensional relationships with Myanmar, Sri Lanka and Bangladesh, which have included major trading partnerships, investment in infrastructure development, funding of socio-economic needs, and assistance in developing the energy production of these partners.[119] However, a critical element has been its investment in the port facilities of these nations.[120] These have included Hambantota in Sri Lanka, Chittagong in Bangladesh and the Kyaukpyu deep-water port in Myanmar, as well as naval facilities on Myanmar's Great Coco Island.[121] These so-called 'String of Pearls' provide China with increased access and influence in the Indian Ocean, Bay of Bengal and the Andaman Sea—and are seen by New Delhi as a direct threat to India's interests and influence in the Indian Ocean region.[122]

Pakistan has also provided a critical strategic node for China's access to the Indian Ocean, Arabian Sea and Persian Gulf, particularly via the Chinese-funded deep-water port at Gwadar in western Pakistan, which opened in 2007.[123] In April 2015, Pakistan granted China approval to operate this port for the next 40

years as part of the development of the so-called China-Pakistan Economic Corridor. Contrary to Chinese claims that Gwadar has been developed only as a trading point, analysts have concluded that the facilities could provide the Chinese Navy with strategic naval support infrastructure in the Indian Ocean.[124] Such enhanced access to the Indian Ocean and Persian Gulf would effectively enable China to become a two-ocean maritime power.[125] That, in turn, would potentially impact on the freedom of navigation of US maritime forces; it would also be seen by India as further evidence of China's ambitions to contain India and challenge India's influence in the Indian Ocean.

Indian concerns are reinforced by China's naval expansion. The Chinese Navy is currently growing at a faster rate than India.[126] By 2020, it is expected that China will have 73 major combat ships and 78 submarines, of which 12 will be nuclear, although it will still lack an operational aircraft carrier group capability. Some Indian analysts believe that as China extends its reach into the Indian Ocean to safeguard its access to natural resources, the countries' navies are as likely to clash as their armies'.[127]

In summary, China's relationship with Pakistan and its increased reach into the Indian Ocean look likely to test Sino-Indian relations and further impact the equilibrium in South Asia.[128] Rajiv Sikri assesses that 'if India remains under pressure and unsure about China's intentions, it will be difficult for India to free up resources from defence to [other] development priorities'.[129] As a result, India is developing ways and means to counter what it perceives as China's encirclement strategy, in order to balance China's actions in the South Asia region and the Indian Ocean.

India's perceived counter-encirclement of China

India is clearly concerned that the 'peaceful rise' of China masks a covert policy of the containment of India, resulting in the assessment by India that 'China presents the biggest geopolitical test'.[130] India's assessment is viewed through the prism of China's long-term strategic alliance with Pakistan and the economic assistance and infrastructure development support it is providing to India's neighbours.[131] As a result, India is responding with counter-encirclement measures through a range of strategic initiatives with other powers, including the US, Japan and Australia, and with a number of other nations in Southeast and East Asia.[132]

'Looking East'

India's efforts to counter China's strategic encirclement have included extending its strategic ties with nations towards its east, outside of the immediate South Asia region. This move is part of India's 'Look East' policy and has included engaging and developing strategic dialogue and agreements with nations in the Asia-Pacific, such as Vietnam, Japan, Singapore and Australia.[133]

The development of these relationships, particularly in the defence and security areas, has largely focused on the maritime field. However, such moves are not going unnoticed by China, especially in the South China Sea, and are causing concern for Beijing, with Chinese officials reportedly noting that 'India ha[s] increased [its] military infiltration in the South China Sea regions.... [which] allows no room for optimism (over China's undisturbed hegemony in these waters)'.[134]

India's strategic push eastwards includes the development of its bilateral relationship with Vietnam.[135] India and Vietnam share a common history with both nations having lost limited wars with China in 1962 and 1979 respectively. As a result, both nations share a common concern regarding the 'rise of China', particularly since both have unresolved border disputes with China. In 1994, India and Vietnam signed a defence agreement, which could be seen as a reciprocal 'geographical pressure point' on China in the same way that China's long-term alliance with Pakistan has on India.[136]

More recently, India-Vietnam strategic ties were revitalised with a new agreement signed between Vietnam's Prime Minister Nguyen Tan Dung and India's Prime Minister Modi on the former's visit to India in 2014.[137] The agreement included defence and security cooperation, and came at a time of increased tensions in the South China Sea between China and its neighbours. This cooperation has seen India commit to provide Vietnam with four maritime patrol vessels in order to bolster its maritime security capabilities. The agreement was further enhanced with the signing of a 'Joint Vision Statement' in May 2015 between Vietnam's Defence Minister and his Indian counterpart, which outlined a trajectory for their bilateral relationship out to 2020 and for further defence cooperation, including coast guard cooperation.

More broadly, India's growing strategic ties with Vietnam, Singapore, Cambodia and Australia are clearly part of its strategy to counter China's growing influence in the Indo-Pacific region. In May 2015, for example, the Indian Navy deployed four warships to the Asia-Pacific, which included participating in a maritime exercise with the Singapore Navy in the South China Sea and making port calls in Malaysia, Cambodia, Thailand, Indonesia and Australia.[138]

While building relationships with nations in the region is an important part of India's counter-action, it is the India-US partnership that is viewed as the cornerstone to India's strategy to counter China's assertive geopolitical moves in the 'New Great Game'. Since 2001, India has increased its political engagement and cooperation with the US, which led to the signing of an expansive 10 year military cooperation framework between the two nations in 2005.[139] It was further enhanced after the 'game-changing deal on nuclear cooperation [which] was consummated in 2008'.[140]

These initial framework agreements have laid the foundations for India's contribution to the US rebalance to the Asia-Pacific region. This was confirmed by the former US Defense Secretary Leon Panetta in a speech in June 2012 when he contended that 'defense cooperation with India is a linchpin in [the US rebalancing] strategy.... India also shares with the United States a strong commitment to a set of principles that help maintain international security and prosperity'.[141]

This partnership is most likely to have the greatest effect on the balance of power in the South Asia region. India has particularly benefited from its cooperation with the US, especially in dealing with potential threats originating from China, and with gaining inclusion into various exclusive global decision-making institutions.[142] For its part, the US has used India, as a well-established democracy, as a 'regional bulwark' in the Indian Ocean to balance against what it sees as the increasingly assertive actions by China.[143] Further, it has been noted by David Brewster that although the US is the predominant military power in the Indian Ocean, it is encouraging India to act as a net security provider in the region.[144]

However, the US-India partnership does cause a dilemma for New Delhi. Neither India nor the US wants the Indian Ocean to become dominated by China. But India is also very wary of not provoking China into believing that it is part of a US plan to contain China. China is reportedly watching the partnership very closely, fearful that 'Indian-American cooperation … [has the potential to] prolong US hegemony and prevent the establishment of a post-American, Sino-centric hierarchical regional order in Asia'.[145]

To counter this perception, India has attempted to assure Beijing that the relationship is not an alliance and that it is not aimed at containing China.[146] However, there is some evidence to suggest that as a consequence of the US-India partnership, China's stance against India has become more assertive, with Nitya Singh contending that as a result of 'improved [Indian] relations with the US, China has increasingly adopted an aggressive posture on the border'.[147] Further, Malik assesses that as India and the US grow closer, China will tilt closer to Pakistan, and therefore Pakistan will become more geopolitically important to China. As a result, it can be argued that the US-India partnership is a significant contributor to tensions in the Sino-India 'New Great Game'.

'Connecting North'

The final leg of India's counter-encirclement strategy is its 'Connect Central Asia' policy. India's interests in Central Asia relate to its concerns regarding Sino-Pakistan encirclement, access to energy resources and the possible threats from Islamic extremist groups on Kashmir.[148] India is a latecomer to Central Asia and its presence is considered by most commentators as being a

negligible when compared to China's.[149]

Nevertheless, India is increasingly attempting to engage with Central Asia. It has focused particularly on improved relations with Tajikistan, with which it developed military ties in 2003, resulting in an undeclared Indian military presence at an airbase at Farkhor.[150] This was followed in 2007 by an overt military presence established at the Ainy airbase.[151] This deployment is reportedly to provide a reaction force to support Indian interests in Tajikistan and Afghanistan.[152] Some commentators have speculated that the deployment is a reflection of India's desire to establish a larger capability in Central Asia for geopolitical purposes aimed at Pakistan and Kashmir.[153] It seems likely, however, that 'India's military presence in Central Asia will further intensify the militarisation of that region … [with the potential also to] provoke the great powers into military competition'.[154]

Conclusion

This paper has examined the Sino-India 'New Great Game' in South and Central Asia in order to establish if this geopolitical rivalry could lead to regional conflict in the South Asia region in the next decade. It has argued that the circumstances of this 'New Great Game' have some similarities to the original imperial 'Great Game' between Russia and Britain. Most notable is the contest for influence and the diplomatic manoeuvring between India and China for leadership in the region.

The paper has identified that while the original 'Great Game' focused mainly on disputed territory between Central Asia and South Asia, the Sino-India 'New Great Game' differs in that it covers Central Asia, South Asia and the Indian Ocean. The 'New Great Game' also differs in that it is not played in isolation between two great imperial powers but is being influenced by the US and other regional powers in both South Asia and Central Asia. However, an important conclusion is that the two games are similar in that both have mistrust of the other's strategic intentions and ambitions as the core aspect of their competition, and it is this mistrust and the reaction of the players which has the potential to lead to regional conflict.

While neither party would want the 'New Great Game' to result in conflict, a key issue is the perceptions of both parties regarding China's strategic encirclement of India, India's response and its effect on regional stability. India's reaction to what it perceives as China's strategy has been to counter its encirclement by encroaching into China's immediate area of interest both in Southeast Asia and Central Asia. Most importantly, however, has been India's improved relationship with the US, which is a major cause of concern to

Chinese strategists, as the continuing US presence and influence is considered the greatest threat to China's own aspirations in the Indo-Pacific region.

Based on historic mistrust and current competition, this paper has argued that the rise of China and India will be dominated by tension and suspicion in the coming decade. It has argued that the Sino-India 'New Great Game' exists and could be the catalyst for conflict between these two major powers. While neither India nor China—nor indeed any of the affected parties—would want the 'New Great Game' to lead to war, there is a real risk that left unchecked, miscalculations or misunderstandings could see the 'Game' spiral out of control with likely profound consequences for regional and indeed global stability.

Notes

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41 Malone and Mukherjee, 'India and China', p. 141.

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44 Singh, 'How to Tame Your Dragon', p. 143.

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48 The Sino-Pakistan alliance was a 'quasi' alliance as there had never been a formal agreement signed between to two nations. However, it is the most enduring relationship that either country has held: see Dwivedi, 'Exploring Strategies and Implications of an Opportunistic Alliance', p. 307.

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63 Malik, *China and India*, p. 190.

64 China replenished the Pakistani military capability through the provision of T-59 Tanks, Chinese manufactured F-6 fighter jets and other military capabilities to the value of US$250 million. The supply of equipment has continued ever since and, in the period of 1978-2008, saw China sell US$7 billion worth of military hardware to Pakistan: see Jetly, 'The Sino-Pakistan Strategic Entente', p. 3.

65 This includes the upgrading of Pakistan's naval dockyards in Karachi and the joint China-Pakistan development and manufacture of the JF-17 multi-role combat aircraft: see Jetly, 'The Sino-Pakistan Strategic Entente', pp. 3-4; and Ahmed Hussian Shah and Ishiaq Ahmad Choudhry, 'Pak-China Diplomatic and Military Relations: an analysis', *Berkeley Journal of Social Science*, Vol. 3, Spring 2013, p. 9.

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69 Jetly, 'The Sino-Pakistan Strategic Entente', p. 5.

70 As acknowledged by the Chinese Government's China Institute of International Studies in Malik, *China and India*, p. 182.

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The Impact of China's 'Nine-Dash Line' Claim on ASEAN's Role in the Indo-Pacific Region

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Abstract

This paper examines China's claim to islands and adjacent waters in the South China Sea, as submitted to the UN in 2009, which has subsequently become known as the 'Nine-Dash Line' claim. It particularly analyses the claim in the context of its potential impact on ASEAN and the security environment of the broader Indo-Pacific region.

The paper concludes that unless China's claim can be managed or resolved peacefully through an agreed form of reconciliation or arbitration, there is a risk that ASEAN's position of influence in regional issues will be marginalised by increasing strategic competition between the major parties.

Introduction

A strategic shift that is affecting the Indo-Pacific region is the rise of China, accompanied by a more assertive foreign policy and force posture of its military.[1] China's rise is largely the result of its recent economic growth which, since the late 1970s, has averaged 9.5 per cent per annum.[2] There are some predictions that China's economy, already the third largest, as well as the world's fastest growing economy, will soon become the world's largest, most likely overtaking the US in about a decade.[3]

China may also become stronger militarily than any country in the region. And, as it continues to develop its military capabilities, there are indications that it is increasingly prepared to assert its territorial claims both in the South China Sea and East China Sea.[4] In May 2009, for example, China submitted a note to the UN claiming islands in the South China Sea and adjacent waters within an area bounded by nine short, interrupted lines, which has subsequently become known as the 'Nine-Dash Line' claim, asserting that:

> China has indisputable sovereignty over the islands … and the adjacent waters, and enjoys sovereign rights and jurisdiction over the relevant waters as well as the seabed and subsoil thereof. The above position is consistently held by the Chinese Government, and is widely known by the international community.[5]

This paper examines that claim in the context of its potential impact on ASEAN and the security environment of the broader Indo-Pacific region. In doing so, the paper highlights ASEAN's role in the region, examines China's claim in the South China Sea, and evaluates what it may mean for ASEAN over the next decade. It concludes that unless China's claim can be managed or resolved peacefully, there is a risk that ASEAN's position of influence in regional issues will be marginalised by increased competition between the major parties.

ASEAN's role in the region

The aims and purposes of ASEAN, when it was founded in 1967, were about cooperation in the economic, social, cultural, technical and educational fields, and in the promotion of regional peace and stability through abiding respect for justice, as well as the rule of law and adherence to the principles of the UN Charter.[6] Since then, ASEAN has evolved into a mature, multilateral organisation, with its greatest contributions reflected in the peace, prosperity and geopolitical stability of the region.[7] This achievement is often attributed to the way that ASEAN makes decisions—which has become known as 'the ASEAN way'—specifically via consultation and consensus.[8]

ASEAN is also demonstrating its evolving maturity by implementing the ASEAN Economic Community project, with the goal of regional economic integration by

the end of 2015, which will broaden its focus to become a genuine international actor.[9] Another indication that ASEAN is developing into a mature and successful multilateral organisation is reflected in ASEAN's vision of becoming a 'Political Security Community', being progressively implemented by developing its capacity to successfully manage regional peacekeeping operations.[10]

Furthermore, to achieve its missions and objectives in promoting peace and security in the region through strengthening regional resilience, ASEAN has successfully initiated multilateral forums with a number of non-member neighbouring countries, and with other countries which have interests in the region.[11] These include the ASEAN Regional Forum (ARF), ASEAN+3, the East Asia Summit, ASEAN+6 and the planned ASEAN+8.[12]

Although the foundation of ASEAN was for economic and socio-cultural cooperation, ASEAN also serves to foster cooperation in enhancing regional security through the establishment of initiatives such as the Zone of Peace, Freedom and Neutrality; the Southeast Asia Nuclear Weapon-Free Zone; and the ASEAN Convention on Counter Terrorism. ASEAN has also actively supported other international initiatives, such as the Comprehensive Test Ban Treaty Organisation, the Conference on Disarmament, and the Non-Proliferation Treaty.[13]

ASEAN's willingness to expand its engagement in regional stability and security issues is an encouraging sign that it can make a meaningful contribution to this important role. However, the resolution of territorial disputes in the South China Sea, particularly involving China's claim, will likely be a formidable challenge for ASEAN and its member states over the next decade.[14]

Legal basis of the 'Nine-Dash Line' claim

As could be expected, China's claim is disputed by a number of commentators, as well as other claimants. Rodolfo Severino, for example, has asserted that China's claim is arguable because the 'Nine-Dash Line' formulation was an unclear denotation of a claimed maritime zone or region, and was not legally authoritative.[15] Furthermore, it is generally agreed that China has never controlled the sea-lanes or impaired the freedom of navigation in the South China Sea in the same sense as European states understand and apply these terms.[16]

However, Ye Qiang and Jiang Zongqiang have argued that the issue is not about the exercise of maritime jurisdiction. They assert that China's claim relates to the sovereignty of features within the area depicted and that, following the Chinese government's release of a map in February 1948 showing the location of islands in the South China Sea which it claimed, the claim should be interpreted in that light and be acceptable to the international community.[17]

China's claim also overlaps and challenges the claimed territories of a number of other states, namely Malaysia, Vietnam, Brunei, Indonesia and The Philippines. Most of their claims are based on territories and waters claimed by their former colonial powers, which existed before the UN Convention on the Law of the Sea (UNCLOS)—which is generally regarded as the applicable legal framework for assessing maritime claims—came into being.[18] Qiang and Zongqiang have argued that China was not the creator of UNCLOS, inferring that its provisions are not the legal basis for deciding China's claim.[19] However, others would argue that China is on the list of ratifying states, so China should be bound by its provisions.[20]

Part II of UNCLOS, and specifically Articles 5, 7 and 8 of Section 2, stipulate the rules to be used by coastal states in determining the limit of their territorial waters or claim.[21] Those disputing China's claim would argue that it is not based on these rules. Article 16 also requires that coastal states should provide a chart and list of geographical coordinates in support of their claim, which China has not done. Additionally, Part V of the convention sets forth provisions related to Exclusive Economic Zones (EEZs), which may extend to a maximum of 200nm from established baselines.[22] Because China's claim does not designate any fixed positions or coordinates, its parameters are unclear and open to different interpretations and challenges by the adjacent (and geographically closer) regional states.[23]

Impact on ASEAN's role

In 2009, China's 'Nine-Dash Line' claim led to five coastal states—The Philippines, Vietnam, Malaysia, Brunei and Indonesia—all of which have sovereignty and maritime jurisdiction claims in the South China Sea, submitting official *notes verbale* to the UN in response. In the 20 years before that, the Policy Planning and Development Agency within Indonesia's Department of Foreign Affairs had conducted 19 workshops, which included Chinese representatives, on managing potential conflict in the South China Sea.[24]

Hence, it is clear that the issue is longstanding and one that member states of ASEAN have been attempting to resolve for a considerable period. What is relatively new is China's increased assertiveness in pressing its claim, and the impact this may have on regional stability. That, in turn, will likely impact the reputation and credibility of ASEAN, whose approach to security cooperation will need to be different from the past because of China's claim.

According to Amitav Acharya, the ASEAN approach to security issues has been the adoption of a blend of traditional and synthetic cultures, which can be observed in the processes of interactions and socialisation evident in

the dealings of ASEAN members with each other.[25] These culturally-sensitive approaches have produced long-term attitudes and habits in managing conflicts and issues between ASEAN members as well as 'ground rules of conduct', exhibited as non-interference, the principle of pacific settlement of disputes, respect for each other's independence, and strict respect for the territorial integrity of each ASEAN member.[26]

This cultural approach has resulted not only in the evolution of an ASEAN identity ('the ASEAN way') but also in ASEAN's collective diplomacy approach, especially in managing territorial disputes in the South China Sea as exemplified by the 1992 *Declaration on the South China Sea*.[27] At the time, China did not figure prominently either in regional security issues or the day-to-day business of ASEAN. However, by 2002, as China's rise became increasingly evident, ASEAN and China agreed to sign a *Declaration on the Conduct of Parties in the South China Sea*, with both parties agreeing:

> [T]o consolidate and develop the friendship and cooperation existing between their people and governments with the view to promoting a 21st century oriented partnership of good neighbourliness and mutual trust.[28]

Disappointingly, from an ASEAN perspective, China has subsequently shifted away from dealing with a collective ASEAN position.[29] Specifically, China's position, represented by the Chinese Ambassador to ASEAN in 2009, has become that the issue of disputed claims in the South China Sea is not a matter between ASEAN and China but one for resolution between China and the relevant countries on a bilateral basis.[30] Moreover, the shift in China's approach is evident in the differing approaches that ASEAN countries themselves have been taking towards resolving their disputes with China.

For example, China demonstrated the ineffectiveness of the *Declaration on the Conduct of Parties in the South China Sea* as early as 2005 when it negotiated an agreement for joint exploration in the South China Sea with The Philippines, while Vietnam sought a statement of support from the US in the ARF meeting of 2010 following forays by China into its EEZ.[31] The difference in approaches became even more distinct when Cambodia declined to issue the joint statement developed during the drafting of a proposed regional code of conduct in July 2012.[32] In other words, the effort of ASEAN to unite opinion regarding the peaceful resolution of disputes in the South China Sea, consistent with 'the ASEAN way', has been substantially diminished.

This unilateralism in responding to China's 'Nine-Dash Line' claim also undermines ASEAN's latent capacity to act as a strategic counterweight to China. ASEAN's collective economy is the fourth largest in the world (after the European Union, the US, China and Japan), so it has considerable economic 'clout' if it chose to use it—and could get the agreement of its members to do

so.[33] Similarly, while its individual states have relatively small military capabilities, its collective capability would obviously be more substantial—albeit that is a capability that ASEAN has never claimed or sought to use in any capacity other than one-off contributions to low-level peacekeeping and humanitarian aid type operations.[34]

China's recent activities associated with its territorial claim in the South China Sea, emboldened by its rising economic and military power, are probably intended in part to test the regional reaction to what is effectively a reshaping of the distribution of power in Asia.[35] It has resulted in some countries, such as Vietnam, seeking security guarantees from the US, demonstrating their lack of assurance that ASEAN has the capacity to effectively engage with China on their behalf in this matter.[36] The risk for such countries, in looking for another structure that can accommodate their interests, is that they will be sacrificing their neutrality in the emerging 'balance of power' competition between China and the US.

Since the establishment of ASEAN, the concept of Southeast Asia as a 'Zone of Peace, Freedom and Neutrality' has been a fundamental tenet of its member states. Consequently, ASEAN has been able to bring about many regional structural initiatives that have brought member states and major players in the region together to discuss regional issues in an atmosphere of equality and congeniality, without member states compromising their neutrality or being forced to take sides. To date, this effort has reduced tensions in the region and promoted regional stability.

However, if the prediction eventuates that the Chinese economy will become the world's largest within a few years, it also seems likely that China will continue to fund its military expansion and capability enhancement to be a military power of near-peer status with the US within several decades. Namrata Goswami contends it is inevitable that great powers will compete with each other for power.[37] So increased competition and heightened tensions between China and the US over issues in the South China Sea in coming years cannot be ruled out, a view held by the US Director of National Intelligence, James Clapper, who expressed concern in early 2015 that China's activities in the South China Sea not only endanger world trade but also increase military tension as the disputants respond by upgrading their military capabilities.[38]

The impact on ASEAN in the coming decade is likely to be an increase in pressure for it to take a more active role as mediator or facilitator in this region-wide dispute. The challenge for ASEAN, as the strategic competition between China and the US escalates, is that several of its members may seek separate bilateral agreements from one or the other in support of their territorial claims, instead of relying on ASEAN to resolve the issue through discussion and reconciliation. Therefore, ASEAN will have to balance its role as an advocate for a unified ASEAN

position in regard to dealing with China against acknowledging the interests of individual states in either negotiating a bilateral settlement with China or seeking a security guarantee from the US, at the expense of ASEAN unity.

What seems certain is that ASEAN's effort in maintaining security and stability in the region over the coming decade will be tested by this increasingly complex security situation. To cope with this concern, ASEAN will need to consolidate and demonstrate its unity as an organisation. It will also need to convince individual states that their interests are best served by a multilateral approach, rather than seeking bilateral solutions. It will also need to be innovative in proposing new solutions, such as establishing a binding code of conduct on all parties, including China, aimed at minimising the risk of heightened tensions and potential conflict over disputed claims.

Another option would be to refer the issue to an appropriate international jurisdiction, such as the International Court of Justice, to resolve the problem based on applicable international law, as Indonesia and Malaysia did in relation to their dispute over the islands of Sipadan and Ligitan in 2002.[39]

Conclusion

Although China's claim to maritime territory within the South China Sea dates back many decades, it initially involved less provocative actions and elicited less agitated responses by other claimants because China was engaged with ASEAN over a number of years in discussing the issue with what seemed to offer some prospect of peaceful resolution. More recently, however, the dynamics have shifted. China's 'Nine-Dash Line' claim to the UN in 2009 seems to have hardened its position, as well as making its parameters deliberately more ambiguous. As China's economy has continued to grow, and as it has become one of the dominant military powers in the region, China's language and its actions have also become more assertive in enforcing its claim.

This paper has examined China's current behaviour in terms of the way it impacts on ASEAN's approach to solving the dispute. It has argued that ASEAN is at risk of being marginalised and losing its role as a counterweight to other major players in any 'balance-of-power' scenario that might develop. It has suggested that if the matter is to be resolved peacefully over the coming decade, and that if ASEAN is to retain its position of influence on issues relating to the South China Sea, it will need to be innovative in proposing new solutions. That might include a binding code of conduct. Alternatively, ASEAN might seek to bring the issue to international arbitration, aiming to reach a peaceful resolution based on agreed international law.

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Is a Hungry Dragon a Peaceful Dragon: food security implications for China?

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Abstract

This paper examines why food security is a strategic-level security issue for China. It notes that China has achieved a level of food self-sufficiency, reduced its levels of poverty and is currently food secure. However, it also asserts that the challenges of population growth, urbanisation, changing consumer diets, loss of arable land and food safety issues combine to create a circumstance where China risks becoming increasingly 'food insecure'.

The paper analyses China's responses to its food security requirements and outlines the likely implications of China's actions. It contends that China will need to continue reforming its agricultural sector, as well as developing a transparent and sustainable food security policy, if it is to avoid the 'hungry dragon' becoming a threat to domestic and regional stability. It concludes that it is in the interest of all parties, including Australia, that China remains 'food secure'.

Introduction

By 2050, the world's population is projected to exceed nine billion people, which is a third larger than today. Producing enough food to feed the future population will be a significant challenge, particularly when the issues of resource scarcity, available arable land and agricultural sustainability combine. China's circumstances reflect the global challenge; it currently has 20 per cent of the world's population but only around 10 per cent of its arable land and 6 per cent of its fresh water.[1] These resource constraints make China potentially a 'food insecure' country.[2]

Food security is defined by the UN Food and Agriculture Organization as 'a situation that exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life'.[3] The ability of a country to feed its population is closely connected to its economic prosperity. For the past three years, China has experienced economic growth of around 7.5 per cent, which has enabled over 500 million people to be lifted out of poverty—defined as living on less than US$1.25 per day.[4] Paradoxically, however, it is China's rapid economic growth that also threatens its food security.

China has achieved a level of food self-sufficiency, reduced its levels of poverty and is currently food secure. However, this has resulted in changed consumption patterns which impact grain requirements, the availability of arable land and food safety issues.[5] The paper will examine why food security is a strategic security issue for China, analyse China's responses to its food security requirements and outline the likely implications of China's actions.[6] It concludes that China will need to continue reforming its agricultural sector, as well as developing a transparent and sustainable food security policy, if it is to avoid the 'hungry dragon' becoming a threat to domestic and regional stability.

Food security as a strategic issue for China

There are approximately 840 million 'hungry' people in the world, the majority of which live in developing countries.[7] China, despite its recent impressive economic growth, has 19 per cent of that total, which makes it the second largest population of hungry people in the world, after India. Unsurprisingly, a large hungry population may impact on social stability, as 'food insecurity, especially when is caused by higher food prices, heightens the risk of democratic breakdown, civil conflict, protest, rioting and communal conflict'.[8]

Such an example occurred in 2008 when the price of staple grains increased significantly across the globe, pushing an estimated 400 million people into poverty.[9] The ensuing protests, reportedly occurring in 48 countries, highlighted

the relationship between poverty and food. Countries with higher per capita incomes generally experienced non-violent protests, whereas lower per capita income countries experienced rioting and at least 11 violent protests, with those in Indonesia contributing to regime change.[10]

Poverty and food insecurity, therefore, can combine to be a complex socio-economic issue for governments to manage. Poverty and social unrest over food are particularly relevant for China, as they impact on the legitimacy of the Chinese Communist Party (CCP) to rule as the governing party. Legitimacy to rule is linked to the history of China, where the rise and fall of earlier dynasties was often associated with the reliance on grain and the Confucian belief that the ruler is responsible for providing food for the people; those that fail to do so risk losing the 'Mandate of Heaven', the right to govern.[11]

More broadly, food security needs to be seen in the context of 'human security', which includes both safety from hunger, disease, crime and repression, as well as protection from disruptions to everyday life.[12] Human security is part of China's comprehensive security policy, which includes economic, environmental and human dimensions.[13] As explained by William Tow *et al*:

> Chinese policymakers view economic development as absolutely critical to enhancing the security of those whom they govern.... [T]here is an overlapping or complementary relationship between national security and human security.... [T]he individual level [which is human security] envisions that Chinese citizens have the prerogatives to enjoy such aspects of personal security as freedom from hunger and freedom from fear.[14]

By providing human security for China's citizens, the CCP is ensuring its legitimacy as a governing party. This challenge has been publicly recognised by the CCP, with Vice Premier Hui Liangyu asserting in April 2015 that:

> Freedom from hunger is the most fundamental human right. Food security is the basis for economic development and social stability. It is also an important prerequisite for national independence and world peace.[15]

The concept of food security is engrained in China's cultural psyche, with famine a reoccurring theme throughout the country's history. In the late 1870s, for example, nine million people died from famine in the north of China while, in the late 1950s, an estimated 30 million people died from country-wide food shortages.[16] China's approach to food security, therefore, is based on history, socio-economic management and political legitimacy. It assumes strategic significance in Chinese policy, reflected in the CCP's 12th Five-Year Plan covering the period 2011-15, which places particular emphasis on the reform and modernisation of China's agricultural sector.[17]

China's responses to food security

China's policies to achieve food security have targeted agricultural reform and government intervention using economic mechanisms. Initial reforms included evolving the structure of the agricultural sector from a commune system to a 'household responsibility system'.[18] More recently, it has evolved to 'agricultural liberalisation', and now includes a range of initiatives, including government-provided economic subsidies and farmer education, as well as increased research and development into seed quality, irrigation, yield and crop management techniques, all intended to improve the capacity of the agricultural sector to supply food.[19]

Reforms implemented over the past 30 years have resulted in significant increases in per capita production of grains, sugar, fruit, meat and seafood.[20] In 1996, the Chinese Government also declared its aim of achieving 95 per cent self-sufficiency in grain production and set a 'red line' to guarantee that China's arable land would not reduce to less than 120 million hectares.[21] However, with continued population growth, China has increasingly needed to import certain foodstuffs—notably rice and wheat—to achieve uniform food security, achieving this as part of its 'grand going-out' and complementary 'bring it in' strategies.[22] The dual strategies have resulted in China becoming the leading importer and the sixth largest exporter of agricultural products in the world.[23]

The net effect of China's actions is that China is currently considered 'food secure'.[24] It has also become a significant, and interdependent, part of the global agricultural production supply chain. However, China's food security status is not assured and any changes in China's import or export strategies would likely have negative consequences for global economies and food chains. It is, therefore, critical that China continues to develop a transparent and sustainable food security policy and agricultural system. Achieving this dual imperative poses significant challenges for China, both because of its projected population growth (to 1.45 billion by 2030) and a range of environmental issues that have arisen as a result of China's rapid economic development.

Implications of China's actions

China's rapid economic development has reduced the number of people living in poverty. But it has also resulted in an increase in wealth for China's middle class, currently estimated at 300 million, with a projection of 600 million by 2020.[25] The increase in wealth has facilitated a change in consumption patterns, from a largely cereal-based diet to one comprising more meat, dairy, oils, fruit, vegetable and processed foods.[26] This has increased the requirement

for grains and water to produce meat, with one-third of China's domestic grain crop already used for livestock fodder, with soybean and corn also being imported to supplement livestock fodder.[27]

One option would be for China's Government to promote a diet that is less grain intensive. That would likely face considerable domestic resistance from a middle class that is increasingly being exposed to external influences. However, to feed China's projected population, based on current dietary intake, it would be necessary to increase grain supply over the next 15 years by 35 per cent.[28] If domestic and international markets were unable meet this demand, as seems likely, food price volatility could be expected to occur, based on market supply-and-demand factors. Protests and violence could then occur over food shortages, similar to what happened with the 2008 food price spikes. This will be a key concern for China's governing party at least until 2030, when China's population is expected to peak.

A further consideration relates to the availability of arable land, that is, land that can be used for agriculture.[29] Over the past 30 years, it is estimated that approximately 4.18 million hectares of arable land has been lost as a result of urbanisation and industrialisation, representing 3.6 per cent of the total.[30] China's urban population, as a proportion of the total, has increased from 17 per cent in 1978 to 50 per cent in 2010.[31] It is projected that by 2030, two-thirds of the population will live in urban areas, further increasing the spread of urban centres at the expense of arable land.[32]

Paradoxically, the decision to build the Three Gorges Dam, to improve China's water security, resulted in the loss of 60,000 hectares of farmland in the important Yangtze River basin, which grows 70 per cent of China's rice crop and 50 per cent of its grain.[33] Although China's Government has said that the loss will be compensated in part by the creation of new farmlands elsewhere, any further loss of arable land would likely threaten the 'red line level' set by the Government in 1996.[34]

Furthermore, some of the land that is available has been polluted through untreated wastewater, industrial run-off, and overuse of chemical fertilisers and pesticides.[35] While agricultural intensification is used to increase crop yields, it has also resulted in environmental problems such as soil acidification and erosion. It is estimated that 8 per cent of China's farmland is contaminated with industrial pollutants, which equates to a potential loss of 12 million tonnes of grain annually.[36] According to a 2013 report, product samples from six agricultural regions also revealed that between 11 and 16 per cent of rice samples were contaminated with either cadmium or lead.[37]

These and similar other reports have resulted in food safety becoming an important issue in China, requiring urgent remedial action to reassure both domestic and international consumer confidence. In 2009, China adopted a comprehensive *Food Safety Law* and also prioritised food safety within the 12th Five Year Plan.[38] However, there are 450,000 food production and processing companies in China, of which 350,000 have less than ten employees, so it is a difficult industry to regulate.[39] Nevertheless, given China's position as a food exporter and its stated self-sufficiency requirements, continuing food safety regulation reform is an imperative for consumer confidence and continued economic growth.

China's overseas development projects

China has also invested heavily in agricultural production in other countries—known in economic terms as 'outward foreign direct investment'—which would seem a 'win-win' approach to food security. Theoretically, if developing countries can achieve a level of self-sufficiency or better, there is more capacity in the international market for China to trade or import food.[40] China has 468 agricultural corporations invested abroad, inclusive of production bases in countries such as Russia, Southeast Asia, Central Asia, Africa and Latin America.[41] China has also formed bilateral working groups with over 50 countries and regions, and provided food and agricultural aid to a number of developing countries to assist with irrigation farming and seed technology.

China's food security-related foreign investment has also included the purchase or long-term lease of arable land in other countries. While China promotes this as 'win-win' for both parties, there have been a number of instances where China has been accused by host countries of 'land grabbing', with Chinese activities in The Philippines, Indonesia, Myanmar and Cambodia, in particular, causing distrust and social unrest.[42]

In The Philippines, for example, several Chinese development projects have been curtailed because of legal challenges and domestic opposition, accompanied by perceptions of corrupt practices, concerns as to the impact on rural livelihoods, and questions of sovereignty regarding the transfer of large tracts of land to long-term Chinese control.[43] Some would argue that reactions in The Philippines reflect the broader distrust in political and economic relations with China, rather than the foreign investment policy *per se*. Nevertheless, it has implications for China's longer-term ability to access food sources through the foreign investment mechanism.

Chinese activities in Cambodia, Laos and Myanmar similarly illustrate the potentially negative aspects of direct foreign investment. In a number of instances, social elites in those countries have been accused of aligning with

Chinese corporations to dispossess local farmers of their land.[44] In addition to concerns about land tenure security for the local population, there have also been concerns that because the food being produced on host country land is primarily intended for the Chinese market, it is undermining and distorting the achievement of food security in the host country.[45]

These issues are also evident in a number of South American countries, notably Argentina and Brazil, where China has either leased land or purchased land for growing export crops. Protests in Brazil resulted in China having to adjust its export-only strategy to include purchasing crops from local suppliers, as well as building a facility to produce soy locally.[46]

These developments indicate that direct foreign investment by China can produce 'win-win' outcomes for both parties. However, there is also considerable scope for mistrust to arise because of a lack of transparency on China's part. The policy clearly needs careful and sensitive management—ideally in collaboration with agencies such as the World Trade Organisation or through the World Food Program—to succeed as an integral policy component of China's food security. Otherwise, the potential remains for further disruptions to global food market prices, with associated social instability, as occurred in 2008.

Conclusion

Food security is of strategic importance to China. China's food security is based on historical and socio-economic requirements, and ensures the legitimacy of the CCP as the ruling party. China's current 'food secure' status has been achieved through a combination of domestic production, the use of direct foreign investment as an alternative source of food production, and through food imports from the international market. However, maintaining adequate food security in the face of diminishing resources and a growing population poses significant challenges for the future, particularly over the next 15 years.

The challenges of population growth, urbanisation, changing consumer diets, loss of arable land and food safety issues combine to create a circumstance where China will likely become increasingly 'food insecure'. While it is unlikely that food insecurity would lead to conflict, evidence from the 2008 food price spikes suggests that food insecurity can contribute to violent domestic protests, social instability and, in more extreme cases, regime change. Given that China has such a large 'hungry' population, any social instability in this group could impact the CCP's legitimacy.

China clearly needs to continue reforming and modernising its agricultural sector, including enforcing food safety regulations. This will help ensure consumer confidence and the sustainability of agricultural production. Any successes in

China's domestic production, as well as lessons learnt, should also be made more transparent so that developing countries with growing populations and similar resource constraints may benefit from China's experience. That, in turn, would contribute to the stability and sustainability of the global food market.

The key lessons from China's experience are issues involving arable land, research and development to improve yield and crop management techniques, and policy development on the issue of direct foreign investment. While direct foreign investment has been beneficial to China's ability to achieve its current level of food security, it needs to be undertaken in a transparent and 'win-win' manner that does not impact on the host nation's food security status. This would ensure that the global food market remains stable and that China remains 'food secure', which is in the interest of all parties, including Australia.

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On Balance – Is the US Rebalance Good for Australia?

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Abstract

This paper addresses the question of whether the US rebalance to the Indo-Pacific is good for Australia. It overviews the considerations that drove the policy and identifies the broad strategies being pursued by the US. The paper details the steps being taken to realise the policy and then considers the opportunities and issues for Australia. It also assesses how other Indo-Pacific countries are responding and the impact on Australia of these regional responses.

The paper notes that one of the key considerations has been the perception that Australia has been placed in the awkward position of supporting the US initiative without offending China, its most important trading partner. The paper concludes that while the US refocus will present strategic opportunities for Australia over the next decade, the challenge will be to ensure that the Indo-Pacific region maintains its multilateral character rather than deteriorating into a 'with us or against us', bipolar mentality

Introduction

US President Barak Obama, during his historic speech to the Australian Parliament in November 2011, signalled that the US was turning its strategic attention to the Indo-Pacific region with the intent to advance security, prosperity and human dignity across the region.[1] In formally welcoming him, Australia's Prime Minister Julia Gillard emphasised that President Obama was—as had been his predecessors since the Second World War—an important security ally, economic partner and friend of Australia.[2]

A month earlier, US Secretary of State Hillary Clinton had introduced the 'pivot' label for the US strategic refocus.[3] After political commentators suggested the label had negative connotations that the US was disengaging from other regions and thus risking an erosion of US global influence, the term was refined by US National Security Advisor Tom Donilan to 'rebalance'.[4] From Australia's perspective, one of the key considerations has been the perception among some commentators and China-watchers that Australia has now been placed in the awkward position of supporting the US initiative without offending China, its most important trading partner.

This paper overviews the considerations that drove the policy and identifies the broad strategies being pursued by the US. In analysing its diplomatic, military and economic facets, the paper will first detail what steps are being taken to realise the policy. It then considers the direct opportunities and issues for Australia, as well as how other Indo-Pacific countries are responding and the impact on Australia of these regional responses. The paper concludes that while the US refocus will present strategic opportunities for Australia over the next decade, the challenge will be to ensure that the Indo-Pacific region maintains its multilateral character rather than deteriorating into a 'with us or against us' bipolar mentality.

The rebalance – its considerations and strategies

The US rebalance appears to have been driven by four considerations.[5] First and foremost is the growing economic power of the Indo-Pacific region. Its increasing economic power offers trade and investment opportunities that could grow the US economy. But it also increases trans-national competition for goods and services which could constrain the US economy.

Second is China's growing military capability and its apparent willingness to use military power to achieve national objectives. This is of concern to the US because of the impact that any actual or potential Chinese military aggression could have on the significant sea-lanes that traverse the Indo-Pacific region, and the potential that the US could be drawn into a Chinese-related conflict with an ally or security partner, such as Japan or The Philippines.

The third consideration is that the reduction in US military involvement in the Middle East theatre of operations has enabled the US to move its strategic weight and focus elsewhere. Lastly, the need to reduce government expenditure and debt is constraining the US military budget, which impacts the capability of its armed forces but also means that the US increasingly needs its allies and security partners to share more of the burden.

Hillary Clinton announced in 2011 that six integrated strategies were to be pursued in the Indo-Pacific region over the next decade, covering diplomatic, military and economic dimensions.[6] The first strategy—to deepen working relationships with emerging powers, including China—underpins the other strategies and therefore has diplomatic, military and economic dimensions. The second strategy—to engage with regional multilateral institutions—has diplomatic and economic dimensions, whereas the third strategy—to advance democracy and human rights—is being pursued diplomatically. The fourth and fifth strategies—forging a broad-based military presence across the Indo-Pacific and strengthening bilateral security alliances—are largely military focused. The sixth strategy—expanding trade and investment opportunities for the US—is primarily economic.

Diplomatic aspects of the rebalance

The US clearly intends to use diplomatic means to achieve its objectives in the Indo-Pacific region, as three of the rebalance strategies have diplomatic dimensions. In pursuance of its strategies to deepen working relationships with emerging powers and advance democracy and human rights, the US has significantly increased its diplomatic visibility and presence in the region, exemplified by the US President making high-profile visits to the region, including to Australia, and attending each of the annual East Asia Summits from 2011.[7]

Although the current US Secretary of State, John Kerry, has been somewhat preoccupied with issues in the Middle East, his predecessor Hillary Clinton visited Indo-Pacific countries at a 50 per cent greater rate than her three predecessors.[8] Key messages have been about using international law and norms to address inter-state disagreements, the need to ensure that commerce and freedom of maritime navigation are not impeded, that emerging powers build trust with their neighbours, and the promotion of democracy and human rights.[9]

Bilaterally, the US has reaffirmed its formal security arrangements with Australia, Japan, The Philippines and South Korea.[10] It has also established formal bilateral 'partnerships' with Indonesia, Vietnam and India.[11] Closer engagement with China, including through US-China Strategic and Economic Dialogues, has been pursued bilaterally across a comprehensive range of security, economic, human

rights and climate issues.[12] US participation in regionally-important multilateral institutional forums and meetings, including the East Asia Summit, ASEAN Regional Forum and the Shangri-La Dialogues, has also significantly increased.[13]

So are these diplomatic efforts in the Indo-Pacific region of benefit to Australia over the next 10 years? If the US interests being pursued are compatible with Australia's interests, and their approaches within the region are complementary, then the US rebalance should benefit Australia.

A review of current Australian Government foreign affairs policy, as well as that of the previous Labor Government, indicates that Australia has bipartisan objectives similar to the US, and recognises the need for enhanced regional engagement to improve security and prosperity.[14] Like the US, Australia also recognises the importance of multilateral approaches within the Indo-Pacific region and is seeking expanded membership of important multilateral forums to include Australia, US and China.

The response from Indo-Pacific countries other than China has generally been positive, with a level of circumspection consistent with the strength of their formal alliances or partnerships with the US. A number, particularly ASEAN countries, have expressed a preference for the US to engage with the region's multinational institutions and consider that bilateral relations were previously hampered by a perceived US lack of interest in these institutions.[15] Multilateral engagement is also seen as a way for regional countries to avoid Chinese opprobrium that might arise from closer bilateral engagement with the US. In addition, Indonesia noted in 2013 that the rebalance appeared too military focused, suggesting the US needed to do more diplomatically to promote the utility of the rebalance.[16]

China's thinking is more difficult to gauge. A 2012 US Congressional Research Service report asserted that China's official response has been to welcome cautiously a constructive role by the US in promoting peace, stability and prosperity in the Indo-Pacific, while hoping the US will respect China's interests and concerns, concluding that the official Chinese assessment is that the rebalance does not present a significant threat.[17] However, these positive but measured indications contrast with others which assert that Chinese officials and experts have responded with growing criticism that the rebalance is targeting China, reinforcing 'cold-war style' alliances, and attempting to contain China's rise.[18]

On balance, increased US diplomatic engagement in the region is a positive benefit to Australia, particularly since it has generally been received positively by most Indo-Pacific countries and is compatible with Australia's national interests. However, the US-China relationship is the most critical within the region. And a

positive and constructive relationship between them is essential to maintaining the multilateral character of the region, rather than deteriorating into a 'you are with us or against us' bipolar mentality, where regional states are forced to choose between one or the other.

Military aspects of the rebalance

Three of the broad strategies under the rebalance policy have a strong military dimension.[19] First, in accordance with the strategy of forging a broad-based military presence, the US Navy is increasing the size of its Pacific fleet to 60 per cent of the total US Navy fleet, the US Air Force is deploying its most capable assets to the region and dispersing them over a wider geographic area, the US Army is realigning major assets from Afghanistan to Indo-Pacific missions, and the US Marine Corps has established an ongoing rotational deployment to Darwin.[20]

Interestingly, the US has adopted a 'places rather than bases' approach, using rotational deployments into allied/partner countries with increased joint training and capacity-building objectives rather than seeking to establish more US permanent bases.[21] This force posture approach is considered to have less strain on the US budget because it involves lower personnel numbers and lower deployment costs; it also increases the US military's agility to respond throughout the region, sets an expectation for non-US countries to take a greater share of the security burden in the future, and avoids the anti-US sentiment that has arisen around some large permanent US bases located on non-US territory, notably in Japan.[22]

Second, considering the strategy to strengthen bilateral security alliances, the US has reaffirmed its security-related agreements with Australia, Japan, South Korea and The Philippines. In doing so, the US has increased its access to host nation bases for deployments and/or the pre-positioning of military equipment.[23] Third, the strategy to deepen working relationships with emerging powers, including China, has had some small but notable steps. These include senior military engagements, and planning for combined regional exercises with a humanitarian aid/disaster relief focus.[24]

So what are the direct benefits for Australia of these initiatives, which have included the continuation of Marine deployments to Darwin, as well as increased short-term deployments of US aircraft to the Northern Territory? They have also involved two star-ranked ADF officers being seconded as planning officers within the US Pacific Command and Army Pacific headquarters, and the potential for HMAS *Stirling* in Western Australian to be used more regularly by the US Navy.[25]

The 2012 *Force Posture Review* found that an 'increased and more visible ADF [military] presence is warranted … in the Northern Territory'.[26] Certainly, the US Marine and Air Force deployments to the Northern Territory will increase the opportunities for ADF units to undertake bilateral and multilateral training, improving interoperability with US and other regional partners while concurrently building trust among these partners. For example, Australia-US-Indonesia and Australia-US-China exercises have been held in the last two years.[27] Further, the Marines could impart invaluable amphibious operations experience as Australia's new Adelaide-class Landing Helicopter Dock ships are brought into service, and the ADF addresses the complexity of operating these large ships across a spectrum from humanitarian aid through stabilisation operations to the higher end of warfare.[28]

At a local level, US deployments to the Northern Territory, and potentially to HMAS *Stirling*, will have economic benefits for Australia. Feeding, accommodating and entertaining up to an additional 2500 military personnel, and potentially maintaining some of their equipment, will provide a noticeable stimulus to the local economy. There is also the potential for the US to contribute to upgrading some ADF training facilities in the Northern Territory.

The military initiatives directly involving Australia deepen Australia-US security interdependence and strengthen the alliance beyond a mere reaffirmation of the alliance's relevance and currency. This is fundamentally important to Australia when the *Defence Issues Paper*, released to inform the 2015 Australian Defence White Paper, unambiguously asserted that 'the alliance with the US remains integral to our defence and security arrangements [and] … is set to continue'.[29] This would seem to leave little latitude for any alternatives to be introduced in the forthcoming Defence White Paper.

So how have other Indo-Pacific countries responded militarily to the rebalance? US treaty partners Japan, South Korea and The Philippines have been vocal proponents of the rebalance. These countries are supporting similar initiatives to those involving Australia, such as allowing access to ports, airfields and bases for the forward deployment of US military capabilities; increased combined training exercises; and the procurement of (or access to) advanced US military equipment and capabilities. Militarily important regional countries such as Singapore, Indonesia, Vietnam and India have been more reticent, limiting their public commentary to avoid Chinese criticism, while quietly supporting the rebalance policy aims.[30]

While China has so far responded relatively cautiously at the diplomatic level, at the military level it has been openly critical, asserting that the rebalance's force posture and alliance changes are detrimental to mutual trust and

cooperation.[31] Some Chinese commentary has been even more critical, taking a nationalistic view that the rebalance is trying unreasonably to contain China's growing influence in the region.[32]

Robert Ross has argued that the military aspects of the pivot are actually inflaming regional tensions, especially the boosting of the US military presence on the Korean peninsula, and US involvement in disputed maritime territorial claims.[33] Michael Spangler, in a similar vein, contends that the rebalance is emboldening some US allies, notably Japan and The Philippines, to take more assertive stances against China with respect to their territorial claims, and that these actions are undermining the US-China relationship.[34]

So while the rebalance aims to promote security across the region—and it is evident that many regional countries, especially Australia, will gain value from these initiatives—it is the US-China relationship that is most critical and of most concern. For Australia, balancing the relationships between its most significant security partner, the US, and its most significant trading partner, China, will be paramount.

Economic aspects of the rebalance

The rebalance strategy intends to expand US trade and investment in the Indo-Pacific region. To date, the most visible outcomes have been the finalisation of a US-South Korea Free Trade Agreement and a refocus on negotiating the Trans Pacific Partnership trade agreement.[35] The Trans Pacific Partnership is considered a key vehicle for the US to increase its access to Asian markets, stimulate a growth in exports, and set a new standard for multilateral free trade agreements. For example, US agricultural exports to partner countries are anticipated to increase by US$3 billion per annum, while US agricultural imports will increase by US$1billion.[36] The US envisages that this agreement will become the basis for a broader agreement that eventually could include all Indo-Pacific countries, including China.[37]

Australia is an active negotiator of the Trans Pacific Partnership. However, like many of the other negotiating countries, Australia is resisting US proposals regarding intellectual property rights and investor state disputes.[38] The impact on Australia's health system (and its Pharmaceutical Benefits Scheme) of changing pharmaceutical intellectual property rights is of particular concern, while the potential ability of investor state dispute clauses to constrain sovereign government action has become evident with Philip Morris Asia using the Australia-Hong Kong trade agreement to challenge the Australian Government's cigarette plain packaging laws.[39] Other negotiating countries have similar concerns and are also negotiating for greater access to the US agricultural market.[40] These concerns are significantly delaying the finalisation of the agreement.

While the Trans Pacific Partnership has been delayed by negotiation, there has been a significant rise in bilateral free trade agreements being formalised across the Indo-Pacific region with countries other than the US, including China. Furthermore, Indo-Pacific countries have been exploring multilateral free trade agreements via APEC (of which the US and China are members) and also the ASEAN+3 and ASEAN+6 forums (which include China but not the US).[41] As a result, there are concerns in the US that it could be left out of a resultant highly-integrated and rapidly-growing Asian economy or have reduced negotiating power.

The increased US focus under the rebalance on establishing the Trans-Pacific Partnership and the potential reduction in US negotiating power should aid in addressing Australia's residual concerns with finalising this trade agreement. It is generally agreed that finalising the agreement would be in Australia's interest, as high-quality, comprehensive free trade agreements would stimulate the competitiveness of Australian firms, and provide Australian consumers with more access to better-value goods and services.[42]

Conclusion

Since 2011, the US has been rebalancing its international engagement efforts to the Indo-Pacific region to advance economic prosperity, security and human dignity. Its rebalance strategies have diplomatic, military and economic dimensions that should have a positive strategic impact on the region over the next 10 years. The increased US diplomatic engagement has been generally received positively within the region and is compatible with Australia's national interests. The military initiatives deepen Australia's security capability and interdependence with the US and other Indo-Pacific countries.

Additionally, the US focus on finalising the Trans-Pacific Partnership is considered to be in Australia's interest as comprehensive free-trade agreements have the potential to stimulate Australian firms and provide Australian consumers with better-value goods and services. The key risk, however, remains the US-China relationship where positive, ongoing engagement is needed to ensure that the Indo-Pacific region maintains its multilateral character rather than deteriorating into bipolarity, where countries are forced to choose one over the other.

Notes

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33 Robert Ross, 'The Problem with the Pivot', *Foreign Affairs*, November/December 2012.

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41 ASEAN members are Brunei, Indonesia, Malaysia, The Philippines, Singapore, Thailand, Myanmar, Cambodia, Laos and Vietnam. ASEAN+3 adds in China, Japan and South Korea. ASEAN+6 additionally includes India, Australia and New Zealand.

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UNCLOS and China's Claim in the South China Sea

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Abstract

This paper discusses China's claim in the South China Sea in the context of the UN Convention on the Law of the Sea (UNCLOS). The paper acknowledges role of UNCLOS in assisting to provide governance arrangements for the maritime domain in certain circumstances, and notes that China intends to work constructively over the coming decade to help refine it.

However, it argues that China's sovereignty in the South China Sea is not a subject that UNCLOS should be adjudicating because China's claim is based on historic rights which are defined under a regime independent of UNCLOS. Moreover, it contends that the continued insistence of some countries in attempting to use UNCLOS to frame the debate about China's claim in the South China Sea is not only incorrect but is increasing the risk of regional instability.

Introduction

International law in general, and the UN Convention on the Law of the Sea (UNCLOS) in particular, have been applied over and over again to judge China's claim in the South China Sea.[1] With UNCLOS being praised as 'a constitution for the Oceans', any claim which China makes that is incompatible with UNCLOS tends to be interpreted by some countries as a violation of international law.[2]

Indeed, there is a trend in the Western media of portraying the relationship between China and UNCLOS as a war between a 'good' global norm and a 'bad' local belief.[3] Sometimes, it is even made to sound like a moral war, exemplified by the statement of the US Assistant Secretary of State for East Asian and Pacific Affairs, Daniel Russel, who said in June 2015 that territorial disputes in the South China Sea are 'an issue between China and international law'.[4]

Using UNCLOS to frame the debate about China's claim in the South China Sea is an oversimplified and incorrect approach. The US, the only global superpower, is seemingly determined to challenge China's claim by saying that the US will 'fly, sail, and operate wherever international law allows, as we do all around the world'.[5] Regional states, as expressed by Singapore's Prime Minister Lee Hsien Toong, worry that 'if the present dynamic continues, it must lead to more tension and bad outcomes'.[6] So clarifying the relationship between China's claim in the South China Sea and UNCLOS is clearly a matter of considerable significance to regional security.

This paper will argue that the relationship between China's claim in the South China Sea and UNCLOS is not mutually incompatible. It will assert that China's sovereignty in the South China Sea is not a subject that UNCLOS should be adjudicating because China's claim is based on historic rights which are defined under a regime independent of UNCLOS.

The paper will also argue that even if UNCLOS is a good 'global norm' for countries to follow in regard to considering contemporary maritime governance issues, its ratification in 1994 was neither the start of the history of nations claiming sovereignty or exercising jurisdiction in the maritime domain, nor is it the end of that history. UNCLOS is neither a perfect framework, nor is it the only framework to use to understand China's claim. As a signatory, China appreciates the value of UNCLOS and intends to work constructively over the coming decade to help refine it. However, UNCLOS is presently being abused by some countries and used as a political tool to coerce China, which is increasing the chances of regional instability.

China's sovereignty in the South China Sea

China acquired its sovereign rights in the South China Sea based on the state's consistent practice, not from UNCLOS. China's sovereignty in the South China Sea is antecedent to UNCLOS. This paper does not intend to go through the practices of successive Chinese dynasties in relation to the South China Sea but will start only from the early 20th century.

Since the early 1900s, French colonialists in Annam (now part of Vietnam) had been trying to occupy the Xisha Islands and the Nansha Islands. Activities conducted by the French colonialists alarmed the Chinese government, which decided it needed to publish a detailed map of the South China Sea with unified, verified names in Chinese and English for all the 132 relevant islands, isles, reefs and shoals.[7] The Land and Maritime Map Examination Commission accordingly published *The Map of Chinese Islands in the South China Sea* in April 1935.[8]

In 1945, China won the century-long anti-colonial invasion war. According to the Cairo and Potsdam Declarations of 1943 and 1945 respectively, all the Chinese territory stolen by Japan was to be returned to China. In 1946, the Chinese government dispatched four warships, named *Taiping*, *Yongxing*, *Zhongjian* and *Zhongyeto*, to the islands to recover the lost territories. In 1947, the Ministry of Interior of the Republic of China published its official map of the region, *Nanhai zhudao weizhitu* (map of locations of South China Sea islands).[9]

Since the release of this map, no protests or opposition were lodged by the international community nor were any diplomatic protests made by neighboring Southeast Asian littoral states (at least until the mid-1990s), which Li Jinming contends would signify their tacit recognition.[10] One thing that needs to be emphasised is that there was no common concept about maritime boundaries when the Chinese government illustrated its boundary on this official map—the international community had not evolved into the era of managing oceans by general agreement. As to the way the dashed line is delineated, Jinming notes that:

> The line basically follows the outermost islets and reefs of the four Chinese island groups in the South China Sea.... Such a method of delineation accords with the international convention of the time. It is a shorthand method of encompassing all the islands and reefs within a boundary line that runs along the outermost islets, so sparing the trouble of enumerating the numerous islets individually by name. In fact, such a practice was in widespread use in the late 19th and early 20th centuries, as seen in the boundary delineation in Alaska between the United States and Czarist Russia in 1867.[11]

Also, under the circumstances at the time, the Chinese government did not think it necessary to clarify the status of 'enclosed waters' within the dashed-line

in terms subsequently used by UNCLOS.[12] Furthermore, it was clearly impossible for the Chinese government to foresee or abide by a law which had not been codified at that time.

China claims sovereignty over the South China Sea islands (the Dongsha Islands, the Xisha Islands, the Zhongsha Islands and the Nansha Islands) and the adjacent waters on the basis that China was 'the first country to discover, name, explore and exploit the resources of the South China Sea islands and the first to continuously exercise sovereign powers over them'.[13] This approach of acquiring territory was well recognised at the time and was adopted by many countries. Australia, for example, has declared that its sovereignty claim to the Antarctic is based on 'discovery and effective occupation'.[14]

However, like China's claim in the South China Sea, Australia's sovereignty claim also faces challenge from other countries, such as Japan. Even though Australia is reluctant to enforce its anti-whaling law in the Antarctic, given its awareness of its fundamentally weak sovereignty claim over the Antarctic, Australia has not withdrawn its claim.[15] Likewise, just because China's sovereignty claim is being questioned by some, it does not justify others denouncing China's right to its claim.

A state's historic rights and UNCLOS are two independent regimes

How to resolve the controversy between a state's historic right to a certain maritime area and the applicable rule of general international law was one of the crucial issues that concerned the negotiators of UNCLOS. One earlier report, issued by the Secretariat of the International Law Commission in 1962, clearly displayed the relationship between a state's historic rights and UNCLOS.[16] The report noted that:

> The concept of historic waters has its root in the historic fact that States through the ages claimed and maintained sovereignty over maritime areas which they considered vital to them without paying much attention to divergent and changing opinions about what general international law might prescribe with respect to the delimitation of the territorial sea.... A long-standing exercise of sovereignty over an area of the sea could not suddenly be invalidated because it would not be in conformity with the general rules being formulated.... States could not be expected to accept rules which would deprive them of considerable maritime areas over which they had hitherto had sovereignty.[17]

As a compromise, the formulation of UNCLOS deliberately avoided the issue of historic rights or historic waters. However, to address the relationship between historic rights and UNCLOS, the preamble of the Convention proclaimed 'the desirability of establishing through this Convention, with due regard for the sovereignty of all States, a legal order for the seas and oceans'.[18]

It is apparent that 'due regard for the sovereignty of all States' is the prerequisite for the application of the Convention to determine maritime rights of the parties to the Convention. On this basis, it can be argued that UNCLOS is not entitled to rule on a matter that would involve negating a state's historic rights. In this regard, the accusation that China's historic rights claim is illegal is also unjustifiable, with Sourabh Gupta asserting in late 2014 that 'China is no more or no less guilty than all other claimants.'[19]

UNCLOS is neither the end of history, nor the start of history

Generally speaking, as a legal regime specific to the maritime environment, UNCLOS promotes particular interests and values. As such, it has its promises and limitations.[20] As to the Convention's provisions on maritime boundary delimitation—which are quite controversial—the Permanent Court of Arbitration noted in 1999 that UNCLOS was 'consciously designed to decide as little as possible'.[21] Apparently these rules 'reflected the distinct lack of consensus on this issue when the Convention was being drafted,' which means UNCLOS needs to be amended or developed in this regard.[22] In fact, UNCLOS has been evolving since its inception, and continues to be developed and clarified by a series of judicial and arbitral decisions in boundary disputes between sovereign states.

A particularly noticeable aspect is that even when applying UNCLOS in such disputes, the awards 'were not always entirely consistent with the legal principles that the International Court of Justice enunciated'.[23] The deeper motive, as asserted by Robert Volterra, is probably that 'boundary arbitration and delimitation are practical processes designed to provide long-term solutions to disputes between neighbors'.[24] It is fair to say that the role of UNCLOS is to provide a common frame of reference for the countries involved in a disagreement or a dispute to develop their arguments but, as articulated by Malcolm Shaw, 'it cannot solve every problem, no matter how dangerous or complex, merely by being there'.[25]

Besides the contribution of the International Court of Justice to the evolution of UNCLOS, the practice of states in questions of international law constitutes a main factor in the evolutionary process as well.[26] China's claim could be called 'historic rights with tempered sovereignty', which is not 'inner waters' in the traditional sense, nor 'non-exclusive rights with full sovereignty'.[27] China has been exercising its historic rights, such as fishing, in this semi-enclosed sea for centuries and the freedom of navigation has remained unaffected.

This shows that China is practising its rights on a non-exclusive basis and that 'the nine-dash line as a perimeter of exercise and enforcement of China's sovereign rights and jurisdiction of traditional/historic fishing activities in the South China Sea, is not inconsistent with international law'.[28] China's practice is

not only consistent with customary international law, it is also a good practice if it is well appreciated. The non-exclusive nature of China's claim in the South China Sea provides equal and indiscriminate chances for the mobility of any commercial shipping while preserving China's historic rights.

Indeed, there is not a single report that can be categorised as China trying to limit the freedom of navigation around its claims in ways that are contrary to accepted international law.[29] Given the flaws of UNCLOS, unilaterally pressing China to 'furnish a basis for the alignment of its nine-dashed-line that complies with international law' is not only unfair but also not pragmatic.[30] If the purpose of codifying general rules is really to enhance peace, it should not dogmatically exclude a state's constructive contribution.

The manipulation of UNCLOS is becoming a destabilising factor

Ultimately, the South China Sea disputes are not legal issues, they are political issues that are part of a power game.[31] Jeffrey Bader, the principal adviser to US President Barack Obama on Asia Affairs at the National Security Council from 2009 to 2011, conceded in a May 2015 interview that 'certainly I understand the Chinese concern … [but] in some respects, this is just a conflict of interest and it's not going to be resolved'.[32] This would suggest that the US has been trying to include China's disputes with its neighbours in the South China Sea as part of its own strategic rivalry.

The US has opposed any claim by China to maritime rights based on the nine-dashed-line on Chinese maps, and to possible historic claims by Vietnam.[33] In May 2015, American military officials took a CNN crew on a US Navy reconnaissance flight of the South China Sea and released the footage.[34] This was a well-designed action to provoke China and test its willingness to assert its claim in the South China Sea.

Ironically, as a non-member of UNCLOS, and a non-related party to the South China Sea disputes, the US continuously justifies its intercessions into the dispute as a 'protector' of UNCLOS. To show its commitment to freedom of navigation, the US continuously conducts 'operational assertions' in other countries' waters, including Chinese, Malaysian and Vietnamese waters.[35] The collision of a US EP-3 reconnaissance plane and a Chinese J-8 fighter jet in April 2001 is a good example of such an intrusion.[36] Apparently, the US is not doing risk-reduction; it is carrying out risk-inducing actions.

Encouraged by the US pivot strategy, US allies in the region have started to become more assertive than they were before 2010. The Philippines' 'lawfare', of initiating international arbitration proceedings against China, is an example.[37]

Even aware that 'some of the questions presented to the Tribunal may not be cognizable', The Philippines still initiated compulsory arbitration proceedings in January 2013 because it 'see[s] no harm in asking for the moon'.[38] The calculation behind this is that either China will be forced into an involuntary arbitration or that it will have to face a damaged reputation by refusing to participate. The Philippines could also be taking advantage of America's fear of losing its dominance in the region in order to get the US to back its claims.

Under these circumstances, China has been forced to adjust its South China Sea strategy. Before the US pivot strategy and The Philippines' arbitration case against China, 'the Vietnamese occupied about 25 islands in the South China Sea, the Malaysians about seven, and The Philippines seven or eight. China only occupies seven islands in the Spratly Islands where the latest tensions are developing. So China entered into the game late.

Additionally, the Chinese have not attacked any of these other islands in the South China Sea, even though they claim them. As noted by Matthew Bell, the Chinese are showing restraint, at least, in that respect.[39] China's construction activities in the South China Sea islands are more like a response to the provocation and pressure from the US and its allies, rather than an active deliberate provocation. One serious analyst and senior strategy practitioner in the US noted that it is the US 'which had upset the status quo'.[40]

Conclusion

UNCLOS is a great achievement by the international community regarding how to govern a massive maritime domain in the 20th century. But it is also a law characterised by many ambiguities, different interpretations and reservations. Unfortunately, it has also generated or exacerbated conflict by raising the stakes and failing to resolve a number of key legal issues since it came into effect.[41] It is also evident that it is not an appropriate regime to resolve intractable territorial disputes. Its credibility and viability are at stake right now because certain countries, like the US and The Philippines, unilaterally interpret and abuse its provisions.[42]

Since the South China Sea issue is becoming a 'lawfare' issue rather than a legal issue or historic rights issue, abusing UNCLOS as an excuse to carry on provocative and confrontational military actions in the South China Sea is highly likely to cause miscalculation and incidents. How to strike the right balance between the historic rights of nations and general international law—and how to strike a balance between the abiding rule of law and respecting other international governance approaches to building a just, equal and fair world—will be a defining factor in either maintaining or undermining the peace in this region in the years ahead.

Notes

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Is it in Australia's Interests to Strengthen Security Relations with Japan?

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Abstract

This paper considers whether it is in Australia's interests to continue to strengthen security relations with Japan in the context of Japan's problematic relations with China. It contends that the state of Japan-China relations matters to Australia because the lack of strategic trust between the second and third largest economies in the world creates risks for Australia's security and prosperity.

The paper argues that Australia should continue to strengthen its strategic relationship with Japan, and that the resultant risks to Australia's relations with China are minimal and manageable over the next decade. It rejects the contention that Australia may need to choose between a stronger partnership with Japan and its growing relationship with China. It concludes that the principal challenge for Australia will be in maintaining freedom of policy manoeuvre, while helping advocate to Japan and China that their mutual security interests are better served by improving their bilateral relations.

Introduction

If a picture is worth a thousand words, the recent popularity in China of a Japanese 'manga' movie featuring the large blue robot cat Doraemon illustrates the complexity and contradictions of the relationship between the two giants of Asia. 'Stand by Me Doraemon' is the first Japanese film to be shown as a general release in China since 2012, when the bilateral relationship went into serious decline because of territorial disputes over the Senkaku/Diaoyu Islands.[1] In 2015, there are nascent signs of a thawing in ties as a result of efforts by the two governments to rebuild relations. But expectations are modest and realistic about the challenges involved.

The tensions between Japan and China over territorial and historical disputes do not involve Australia directly but reflect the broader geostrategic contest for influence in Asia that engages Australia's interests profoundly. China's re-emergence as a major power and the relative decline of Japan raise important questions for regional countries about how China will use its growing power over the next decade. The 'rise of China' is changing power distribution in Asia, and the lack of clarity about China's intentions creates uncertainty that shapes policy responses by regional countries.

For the past decade, Australia and Japan have been strengthening their security ties. This process has accelerated under the framework of the 2007 Joint Declaration on Security Cooperation.[2] In the same period, China overtook Japan to become Australia's largest trading partner in 2007, and there are ambitious expectations for continued growth in trade and investment facilitated by the Free Trade Agreement signed in June 2015. Maintaining good relations with Beijing is critical for Australia's economy and future prosperity. Likewise, Australia's security partnership with Japan, anchored by the commonality of their respective alliance relationships with the US, is critical to maintaining the *status quo* provided by a strong US presence in the Indo-Pacific region.

This paper will consider whether it is in Australia's interests to continue to strengthen security relations with Japan in the context of Japan's problematic relations with China. The state of Japan-China relations matters to Australia because the lack of strategic trust between the second and third largest economies in the world creates risks for Australia's security and prosperity.

However, tensions between Japan and China are about more than territory and history, and concern the nature and shape of the future security order in Asia. Japan's policy settings see support for continued US strategic primacy in Asia as the best way to maintain long-term stability in the region. Australia's policy settings also support the US 'rebalance' to Asia, as well as closer bilateral security cooperation with Japan and trilateral cooperation with the US and Japan. Australia is also

strengthening its security cooperation with China with a comprehensive strategic partnership and annual leaders' meeting, agreed in 2013.

In considering the future strategic challenges for Australia in balancing its hugely-important economic relationship with China with its security partnership with Japan, it is somewhat abstract to argue that there is no choice to make and that Australia can and should engage productively with both Japan and China. The more interesting and practical question is how Australia will manage the inevitable friction points where Japan and China diverge in their policies. What are the future implications for Australia if tensions between Japan and China escalate? Like Australia, Japan faces challenges in balancing its economic relationship with China with its security relationship with the US. Are Japan's policy settings likely to enhance its future security and how can it convince China that a more 'normal' security posture will not threaten regional security?

In considering Australia's interests, this paper will analyse the limits and consequences for Australia of deeper security relations with Japan and China. At the outset, the paper will outline Australia's national interests with China and Japan. The following section will consider recent tensions in Japan's relationship with China, assess the factors influencing the management of bilateral relations, and consider what lessons, if any, Australia can draw from their example.

The Japan-China relationship is quite different from Australia's relations with China. Japan is geographically much closer to China; the two countries are also historical rivals and are the two largest powers in Asia. Rivalry, competition and cooperation coexist in their relations. Yet similarities do exist. Both Australia and Japan are dealing with issues related to accommodating a rising China and both have alliance obligations to the US. How China and Japan manage their relationship in the context of changing power relativities over the next decade is instructive for Australia as an indicator of possible future behaviour.

The paper will examine Australia's response to Japan-China tensions, particularly the territorial dispute over the Senkaku/Diaoyu Islands. The paper will then outline recent developments in Australia's relations with both Japan and China and consider the strategic challenges it faces in achieving its objective of strengthening relations with both countries over the next decade. Some of the issues to consider include whether a closer security partnership with Japan increases the likelihood of a China-Japan conflict drawing in Australia, with Australia perceived as a quasi ally of Japan against China.

Another important consideration is whether China may impose costs on any future policy choices with which it disagrees. The flipside is managing Japan's expectations of the security partnership with Australia and ensuring that misunderstandings do not arise from differing interests and views on managing

a rising China. The paper concludes by arguing that it is in Australia's interests to strengthen its security relations with Japan over the next decade and that the risks to Australia's relations with China are minimal and manageable.

Australia's interests

Australia is strengthening its security relations with Japan because it assesses that it is in its interests to do so. At the macro-level, Australia has interests in the stability of the Indo-Pacific region and in a rules-based global order. The Australian Government's 2013 Defence White Paper, issued by the previous Labor Government, articulated four key interconnected strategic interests: 'a secure Australia; a secure South Pacific and Timor-Leste; a stable wider region, which we now conceptualise as the emerging Indo-Pacific; and a stable, rules-based global order'.[3]

The current Coalition Government is planning to release a new Defence White Paper later in 2015. However, the core macro-level interests are likely to be consistent with those in the 2013 White Paper. While not Government policy, the Defence Issues Paper—released as part of the public consultation process for the 2015 White Paper—notes that Australia's interests include 'the protection of our trade routes and prevention of non-geographic threats, such as those from cyberspace, terrorism, transnational crime, people smuggling, and illegal fishing'.[4] The paper highlights Australia's interests in its 'economic investments around the world and the presence of Australian citizens in many countries'.[5] Australia is also described as:

> [Having] core national interests in working with others to develop regional security architecture … [and] sharing a deep collective interest in sustaining the peace, which has brought growth and prosperity to hundreds of millions of people.[6]

In June 2015, then Prime Minister Abbott recognised Australia's global interests 'as the world's 12th largest economy and as a major trading nation, as one of the United States' principal allies; and as a treaty partner to many of our important neighbours'.[7] He also described 'the stability of our region … [as] essential for the safety and security' of Australia.[8] Australia's Foreign Minister Julie Bishop has said that Australia wants 'a vibrant, inclusive region that is engaged with the world, regional institutions that help manage tensions, a constructive, mutually advantageous relationship with China, and sees the United States as a friend and partner'.[9] Values of democracy, respect for the rule of law and global norms, an independent judiciary and individual liberty of citizens underpin Australia's approach to regional and global engagement.[10]

Australia seeks to advance and protect these interests through strengthening its partnership with Japan. Former Prime Minister Abbott described Australia's 'special relationship' with Japan as 'built on shared interests and common values: democracy, human rights, rule of law, more open markets and freer

trade'; he also said the bilateral partnership is 'for peace, prosperity and the rule of law.[11] Japan's Prime Minister Shinzo Abe, in his July 2014 visit to Canberra, said that both countries would play a greater role 'in realising our common objectives such as peace and stability in the regional and international communities and promoting the rule of law in global public goods including the seas and airspace', describing Australia and Japan as sharing 'universal values and strategic interests'.[12]

Other Australian ministers have articulated Australia and Japan's common interests in regional stability, prosperity, open markets and the rule of law from the perspective of shared values, including democracy and human rights. Australia's Foreign Minister Julie Bishop, for example, has described Japan as Australia's most important strategic and economic partner in Asia, asserting in May 2015 that strengthening cooperation with Japan is 'critical to advancing Australia's interests in a stable and prosperous region'.[13]

Australia is also strengthening its partnership with China, consistent with its interests, including the finalisation of the China-Australia Free Trade Agreement and the elevation of relations to a 'Comprehensive Strategic Partnership'. However, the Australian Government's language is less about shared interests based on common values, and more about cooperation and the management of differences with its largest trading partner.

The Australian Department of Foreign Affairs and Trade's country brief on China notes 'a growing range of common interests, with increasing collaboration in multilateral and regional forums'.[14] It outlines a range of consultation mechanisms to 'advance cooperation and manage differences.[15] Former Prime Minister Abbott noted in late 2014 that 'Australia and China have different systems of government … [but] have become a model of how two peoples and two countries can complement each other'.[16]

During a visit to China in April 2014, Abbott contended that 'Australia's relationship with China is different from that with the United States, the United Kingdom or even Japan—yet it is of incalculable importance'.[17] He noted that China is Australia's largest trading partner, its largest source of immigrants (in most recent years), its largest source of overseas students and international tourists, and that the investment relationship is growing.[18] The latter, in particular, is a sign of the level of mutual trust that exists between the two states.

During a reciprocal visit to Australia in November 2014, China's President Xi Jinping stressed China's interests in regional peace and prosperity, saying that 'without peace and prosperity in the Asia-Pacific, stability and development in China cannot be assured'.[19] Importantly, Xi said that Australia and China had no conflict of fundamental interests and no historical problems, noting Australia

and China's mutual commitment to 'peace, cooperation and development' and to 'uphold and ensure stability and prosperity in our region and the world'.[20]

Xi further asserted that Australia and China 'have every reason to go beyond a commercial partnership to become strategic partners who have a shared vision and pursue common goals'.[21] He also acknowledged differences, and that disagreement was natural. He stressed the importance of candid communication—seeking common ground despite differences—and a preparedness to meet halfway, saying that:

> We should respect each other's core interests and major concerns and appropriately handle our differences. As long as we have our long-term and larger interests in mind, increase positive factors and remove obstacles, we will certainly forge a closer and more dynamic comprehensive strategic partnership between us.[22]

Australia's interests are economic, political, strategic, regional and global. It shares interests with China and Japan in regional peace and prosperity. However, shared interests do not mean synonymous interests, and there are differences about how to advance these interests. Robert Ayson and Desmond Ball argue that the intensification of the Trilateral Strategic Dialogue between Australia, Japan and the US, as well as Australia identifying as Japan's second-closest security partner (behind the US), means that Australia is increasingly connected to North Asia's evolving strategic situation.[23]

Australia first suggested a trilateral dialogue mechanism to the US and Japan in 2001, which was elevated to Ministerial status in 2006.[24] In a Trilateral Strategic Dialogue leaders' meeting in 2014, the three countries committed to deepen the trilateral partnership 'to ensure a peaceful, stable, and prosperous future for the Asia-Pacific region'.[25] They also agreed that the partnership rested 'on the unshakable foundation of shared interests and values, including a commitment to democracy and open economies, the rule of law, and the peaceful resolution of disputes'.[26]

Australia's interests in a closer security partnership with Japan are indivisible from its alliance partnership with the US. As US allies, Australia and Japan are critical partners for America's 'rebalance' to Asia, in which the US advocates allies taking greater responsibility for regional security—the US also supports the strengthening security partnership between Australia and Japan.[27] For its part, Australia has made clear that it supports 'the United States' role in underpinning the region's security, stability and prosperity'.[28]

Australia and the US also support Japan contributing more to international peace and stability, including through the exercise of its right to collective self-defence. Both countries are strengthening security ties with Japan, as well as trilateral cooperation.[29] In a joint communiqué following ministerial-level talks in 2014, Australia and the US also asserted that they are committed to:

> [B]uilding positive and constructive relations with China, including by pursuing dialogue on strategic security issues and by expanding practical cooperation in support of their common interest in maintaining regional peace and stability, and respect for international law.[30]

However, as tensions have increased in the relationship between Japan and China, some commentators have questioned whether a closer strategic relationship with Japan enhances Australia's security interests. Hugh White, in particular, argues that under Prime Minister Abe, Japan's shift away from pacifism to removing restrictions to allow the Japanese military to engage in collective self-defence is a response to Japan's concerns about the rise of China.[31] He cautions against Australia damaging its relations with China by aligning itself with Japan's policy approach that could see Asia divided into hostile blocks.

White questions whether Japan and Australia's relations will continue to align in coming decades. For example, if China and Japan clashed over the Senkaku/Diaoyu islands, would Japan request Australia's support and would it be in Australia's interests to provide it? The answer to that question probably depends as much on the US response and the circumstances surrounding the conflict. However, closer security ties with Japan do raise expectations.[32] Australia's strategic interests in the East China Sea include ensuring that sea lines of communication are open, as well as concerns to maintain the current regional order that depends on continued American primacy.[33]

As a major trading nation, Australia has key interests in growing the trade and investment relationship with both China and Japan. A stable regional environment with open markets is essential to Australia's prosperity. Linda Jakobsen argues that 'China is more likely to determine Australia's prosperity in the 21st century than any other country'.[34] White notes that Australia's economic relationship makes it sensitive to China's interests and that 'Australia has an immense stake in China's economic success and in good relations with Beijing'.[35]

China has been Australia's largest trading partner since 2007, when it overtook Japan. It has been Japan's largest trading partner since 2005. Australia's trade with China was worth almost A$160 billion in 2013-14, and investment is growing.[36] The two countries signed a Free Trade Agreement in June 2015 that they expect will provide a catalyst for future growth.[37] Japan is Australia's second-largest trading partner, with total trade at almost A$68 billion in 2013-14—or close to 13 per cent of Australia's trade, compared with China at 27.4 per cent.[38] Japan and Australia signed an Economic Partnership Agreement in July 2014. Australia's economic interests with both China and Japan mean that Australia has a strong interest in minimising the risk of conflict between them, as any conflict would be economically destabilising, at a minimum, with potentially 40 per cent of Australia's trade at risk.[39]

Japan-China relations

The state of Japan and China's relations matters for Australia's interests because of the importance of its growing trade and developing security partnerships with both countries. How Japan and China manage their relations with each other impacts on their relationships with other regional countries, including Australia. Regional peace and stability is at risk if the two biggest powers in Asia are either unable to manage their political and security relations effectively or if the lack of high-level communication between them results in miscalculations or escalation of tensions.

The long-term risks are magnified by the shift in power dynamics between them, with China's military and economic power growing and Japan's declining in relative terms. However, this is not a zero-sum equation. Japan is still a powerful country in economic terms and its limited military power is likely to increase because of policy changes.

Contemporary relations between Japan and China incorporate both cooperation and competition but the institutional framework is not sufficiently robust to help manage the frequent downturns. Historical animosity continues to overshadow and impede relations that have been fragile since 1972 when diplomatic relations were established.[40] Sheila Smith argues that the ability of the two governments to manage vulnerabilities will determine the trajectory of their relations.[41]

While China focuses on ensuring that Japan atones sufficiently for its wartime atrocities in China, and adopts a 'correct' view of history, Japan focuses on putting relations on a reciprocal and less apologetic footing.[42] China is not ready for this, as it does not trust Japan, just as Japan has found itself ill-equipped to deal with China's rapid rise in the past 30 years and the consequent strategic power shifts in the Indo-Pacific region.

Japan and China have made modest efforts to reset relations but the brittleness and fragility of political ties and the absence of real trust mitigate against a smooth recovery over the long term. In 2008, China and Japan agreed to a 'mutually beneficial relationship based on common strategic interests'.[43] This followed a difficult period in relations because of Japanese Prime Minister Koizumi's annual visits to the Yasukuni Shrine during his period in office from 2001 to 2006.

Yet China and Japan have been unable to operationalise the five areas agreed for cooperation in the 'mutually beneficial relationship' as relations deteriorated dramatically over the Senkaku/Diaoyu Islands territorial dispute in 2010, and again in 2012 and 2013. Modest improvements in day-to-day relations have taken place since President Xi and Prime Minister Abe met for the first time in the margins of the APEC meeting in Beijing in November 2014 and again in Indonesia at the Bandung Conference in April 2015.

Prior to the leaders' meeting at APEC, Chinese State Councillor Yang Jiechi and Japanese National Security Chief Shotaro Yachi jointly issued a four-point consensus on improving China-Japan ties. The two countries agreed to resume political, diplomatic and security dialogue, while acknowledging differing positions on the Diaoyu/Senkaku Islands.[44] In his first interview with a Chinese-language television station in Hong Kong, Prime Minister Abe promised 'constant effort' to improve relations with China.[45] In March 2015, China and Japan held senior officials' security discussions for the first time in four years,[46] and President Xi hosted 3000 Japanese visitors in May. The two countries have also been making progress on discussion of a mechanism to manage crises at sea to reduce the chances of accidental confrontation in the East China Sea.[47]

The contradiction in Japan-China relations is that economic interdependence has not led to better political relations. Even though the trade and investment relationship remains strong, the economic relationship declined between 2011 and 2013 during a difficult period in the territorial dispute over the Senkaku/Diaoyu Islands. In 2013, Japan's exports to China fell 10.2 per cent to US$129.88 billion and imports from China dropped by 3.7 per cent for the first time since 2009. Exports of Japanese cars to China declined significantly after anti-Japan protests in China.[48]

Political tensions also affected the trade relationship when China allegedly restricted the rare earths trade with Japan after Japan's arrest of the Chinese captain of a fishing trawler that collided with a Japanese coast guard vessel in the East China Sea in 2010. Japan has since diversified its rare earth supplies to be less reliant on the Chinese market. Considering how difficult relations have been, the economic relationship has been reasonably resilient. China is Japan's largest trading partner and Japan is China's third largest bilateral trading partner after the US and Hong Kong (excluding the EU). Japan and China's total bilateral trade in 2014 was US$343.7 billion, a small 0.2 per cent increase on the previous year with China's share of Japan's total trade at 20.5 per cent.[49]

While trade relations have been reasonably resilient to political tensions, there are risks for Japan that if exports did decline significantly, this could jeopardise Prime Minister Abe's ambitious program to revive the Japanese economy.[50] The success of 'Abenomics' is critical to Japan's future status as an influential power in Asia. Mike Mochizuki and Samuel Porter argue that as China is a critical destination for Japanese investments, reviving Japan's economy will be 'very difficult if fractious political relation are allowed to damage economic ties'.[51] Greater trade interdependence provides a disincentive for conflict but it also provides levers of influence. How these levers are used is indicative of the maturity and health of the bilateral relationship, as well as demonstrating how Japan and China will navigate their relationship in future.

Australia has a key interest in Japan and China working to ensure that political tensions do not impact on their trade and investment relations for a couple of reasons. First, economic instability between Australia's two largest trading partners would have a direct impact on Australia's trade and economy. Second, as the second and third largest economies in the world, there is arguably a longer-term normative role for China and Japan in helping define acceptable behaviour and not using trade measures to express a political point.

This is a complex task for both governments. It is reasonably straightforward for governments to avoid taking disruptive measures in response to difficult political or security issues, such as the restriction on the rare earths trade. However, it is much more difficult for governments to influence the choices of consumers who may act in support of rising nationalism, such as decisions by Chinese citizens not to buy Japanese cars or by Japanese consumers not to purchase Chinese food products. Both governments can play a role in dissuading such behaviour but it is politically difficult to do so.

James Manicom is optimistic in arguing that 'integrated production networks, robust direct investment, and bilateral trade underwrite stability in the bilateral relationship'.[52] Historically, Japanese investment in China rose after the two countries signed an investment protection agreement in 1988 and large amounts of Japanese aid boosted bilateral ties after 1979.[53] However, the economic power dynamic between the two countries has shifted dramatically as China's economy grew from US$147.3 billion in 1978 to US$ 8.28 trillion by 2013.[54]

China overtook Japan as the world's second largest economy in 2011, and the OECD and IMF predict China's economy will surpass the US as the world's largest economy in 2016 or 2017 respectively, if it has not done so already in purchasing power parity terms.[55] At a time when China's economy was growing at record rates for consecutive years, Japan's economy stagnated and is only now showing signs of recovery under Abe's economic reforms. Competition for regional influence in trade negotiations and financial infrastructure demonstrates the changed relativities in economic strength between Japan and China. The changed power relativity in China's favour is likely to endure over the next decade despite the economic slow-down in China and modest improvement in Japan's economy.

The competition for regional influence directly engages Australia's interests, as demonstrated by the cautious decision-making process that accompanied Australia's decision to join the China-initiated Asian Infrastructure Investment Bank. Australia also participates in the Trans-Pacific Partnership trade negotiations that do not include China, and the Regional Comprehensive Economic Partnership negotiations that do not include the US. Some see

China's initiative to establish the Asian Infrastructure Investment Bank as a challenge to the Japanese and US-dominated Asian Development Bank.

Japan declined to join the Asian Infrastructure Investment Bank as a founding member over concerns about governance arrangements. It has taken a cautious approach and Prime Minister Abe told President Xi in April that 'while Japan shares with others the recognition that there is a high demand for infrastructure in Asia, we need a clear explanation from the Chinese side as to how fair governance of the institution and borrowing countries' debt sustainability will be ensured'.[56] In May 2015, Abe announced an additional US$110 billion from Japan and the Asia Development Bank to fund infrastructure in Asia over the next five years.[57]

China's Asian Infrastructure Investment Bank initiative and its broader economic connectivity programs, under the 'the One Belt One Road' initiative, are closely linked and support China's economic development. From China's perspective, global financial institutions like the IMF and World Bank were not responsive enough to China's requests for greater voting rights and a greater say commensurate with its economic weight. As such, it has used its economic power to establish a new bank to fund infrastructure in Asia for which there is both a strong need and demand. Nick Bisley argues that the Asian Infrastructure Investment Bank is one example of China 'actively seeking to change aspects of its international environment with which it does not feel comfortable in areas that are not especially contentious'.[58]

With respect to trade negotiations, Japan and the US are strongly committed to the Trans-Pacific Partnership negotiations that do not include China. The partnership is a higher-level trade agreement that goes beyond tariffs and seeks to tackle issues like intellectual property, behind the border barriers and investment. Twelve countries, including Australia, are involved in negotiations, collectively comprising 40 per cent of the world's economy and 30 per cent of global trade.[59]

The symbolic value of the partnership goes well beyond free trade. In his April 2015 speech to the US Congress, Prime Minister Abe characterised it as being about spreading values of 'the rule of law, democracy and freedom', as well as security, with its long-term strategic value.[60] In his State of the Union Address in January 2015, President Obama asked Congress to give him the authority to negotiate trade agreements like the Trans-Pacific Partnership as 'China wants to write the rules for the world's fastest-growing region', whereas the US saw that as its role.[61]

The Asian Infrastructure Investment Bank and Trans-Pacific Partnership debates are a fascinating insight into how Japan and the US view the contest for influence and institution building in the Indo-Pacific, and the reservations

about China playing a larger institutional role. Jeffrey Hornung argues that since relations declined with China in 2010, Japan's policy approach to China has shifted from 'soft hedging' to a harder hedge.[62] He argues Japan has done this through strengthening its alliance with the US, enhancing ties with Australia and other countries like India, and expanding partnerships with countries in Southeast Asia, particularly The Philippines and Vietnam. Participation in the Trans-Pacific Partnership is also part of Japan's hedging against China.

As China's economic power has grown, it has become more assertive about its maritime territorial claims. The dispute over the Senkaku/Diaoyu Islands in the East China Sea is one of the main reasons for the instability and tension in bilateral relations with Japan since 2010. Issues of identity and nationalism complicate effective management of the disputes for both countries. In Japan, for example, right-wing politicians point to China's 'high-handed manner in territorial disputes to highlight Japan's weakness and subservient identity', bolstering the case for Japan to pursue a more independent security policy as it is doing under Prime Minister Abe.

Confronting China is part of confronting Japan's post-World War 2 identity.[63] China's rise has seen a push from its population for it to take a hard-line position in territorial disputes with Japan that has resulted in at least three major escalations in recent years. This makes the disputes progressively more difficult for the two governments to de-escalate and manage.

The first diplomatic crisis was in 2010 when the Japanese coastguard detained the captain of a Chinese fishing boat off the Senkaku/Diaoyu Islands and sought to prosecute him in Japan. Japan eventually released the captain but not until China had inflicted diplomatic, trade and societal damage on Japan through mass protests, diplomatic measures against high-level dialogue and ministerial contact, and trade measures on the rare earth trade.

The crisis became even worse in 2012 when the Japanese Government nationalised three of the Senkaku Islands to prevent Tokyo's right-wing Governor Ishiharo Shintaro from purchasing the islands from their private owners for development. Beijing did not accept Tokyo's representations that it had no choice but to nationalise the islands to avoid them being purchased by the Governor, who had little interest in maintaining the bilateral relationship with Beijing. From Beijing's perspective, Japan had changed the *status quo* and thus breached the longstanding bilateral understanding that the dispute would be set aside for resolution at a future time. For Tokyo, purchasing the islands was the only way to maintain the *status quo*. Bilateral relations went into a deep freeze over the nationalisation of the islands.

The risk of escalation increased further when Beijing declared an air defence identification zone over the East China Sea in late November 2013. Christopher Johnson sees Beijing's declaration of the zone as part of China's strategy to 'seek Japanese acquiescence to a subordinate position in both the bilateral relationship and in the overall regional power dynamic'.[64] Several countries, including Japan, Australia and the US, criticised China's action as increasing regional tensions. However, Beijing 'insisted that its action was legitimate and conformed to normal internationally accepted practice'.[65] The US took no position on the sovereignty of the islands but did confirm that the Senkaku Islands fell within the US-Japan Security Treaty.[66] Jian Zhang notes that many Chinese analysts have argued that:

> [The] new leadership's growing willingness to demonstrate China's 'bottom line' in international affairs has actually reduced the strategic uncertainties surrounding China's foreign policies, preventing other countries from misjudging China's intention and resolve to protect its national interests.[67]

Japan and China's management of their territorial dispute over the Senkaku/Diaoyu Islands does not inspire confidence that the two countries could de-escalate tensions in the event of an accident on the water or in the air. Increased patrols by both countries have militarised the dispute further and increased the chances of miscalculation. Institutionally, Japan and China lack the tools to manage down any escalation. Domestic politics and nationalism in both countries complicate this vital task, and the indicators are that this trend is likely to continue over the next decade, not least because Japan—which retains administrative control of the islands—refuses to admit that the territory is in dispute.

Japan and China have also moved away from a tacit agreement to set aside the territorial dispute until a future time.[68] A few years ago, they were discussing joint development of energy resources in the area.[69] Today, the dispute is a highly-dangerous regional flashpoint, where the lack of trust and confidence between the two countries has raised regional security risks significantly. On the other hand, despite heightened tensions for five years, Japan and China have managed to avoid conflict on the water or in the air, and there has been no loss of life.

Both countries are making efforts to improve crisis management mechanisms, including discussions about a hotline, a four-point consensus agreed in November 2014 to acknowledge differences on the Senkaku/Diaoyu issue and resume diplomatic and security discussions on other issues, as well as work on a mechanism to manage crises at sea. Sustaining these crisis management tools over the next decade may mitigate the risk of conflict that is likely to remain high as Beijing becomes more insistent on protecting its core interests.

The territorial disputes between Japan and China are indivisible from extremely complex and sensitive, unresolved historical animosities. China sees Japan's administration of the Senkaku Islands as Japan gaining from territory acquired from imperialism.[70] Even though it is in Japan and China's strategic interests to promote historical reconciliation, it is difficult to see how Japan and China can move past their animosity over differing interpretations of history, particularly when sensitivities are high over the 70th anniversary of the end of the Second World War. Lai Yew Meng argues that:

> [N]ationalism/identity politics has been an ever-present determinant in Japanese-Chinese relations due to the complex interplay between their shared history and culture, and the evolving power dynamics that have shaped their past and present interactions.[71]

Relations have worsened at a time when nationalism is gaining currency in both countries.[72] Nationalist pressures in both countries are likely to increase in coming years as both countries grapple with significant internal economic and political challenges. Differing interpretations of history and rising nationalism is a fundamental problem in relations. Issues that come up repeatedly include the inadequacy of Japan's apologies for wartime atrocities in China; the treatment of the 'comfort women' who acted as sexual slaves to the Japanese military; and official visits by Japan's Prime Minister, and other senior Japanese representatives, to the Yasukuni Shrine where the spirits of 14 high-profile war criminals are honoured.

China continues to press Japan to 'face up to history in order to unload the historical burden and advance toward the future with its neighbours'.[73] Resolving history issues or at least coming to a common understanding so that differences can be managed is indispensable to improving bilateral relations in the long term. Following a recent trilateral meeting with Japan and South Korea, China's Foreign Minister Wang Yi asserted that 'the war has been over for 70 years, but the problem with history remains a present issue, not an issue of the past'.[74]

The focus for China is the adequacy of Japan's apologies for its past behaviour. Japan believes it has apologised sufficiently, and wants to focus on the future.[75] One barrier to resolving the history issue is that China does not appear to trust Prime Minister Abe's word because of statements he has made, which China sees as undermining previous apologies like the Murayama statement in 1995. For example, in remarks he made to the Japanese Parliament in April 2013, Abe questioned whether Japan had engaged in aggression in the lead-up to and during World War 2; his 2006 book, *Toward a Beautiful Nation*, also outlines his views on Japan's need to strengthen national defence and revise the pacifist constitution, as well as articulating his nationalistic views about history.[76]

The irony is that most Japanese people have a penitent view of Japan's role in history. However, right-wing nationalist views gain the most attention and are those that China chooses to focus on.[77] A survey after the last Japanese elections found that only nine per cent of Japanese voters wanted Abe to focus on foreign and security policy, and only four per cent thought constitutional revisionism should take priority.[78]

The Abe Government's new security policy is an additional source of tension with China because of the lack of trust between them. China thinks Japan is at risk of remilitarising as it reinterprets Article 9 of its post-war pacifist constitution and plays a larger role in regional peace and security, including through exercising its right to collective defence. There will also be greater flexibility in the kind of support Japan can provide to the US in exercising collective defence following their joint agreement on new US-Japan defence guidelines during Prime Minister Abe's April 2015 visit to Washington, albeit they are subject to the passage of implementing defence legislation in Japan's Parliament.[79]

China's view about Japan's failure to face history compounds its suspicions about Japan's future intentions. Japan thinks it has apologised for its imperial past and that its record of accomplishment for the past 70 years as a peaceful, democratic contributor to the international community proves that it is ready to play a more active role in maintaining regional security. Yet a key reason for Japan's changing security policy is its concern about China's growing military power. Between 1990 and 2012, China's defence budget grew at an average annual rate of 10 per cent.[80] Its defence budget in 2015 is expected to be around US$145 billion, compared with only US$10 billion in 1997.[81]

Japan has articulated its concerns about China's rise and its efforts to change the *status quo* in the East China Sea in its most recent National Security Strategy and its 2014 National Defence Policy Guidelines.[82] They say that Japan expects China to play a more active cooperative role in the region and the world. But they also make clear that Japan is concerned about China's continuing increases in military expenditure, as well as its military modernisation, asserting that China is trying to 'strengthen its asymmetrical military capabilities to prevent military activity by other countries in the region by denying access and deployment of foreign militaries to its surrounding areas'; Japan is also concerned about the lack of transparency in the goals behind China's military build-up.[83]

This section of the paper has outlined Japan and China's patchy recent history in managing their bilateral relations. The shift in power dynamics between them, in China's favour, and the immaturity of the institutional management structures for the bilateral relationship increase the risk of territorial disputes escalating into conflict over the next decade. Rising nationalism and unresolved historical animosity add to a difficult management environment for both governments.

How China and Japan interrelate with each other matters for Australia's interests and growing partnership with both countries for two reasons. China and Japan are the largest powers in Asia and if they cannot get along productively, that has flow-on security effects for all middle and smaller powers in the region, including Australia. Improving China-Japan relations is critical to the stability of the Indo-Pacific region. China and Japan are both critical partners for Australia, its largest and second largest trading partners respectively, with strengthening strategic cooperation with both. Without confidence in Japan and China's ability to manage their relationship, it is difficult for Australia to trust the policy motives or agenda of either country in strengthening ties with Australia.

Australia's response to China-Japan tensions

One of the challenges for Australia in balancing its strengthening relations with China and Japan is managing expectations about how Australia should react to incidents between China and Japan. One argument against Australia strengthening its security partnership with Japan is that it could more often put Australia in the position of having to side with one country against the other's view. Japan may expect Australia to take its position because of the closer security ties. Likewise, the strengthening partnership with both Japan and the US through the Trilateral Strategic Dialogue increases the pressure for Australia to align itself consistently with the US and Japan on security issues.

China may also reasonably expect that its comprehensive strategic partnership with Australia will have some influence on Australia's position. Either way, Australia can expect to have to show its hand more often in future and, at times, this will likely be uncomfortable. If Japan-China relations are difficult, then the rub points for Australia are likely to be more frequent and complicate Australia's policy objectives of building closer ties with both Japan and China.

China's unilateral announcement of the air defence identification zone over the East China Sea in November 2013 demonstrates the dilemma for Australia of managing competing expectations from partners.[84] The announcement required aircraft flying in the designated area to abide by certain rules and provide flight plans to Chinese authorities, with China's armed forces adopting defensive emergency measures to respond to aircraft that did not follow these instructions.[85] When asked why it had declared the zone, China's Ministry of Defence stated it had been 'a necessary measure taken by China in exercising its self-defense right' and that it was 'not directed against any specific country'; the aim was 'safeguarding state sovereignty, territorial land and air security, and maintaining flight order'.[86]

Japan reacted swiftly, accusing China of 'profoundly dangerous acts that unilaterally change the status quo in the East China Sea, escalating the situation, and that may cause unintended consequences in the East China Sea'.[87] The US issued a similarly-strongly worded statement that 'this unilateral action constitutes an attempt to change the status quo in the East China Sea'.[88] Australia's Foreign Minister issued a statement expressing concern about the sudden announcement, its impact on regional stability and Australia's 'opposition to any coercive or unilateral actions to change the *status quo* in the East China Sea'.[89]

China labelled Australia's statement 'irresponsible' and urged 'the Australian side to immediately correct its mistakes so as to avoid hurting the co-operative relationship between China and Australia'.[90] During a subsequent visit to China, Foreign Minister Wang Yi berated Australia's Foreign Minister publicly for the position it had taken, pointing out that Australia's words and actions had 'jeopardized bilateral mutual trust and affected the sound growth of bilateral relations'.[91] Australia's Foreign Minister responded that Australia respected China's right to speak out on issues that affect China and hoped China would respect Australia's right to speak out on actions that affect a region of critical security importance to Australia.[92]

Bisley has argued that Australia's choice of language, opposing unilateral efforts to change the *status quo* in the East China Sea, supported Japan and that, from China's perspective, Japan disrupted the *status quo* when it nationalised the Senkaku/Diaoyu Islands in 2012.[93] Bisley argues that taking Japan's side, and by implying it was China that changed the *status quo*, 'builds expectations of support from Tokyo and can be seen by Beijing as Australia backing Japan's position'.[94] Japan, Australia, and the US pointed to China's behaviour as destabilising, whereas the UK and the EU encouraged peaceful resolution without singling out China.[95]

Australia's public association with Japan's position does not appear to have done lasting damage to Australia's relations with China. Just a year and half later, the two countries have signed a Free Trade Agreement, upgraded relations to a Comprehensive Strategic Partnership, and hosted reciprocal leaders' visits. China is pragmatic about its differences with Australia on regional maritime security issues and expects Australia to align its position with its ally the US and close security partner Japan. China did not appreciate the position Australia took and made its views known but did not let the issue get in the way of bilateral cooperation. Arguably, this is a sign of growing maturity in the Australia-China relationship.

Australia-China relations

Since Xi Jinping became President in 2012, Australia and China have instituted the building of a more robust architecture for the relationship. At its apex is an annual leaders' meeting, under the framework of the strategic partnership agreed in 2013. In 2014, this was upgraded to a 'comprehensive strategic partnership' during Xi's visit to Australia. It is not clear how a 'comprehensive strategic partnership' is materially different from a 'strategic partnership', other than signalling both countries' commitment to continue to expand engagement beyond trade and investment and to build trust. The two foreign ministers have initiated a Foreign and Strategic Dialogue that has met twice.[96] The first bilateral Strategic Economic Dialogue took place between Australia's Treasurer and Trade and Investment Minister and their Chinese counterparts in 2014 to discuss bilateral, regional and global economic issues.[97]

These dialogues are a useful way to develop Australia's political relationship and for the two governments to know each other better. Jakobsen argued in 2012 that the lack of regular ministerial contact with China was detrimental to Australia's interests because of China's crucial political and security role in the region, asserting that less than optimal engagement with China weakened Australia's influence and increased the risk of escalation due to lack of trust and familiarity with each other.[98]

Building trust at senior levels of government requires years of effort and a strong foundation.[99] Australia and China are also strengthening the relationship through senior-level dialogue, education, reciprocal naval ship visits, and humanitarian assistance and disaster-relief exercises.[100] The two militaries have also expanded their operational cooperation and familiarisation through their joint search for the Malaysian Airlines flight that tragically crashed into the Indian Ocean in March 2014.

Trust has become an important part of the bilateral narrative and it will be critical for Australia and China to build trust gradually over the next decade through increased political and practical engagement. Former Prime Minister Abbott described the signing of the China-Australia Free Trade Agreement in June 2015 as 'a truly historic step forward in our comprehensive strategic partnership … [in] a shared future of prosperity based on trust and respect'.[101] Earlier, in September 2014, China's Foreign Minister Wang Yi had said that:

> [China] looks forward to deepening our political trust and carrying out strategic cooperation so that we can lay a solid foundation and provide more lasting driving force for the longer term and more stable growth of our relationship.[102]

Australia and China are in the early stages of filling out the bilateral security architecture and building trust. Yet it is difficult to lay solid foundations when Australia does not know how China intends to use its growing power. China's consistent message about peaceful development belies its assertive maritime behaviour, as well as its lack of consultation with regional countries on issues that concern them, such as the imposition of the air defence identification zone in the East China Sea. It will be difficult to build trust unless China develops better practices in consultation and transparency.

Australia is just one of many countries in the Indo-Pacific region for which China's rise creates strategic uncertainty but also enormous economic opportunity. China's economic rise has had a profound effect on the Australian economy and this is expected to continue with the implementation of the Free Trade Agreement, which will liberalise trade in goods, services and investment with Australia's largest trading partner and the world's second largest economy.

The signing of the agreement occurred only a few months after Australia signed an Economic Partnership Agreement with Japan. The Australian Government's messaging is that the Free Trade Agreement with China 'completes a historic trifecta of trade agreements [including with South Korea] with our top three export markets, accounting for more than 55 per cent of our total goods and services exports'.[103] China, Japan and Australia are also negotiating the ASEAN-centred Regional Comprehensive Economic Partnership between 16 regional countries.

Unlike Japan, which took a cautious approach, Australia also joined the Asian Infrastructure Investment Bank as a founding member and the sixth largest shareholder, contributing around A$930 million over five years.[104] This decision provides more opportunities to engage with China and other members on finance and infrastructure issues in the region, to which Australia can bring its experience of involvement in other financial institutions like the Asian Development Bank.

Australian community sentiment about China leans in favour of the economic opportunity of the relationship. According to a 2015 poll undertaken by the Lowy Institute, 77 per cent of Australian respondents see China as 'more of an economic partner to Australia' than a 'military threat', while only 15 per cent see it as 'more of a military threat'.[105] Most respondents (84 per cent) thought Australia should stay neutral in the event of a 'military conflict between China and Japan', while 11 per cent said Australia should support Japan and three per cent said Australia should support China.[106] Feelings in general toward China were slightly below that of Japan, with China scoring 58 and Japan 68 out of 100.[107] The poll indicated strong support for the Government's policy approach, with 73 per cent of respondents agreeing that 'Australia should develop closer relations with China as it grows in influence' and more than half (52 per cent) saying they did not think that Australia should join with other countries to limit China's influence.[108]

An important issue Australia will need to manage is whether the 'comprehensive strategic partnership' with China raises expectations that Australia will modify its strategic calculations to better accommodate China's interests and modify its behaviour towards Japan and the US. It would be reasonable for China to expect the 'comprehensive strategic partnership' to generate a higher level of consultation from Canberra on issues which impact on China's interests, and that Australia will take its views seriously.

Rory Medcalf argues that the evidence does not support the view that China will seek to constrain Australia's 'political and strategic choices owing to mutual economic reliance and vulnerability' and that Australia's deepening relationship with Japan has taken place when trade with China is increasing.[109] Instead, the trade relationship will be one factor to consider, and Australia will try to limit the number and intensity of disagreements with China.[110] This is a reasonable assumption and applies equally to any other important bilateral relationship. It is easier to have disputes and disagreements with countries with which one has minimal ties because there is nothing to lose. A potential mismatch between Australia and Japan's approach could arise in future if Japan does not try to minimise its disputes with China but expects Australia's support in circumstances where Australia thinks Japan and China could have done more to manage down tensions.

Depending on the US view, expectations on Australia could increase in trilateral forums like the Trilateral Strategic Dialogue. Andrew Davies and Benjamin Schreer similarly argue that there is no evidence that closer strategic ties with Japan have damaged Australia's political and economic relations with China.[111] Trade and investment continue to grow and military exercises are expanding, and a zero-sum logic does not apply. China is pragmatic and aware of the impact of Australia's alliance with the US and strategic closeness to Japan but this does not exclude expanding security cooperation between Australia and China.[112]

Australia and Japan

Australia and Japan have a well-developed and longstanding bilateral relationship covering political, economic, people-to-people and security links. Shared values are at the heart of the partnership, which has developed in an incremental way since diplomatic relations were established in 1952, starting with trade and then moving into cultural and people-to-people links and, more recently, security.[113]

The political and security elements of Australia's relationship with Japan are more advanced than with China. Growth in the security partnership has been limited in the past partly by Japan's constitutional constraints. This is changing under the Abe Government's new security policy that aims to shift Japan's security role to a more 'normal' posture.

Australia and Japan have been deepening security ties for almost a decade since Prime Ministers Abe and Howard signed the Joint Declaration on Security Cooperation in 2007.[114] Prior to that, security cooperation took place in multilateral contexts including in relation to Cambodia, Timor-Leste, tsunami relief in 2004, and Iraq.[115] The Joint Declaration established regular '2+2' meetings of Foreign and Defence Ministers. Defence and security cooperation has grown rapidly since then, including the entry into force of an Acquisition and Cross-Servicing Agreement in 2013 that facilitates cooperation in humanitarian assistance, disaster relief, peacekeeping, exercises and training.[116] An Information Sharing Agreement was finalised in 2012 to provide a legal framework to share classified information.[117]

In 2014, Japan and Australia elevated their strategic partnership to a 'new special relationship', 'based on common values and interests including democracy, human rights, and the rule of law, open markets and free trade'.[118] A Defence, Science and Technology Agreement was signed in 2014 to facilitate access to defence technology and enhance research cooperation, and Australia and Japan are working towards an agreement in 2015 to facilitate the movement of military personnel into each other's countries for joint exercises.[119]

Australia and Japan have established a robust institutional framework, matched by political commitment to strengthen security cooperation over the next decade. Domestic politics in both countries pose a risk to the strengthening partnership if there is a change of government in either country. It is possible that Japan's population will decide that Abe's efforts to reinterpret the constitution and play a more normal security role in future do not make Japan more secure. Likewise, a change of government in Australia could lead to a shift in how Australia balances its relations with Japan and China to moderate the rapid progress in security relations with Japan. However, Australia and Japan have such a long and trusted partnership that while domestic politics could affect the tempo of security relations, the foundations of increased cooperation are more or less set for the next decade.

Japan and Australia support a continued US commitment to the region as critical to their national security interests. This was confirmed by the Foreign and Defence Ministers at the '2+2' meeting in 2014, at which the Ministers 'reaffirmed that their respective Alliances with the United States made a significant contribution to

peace and security in the region … [and] underscored the importance of strong US engagement in the region and strong support for the US rebalance'.[120]

The strengthening of the bilateral security partnership complements the alliance relationships that Japan and Australia have with the US, and trilateral cooperation. For example, if Australia decides to select a Japanese design for its next submarine, there would be obvious potential for trilateral collaboration if the design also integrated American systems.[121] On an unrelated note, Japan has also sent 40 personnel to participate for the first time in 2015 in the US-Australia joint exercise Talisman Sabre.[122]

The rapid increase in security cooperation with Japan is one element of Japan's policy to play a more active role in regional security. Japan's national security strategy outlines a policy of 'Proactive Contribution to Peace', based on international cooperation.[123] Its security policy reforms have internal and external elements. Internally, Japan established a National Security Council to provide leadership for the implementation of the strategy. It is also seeking to reinterpret the constitution to allow it to exercise the right to collective self-defence, which would allow Japan to use military force to defend allies and partners in the case of attack and facilitate more effective cooperation with security partners like Australia.[124]

Japan is bolstering the capability of its armed forces in several areas, including air, naval, amphibious landings, intelligence, interoperability and ballistic-missile defence.[125] It has also changed its defence posture to focus more on the defence of its south-western islands.[126] Japan has increased its defence budget for the past three years, running to US$42 billion in 2015.[127] Externally, Japan has strengthened its alliance with the US and agreed updated defence cooperation guidelines.[128] It is strengthening security and defence cooperation with other regional partners, including Australia. Japan's National Defense Program Guidelines for 2014 noted that:

Japan will strengthen cooperation in fields such as international peacekeeping activities, and will also actively conduct joint trainings and other activities so as to improve interoperability with Australia.[129]

Australia has long accepted that today's Japan is a different country to pre-World War Two Imperial Japan, and that Japan has demonstrated for the past 70 years its commitment to democracy, peace and a rules-based international system. There is a high level of trust between Australia and Japan, and Australia views Japan's current pacifist identity as irreversible. Australia does not see Japan as a threat to regional peace and security. Japan's National Defense Program Guidelines make clear that it intends to maintain an exclusively defence-oriented policy and will not become a military power that poses a threat to other countries.[130]

China suspects Abe's security policy is directed against it and questions whether Japan could return to its militaristic past if it removes constitutional constraints. China's military strategy document, released in May 2015, states that 'Japan is sparing no effort to dodge the post-war mechanism, overhauling its military and security policies.... [and that] such development has caused grave concerns among other countries in the region'.[131] In China's view, Japan's perceived failure to atone properly for its militaristic past is evidence that Japan's future security intentions are not necessarily benign for China's interests. Australia needs to be conscious of the trust deficit between Japan and China and the potential for China's lack of trust about Japan's intentions to pollute China's views about Australia's policy settings.

Japan and Australia have also worked closely to shape a regional architecture that is open, inclusive and rules-based. In ASEAN-centred regional institutions like the East Asia Summit, the ASEAN Defence Ministers' Meeting Plus and the ASEAN Regional Forum, Japan and Australia aim to build 'a more resilient regional order that can successfully accommodate the rise of China'.[132] Inherent is an assessment that the existing post-World War 2 regional order—in which the US plays the dominant role in maintaining peace and security through its 'hub-and-spokes' alliance networks—remains the most effective guarantee of regional security. It is also an order that has the capacity to accommodate a rising China.

Australia and Japan have made clear choices about strategic alignment. Medcalf describes Australia's China policy as a combination of hedging and engagement, asserting that:

> Canberra is not fence-sitting when it comes to strategic alignment; it has made a choice, and that choice is the US alliance. Rather, Australia is hedging in the sense that, while it is hoping and preparing for a peaceful and prosperous Asian Century, it is taking security precautions against the possibility of a breakdown of regional order.[133]

Likewise, Bisley argues that 'the choices Australia has made about its strategic future are heavily invested in the belief that US primacy can endure over the long term'.[134] Nevertheless, he argues that this choice is risky as China's actions show that as its economic and military power grow, it is likely to want to change the *status quo* to reflect its interests.[135] Moreover, it is already seeking to do this through assertive maritime activity and through regional initiatives like the Asian Infrastructure Investment Bank.

China's legitimate desire to shape its international environment to reflect its interests will continue to have practical implications for the Japan-Australia security partnership over the next decade. There will be times when Japan and Australia make different decisions based on different assessments of

opportunities and risks. For example, Australia decided to join the Asian Infrastructure Investment Bank while Japan took a more cautious approach and did not.

The key to ensuring that Australia can manage the risks of strengthening partnerships with both Japan and China is policy flexibility and adaptability. At the same time, policy predictability is important to ensure that Australia can manage Japanese and Chinese expectations and that both countries trust Australia. It is also important that the trust is sustained over the coming decade.

Conclusion

This paper has argued that Australia should continue to strengthen its strategic relationship with Japan, and that the resultant risks to Australia's relations with China are minimal and manageable over the next decade. It rejects the 'zero sum game' contention that Australia may need to choose between a stronger partnership with Japan and its growing relationship with China.

A closer security partnership with Japan may increase the expectation that Australia would respond positively to any request for support in the event of conflict between China and Japan, particularly given the separate alliance relationships that Australia and Japan have with the US. The paper contends that the principal challenge for Australia will be in maintaining freedom of policy manoeuvre, requiring a policy toolbox that needs to become more sophisticated and nimble to manage effectively a combined policy of engagement and hedging in making decisions in Australia's national interests.

However, the instances where Australia's policy choices may be constrained are likely to be fewer if the relationship between Japan and China improves. China is less likely to be suspicious of Australia's strengthening security partnership with Japan if it is working directly with Japan to build trust. It is also important that China does not perceive Australia and Japan's increased security cooperation as being directed against it. Therefore, part of both countries' trust-building with China over the next decade should include increasing Chinese involvement in exercises and for political discussions to focus on building crisis management tools and maintaining communication to help de-escalate crises.

While uncertainty about how China will use its growing power is one of the key reasons Australia and Japan are worried about strategic stability, this paper emphasises the need for the cooperative development of an open, inclusive, rules-based regional architecture to manage tensions. The potential for friction is where there are different views about the shape and purpose of the regional architecture—and if China does not think its interests are served by the current structure that sees the US role in the Indo-Pacific as essential for regional stability.

Realism dictates that the adversarial nature of Japan-China ties is likely to continue, given the deep-seated nature of the historical and territorial issues between them. For neighbouring and regional states, the tension between Japan and China increases the challenge of managing relationships with both. In this complex environment, it will be essential for Australia to articulate clearly its interests, to manage expectations, and to be active in helping advocate to Japan and China that their mutual security interests are better served by improving their bilateral relations.

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The Thirsty Elephant – India's Water Security Challenges: A test for regional relations over the next decade

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Abstract

This paper examines India's water security challenges. It notes that if trends persist, more than 100 million Indians will soon face desperate domestic, agricultural and industrial water shortages, with serious implications for longer-term food security, livelihoods and economic growth. It contends that there is also potential for India's water security challenges to aggravate existing interstate tensions, with significant consequences for regional stability.

The paper asserts that a key issue will be whether India can secure its water requirements without further aggravating tensions with its neighbours. It argues that it clearly is in the interests of all parties that India—but also its neighbours Pakistan and China—strive to resolve the issue cooperatively on a region-wide basis, ideally under the auspices of broader, multilateral forums. Otherwise, increased competition and the potential for confrontation seem longer-term possibilities, posing significant risk for India's continued socio-economic rise, as well as the security and stability of the broader region.

Introduction

Water plays a vital role in sustaining livelihoods, human well-being and socio-economic development. Over the past decades, however, concerns over 'water security'—the capacity of a nation to guarantee the availability of quality water in a sustainable fashion—have emerged.[1]

The World Water Council reports that while the world's population tripled during the 20th century, the use of water for human requirements multiplied sixfold.[2] According to the UN, 1.2 billion people—nearly 15 per cent of the world's population—live in areas of physical water scarcity today, while 500 million others are approaching similar circumstances.[3] Furthermore, the global demand for water is projected to increase by 55 per cent by 2050 to satisfy increased manufacturing, power generation and domestic requirements.[4] In turn, water availability is affected by multiple non-traditional security issues, including unpredictable natural disasters, global warming, pollution, health and disease, and population migration. As a result, UNESCO assesses that 'the growing global water crisis threatens the security, stability and environmental sustainability of developing nations'.[5]

Water security has been a major issue for many regions, including those with high population density such as South Asia.[6] India, Pakistan, Bangladesh, Nepal and rising Asian superpower China 'alone account for nearly half the world's total groundwater use'.[7] Still, because South Asia is surrounded by the Himalayas to the north, and the sea in the southeast and southwest, as well as being endowed with a variety of climates and watered by a substantial inland river network in the form of the Indus, Ganges and Brahmaputra Rivers, few would suspect that South Asia is already a 'water-stressed' region.[8] Nonetheless, the Asian Development Bank 'confirms South Asia as a hot spot where populations and economies are being adversely impacted by poor water security' in terms of household (including sanitation), urban and environmental water security, as well as resilience to water-related disasters.[9]

Indeed, India faces daunting water security challenges. The 'demands of a rapidly industrialising [Indian] economy and urbanising society come at a time when the potential for augmenting supply is limited … and water ... issues have increasingly come to the fore'.[10] While India hosts approximately 17 per cent of the world's population, it holds only about four per cent of its required annual water resources.[11] According to the World Bank, India is the world's most important user of groundwater; moreover, if trends persist, 'an estimated 114 million Indians will soon face desperate domestic, agricultural and industrial [water] shortages … [with] serious implications for … long-term food security, livelihoods, and economic growth'.[12] Each year, in addition to significant

economic losses equivalent to more than 6 per cent of India's GDP, nearly 38 million Indians suffer from water-borne diseases while some 600,000 children under the age of five die due to deficient water supply and sanitation.[13]

There is also potential for India's water security challenges to aggravate existing interstate tensions. A regional examination reveals that 'between India and Pakistan … water disputes exacerbate already strained bilateral relations.... [while] for Bangladesh and Nepal, Indian approaches to water are a primary source of distrust'.[14] A case in point is the Farakka Barrage on the Ganges River, which has been the source of longstanding friction between India and Bangladesh since its construction in 1975.[15]

It also appears that these tensions extend beyond the geographical boundaries of the Indian subcontinent. Indeed, China's contentious plans for dam constructions on the Brahmaputra River are of concern for lower riparian states India and Bangladesh, not only because of the potential 'repercussions for water flow, agriculture, ecology, and lives and livelihoods downstream; it could also become another … issue undermining Sino-Indian relations'.[16]

In addition, the effectiveness of current national water management strategies and transboundary frameworks is questioned. For example, in Pakistan it is deemed that 'if no significant national policy and development strategy or clear laws and regulations that monitor water use are established, unemployment, poverty and food insecurity are likely to increase and could become recruitment grounds for extremism'.[17] As well, a longstanding mechanism for water sharing between India and Pakistan, the 1960 Indus Waters Treaty and Permanent Indus Commission, appears to have lost its relevance in the face of emerging non-traditional security challenges, such as climate changes and pollution, as they were not initially factored into the terms of the treaty.[18]

What then are the possible consequences of India's water security challenges over the next decade? This paper posits that India's increased water security requirements will test regional relations over the next ten years. The paper first will review the foundations that underpin current global water security problems by reviewing key water-related terminology, concepts and hydrological features. It will then examine the magnitude of internal water management problems in India, to identify that the issue is a serious and worsening security challenge of domestic concern for the rapidly-rising power.

The paper will then extend the scope of study to include consideration of water security in relation to India's neighbours, Pakistan and China, to demonstrate that the matter is both of regional and national concern. Finally, the paper will analyse the possible consequences for regional security in the decade to come. The paper argues that the best case scenario for India is a path of cooperation

with its neighbours over better management and conservation of their water supplies, while competition and confrontation remain probable outcomes should regional cooperation not be initiated, expanded and institutionalised.

Understanding water

It is important to gain an understanding of key water conceptual underpinnings in order to establish a benchmark to analyse the implications of India's water security challenges. This section will review key concepts and terms related to water, and outline salient hydrological features that characterise the 'Himalayan Water-Commons', since they are determinants in shaping the Indian subcontinent water-supply scheme.

Global water distribution

The world's total volume of water is of approximately 1.4 billion cubic kilometres (km3).[19] Oceans hold 97.5 per cent of these finite water reserves, which are not readily available for human consumption unless subjected to desalination treatment—a costly and complex process requiring a high level of expertise, not yet easily accessible to developing countries.[20] The remaining 2.5 per cent of freshwater available—but again, not necessarily easily accessible or fit for human use—is either 'locked' elsewhere in glaciers (68.7%), groundwater (30.1%) and permafrost (0.8%) or contained in surface waters (0.4%).[21]

In turn, freshwater lakes account for most of surface waters (67.5%), while soil (12%), atmosphere (9.5%), wetlands (8.5%), rivers (1.5%) and vegetation (1%) make up for the rest.[22] Most of the human water withdrawal occurs in rivers, lakes and groundwater; this amounts to less than one per cent of global water resources.[23] In addition, poor access to safe water resources presents humans with complex challenges when considered against their various intended uses.

Furthermore, a look at global water resources usage patterns reveals that both its consumptive and non-consumptive uses—sourced mainly from lakes, rivers and groundwater—is for agriculture (68%) and domestic and industrial requirements (19%), as well as power generation (10%), while three per cent is lost to evaporation.[24] Therefore, despite water being a 'renewable resource', in fact, the earth's reserves that are readily available and fit for human utilisation are extremely limited, already being used to their capacity and mostly consumed for agricultural purposes.[25]

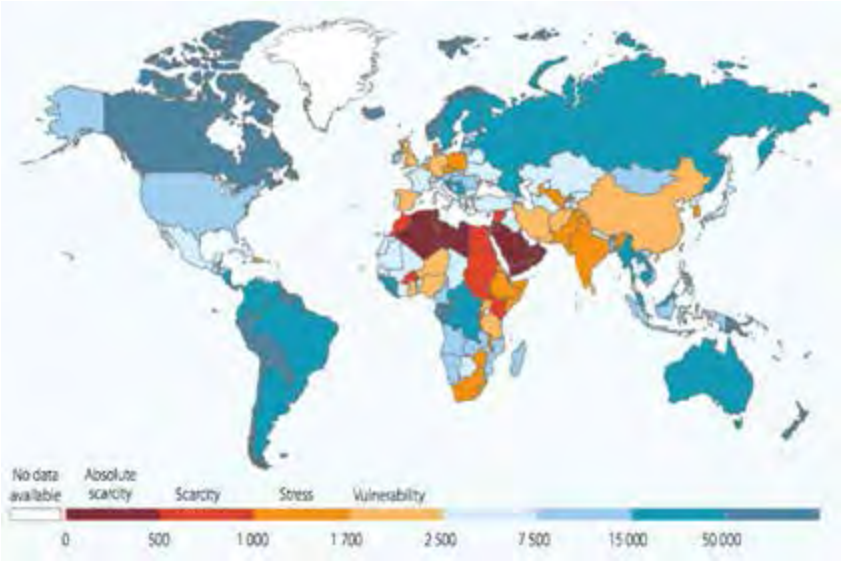
Terminology and concepts

The principal tenets of water security—availability and quality—are increasingly challenged by a variety of 'water problems', broadly defined as 'conditions of water shortage (where water demand exceeds water supply), poor water quality

(inadequate for its intended use) or excessive water (floods)'.[26] Water experts assess, quantify and categorise the magnitude of water problems by considering a range of factors and, in the final analysis, by looking at the population-water equation to determine renewable water resources availability per capita.

Accordingly, the UN qualifies a population as being under 'water stress' when annual water supplies drop below 1700 cubic metres (m3) per person; in turn, a region faces 'water scarcity' when annual per capita water supplies drop below 1000m3 and, in extreme cases, a state of 'absolute water scarcity' exists when supplies drop below 500m3.[27] Figure 1 provides a recent worldwide snapshot of the availability of renewable water resources per capita, indicating that both India and Pakistan already suffer from water stress, while China is in a position of vulnerability to water stress.

Figure 1: Total renewable water resources per capita (2013)[28]



In addition, the Asian Development Bank's 'national water security' framework offers a complementary assessment methodology to determine the extent of a country's water problems, by taking into account five key dimensions: household, economic, urban and environmental water security, as well as resilience to water-related disasters.[29] In a recent empirical study, both India and Pakistan were found to be at National Water Security Index (NWSI) Stage 1—the worst on a scale from 1 to 5—indicating that their 'national water situation is hazardous and [that] there is a large gap between the current state and the acceptable levels of water security'.[30]

In another regard, China's NWSI Stage 2 shows notably that 'institutional arrangements [are] improving; and levels of public investment increasing', albeit still inadequate.[31] These observations indicate that India, Pakistan and China have yet to make significant progress in order to reach the ideal NWSI Stage 5, where a 'country may be considered a model for its management of water services and water resources, and … as water-secure as possible under current circumstances'.[32]

An important characteristic of the comprehensive national water security framework is its holistic perspective on water. The model also reflects that water is tightly nested with other resources such as food and energy. Because of this inter-connectedness, water is susceptible to affect—and to be affected by—a wider range of traditional and non-traditional security issues, with UNESCO (the UN Educational, Scientific and Cultural Organization) noting that:

> [E]conomic, social and political crises have been emerging at an accelerated rate. Although often described individually – their underlying causes often boil down to the ever-increasing competition for a few key – often-limited – resources, of which water is common to all.[33]

Therefore, from the outset, India's precarious water situation suggests that the country is already sensitive—and arguably, to a certain degree, predisposed—to a wide array of potential crises. So too are the co-riparians Pakistan and China.

Water without borders

Of the 276 transboundary river basins worldwide, 60 are found in Asia.[34] Although Asian countries are cartographically distinct, they are functionally bound together as a single coherent hydro-region, namely the Tibetan plateau or 'Himalayan Water-Common', commonly referred to as the world's 'Third Pole'.[35] As noted by Brahma Chellaney, 'no other area in the world is a water repository of such size, serving as a lifeline for large parts of a continent.… Stretching 2400 kilometers from east to west, and 1448 kilometers from north to south, this unique water bank is the world's largest plateau ... [and] Asia's water tower'.[36] The Indus, Ganges and Brahmaputra Rivers—three of the longest, largest and most vital in the region—originate in the Himalayas (see Figure 2). Four billion people—more than half of the world's population—in China, India, Pakistan and elsewhere in South and Southeast Asia depend on these rivers for water, energy and food.[37]

Figure 2: Major rivers fed by Himalayan Glaciers[38]

Within this impressive network, water flows from one nation to another, transcending geographical boundaries: 'the Indus basin links China, Afghanistan, Pakistan and India, while the Brahmaputra and the Gang[es] connect China, Bhutan, India, Nepal and Bangladesh'.[39] These river networks are essential to sustaining the basic needs of millions region-wide through the provision of water, energy, food and livelihoods. According to Sophie le Clue:

> [Y]et the transboundary nature of many of these water resources and China's ownership of the upper reaches of key rivers provides an ideal environment for political jockeying and conflict. In particular, China has the political clout and access to capital if it should choose to manage water reserves in a manner that may not be in the interests of neighboring countries.[40]

This feature of inter-connectedness through water indicates that India, by virtue of its geostrategic position relative to thirsty emerging giant China and other water-starved co-riparians, is predisposed for tensions ahead. Indeed, as noted in a 2014 report by the UK Ministry of Defence, 'a shortage of water could lead to countries (and communities within them) diverting water for their benefit to the detriment of others.… [and] as demand for water intensifies, it could lead to conflict'.[41]

Summary

In sum, this initial review of key water conceptual underpinnings highlights many factors of relevance for the analysis to follow. First, water is an extremely limited commodity of strategic value for India, Pakistan and China. Second, not only do these countries face precarious water security circumstances, they are also linked through a coherent 'water common' and hence share transboundary concerns. Third, China has a geostrategic advantage over India and other co-riparians as it 'controls' the headwaters. Finally, the water-

energy-food nexus renders India, Pakistan and China more sensitive to a range of potential external pressures which could exacerbate their current difficult positions in relation to water security.

Having highlighted the key conceptual underpinnings, the following sections will analyse in more detail the implications of India's water security challenges.

India's water security: sufficiency, scarcity or depletion?

India is undergoing a very dynamic socio-economic transformation, characterised by changing demographics, rapid urbanisation and agricultural development. While striving for socio-economic improvement is desirable, the trends associated with this significant growth represent driving forces that affect India's ability to achieve its water security requirements in terms of both availability and quality. According to the World Resources Institute, half of India is facing high to extremely-high water stress, owing to insufficient supply to match household, urban and economic requirements.[42] India's domestic water security challenge is twofold. First, India is suffering a scarcity crisis; there is simply not enough safe, adequate water to satisfy national demands. Second, the management of existing water resources is deficient.

Approximately 224 million Indians currently lack access to adequate levels of safe drinking water.[43] Although the Indian Government has enforced measures to enhance both the availability and quality of urban drinking water systems over past decades, India's large and growing population has already overwhelmed planned water resources.[44] Surface water, due to high levels of pollution, tends to be unsafe for consumption, so many Indians are resorting to using groundwater.

This increased demand creates a problem of aquifer depletion.[45] A third of Indian aquifers have reached an unsustainable level of utilisation, suggesting that reliance on groundwater for drinking purposes is reaching its limits.[46] In addition, rural communities' access to water has been marginalised; left to their own devices, rural people rely on wells for their drinking water requirements, only to find brackish and contaminated water.[47] In sum, the lack of drinking water for people is an important factor that contributes to India's water security challenge.

India's water resources for agriculture to feed people are also under stress. Hosting 25 per cent of all undernourished people worldwide, food insecurity remains a serious issue for India. The World Food Programme states that 'any global impact on hunger requires progress in food … security in India'.[48] Water is vital to Indian food security that hinges on increased agricultural output to meet the demands of a growing population.[49] Agriculture is by far the most avid consumer of water, with close to 90 per cent of all freshwater withdrawal appropriated for irrigation.[50]

Irrigation is key to India's agrarian strategy, yet the indiscriminate use of water has harmed the soil and hampered productivity.[51] Water for agriculture is also competing with other demands such as urbanisation and changing lifestyles, resulting in increased water requirements.[52] Any type of water stress will affect agriculture, which will invariably affect Indian food security. Employment is also at risk since nearly 60 per cent of Indians depend on agriculture for their income.[53] Therefore, it is evident that the issue of water for agriculture to feed India's people is an additional key water security challenge.

Another water security issue for India is related to water use for industrial development and, hence, economic growth. The industrial sector in India is the second highest user of water after agriculture, and all indications are that this demand will only increase in the future.[54] In addition, a comprehensive survey of 27 major Indian industrial sectors found that most companies were operating in already stressed areas, with 75 per cent indicating difficulties in accessing the required water, which affected their business.

A 2012 report by the Columbia Water Centre noted that 'as competition for water increases across different sectors, the temporal variability in available supply leads to increasing pressure to … use groundwater resources unsustainably'.[55] This indicates that sustained economic growth will not only compete with other resource users but also add considerable pressure on already strained water resources. The lack of safe and adequate water to meet intended national purposes is therefore a major water challenge for India.

India also faces many challenges caused by the inefficient management of existing water resources. First, India's water resources are unevenly distributed in time and space. The monsoon season regularly leads to floods in some areas, such as Brahmaputra, Barak and Ganga, and droughts in others like Rajasthan, Gujarat, Andhra Pradesh, Karnataka and Tamil Nadu.[56] Second, poor water quality is a major environmental issue in India as most of its river networks, lakes and surface water are polluted.[57] As a result, more than 100 million Indians live in areas where water is severely polluted.[58] Third, due to leakages and lack of proper technology, up to 50 per cent of India's piped water supply is wasted.[59]

A further factor is that internal tensions over water availability and between water resource consumers is highly sensitive in India, exemplified by the protracted domestic disputes between the states of 'Delhi, Haryana, Himachal Pradesh, Punjab and Rajasthan [for] the sharing of water from the Sutlej and Yamuna rivers and the associated link canal'.[60] Finally, India faces the difficult issue of obtaining sufficient water for the future. This would seem to be virtually impossible according to the World Bank's predictions, given that unless India takes immediate corrective actions, its ground water table will begin to dry up

by 2025.[61] The future appears even starker for India as its national water supply is expected to fall 50 per cent below demand by 2030; a position of severe deficit.[62] Therefore, rectifying poor management of existing water resources is a key security challenge for India, both now and in the future.

One of the main causes of India's poor management record is its lack of a coherent and effective domestic water strategy. Indeed, water challenges in India have not only permeated to every level, they are intensified by the paucity of policies and mechanisms to properly manage the use of water resources. A recent Royal Institute of International Affairs survey reported widespread discontent among Indian government officials and policy experts' circles vis-à-vis water management and water policies in general, owing to the lack of a holistic approach on the part of the Indian Government.[63]

In essence, water presents India with three very difficult managerial issues to tackle.[64] First, while India should enable effective vertical coordination across the multiple levels at which water is used and managed, the division of power between the centre and states concerning water management is unbalanced. This situation reinforces a centralised water management scheme where local, regional, cultural and geographical variations and the needs of each state are marginalised.[65]

A second issue is the inability on the part of the Indian Government to effectively regulate competition between various stakeholders and users of water. Despite the existence of a Central Ground Water Authority for the control and protection of ground water, pollution and the environment, there is no regulatory authority. While water policies and environmental legislation are deemed to be comprehensive 'on paper', there is blatant disparity between policy and implementation. Moreover, these policies are neither fully implementable nor enforceable.[66]

A third factor that illustrates the lack of a coherent water management strategy becomes evident when looking at India's managerial approach to dealing with the issue of geopolitical, hydrological and administrative boundary misalignment. Indeed, Indian transboundary and diplomatic interactions towards other stakeholders tend to be overly statist or nationalistic. This attitude prevents mutually beneficial, regional water management interactions. India's apprehensions towards its co-riparians and its lack of transparency inhibit cooperation.

Unless India adopts a more open, basin-oriented approach in its dealings with other water stakeholders, the current water problems will not only remain extant but also almost certainly worsen.[67] Clearly, India's 'National Water Policy' is proving inadequate to deal with today's complex water situation, despite the Government's considerable effort and investments since 1987.[68]

This lack of an effective water management policy puts additional stress on an already challenged system and failure to resolve this shortcoming will only perpetuate, if not intensify, India's water security challenges.

Summary

In sum, the examination of water management in India reveals serious and worsening internal water security challenges, providing a 'hazardous' outlook, according to the Asian Development Bank.[69] The UN's World Water Assessment Program warns of the stark implications, such as lack of freshwater resources on economic prosperity and security.[70] In addition, water challenges in India have not only permeated to every level, they are intensified by the paucity of policies and mechanisms to properly manage the use of existing water resources.

These serious deficiencies have the unintended consequence of fostering internal tensions over water availability and between water resource consumers, which can be highly sensitive in India, as exemplified by the protracted disputes over the Sardar Sarovar Dam on the Narmada River, in the exceptionally water-stressed state of Gujarat.[71] Notwithstanding these domestic frictions, India—owing to its contiguous borders with neighbouring countries, its status as both an upper and lower riparian, and despite a number of agreements and treaties—is confronted with significant transboundary water challenges.[72]

Water security – interstate relations

Having examined India's internal water security challenges, the paper will now consider water security in relation to its neighbours Pakistan and China, to show how India's challenges exacerbate existing tensions, extending beyond the national realm into a transboundary, regional matter.

India-Pakistan relations

Relations between India and Pakistan have been tense for many decades and continue to be so. Certainly, of all the transboundary relationships between India and its riparian neighbours, this is the most sensitive and potentially dangerous. Legacies of the colonial past leave both countries in a state of mutual distrust, military tension and political acrimony.[73] Since the partition of British India into the independent states of India and Pakistan, the two countries have fought three wars, and experienced a number of armed clashes.[74] Other examples of longstanding tensions between them include the Jammu and Kashmir insurgency and alleged Pakistan-backed terrorist acts across India. Consideration of India's water security in relation to its neighbour Pakistan reveals that the Indo-Pakistani water problem is multi-faceted and bound to persist into the future.

According to Sumit Ganguly, the polarisation between India and Pakistan, leading to the enduring tension between the two nuclear-armed rivals, is deeply rooted in three main causes. The first is the ideological divergence between respective elites opposing India's secular and Pakistan's Islamic nationalisms. The second rests with Pakistan's irredentist claim to the Muslim-majority state of Jammu and Kashmir. The third relates to actions by both parties leveraging opportunities to damage each other's territorial claims over Kashmir or to their broader nation-building agendas.[75]

India's stance on the central issue of Jammu and Kashmir appears to have been consistent over the years. In essence, India takes the view that Jammu and Kashmir is an integral part of India, and that accession of Jammu and Kashmir to India is legal and final.[76] In turn, Muhammad Ali Jinnah, founder and first Governor General of Pakistan, stated that 'Kashmir is the Jugular vein of Pakistan and no nation or country would tolerate its Jugular vein remain[ing] under the sword of the enemy'.[77] These words still resonate in political and military discourses today, and epitomise the continued polarisation between the two countries.[78]

It thus appears that 'identity'—and issues of ideological, emotional, political and geostrategic pertinence over Kashmir in particular—is central to the protracted tensions between India and Pakistan. Nonetheless, today the 'conflict over Kashmir is not exclusively ideological but also fundamentally connected to the control of … water resources'.[79] Consequently, the magnitude of Pakistan's water resources security challenge also warrants consideration.

Pakistan, like India, faces a serious and worsening water security problem. Daanish Mustafa and colleagues contend that:

> [B]ecause of overuse and misuse, the country is facing declining water availability and quality, growing water pollution, and overall environmental insecurity.... Water shortages may well pose the greatest future threat to the viability of Pakistan's economy.[80]

Pakistan's domestic water security challenge is multi-dimensional. It is confronted with a severe and deteriorating water shortage issue, with an estimated 50 million Pakistanis lacking access to safe drinking water, while 74 million others are without proper sanitation.[81] Another factor that contributes to Pakistan's water shortage problem is its inefficient use of water for agrarian and industrial purposes. According to Michael Kugelman:

> Pakistan's entire economy is driven by the textile industry.... The problem … is that most of the major industries use a [lot] of water – [for] textiles, sugar, wheat – and there is a tremendous amount of water that is not only used, but wasted.[82]

An additional issue that aggravates Pakistan's water shortage is the mismanagement of its existing water resources. Indeed, a number of serious deficiencies—such as inadequate water harvesting methods, a lack of reservoirs and storage facilities, as well as poor irrigation—are contributing to a marginal rate of water systems efficiency (less than 40 per cent), with the most critical being the lack of an effective national water policy to enable a holistic approach to water management.[83]

To compound the problem even more, Pakistan is wrestling with a severe energy crisis, partly caused by a lack of sufficient water and priority. For example, because of 'variations in the natural availability of water and regulation of water supplies that gives first priority to agriculture needs … [hydroelectric power] efficiencies in some plants are as low as 24 per cent'.[84] Consequently, energy shortages in Pakistan have 'adversely affected the economy and disrupted social life in the country … [causing losses of] over [US]$1 billion from export earnings and a potential displacement of 400,000 workers'.[85]

Pakistan's water security challenge currently 'affects both the country's vital agricultural sector and its booming cities; has implications for livelihoods, public health, and the environment; and, because of global warming, will undoubtedly worsen before it abates'.[86] As the water supply dwindles and demand continues to increase, Pakistan's water scarcity will only get worse. It is predicted that Pakistan's global water shortfall—which was 11 per cent a decade ago—will triple to an alarming 31 per cent by 2025.[87]

Furthermore, with a population projected to continue to grow from 184 to 227 million by 2025[88]—at which point Pakistan will have reached a state of 'absolute water scarcity'[89]—increased water demands 'will exacerbate water insecurity and present Pakistan with significant economic, social and political challenges'.[90] These stark indications suggest that, similar to India, water quantity and quality issues are likely to increase overall water insecurity for Pakistan. Given that India and Pakistan are interlinked by a water system that is transboundary in nature—the Indus—and that both countries face serious water scarcity issues, increased competition for access to more safe water is to be expected, which could exacerbate existing tensions.

India and Pakistan compete for the control of the Indus' shared water resources to satisfy their demands. The Indus river system is of geostrategic importance to both these major riparian countries since it sustains most of their surface water requirements. This is particularly true of Pakistan, with the Indus being the main water artery supporting the country. Additionally, of the Indus' five main tributaries, two are of particular concern vis-à-vis India-Pakistan relations since they flow through the sensitive region of Kashmir: the Jhelum (the largest),

which originates from the Valley of Kashmir, and the Chenab, which flows through the Jammu and Kashmir state before reaching India.[91]

Given the serious water problems faced by both India and Pakistan, shared access to Indus water resources is not only paramount to their socio-economic development but elevates the issue as an important transnational issue. In short, control of Kashmir means power to control the 'main Indo-Pakistani water valve'. Associated 'upstream' water management frictions have been a source of increased tension between India and Pakistan that persist to this day.

India's upstream use of water aggravates existing tensions with Pakistan. This is best exemplified by Pakistan's objections to India's initiation of hydropower construction projects along the Indus river basin (Jelhum and Chenab) in answer to its expanding energy requirements. India has also been diverting western rivers' waters through canals and tunnels from Jehlum to Chenab and onward to the Ganges to meet its increased regional water supply requirements. In the process, it is starving lower riparian Pakistan, which argues such action as a flagrant violation of the Indus Water Treaty.[92]

As a result, the prevalent Pakistani view is that India, by virtue of its upstream geography and regulated access to the Indus basin's river network, denies water supply to Pakistan which impacts on equitable water distribution and, in turn, Pakistan's socio-economic development.[93] In addition, there is also a Pakistani perception of 'theft' of water by India, which has fuelled threats by anti-Indian militant groups such as Lashkar-e-Taiba, one of the more than 60 active terror groups in India.[94] These allegations and intimidations, rooted in water insecurity, have the effects of intensifying the mutual sentiment of distrust and of fuelling political acrimony, which exacerbates existing tensions and raises the issue as a serious transnational security matter.[95]

The effectiveness of current Indo-Pakistani bilateral water management mechanisms is critical for the future security of the two nations, yet it is challenged. The longstanding Indus Waters Treaty and the Permanent Indus Commission should serve as the basis for the maintenance of peace and the fostering of bilateral cooperation. After all, the international water treaty was signed by two rivals, and lasted through the Indo-Pakistani wars and into the nuclear era.

Additionally, a recent extensive study of 148 countries concluded that active 'water cooperation between countries sharing transboundary water resources is directly correlated with the security of the nations involved in such cooperation and peace in the continent or subcontinent they belong to'.[96] Nonetheless, 'the existence of a [river bordering organisation]—like the existence of a treaty—does not mean the existence of cooperation.[97] Indeed,

India and Pakistan are still coming to terms with the Indus Waters Treaty and, to date, 'the dissection and diversion of a single and geographically integrated river system under the treaty has intensified divisive politics in the region and [reinforced] the distrust between the two parties'.[98] Hence, the Indus Water Treaty holds no guarantee of peace between the two water rivals. As all indications are that Pakistan will reach a status of absolute water scarcity by 2025, the potential for aggravation of already existing tensions between India and Pakistan caused by this additional irritant will remain.

This examination suggests that issues over transboundary waters act as a compounding factor to the predisposing causes of Indo-Pakistani tensions by adding a layer of complexity to the Kashmir question, inciting more divergence, and creating another opportunity for both countries to undermine their respective national agendas. Moreover, these circumstances are shaped under an umbrella of nuclear deterrence and by the looming threat of numerous unpredictable irregular actors such as Lashkar-e-Taiba.

Furthermore, given the impact that any solution to India's water security problems is likely to have on neighbouring Pakistan, it can be concluded that the matter is one of not only national but also transnational concern. India's water transnational problem requires a transnational solution. Unless bilateral mechanisms such as the waning Indus Water Treaty are revitalised, India's water security challenges will most likely remain a cause of further divide and mistrust, which will aggravate existing tensions between India and Pakistan and, in turn, will continue to test Indo-Pakistan relationships in the decades ahead.

Having examined India's water security in relation to its neighbour Pakistan, the next section will move beyond the Indian subcontinent to consider an increasingly predominant contestant for Indian water resources in the emerging 'giant' of China.

India-China relations

India and China, two of the oldest living civilisations and rich in history, were once the pillars of global trade, prosperity and progress. The roots of Sino-Indian co-existence date back to at least two centuries BC,[99] at which point both countries were dominant powers, holding collectively more than half the world's economy.[100] Linked by trade since times immemorial through the so-called land and maritime 'Silk Routes' that enabled a two-way flow of material commodities, technology, people, ideas, culture and spirituality, India and China peacefully co-existed and, to some extent, influenced each other's evolution for two millennia.[101]

However, 'for over [the last] fifty years relations between the two countries have been at best distant and suspicious, at worst antagonistic, even conflictual'.[102] Indeed, long-drawn-out border disputes dominate contemporary Sino-Indian relations, with three major conflicts having been fought in recent decades: the Sino-Indian War over Aksai Chin (1962), the Chola incident in Sikkim (1967) and the Sino-Indian skirmish in the Sumdorong Chu Valley, surrounding the Indian statehood of Arunachal Pradesh (1987).[103]

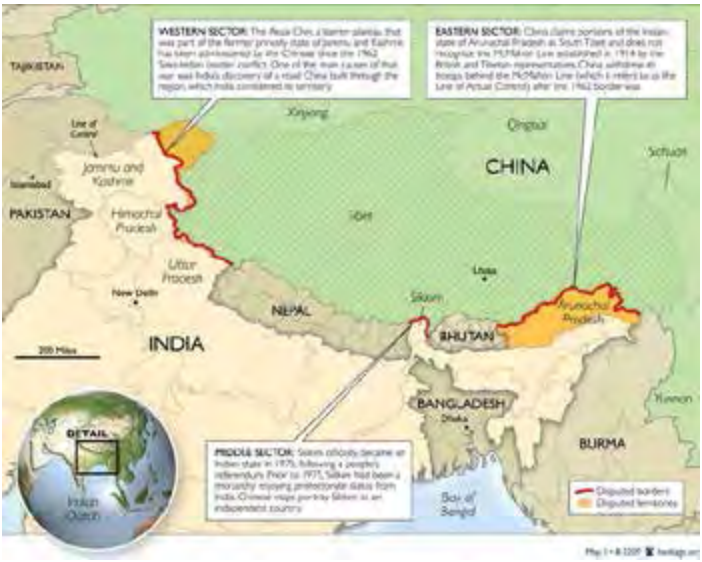
Despite recent diplomatic and economic rapprochements and tight alignment on certain key international issues, such as world trade and climate change policy, strategic discord and military rivalry continue to divide the two nuclear-armed neighbours.[104] The as-yet unresolved question of Tibet and a recent military face-off between opposing Chinese and Indian troops in Ladakh (Jammu and Kashmir), at the Sino-Indian border near Demchok-Chumar in September 2014, most notably demonstrate these tensions.[105]

Martin Jacques argues that two main reasons underpin the profound antipathy between India and China. First, India remains suspicious of China's widening ambitions in the region. In essence, China's expanding bilateral relations with India's nuclear-armed rival Pakistan and its befriending of Bangladesh, Nepal and Myanmar, are seen as a deliberate attempt to 'contain' or control India by proxy, hence counterbalancing its predominance in the regional balance of power.

In the wider Indo-Asia-Pacific context, there is also similar wariness on the part of India towards China's increasing sphere of influence in the Indian Ocean, echoed by China's reciprocal apprehensions about Indian military and economic activities in the disputed South China Sea. Increasing Indo-Chinese rivalry over access to resources and influence has also been observed in Africa.[106] Ostensibly, the two emerging powers are on a path of strategic competition on a global scale.

Second, India and China have yet to resolve their longstanding border disputes.[107] Figure 3 illustrates the 4000 kilometre-long Indo-Chinese border with areas of contention shown in red. The first contested area is the remote Aksai Chin plateau in the western sector, which is administered by China but claimed by India. The central sector hosts the second area of contention, Sikkim, which is administered by India but deemed by China as an independent country. Finally, the eastern state of Arunachal Pradesh is the third area of contention, administered by India but claimed as 'South Tibet' by China.[108]

Figure 3: India-China disputed borders[109]



These three disputed areas are manifestly of strategic value and interest for both countries. For instance, the Indian state of Sikkim has long been an important element of modern Chinese foreign policy relative to the Tibet Autonomous Region—conceptualised by the Chinese leader Mao ZeDong as a 'palm consisting of five fingers policy, namely, Ladakh, Nepal, Sikkim, Bhutan and Arunachal Pradesh'.[110] Sikkim hosts a significant Tibetan population and 'by enhancing connectivity and getting an overarching influence over the [region], China gets a better hold over Tibet, thus weakening any potential cards which India would want to play at a later stage'.[111] Nevertheless, this area is but one of the many bones of contention likely to exacerbate Sino-Indian boundary tensions in the Tibetan plateau.

Indeed, even though Aksai Chin might at first appear to be an inhospitable, resource-scarce and barren plateau of marginal value, it is a vital logistical route that links Chinese west Tibet and the province of Xingjiang. Militarily, the plateau also offers a natural strategic mobility corridor that could potentially enable China's reach through to the heart of India, its capital city and critical infrastructures, as well as economic centres. The plateau also represents 20 per cent of the whole Kashmir region.[112] As noted by B.R. Deepak, this is a central and sensitive issue for rivals India and Pakistan because it is 'closer to the disputed area between India and Pakistan [from where] China could effectively support Pakistan'; therefore, 'Aksai Chin is like a Damocles sword

hanging over India's head', making it geostrategically important for China and of vital interest for India.[113]

As a result, other pressures such as those created by impeding water security challenges are likely to intensify strategic competition between India and China and therefore aggravate their already strained interstate relationship. The aforementioned Sikkim and Aksai Chin disputes, as well as the central issue of Tibet, reflect the antagonistic dynamics and the distance, suspicion and distrust that divide the two rising powers, in essence, a 'diplomatic-security stalemate' of sorts. Conversely, disputes over Arunachal Pradesh have also been a key component of Indo-Chinese relations since the demarcation of the interstate border (the 'McMahon Line') in 1914. According to an assessment by the US strategic intelligence firm STRATFOR:

> [T]heir scope, frequency and significance may be increasingly correlated with the water conflicts over the [Brahmaputra] River.... Chinese territorial claims to 'South Tibet' – [including] the entirety of Arunachal Pradesh – have become more frequent and assertive as Beijing moves to consolidate its boundaries.... New Delhi is concerned not only about China bolstering its military presence along the border with Arunachal Pradesh, but it also fears that China's dam construction will cause a sudden drop in water levels in the disputed territory, giving Beijing the upper hand.[114]

Indeed, as for India, water is a vital commodity for China, indispensable to sustain its ambitious socio-economic development program and the needs of a growing (and ageing) population. Despite significant improvements to its water resources development and management in recent decades—in areas such as irrigation and hydro-power development, the region coverage of freshwater supply systems, and drought prevention—China's 'peaceful rise', hinged on sustained socio-economic development, remains critically contingent on the resolution of a number of serious water security challenges.[115]

With 21 per cent of the world's population but only a meagre six per cent of its available freshwater resources, China is in the throes of a serious water scarcity crisis.[116] Indeed, as stated by China's Ministry of Water Resources, water resources use has 'already surpassed what [Chinese] natural resources can bear'.[117] Overall, China's annual per capita renewable freshwater reserves sit at around 2072m³—compared to water-stressed India's 1155m3—well over the UN's categorisation of 'water scarcity' as 1000m³ but still only about a third of the world's average, and trending down.[118]

As the Chinese central government is in the midst of preparing its 13th Five Year Plan (2016-20), a look at China's ambitious water security goals provides valuable indications in relation to the magnitude of its looming water scarcity problem. While more than 600 million urban residents in 2010 had access to public water supply and over 400 million rural Chinese residents enjoyed

clean drinking water, 298 million others still lacked safe drinking water.[119] In addition, 80 per cent of Chinese cities are considered severely water stressed. These indicators combined make China one of the 'water-poorest' countries worldwide.[120]

With a population predicted to continue to grow from 1.37 to 1.42 billion by 2025, China's need for safe water will increase, placing additional pressures on water access and worsening its problem of water scarcity in the coming decade.[121] Moreover, the quality of the water supplied is in question: approximately 60 per cent of China's aquifers are deemed polluted and most of the drinking water in rural areas is considered unsuitable for human consumption because of agricultural and industrial activity.[122] Furthermore, 16 of the world's 20 most polluted cities are in China.[123]

In another regard, as it is in the case for its neighbours India and Pakistan, the distribution of water in China is extremely variable across space and over time. Certain regions are naturally well supplied, while others are naturally arid or simply water scarce. Northern China is host to 47 per cent of the Chinese population and 60 per cent of the country's farmlands but contains only 20 per cent of the country's water resources. In comparison, in southern China major river systems such as the Yangtze (the largest) provide nearly 80 per cent of water resources to 53 per cent of the Chinese population.[124]

In addition, Tina Butzbach asserts that 'the pattern of chronic [seasonal] flooding and … drought is becoming increasingly familiar in China … [and responsible for] the shortage of water supply in rural and urban areas … [and] a heavy burden on industrial production and the agricultural sector'.[125] Official figures show that severe drought in March 2010 temporarily denied water to approximately 51 million people in southwest China, causing about US$3.5 billion in damages due to severed agricultural production and hydro-electric power generation.[126]

More recently, China's Ministry of Civil Affairs stated that natural disasters—primarily floods and drought—affected more than 20 million people in May 2015, leaving 123 Chinese dead, 15 missing and 518,000 others displaced, while destroying or damaging some 320,000 residences.[127] In sum, China's growing water problems are a serious challenge that threaten people's safety, hamper the country's rapid development, and set the conditions for future competition over transboundary water resources, with the potential to aggravate existing tensions with its riparian neighbours, particularly India.

In response to its alarming water security challenges, China has undertaken an ambitious program of dam and canal construction (see Figure 4).[128] With a view to increasing supply and levelling the regional distribution of water resources across

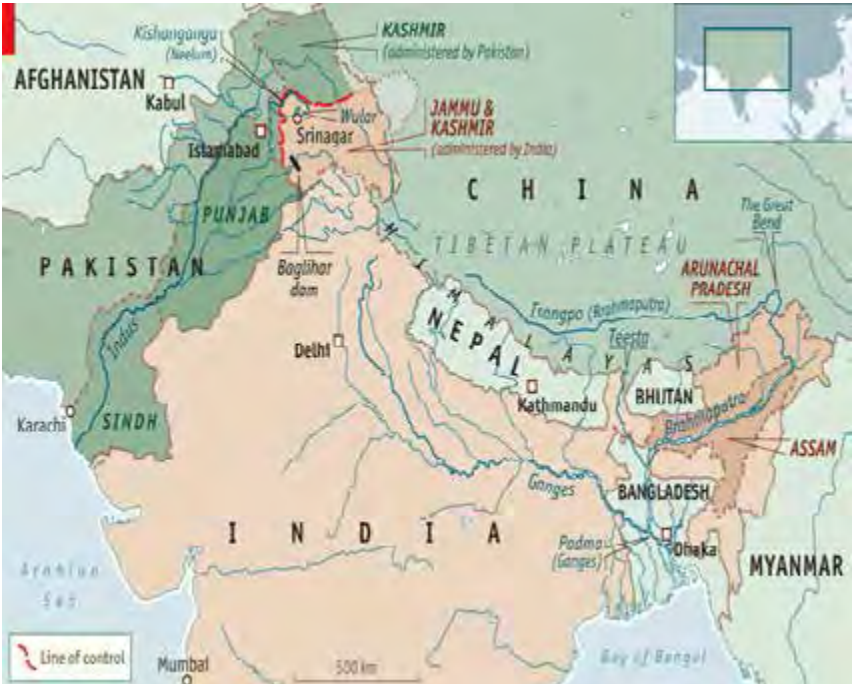
the country, China has plans to divert water to the drier northwest provinces.[129] In parallel, in an attempt to favour renewable (and less polluting) energy sources over coal and oil, China has also initiated an impressive number of hydro-electric damming projects, notably on the upstream portion of the Brahmaputra.

Figure 4: China's plans to dam or divert rivers of the Tibetan Plateau[130]

These initiatives fuel much anger and angst within South Asian countries in this region—India and Bangladesh in particular—about the sustainment of their own future water supplies. In that regard, the disputed Arunachal Pradesh is of particular relevance in relation to India's water security challenges and its potential to exacerbate existing regional tensions with China, as it has become the theatre of a complex 'interstate water stalemate'. There, water security is achieved through one of the most vital water arteries that flow through the heart of the Himalayan water-common: the Yarlung-Tsangpo (in China) or Brahmaputra River (in India).

Figure 5 depicts the transboundary nature of the massive river network that waters the region. The Brahmaputra River, with the world's third greatest average discharge, extends over a 2900km course from its source in the Himalayas to its confluence with the Ganges in Bangladesh, passing through the Chinese Tibet Autonomous Region and the Indian states of Arunachal Pradesh and Assam, before releasing into the Bay of Bengal. The river is networked with numerous tributaries, virtually acting as a jugular vein for the region and its communities, and confirming that water is certainly 'without borders' in that region.[131]

Figure 5: South Asian borders and hydrology[132]



This regional inter-connectedness through water highlights three important geostrategic features that characterise regional transboundary relationships. According to Gopal Siwakoti 'Chintan':

> [The first feature] is the hydrological dependence of all [these communities] on China. The headwaters of all these rivers, except the main Gang[es] river, rise within a few hundred kilometers of each other, in the south-western region of the Tibetan plateau….This has important consequences, given that China is the largest and technologically the most advanced country among these co-riparian countries. [Second,] India and China are in a phase of rapid economic expansion, resulting in increased use of water and hydropower. Both India and China have plans to step up inter-basin water transfers to meet their water demands and have accelerated their hydropower dam construction programmes. [Third,] [b]oth countries also economically and politically overshadow their smaller neighbours and countries downstream of these long and large river systems.[133]

The threat of water diversion by China in the upstream Brahmaputra is a particularly sensitive issue for India. The north-eastern state of Arunachal Pradesh is fenced by international boundaries, linked to mainland India through the Siliguri corridor and, most importantly, is traversed by many other interstate tributaries. Border tensions in this region already carry a lot of geopolitical

weight that India's water security challenges further exacerbate.[134] Given the serious water problems that both India and China face, shared access to the Brahmaputra's water resources and its many tributaries extends the issue beyond the national realm into a serious transboundary, regional matter.

Finally, the absence of a formal, comprehensive water sharing agreement between India and China over the Brahmaputra—particularly in light of China's ambitious dam construction program intended to divert waters to supply its increasing water requirements—is raising concern. Given its unprecedented growth and increasingly-assertive trajectory, global reach and momentum—as seen in the South China Sea and Africa, for example—it is highly unlikely that China will compromise its water security requirements, simply because India is in desperate need of more safe water. For now, agreements between India and China are limited to water-related information sharing during the monsoon months.

However the truly divisive issue of planned Chinese diversion of the Brahmaputra remains unaddressed. To date, India has been unable to convince China to enter into a bilateral cooperation agreement over the Brahmaputra issue.[135] This suggests that China is acting unilaterally and, arguably, this lack of consultation through adequate bilateral coordination mechanisms has the potential to create 'another serious impediment to relations between the two Asian heavyweights', thereby worsening the core issues that underpin existing tensions.[136]

China's perceived lack of transparency and willingness to cooperate over transboundary water matters is likely to intensify India's suspicion of Chinese ambitions in the region. It is also possible that China's unilateral approach will reinforce India's perception of a deliberate, regional containment strategy. Moreover, because they have been unable to resolve their longstanding border disputes, it seems likely that antipathy and strategic competition between India and China will prevail, further exacerbated by water competition, leaving both rivals head-to-head in a potential 'interstate water stalemate'.

Summary

When considering India's water security in relation to its neighbours Pakistan and China, it appears evident that water availability is a strategic issue for all of them. Given their serious water security problems, shared access to the water resources of the Indus and Brahmaputra, and their numerous tributaries, is essential to sustaining the livelihoods, well-being and socio-economic development of all three countries.

Furthermore, the present analysis suggests that issues over transboundary waters have the potential to worsen core issues that underpin existing Indo-Pakistani and Indo-Chinese tensions by adding a layer of complexity to the already sensitive

Kashmir and Tibet questions, as well as inciting more suspicion, antipathy and divergence, thereby potentially crystallising their antagonistic relationships.

Therefore, water acts a potential tension-multiplier between India and its nuclear-armed rivals Pakistan and China. Given the impacts any solution to India's water security problems are likely to have on Pakistan, and in the absence of truly effective cooperation over water sharing concerns with an increasingly thirsty China, it can be concluded that the matter is both one of transnational and national concern.

Possible consequences for regional security: competition, cooperation or confrontation?

Having determined that water challenges act as an interstate tension-multiplier between India and Pakistan, as well as with China, the issue of water security is clearly a regional concern. The paper will now highlight the possible consequences for regional security in the decade to come by outlining the essential characteristics of the *status quo* before exploring possible outcomes and future implications.

The status quo

From a national stand point, the *status quo* in relation to water security is unsustainable for India and Pakistan and, to a lesser extent, for China. Indeed, water stress today has unfortunately become a common denominator for India and Pakistan, which both strive to secure adequate water supplies to satisfy their domestic demands. Their mediocre National Water Security Index classifications indicate that their current situation is simply hazardous and that much improvement remains ahead before they can reach satisfactory levels of water security. Notwithstanding their engagement, while China is also wrestling with serious water woes, its investments and domestic water management mechanisms are also insufficient to reach a satisfactory level of water security.

As observed in the analysis above, the well-being—and in extreme cases the very survival—of millions of Indians, Pakistanis and Chinese is being jeopardised by poor water security arrangements. So are agricultural and industrial outputs, as billions of dollars evaporate in pure water loss and inefficiencies—amounts that could potentially be invested in resolving the very water issues at hand. In essence, the risks associated with sustained water scarcity under a *status quo* scenario—that is, the high probability of potentially severe repercussions of inadequate household (including sanitation), urban and environmental water security, as well as resilience to water-related disasters—are just too high for any responsible government to leave unaddressed.

When examined from a wider regional stand point, the *status quo* proves to be even more unsustainable for the members of the Himalayan water-common. As highlighted previously, water scarcity is perhaps the single most important factor that impairs interstate relations among riparian countries of the 'commons'. As water scarcity increases, transboundary tensions play a more predominant role in shaping interstate political relations. India, due to its regional leadership and geostrategic location relative to other upper and lower riparians, has become a 'water-hegemon' of sorts within the Indian sub-continent. With the exception of Bhutan, India's diplomatic relations with other neighbours all deteriorate into disputes over cross-border water issues and, as Paula Hanasz notes, 'the water issues India has with Pakistan … could become the catalyst for conflict'.[137]

While the Indus Waters Treaty represents a form of bilateral cooperation between India and Pakistan, India's 'upstream' use of transboundary waters continues nonetheless to aggravate existing tensions with Pakistan, since the treaty has proven ineffective to deal with the full range of contemporary water stresses at hand. In the wider Asian context, to complicate Indian water issues even more, there is no comprehensive cooperation mechanism in place between India and China to regiment their transboundary matters.

Hence China appears to be in a position of absolute control over the Brahmaputra's headwaters and India in a position of vulnerability. As China exercises a perceived hegemonic use of water and diverts more towards its drier northern provinces, India's current water scarcity problem risks being amplified, and does Pakistan's also. As Indo-Pakistani water supplies have dwindled because of increasing domestic, agricultural and industrial demands, as well as other aggravating non-traditional pressures such as climate change and pollution, the present water scarcity crisis is proving to be simply unsustainable for India and Pakistan. Therefore, the current *status quo* has already failed and must be addressed.

Possible outcomes

Commentators have identified a wide spectrum of possible outcomes for a region's water problems.[138] At one end of this spectrum, 'fatalists' promote a 'water war' rhetoric, proposing that water scarcity invariably leads to conflict. For instance, in 1995, Ismael Seragelding, then Vice President of the World Bank, coined that 'if the wars of this century were fought over oil, the wars of the next century will be fought over water'.[139]

In addition, the UN has highlighted that 'an estimated 40 per cent of intrastate conflicts over the past 60 years are associated with natural resources, and since 1990 at least 18 violent conflicts have been fuelled by the exploitation of natural

resources and other environmental factors'.[140] Additionally, UN Secretary-General Ban Ki-moon has contended that water scarcity 'could help transform peaceful competition into violence',[141] and that '[t]he consequences [of water scarcity] for humanity are grave … [and that] … it is a potent fuel for wars and conflict'.[142]

By contrast, optimists refute the 'water wars' narrative. They often argue that water conflicts are mere chimerical fabrications or fallacies, worthy of far-fetched 'Hollywood-like' scenarios.[143] Professor Kader Asmal, winner of the prestigious Stockholm Water Prize and once chair of the World Commission on Dams, has 'challenged the assumption … that decreasing supplies of fresh water will inevitably lead to water wars', saying that 'water is a catalyst for peace, and will not be the cause of wars [as] there is not a shred of evidence to back up the rhetoric of water wars'.[144]

According to Wendy Barnaby, the 'water wars myth' should be dismissed, as the reality is that nations 'do not go to war over water, they solve their water shortages through trade and international agreements'.[145] As well, Jeremy Allouche reports that 'some water experts have argued that scarcity drives the process of co-operation among riparians'.[146] David Michel similarly argues that:

> [On] closer inspection of global hydropolitics … the warnings of looming water wars are overblown. From local streams to international rivers, riparians seem more often to find opportunities for a cooperative modus vivendi than the seeds of a casus belli in shared water resources. No modern state has ever declared war on another solely over water.[147]

In turn, the middle spectrum offers a range of alternative perspectives on possible outcomes and their root causes. For example, the risk assessment firm Verisk Maplecroft asserts that while 'water security has the potential to compound the already fragile state of societal affairs in some countries.… [it is also] related to food security, which leads to cost of living protests … in less democratic societies'.[148] As well, Peter Gleick notes that:

> Mal-distribution of fresh water together with current trends in population and development suggest that water is going to be an increasingly salient element of interstate politics, including violent conflict.… Not all water resources disputes will lead to violent conflict; indeed most lead to negotiations … and non violent resolutions. But in certain regions of the world … water is a scarce resource that has become increasingly important for economic and agricultural development. In these regions, water is evolving into an issue of 'high politics' and the probability of water-violence is increasing.[149]

Zhang Hongzhou offers yet another perspective, suggesting that the 'water wars' narrative appears to be premature, unhelpful and has rather become a 'self-fulfilling prophecy … [that] erodes the mutual trust that is desperately needed to improve Sino-Indian relations, and encourages overreaction from both sides'.[150]

Notwithstanding these diverging views, it still appears that the lack and uneven distribution of safe water has indeed launched India, Pakistan and China on a possible trajectory of transboundary water competition to secure access to this depleting strategic commodity. This prospect prompts a fundamental question for the future of regional security: will water prove to be a nexus for peace and cooperation, or rather a catalyst of increased competition and, ultimately, conflict between India, Pakistan and China?

Future implications

The lack and uneven distribution of water resources within the Himalayan commons have created an unfair competitive environment that has the potential to act as an interstate tension-multiplier in the future. Furthermore, the *status quo* has proven to be unsustainable. Looking forward a decade, unless immediate corrective actions are taken, all indications are that India and Pakistan's water situations will continue to deteriorate significantly. Indeed, as highlighted in the analysis above, by 2025 India will be in a position of 'severe water deficit' and Pakistan will have reached a state of 'absolute water scarcity'.

Meanwhile, adequate regulation and coordination mechanisms must be achieved elsewhere, otherwise China will most likely continue to leverage its geographical (and hydrological) advantage of unrestricted control of the Brahmaputra's headwaters and, consequently, continue to starve India and Pakistan. For that reason, cooperation needs to be initiated, further developed and ideally institutionalised or else conflict or political, economic, social and humanitarian crises are likely consequences that will continue to test regional relations over the next ten years. Clearly, neither India, Pakistan nor China would be served by the issue deteriorating into conflict. As noted by Aaron Wolf, '[w]ar over water seems neither strategically rational, hydrographically effective, nor economically viable. Shared interests along a waterway seem to consistently outweigh water's conflict-inducing characteristics'.[151]

Nonetheless, 'improving transboundary water relations in the absence of domestic water security will be challenging, particularly given that the current approach treats water as a zero-sum resource'.[152] Indeed, on the one hand, India's lack of trust towards its co-riparians might present another limitation; for instance, India is 'insisting on installing monitors at a new Chinese dam that will affect Indian waterways'.[153] On the other hand, however, scholar M. Taylor Fravel found that 'China offered many concessions [in its disputes] despite clear incentives that its simultaneous involvement in multiple conflicts created to signal toughness and resolve, not conciliation'.[154] Zhang also points out that:

> [D]espite 'China's [current limited] engagement with the global water governance regime … [and] [a]lthough it is true that China needs to cooperate more with neighbouring countries on the transboundary river issues, it is unfair to label China as the uncooperative water hegemon.… [W]hat should be noted is that these areas are gradually opening up. China has become more willing and open to share hydrological data with neighbouring countries including India.[155]

This indicates that despite China's apparent assertiveness and unilateral approach, there are signs of openness and potential for future engagements and cooperation.

Nonetheless, India's transnational water problems require transnational solutions and there are several ways in which this could play out in coming years. First, India, Pakistan and China might reassure the international community of their goodwill and resolve over shared water security challenges by reconsidering their positions and ratifying the UN Convention on the Law of the Non-Navigational Uses of International Watercourses. Indeed, while this Convention—which came into force in August 2014 after decades of work on the sensitive issue—is the first global and comprehensive legal framework for interstate cooperation over transboundary water resources, neither India, China or Pakistan are yet legally bound to its terms since they have failed to ratify the agreement.[156]

However, the Convention might prove beneficial to India, Pakistan and China. Should these nations decide to leverage the formal mechanisms offered by the Convention, it could:

> [A]ssist … by filling gaps where no basin agreement exists, where a basin agreement only partially covers aspects covered by the global Convention, and where not all states within a particular basin are parties to a basin agreement. The Convention therefore has great potential in addressing the existing legal architecture for international watercourses, which is often described as fragmented.[157]

Second, India and Pakistan might expand cooperation and seize the opportunity to revitalise the waning Indus Water Treaty. This could be achieved either under the current Indus Permanent Commission or the sponsorship of another authoritative international body such as the UN. Furthermore, in an effort to foster greater cooperation and transparency, and hence prevent 'the securitization of water and the deeply entrenched fear that water will be used as a weapon of proxy war between … opposing state[s] … [which] have led to a regime of secrecy around transboundary water issues', the respective governments of India and Pakistan might want to consider desecuritising and declassifying transboundary data and information.[158]

Third, India and China might at least initiate tangible bilateral cooperation for the sharing of the Brahmaputra's waters. This could be based on the UN Watercourses Convention that establishes a solid framework for the development, conservation and management of international watercourses. Ideally, given the extent of the water security challenges shared by countries served by the Himalayan water-common, multilateral cooperation through an authoritative international body would be the ideal outcome. In that regard, the Mekong region offers an interesting benchmark. Indeed, as the World Water Council has noted:

> [D]espite the political context, the Mekong region in the 1950s offered one of the first spaces for regional environmental negotiations. Through the constitution of several organizations (Mekong River Commission, ASEAN), a regional approach is now evolving towards a nexus approach. The session showed how the issues discussed among the Mekong riparian countries reflect an international situation where environmental, social and economic trade-offs are to be made in order to guarantee a sustainable future.[159]

Finally, the sharing of technological innovations, including promising solutions such as more affordable desalination systems, may alleviate some of the risks induced by water stress and scarcity and set conditions for further rapprochements.[160]

Summary

From both a national and regional stand point, the *status quo* on water security is unsustainable for India, Pakistan and China. The risks associated with sustained water scarcity under such a scenario are simply too severe for any responsible government to leave unaddressed, particularly since India, Pakistan and China are seemingly embarked on a trajectory of transboundary water competition. Looking forward a decade, it has been argued that the best case scenario for India is a path of cooperation with its neighbours over better management and conservation of their water supplies. Otherwise, further competition and confrontation seems inevitable.

Conclusion

Water is a vital yet extremely limited commodity of strategic value for India. The magnitude of India's internal water scarcity and mismanagement problems pose serious and worsening security challenges of national concern for the rising power. Indeed, India's water resources shortage and management deficiencies have the unintended consequence of fostering domestic frictions over water availability and between water resource consumers.

When viewed in the wider context of India's external relations with Pakistan and China—which both have equally serious and worsening water issues—it is evident that water availability is a strategic issue for all three. It is also apparent that India's increasing water security requirements have the potential to intensify transboundary competition for access to more safe water, thereby increasing the odds of exacerbating existing Indo-Pakistani and Indo-Chinese tensions. Given the impact that any solution to India's water problems is likely to have on Pakistan, and in the absence of proper water-sharing mechanisms with thirsty China, India's water security is a matter of regional as well as national concern.

While the *status quo* is unsustainable, an assessment of how the current regional water security circumstances might play out in the coming decade suggests there is a wide spectrum of possible outcomes to India's water security challenges, ranging from an incentive to regional peace and cooperation, to a catalyst of increased competition and, ultimately, conflict between India, Pakistan and China. While it has been argued that the best case scenario for India is a path of cooperation with its neighbours over better conservation and management of their water supplies, competition and confrontation remain probable outcomes should regional cooperation not be initiated, expanded and institutionalised. Therefore, it is evident that unless more effective mechanisms are put in place, India will continue to struggle to adapt and overcome the many domestic and transnational challenges associated with its increased water security requirements, which will continue to test regional relations over the next decade.

Looking to the future, several alternative scenarios might become plausible in a ten-year time frame. First, current and new technologies might be able to address India's water security problem if the Indian Government were to give this a high priority. For instance, current technologies such as thermal or membrane desalinisation processes are being used successfully by Israel and Singapore to solve their own and other water crises. Other new and emerging technologies are also expected to become increasingly more accessible and affordable.[161] However, this scenario could well represent a two-edged sword for India, possibly leading to either enhanced cooperation or, conversely, to further confrontation with China and Pakistan. Indeed, India, Pakistan and China could certainly opt to pool resources and cooperate in the research and development of new technologies. Yet such developments could also result in more competition, in that if the upstream state developed new technologies, it could preserve all it saved and not necessarily assist those downstream, hence causing increased tension.

Second, India and Pakistan might find their interests converging if China acts unilaterally to develop its water resources to their detriment. However, this scenario appears unlikely. Indeed, maintaining a strong relationship with Pakistan is of geostrategic importance for China. A case in point is the recent announcement of the China-Pakistan Economic Corridor or 'silk road' mega-project that would link coastal Gwadar in Pakistan to Kashgar in the Chinese region of Xinjian.[162] It comes as no surprise that the corridor initiative, which is planned to run through Gilgit Baltistan—a highly-sensitive area claimed by India as part of the contested area of Jammu and Kashmir—has so far been fiercely opposed by India, with Prime Minister Modi declaring the proposal 'unacceptable'.[163]

In a third plausible scenario, China could develop policies amenable to India in order to wean it away from developing a closer strategic relationship with the US. The recent announcement that India and Pakistan are set to join the Shanghai Cooperation Organization as full members by 2016 is an indication that China is open to building closer ties with both, but in part also to counter-balance India's increasingly closer relationship with the US. As well, a key element to note is that the Organization has played a positive role in the past in preventing friction among Central Asian states by prioritising the joint use of water resources.[164]

A fourth and very plausible scenario might see India experience severe domestic unrest as a result of water scarcity. In fact, numerous instances of civil protest, unrest, escalation of violence and legal battles have been observed in India as a result of water challenges. The Narmada Dam water disputes opposing the Indian states of Madhya Pradesh, Maharashtra, Gujarat and Rajasthan; the ongoing Sardar Sarovar Dam conflict; and the resurgence of the longstanding conflict over water from the Cauvery River between the states of Karnataka and Tamil Nadu due to dryer climate condition—all leading to a form of protest or violence—suggest that severe domestic unrest remains a highly probable scenario for India in the context of future increased water scarcity.[165]

Overall, India would greatly benefit from more conservation and adaptation, through a holistic and smarter way of managing water. Ideally, with the view of mitigating water insecurity as a potential source of increased transnational tension and a cause of regional instability in the coming decade, India might find benefit in addressing its critical lack of a coherent national water management strategy while engaging in genuine and open active cross-border collaboration. For example, India and Pakistan might opt for increased cooperative work, under the auspices of the Permanent Indus Commission, to revisit and revitalise the current water-sharing arrangements.

Conversely, India and China might find value in initiating tangible bilateral cooperation for the sharing of the Brahmaputra's waters. As well, India, Pakistan and China might consider increasing cooperation through the adoption of a more basin-oriented approach and the institutionalisation of international agreements between co-riparians, as it is not good for any one of these states to be more efficient water users if the others are still in trouble. For instance, the UN Convention on the Law of the Non-Navigational Uses of International Watercourses offers a formal mechanism to address the current fragmented and inefficient regional water-sharing scheme. In addition, more transparent interstate water data and information sharing may help reduce current regional tensions. As well, sharing of technological innovations might offer another useful path to greater, mutually beneficial cooperation.

As the future unfolds, the analysis in this paper would suggest that a key issue will be whether India can secure its water requirements without further aggravating tensions with China and Pakistan. It has been argued that it clearly is in the interests of all parties that India—and indeed the other affected states—strive to resolve the issue cooperatively on a region-wide basis, ideally under the auspices of broader, multilateral forums. Otherwise, increased competition and the potential for confrontation seem longer-term possibilities, posing significant risk for India's continued socio-economic rise, as well as the security and stability of the broader region.

Notes

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The United States' Asia-Pacific Policy and the Rise of the Dragon

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Abstract

This paper examines the shifting balance of power in the Asia-Pacific region brought about by China's economic and social transformation. It examines the US 'pivot' to the Asia-Pacific, and China's likely responses, with a particular focus on the implications for Australia.

The paper notes that although increased strategic competition between China and the US can be expected, the economic interdependencies between them make conflict unlikely. It concludes that a more likely outcome is that China and the US will eventually arrive at some form of power-sharing arrangement, likely requiring greater recognition by the US of China's role and influence in the region. However, whether that accommodation can be achieved peacefully, and how this will affect Australia, will likely rest just as heavily on the US as it does on China.

Introduction

For the last four decades, the US has maintained its position as a hegemonic power within the Asia-Pacific region. This has created a stable regional order, enabling economic growth which has transformed the region. But now the regional order is shifting. China's economic and social transformation has empowered its global influence. It is engaging more broadly and has become more assertive, both in its force posture and international relations.[1]

As the US responds by 'pivoting' its strategic focus to the Asia-Pacific, the obvious question is whether the region is heading towards conflict as a prelude to the rise of one great empire and the fall of another.[2] To frame this analysis, the first section of this paper describes US policy and its objectives. It then analyses China's likely responses to the US pivot, and discusses the implications for Australia.

The paper concludes that although increased strategic competition between China and the US can be expected, the economic interdependencies between them make conflict unlikely. It concludes that a more likely outcome is that China and the US will eventually arrive at some form of power-sharing arrangement, likely requiring greater recognition by the US of China's role and influence in the region. However, whether that accommodation can be achieved peacefully, and how this will affect Australia, will likely rest just as heavily on the US as it does on China.

US Asia-Pacific policy

After President Barack Obama's election in 2008, he ordered a review of US global strategy and force disposition.[3] The review found an imbalance in the global focus of US national power, with US force posture, in particular, unduly skewed towards Europe and the Middle East.[4] In response to the review's findings, Secretary of State Hillary Clinton in 2011 spearheaded the first of a number of US policy announcements indicating that the US would be expanding its already significant role in the Asia-Pacific.[5]

The key objective of the new US policy was to devote more effort to influencing the development of Asia-Pacific norms and rules in response to China's growing influence.[6] Clinton asserted in October 2011 that:

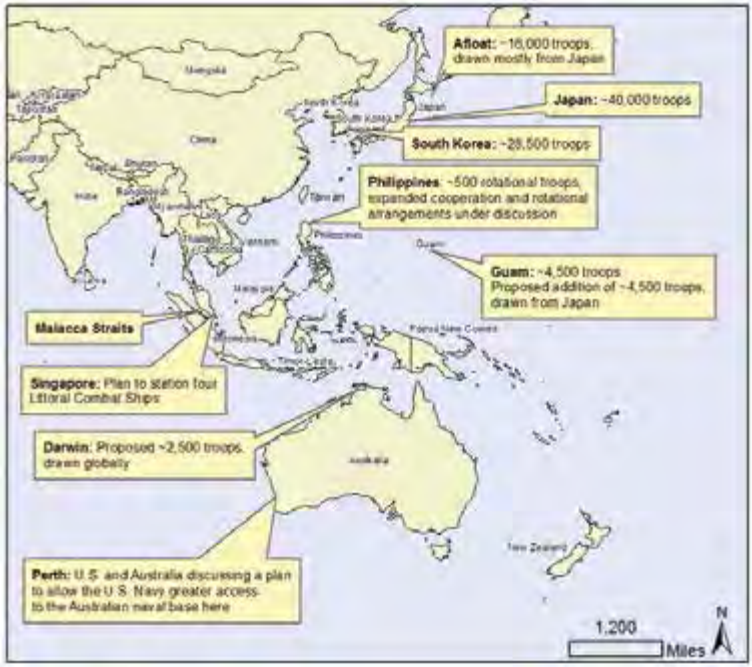
> [A]s the war in Iraq winds down and America begins to withdraw its forces from Afghanistan, the United States stands at a pivot point.... In the next ten years, we need to be smart and systematic about where we invest ... so we put ourselves in the best position to sustain our leadership, secure our interests, and advance our values.[7]

More broadly, US policy consists of six lines of effort: strengthening security alliances; deepening relationships with emerging powers; engaging regional multilateral institutions; expanding trade and investment; expanding military presence; and advancing democracy and human rights.[8] However, in a number of early policy statements, there was some confusion about the term used to describe the policy—whether it was a 'pivot' or 'rebalancing'—with a number of negative connotations surrounding the use of the word 'pivot'.

While the US Government was quick to re-shape the language by labelling the strategy one of 'rebalancing', both terms have persisted. The ambiguous language of a number of these announcements has contributed to Chinese concerns as to US motives, with an often-voiced concern that the US is intent on the 'containment' of China.[9] However, US officials have refuted such concerns, asserting that although the initial US policy focused on the Asia-Pacific region, the term 'Indo-Pacific' arguably better reflects both the growing geostrategic importance of India and the Indian Ocean, and current US policy intent.[10]

A review of Indo-Pacific and Australian media coverage, as well as official announcements, reveals that by mid 2012 the comprehensive nature of the US 'rebalancing' policy had been replaced by a focus on a military shift towards Asia and the strengthening of regional security alliances.[11] This shift has included the planned move of 60 per cent of US naval and air forces into the Indo-Pacific region by 2020, the repositioning of forces as depicted in Figure 1 (overleaf), the adoption of Joint Entry Operations and Air-Sea Battle Concepts to counter Chinese (and Iranian) anti-access and area-denial capabilities, and an undertaking that the policy would be spared from sequestration.[12] Additionally, it has been announced that the 'rebalance' would be accompanied by the establishment and upgrade of a number of US bases in the Asia-Pacific region.[13]

Figure 1. 'Rebalanced' US troop deployments and plans in the Asia-Pacific region[14]



Three years on, there have been some notable successes, such as enhanced US security arrangements with a number of Southeast Asian countries, the renewal of a long-term security pact between the US and India, historic commitments by the US and China on climate change, and increasing US influence in the proposed Trans Pacific Partnership trade agreement. Nevertheless, the 'rebalance' remains open to criticism, both domestically and abroad. In particular, there is concern that the 'rebalance' has fallen victim to budget cuts, domestic political agendas, growing Middle Eastern priorities and the rise of Islamic State, and has actually resulted in an increase in Chinese assertiveness.[15]

Enter the Dragon: China's response

One of the aims of the US 'rebalance' was to reassure its regional allies and partners of America's commitment to the region and its ongoing leadership.[16] However, according to Japanese Coast Guard reporting, there has been a rise in Chinese incursions into the waters surrounding the Senkaku/Diaoyu Islands following the 'rebalance'.[17] Similar trends have been reported in the South China Sea in areas contested by The Philippines and Vietnam.[18]

In relation to competing claims in the South China Sea, both Vietnam and Malaysia made submissions to the UN Commission on the Limits of the Continental Shelf in May 2009, seeking to extend their claims beyond the normal 200 nautical mile boundary.[19] At the time, China claimed the proposals severely impinged on its sovereignty and submitted a counter claim—commonly referred to as the 'nine-dash line'—encompassing much of the South China Sea, including areas claimed by Taiwan, Vietnam and The Philippines.[20] Since then, China has markedly increased its maritime activity in the area, and commenced substantial land reclamation on several of the disputed islands.

Some commentary has questioned whether China's behaviour is either new or assertive.[21] However, on balance, it would seem that China has become more assertive in response to the US 'rebalance', demonstrating an intent both to reinforce its sovereignty and protect its national interests, regardless of international criticism.[22] It has also been suggested that China's response may indicate a considered shift in foreign policy, signalling that Beijing is no longer content with what it would presumably see as US-dominated Asia-Pacific norms and rules of the past.[23]

For over 40 years, Asia's relative stability has facilitated sustained economic growth and transformed the region. This stability has been underpinned by the 1972 diplomatic agreement between China and the US which restored relations and included, *inter alia*, US recognition of Beijing over Taipei.[24]

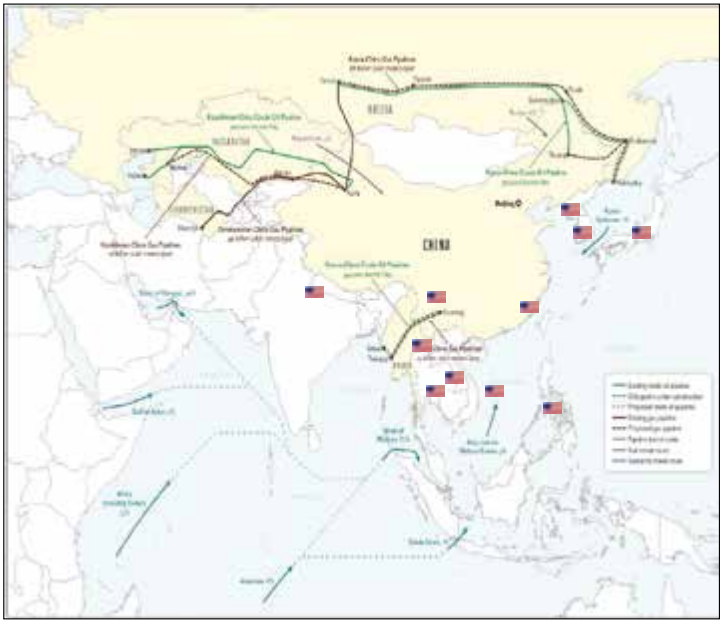
However, a lot has changed in the interim. Since initiating market reforms in 1978, China has experienced rapid economic and social development. With a population in excess of 1.3 billion, China recently became the world's second largest economy. Its economic and diplomatic influence has grown accordingly and, fuelled by economic growth, China's military has engaged in an expansive modernisation program enabling a broader scope of employment and the development of anti-access/area-denial capabilities to counter US military dominance in the Indo-Pacific. [25]

Based on current trends, China is predicted to become a global super power beyond 2020.[26] However, China remains a developing country; its market reforms are incomplete and almost 100 million people live below the national poverty line.[27] Many believe the legitimacy and longevity of the ruling Chinese Communist Party rests on its ability to achieve continued economic growth, guarantee access to the resources required to sustain this growth, and maintain the social cohesion of China's population.[28] It is conceivable, therefore, that internal domestic issues may encourage heightened Chinese nationalism and contrived tensions with China's neighbours which, in turn, may have the potential to draw in the US.

As depicted in Figure 2 (overleaf), more than 90 per cent of China's energy requirements traverse Indo-Pacific maritime choke points, including through the Gulf of Aden, the straits of Hormuz, Malacca and Sunda, and the South China Sea. From a Chinese perspective, increased US maritime forces in the region, combined with US defence-treaties with Japan, South Korea, Australia, The Philippines and Thailand, in addition to defence cooperation with Taiwan, Singapore, Indonesia and India, place its energy and trade security at risk of potential US intervention.[29] Consequently, some would argue that China has been left with little option but to look to ways to balance a US policy framework which could constrain its future growth and interests in the region.[30]

One strategy involves an expanded, westerly focus towards Eastern Europe, the Middle East and Africa. Already underway, the construction of overland pipelines and transport infrastructure seeks to diversify China's energy supply routes.[31] At the same time, increased investment in exploration and the development of energy reserves seeks to diversify and secure future availability.[32] This expanded focus has included enhanced security alliances with Russia, Iran, Syria and Turkey.[33] While these western-looking partnerships will contribute to providing balance to a US-dominated global order, it is generally agreed that throughout at least the next decade, China's energy security will continue to be dependent on Middle Eastern oil supplied via its Indo-Pacific sea-lines of trade.[34]

Figure 2. Chinese energy supply routes and focus of the US rebalance[35]



Given the ongoing importance of both China's Indo-Pacific sea-lines of trade and its foreign relations with the countries that bound them, Rory Medcalf has assessed that China has three broad response options, or some combination of them, namely, a *status quo* acquiescence to ongoing US regional leadership; agreement to a power-sharing arrangement, similar to that which emerged following the 1972 agreement between China and the US; or aggressive competition between China and the US, leading to an eventual Chinese-dominated regional order.[36]

Although maintenance of the *status quo* between China and the US is a positive, relatively low-risk outcome for Australia and the broader region, there is a significant section of the international academic community that assesses this to be unlikely in the longer term.[37] China's emergence as a global power, rising nationalism (and a determination to restore China's national prestige), competing claims in the South China Sea, and the importance of growing economic influence in the region are all seen as issues that will drive China to contest US primacy in the Indo-Pacific region. Further, it is predicted that strategic competition between the US and China will intensify as the comparative gap in national power between the two decreases, increasing the likelihood that China will seek to contest US leadership in the region.[38]

Both Chinese and US national policies attest a strong desire for a peaceful accommodation of China into the regional order. However, a key point of difference between US and Chinese policy lies in the purpose behind the accommodation. From a US perspective, it rests with sustaining US leadership, securing US interests, and advancing US values in the region.[39] From a Chinese perspective, it is about safeguarding China's national unity, territorial integrity and development interests, with China's 2013 Defence White Paper also asserting that 'China opposes any form of hegemonism or power politics, and does not interfere in the internal affairs of other countries'.[40]

Given these differing perspectives, points of friction are likely to arise when deciding how the respective interests can be accommodated, especially when China's perception is that the current mechanisms for dispute resolution favour the US as a result of its historic influence within the region.[41] That is not to suggest that China's response options will be characterised by dangerous and aggressive competition, leading to a new type of cold war or conflict. Indeed, a common theme in academic discourse in recent years has been the critical role of global economic interdependencies as a circuit breaker to regional conflict, noting especially that China is the world's largest trading nation, has the second largest economy and holds some US $1.3 trillion in US Treasury debt.[42]

Nevertheless, there are no guarantees against strategic miscalculation or the rapid escalation of a tactical engagement.[43] It also bears consideration that China's foreign reserve account, estimated at US$4 trillion, is the largest in the world and would provide some insulation to the Chinese economy against the detrimental effect of regional conflict.[44] Moreover, in 2011, the US Director of National Intelligence informed the US Senate that of all sovereign nations, China represented the most imminent 'mortal threat' to the US.[45]

Other assessments suggest the more likely Chinese response option would be based on some form of power-sharing agreement between the US and China, in which China's growth and aspirations would be accommodated in a re-aligned international order.[46] In May 2014, as a potential demonstration of future intent, China's President Xi Jinping gave a major address calling for a new approach to regional security issues in which 'the people of Asia would run the affairs of Asia'.[47] Following on, Beijing announced the formation of an Asian Infrastructure Bank to facilitate capital investment for regional development and that it would step up efforts to devise a code of conduct for handling maritime disputes.[48] It also proposed a new treaty of friendship between China and ASEAN nations and held the first high-level meetings with Japanese leaders in over two years.[49]

Most of these announcements and initiatives specifically exclude the US. However, it is unlikely that the US will willingly cede regional leadership to China, notwithstanding some suggestions that Australia may find itself in the invidious position of having to persuade the US to relinquish its regional leadership.[50] The US National Security Strategy of 2015 uses the words 'leadership' or 'leader' more than 90 times in its 29 pages, with President Obama asserting in the foreword that 'the question is never whether America should lead, but how we lead'.[51] Consequently, the answer to the question of whether China's ongoing rise will occur peacefully, and how this will affect Australia, will clearly depend on the extent to which the US intends to remain engaged in the security of the Asia-Pacific region.

The likely impact on Australia

As a middle power with limited resources, a large continent to defend, and national interests that extend beyond the immediate region, the ANZUS treaty between Australia, the US and New Zealand has been an essential element of Australian defence policy since 1951.[52] As well as providing formal assurance of US assistance in the event of an attack on Australia, the treaty has enabled Australian access to state-of-the-art military technology, privileged information and intelligence-sharing arrangements, and increased diplomatic influence both in regional and international forums.

Some have argued that the treaty has lost its relevance, noting that it was implemented largely to assuage Australian and New Zealand concerns about allowing Japan to re-emerge following World War 2.[53] Australia's perceived commitment to the treaty—evident in its past enthusiasm to support the US on issues such as Tiananmen Square and Taiwan—has also, at times, had a detrimental effect on Australia's bilateral relationship with China.[54] Yet the cost of an ADF that could defend Australia without relying on US support would represent a significant increase to current defence expenditure, a cost the Australian economy would struggle to achieve.[55]

It can also be argued that—regardless of the ANZUS treaty—Australia's importance to overall US strategy has increased in the context of the US pivot to Asia both because of Australia's geostrategic position within the Asia-Pacific region and its relationship with key regional states, as well as its role in providing training and support facilities for the US military.[56] However, while the US is also Australia's biggest foreign investor, China is Australia's largest trading partner, and bilateral trade continues to grow strongly, driven largely by China's demand for Australia's natural resources, which has helped underwrite the Australian economy for at least the last decade.[57]

The challenge for Australia is to balance its strategic relationship with the US against its economic relationship with China. Australia's 2013 Defence White Paper says the Government 'does not believe that Australia must choose between its longstanding alliance with the US and its expanding relationship with China'.[58] That position is relatively easy to maintain in a benign security environment. However, if strategic competition between China and the US intensifies over the coming decade, Australia will need to carefully balance the needs and expectations of its two most important partners, weighing strategic considerations against the economic benefits from Chinese growth and investment.[59]

Conclusion

The US 'pivot to Asia', as announced by Secretary of State Clinton in 2011, was in response to an imbalance in the global focus of US national power, the rise of a more powerful and assertive China, and recognition of the increasing economic importance of the Indo-Pacific region. The key objective was to devote more effort to influencing the development of Asia-Pacific norms and rules which, it was foreseen, would in turn secure US interests and leadership in the region. However, by the middle of 2012, much of the US focus—at least in the view from Beijing—had shifted from the foreign policy aspects of the pivot to a 'rebalancing' of military assets towards Asia.

From a Chinese perspective, the US military shift towards East Asia, as well as the strengthening of bilateral security arrangements, heightened China's concerns about 'containment' and longer-term threats to its sovereignty. It was also perceived as placing China's energy and trade security, both heavily reliant on Indo-Pacific sea-lines of trade, at increased risk of potential interdiction. In response, China increased its maritime activities in contested areas of the South China Sea, and has become more assertive in its dealings with Japan, particularly in relation to the disputed Senkaku/Diaoyu Islands.

This paper has examined China's longer-term response options, assessing that Chinese acquiescence to ongoing US regional leadership is unlikely. But it also seems unlikely that the US will give up its regional leadership. Although increased strategic competition between the two may be inevitable, the paper notes that the economic interdependencies between China and the US make conflict unlikely. It concludes that a more likely outcome is that China and the US will eventually arrive at some form of power-sharing arrangement, likely requiring greater recognition by the US of China's role and influence in the region. Whether that accommodation can be achieved peacefully, and how this will affect Australia, will likely rest just as heavily on the US as it does on China.

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On the Front Foot? Preserving Australia's security against the threat posed by returning foreign fighters

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Abstract

This paper examines the potential threat to Australia's security posed by the return of foreign fighters. It argues that a number of these individuals will return to Australia over the next ten years with the know-how and wherewithal to cause harm through a terrorist act—and that the numbers are expected to increase. The implications for Australia's security are serious, including the potential for innocent Australians to be killed.

The paper examines the Australian Government's response to this strategic-level security threat, which has included the introduction of pioneering legislation, additional funding of intelligence and law enforcement agencies, and the introduction of a range of complementary approaches. It concludes that while the Australian Government is taking seriously the risk posed to national security—and is effectively managing the domestic risk associated with the return of foreign fighters—it needs also to collaborate in managing the issue at an international level.

Introduction

In early February 2015, Australia's Foreign Minister and the UK's Foreign Secretary jointly asserted that:

> There is no more pressing matter of national and international security for our countries than the terrorist threat … [within which] the greatest threat comes from Da'ish's ability to attract foreign fighters from around the globe in unprecedented numbers, including Australia and the UK.[1]

Over the next decade, the return of these foreign fighters is likely to pose a serious threat to Australia's national security. But are the mitigation strategies being implemented by the Australian Government effective in managing the security risk?[2]

This paper will begin by defining and quantifying the phenomenon of foreign fighters, including looking at the likely implications for Australia's national security. It will argue that the consequences for Australia's security are extreme, including the likelihood of Australian community members being killed. This is a 'wicked problem' and, consequently, one to manage rather than resolve.

The second section of the paper will review the role of the Australian Government in tackling the problem, positing that it has moved swiftly and assertively to implement a number of initiatives, including its introduction of the *Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill 2014* and the Countering Violent Extremism Programme.

In implementing these two initiatives, the paper will note that the Australian Government has been subjected to a degree of criticism, including concerns regarding human rights. It concludes that the Australian Government is taking seriously the risk posed to national security, both now and over the next decade, and that it is effectively managing the risk associated with the return of foreign fighters, albeit there is probably more that can be done at the international level.[3]

The security implications for Australia

Over the past year or so, it has been reported that Australia has the highest per capita rate of foreign fighters and that the numbers are growing.[4] It is estimated that around 90 Australians are currently fighting abroad, higher than the mid 2014 estimate of 70.[5] In January 2015, the Attorney-General said '[t]he Australian people should be aware that this is a real and growing problem'.[6]

Even more worryingly, Thomas Hegghammer concluded in a 2013 article that 'about one in nine foreign fighters returned for an attack in the West', further asserting that:

> [M]ilitants usually do not leave intending to return for a domestic attack, but a small minority acquire that motivation along the way and become more effective operatives on their return.[7]

Hegghammer's conservative estimate (of 11%) has at times been more 'cast in stone' than the author probably intended.[8] However, in 2014, it was reported in the media that estimates from the Australian Security Intelligence Organisation (ASIO) were as high as eight in thirty (around 27%), citing that it had investigated 30 people who travelled to Afghanistan or Pakistan between 1990 and 2010 to train in extremist camps—25 of them returned to Australia, and 19 of those engaged in 'behaviour of concern', with eight convicted of terrorism-related offences, five of whom are still serving prison sentences.[9]

Applying Hegghammer's ratio to the 90 Australians currently fighting abroad suggests that at least ten foreign fighters could return to Australia with the intention of carrying out a terrorist act. As identified by Rachel Briggs and Tanya Silverman, a particular concern is that returning foreign fighters have the operational competency to mount such an attack, as well as the necessary international networks to support them in doing so.[10]

For example, there is evidence to suggest that almost half of Australian foreign fighters typically undergo training at what Western security agencies would describe as terrorist training camps, with a researcher from Monash University's Global Terrorism Research Centre asserting that:

> [I]n most successful attacks (such as 9/11 and 7/7), the majority of terrorists went through advanced levels of training camps. Overseas training camps instruct participants in bomb-making, weapons use, and other related teachings giving them specialist knowledge and capabilities.... Of the Australian sample, 24 of the 57 (42%) had completed some level of training at an overseas camp, making them more valuable resources to the network.[11]

Hegghammer contends that this type of training, coupled with 'the presence of a veteran, increases by a factor of around 1.5 the probability that a plot will come to execution, and it doubles the likelihood that the plot will kill people'.[12]

Briggs and Silverman also note that, in addition to the threat of death while fighting abroad, foreign fighters face the medium- to long-term threat of psychological scarring from what they have seen and endured abroad, contending that:

> There is the risk of post traumatic stress disorder (PTSD) among those returning from conflict zones—whether they have fought or not—which can leave them traumatised, vulnerable to radicalisation, and potentially a danger to themselves or society.[13]

To address that risk, the UK's Home Affairs Committee recently made recommendations for rehabilitation programs for returning individuals, in

conjunction with legal penalties, stating that '[w]e are concerned that their experiences may well make them vulnerable to Post-Traumatic Stress Disorder thereby increasing their vulnerability to radicalisation'.[14]

Because foreign fighters might also 'accrue status in their home communities for having fought in defence of Islam in countries of historical significance to the faith',[15] they can be influential, on returning to their home country, in recruiting others for the fight abroad.[16] They can also offer the extremist network knowledge of Western culture, 'which can increase the likelihood that an attempted attack could be successful'.[17]

In summary, it can be expected that the impact of this strategic-level security issue will increase over the next decade. Australia will likely experience increasing numbers of returning foreign fighters. Some of them will be further radicalised and some will bring with them the know-how and wherewithal to carry out an act of terrorism with serious consequences for Australia and its people. The problem is persistent, serious and 'wicked'.[18] And [w]hile the scale of the threat posed by those returning … is not yet known, the potential is significant', posing a complex challenge for authorities who are unlikely to have a perfect or simple solution.[19]

Mitigation strategies being undertaken by Australia

In June 2014, Australian Prime Minister Tony Abbott, said:

> We will do everything we humanly can to stop jihadist terrorists coming into this country and if they do return to this country, we will do everything we reasonably can to ensure that they are not moving amongst the Australian community. We will ensure we stop the jihadists as well because the last thing we want is people who have been radicalised and militarised by experience with these Al Qaeda offshoots in the Middle East returning to create mischief here in Australia.[20]

In August 2014, the Government announced a multifaceted counter-terrorism response that included new legislation and a package of funding to strengthen intelligence and law enforcement agencies involved in counter-terrorist activities.[21] In December 2014, the *Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill 2014* was introduced, together with a A$630 million suite of reforms under the Countering Violent Extremism Programme.[22] Australia's Attorney-General declared that the legislation addresses 'the most pressing gaps in our counter-terrorism legislative framework', with some arguing that it represents the '[m]ost comprehensive legislative approach among Western countries'.[23]

The *Bill* specifically addresses 'the escalating threats posed by persons who have participated in foreign conflicts or undertaken training with extremist groups overseas, and also by those who they influence'.[24] It legislates two new criminal offences ('advocating for terrorism' and 'entering a declared area'), as well

as 'new powers to suspend the travel documents of those suspected of joining foreign terrorist groups' and 'the extension of the special investigative powers … to combat terrorism'.[25] The new powers include changes to how search warrants can be issued and conducted; how arrests can be conducted; the conduct of prosecution and surveillance on return; the admission of evidence; and border security rules.

Two of the associated measures have triggered considerable debate, namely the suspension and cancellation of passports, and stopping welfare payments. Although the media and critics of these initiatives have expressed concerns regarding human rights and the freedom of Australians to travel wherever they wish, the Australian Government has asserted that the human rights of the broader Australian community are paramount, and has remained steadfast in its commitment to managing the issue.

The provision to suspend a passport or visa without the need to notify that person is aimed at prohibiting the movement in or out of Australia's borders by persons of security concern. Critics have claimed, for example, that this 'undermines that fundamental freedom of movement that all of us who possess such a document enjoy' and that an individual could be 'left stranded in a hostile environment because of the passport suspension'.[26]

However, embedded in the process of introducing any legislation is the requirement to assess the compatibility of the legislation in terms of the *Human Rights (Parliamentary Scrutiny) Act 2011*. In addressing this requirement, the *Bill* acknowledged that it imposed limitations to human rights and the freedom of persons of suspicion but concluded that those limitations 'are reasonable, necessary and proportionate to achieving a legitimate objective', notably protecting Australians from terrorism threats, and that overall the *Bill* is compatible with the requirements of the *Human Rights (Parliamentary Scrutiny) Act 2011*.[27]

Another requirement for the *Bill*'s introduction was endorsement by the bipartisan Parliamentary Joint Committee on Intelligence and Security. In accepting the Committee's unanimous recommendation of the *Bill*, the Government asserted that '[i]mplementing the recommendations will further strengthen the provisions of the *Bill* including the safeguards, transparency and oversight mechanisms'.[28]

The Government would argue that the compatibility assessment under the *Human Rights (Parliamentary Scrutiny) Act 2011*, combined with bipartisan endorsement, sufficiently rebut the claims that human rights will be violated as a result of the legislation. Although the current number of cancelled passports or visa is not publicly known, the media reported in late 2014 that '[s]ince the

start of the Syrian conflict in 2011, ASIO has recommended the cancellation of 100 passports, 50 [of which] took place in 2014'.[29] By early 2015, there were reports that approximately 80 Australians had their passports cancelled as part of this clamp down on terrorism.[30]

In relation to the cancellation of welfare payments, the *Bill* provided authority for the Australian Government to cancel or suspend welfare payments 'for individuals whose passports have been cancelled or refused, or whose visas have been refused, on national security grounds'.[31] In arguing the need for the legislation, the Minister for Social Services said '[i]t is designed to make sure taxpayers' money is not being used to undermine Australia's national security'.[32]

Debate during the introduction of the *Bill* included concerns from welfare groups, human rights organisations and academics, as well as the former National Security Legislation Monitor, about the impact on families. While most were broadly supportive of the intention of the measure, they wanted to ensure the adequacy of safeguards around how it would be implemented.[33] As a result of such concerns, the Parliamentary Joint Committee on Intelligence and Security recommended an amendment to the *Bill*, requiring the Attorney-General to 'have regard [as to] the likely effect of cancellation of welfare payments on dependents.[34] As with passports, it is not clear how many, if any, welfare payments have been stopped.[35] Nevertheless, the legislation clearly shows the Government's intent to deter Australians from venturing abroad as foreign fighters.

As well as the legislative changes, A$600 million in additional funding has been allocated under the Countering Violent Extremism Programme to agencies involved in counter-terrorism, notably ASIO, the Australian Federal Police, the Australian Secret Intelligence Service, the Office of National Assessments, and Customs and Border Protection, intended to strengthen the 'hard power' of border security, policing and military responses.[36]

The extra funding is intended to ensure that the relevant agencies have the resources to meet the demand of increased intelligence and law enforcement requirements resulting from the departure and prospective return of foreign fighters. An additional A$30m has been set aside for a range of 'soft power' measures, aimed at reducing radicalisation rates through increased social cohesion such as the Living Together Safe website and the National Security Hotline.[37] Both initiatives have an 'emphasis on intelligence whereby the contact between police and community is considered a key link for generating local intelligence to assist in early intervention and prevention or the application of law enforcement'.[38]

Conclusion

Regardless of the formula used to estimate the numbers involved, this paper has highlighted the certainty that a number of foreign fighters will return to Australia with the know-how and wherewithal to cause harm through terrorist acts—and that, over the next ten years, the numbers are expected to increase. It is likely that they will return with supportive networks and the knowledge of how to carry out acts of terrorism on Australian soil, with their radicalisation exacerbated by post-traumatic stress disorder as a result of their experiences overseas. The implications for Australia's security are serious, including the potential for innocent Australians to be killed.

The Australian Government's response to this strategic-level security threat has been multifaceted and has included the introduction of pioneering legislation, the additional funding of intelligence and law enforcement agencies, and the introduction of a range of complementary approaches. Two initiatives have been briefly examined to illustrate the Government's obvious commitment to tackling this 'wicked' problem. While neither has proceeded without controversy, mostly around human rights, it is evident that the Government is placing a high priority on national security in order to tackle the inevitable challenges that lie ahead.

While these initiatives bode well for curtailing the immediate threat posed by returning foreign fighters to Australia, there are a number of other initiatives that could also be explored, including the unprecedented requirement for international and national law enforcement and intelligence agencies to cooperate more closely than ever before to protect each other's populations from this threat.

Notes

1 Brendan Nicholson, 'Joint focus on foreign fighters at AUKMIN talks', *The Australian*, 2 February 2015.

2 For the purposes of this paper, the definition of 'foreign fighter' is 'Australians who have participated in foreign conflicts or undertaken training with extremist groups overseas', which has been derived from The Parliament of the Commonwealth of Australia, *Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill 2014*: Explanatory Memorandum, Commonwealth of Australia: Canberra, 2014, p. 1.

3 Editor's note: this paper pre-dates announcements by the Australian Government regarding the establishment of a counter-terrorism Joint Agency Task Force, the appointment of a National Counter-Terrorism Coordinator and other initiatives aimed at strengthening Australia's counter-terrorism strategy and improving coordination with at-risk communities.

4 Chris Uhlmann, 'Number of Australian jihadists serving with terrorists in Iraq and Syria prompts security rethink', *ABC News*, 23 June 2014; also Rachel Briggs and Tanya Silverman, 'Western Foreign Fighters: innovations in responding to the threat', Institute for Strategic Dialogue: London, 2014, p. 9, available at <http://www.strategicdialogue.org/ISDJ2784_Western_foreign_fighters_V7_WEB.pdf> accessed 19 July 2015.

5 'Australian Federal Police, "Australian women joining IS foreign fighters"', *AustraliaNews.com* [website], 24 January 2015, available at <http://australia.news.net/article/2734988/australian-women-joining-is-foreign> accessed 14 February 2015.

6 ttorney-General for Australia, 'Counter-Terrorism Legislation Amendment Foreign Fighters Bill', *Attorney-General's Department* [website], 23 September 2014, available at <http://www.attorneygeneral.gov.au/Mediareleases/Pages/2014/ThirdQuarter/23September2014Counter-TerrorismLegislationAmendmentForeignFightersBill.aspx> accessed 14 February 2015.

7 Thomas Hegghammer, 'Should I Stay or Should I Go? Explaining Variation in Western Jihadist Choice between Domestic and Foreign Fighting', American Political Science Review, Vol. 107, No. 1, February 2013, pp. 1-13. Hegghammer takes account of difficulties in obtaining accurate data to estimate foreign fighters numbers. He looks at potential reasons for and consequences of under and over estimating, and difficulty with reporting biases. The security classification of data is also widely recognised as a hurdle to obtaining accurate data. Hegghammer states that 'good data on jihadism are notoriously difficult to obtain and that this study was a modest and transparent attempt to make the most of the available sources. Partial data are not always better than no data at all, but in this particular case I believe they are, because policies are already being informed by empirically unfounded assumptions about the threat posed by foreign fighters': Hegghammer, 'Should I Stay or Should I Go?', p. 13.

8 Jeanine de Roy van Zuijdewijn, 'The Foreign Fighter's Threat: what history can(not) tell us', *Perspectives on Terrorism*, Vol. 8, No. 5, October 2014, p. 63.

9 Shalailah Medhora, 'Australia a significant source of foreign fighters in Syria and Iraq, Senate told', *The Guardian*, 11 December 2014.

10 Briggs and Silverman, 'Western Foreign Fighters', p. 37.

11 Shandon Harris-Hogan, 'The Australian Neojihadist network: origins, evolution and structure', Dynamics of Asymmetric Conflict, Vol. 5, No. 1, 2012, p. 28.

12 Hegghammer, 'Should I Stay or Should I Go?', p. 11.

13 Briggs and Silverman, 'Western Foreign Fighters', p. 37.

14 Anthony Bergin, 'Foreign fighters in Syria and the challenges of reintegration', Australian Strategic Policy Institute [blog], 13 May 2014, available at <http://www.aspistrategist.org.au/foreign-fighters-in-syria-and-the-challenges-of-reintegration/> accessed 13 February 2015.

15 Rodger Shanahan, Sectarian Violence: the threat to Australia, Occasional Paper No. 7, National Security College: Canberra, July 2014, p. 8.

16 Zuijdewijn, 'The Foreign Fighter's Threat', p. 64.

17 Briggs and Silverman, 'Western Foreign Fighters', p. 37.

18 John Camillus, 'Strategy as a Wicked Problem', *Harvard Business Review*, May 2008, notes that '[i]n their interpretation, wicked problems feature innumerable causes, are tough to adequately describe, and by definition have no "right" answers. In fact, solutions to wicked problems are impossible to objectively evaluate; rather, it is better to evaluate solutions to these problems as being shades of good and bad'.

19 Briggs and Silverman, 'Western Foreign Fighters', p. 39; Shanahan, *Sectarian Violence*, p. 11.

20 Uhlmann, 'Number of Australian jihadists serving with terrorists in Iraq and Syria prompts security rethink'.

21 Prime Minister of Australia, 'New Counter-Terrorism Measures for a Safer Australia', *Prime Minister of Australia* [website], 5 August 2014, available at <https://www.pm.gov.au/media/2014-08-05/new-counter-terrorism-measures-safer-australia-0> accessed 19 July 2015.

22 See, for example, Department of The Prime Minister and Cabinet, *Review of Australia's Counter Terrorism Machinery*, Commonwealth of Australia: Canberra, January 2015, available at <https://www.dpmc.gov.au/sites/default/files/publications/190215_CT_Review_0.pdf> accessed 19 July 2015.

23 Australian Government, 'Counter-Terrorism Legislation Amendment Foreign Fighters Bill'; also Harry Oppenheimer, 'Returning ISIS Fighters: forgiveness or punishment', *Newsweek.com* [website], 26 December 2014, available at <http://www.newsweek.com/returning-isis-fighters-forgiveness-or-punishment-294497> accessed 13 February 2015. Oppenheimer reviews policies and initiatives of other countries, concluding that 'these various policy options do not fully consider the international nature of the foreign fighter problem. The piecemeal approach by individual countries has created a number of loopholes that allow fighters to return by traveling through other countries with their Western passports'.

24 Attorney-General of Australia, 'Government response to committee report on the Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill 2014', *Attorney-General's Department* [website], 22 October 2014, available at <http://www.attorneygeneral.gov.au/Mediareleases/Pages/2014/FourthQuarter/22October2014-GovernmentresponsetocommitteereportontheCounterTerrorismLegislationAmendmentForeignFightersBill.aspx> accessed 15 February 2015.

25 Oppenheimer, 'Returning ISIS Fighters'.

26 Greg Barns, ' Draconian anti-terrorism bid an affront to freedom', *The ABC Drum* [website], 6 August 2014, available at <http://www.abc.net.au/news/2014-08-06/barns-draconian-anti-terror-plan-goes-too-far/5651156> accessed on 15 February 2015.

27 Commonwealth of Australia, *Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill 2014: Bills Digest No. 34, 2014-15*, Commonwealth of Australia: Canberra, 17 October 2014.

28 Attorney-General of Australia, 'Parliament passes counter-terrorism legislation', *Attorney-General's Department* [website], 2 December 2014, available at <http://www.attorneygeneral.gov.au/Mediareleases/Pages/2014/FourthQuarter/2December2014-ParliamentPassesCounter-TerrorismLegislation.aspx> accessed 14 February 2015; also Attorney-General of Australia, 'Government response to committee report on the Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill 2014'.

29 Medhora, 'Australia a significant source of foreign fighters in Syria and Iraq, Senate told'.

30 Grant Taylor, 'Passports cancelled in terror fear', *The West Australian*, 12 January 2015.

31 The Parliament of the Commonwealth of Australia, *Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill 2014: Explanatory Memorandum*, p. 54.

32 Australian Government, 'New Counter-Terrorism Measures for a Safer Australia - Cancelling Welfare Payments to Extremists', *Minister for Social Services* [website], 16 August 2014, available at <http://kevinandrews.com.au/latest-news/2014/08/16/new-counter-terrorism-measures-safer-australia-cancelling-welfare-payments-extremists/> accessed 15 February 2015.

33 Commonwealth of Australia, *Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill 2014*, p. 51.

34 Attorney-General of Australia, 'Government response to committee report on the Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill 2014'.

35 There are conflicting reports in the media about whether any welfare payments have been cancelled. For instance, in August 2014, it was reported that 'more than a dozen suspected Jihadists' had welfare payments ceased, however there is no formal reporting to confirm this: Mark Dunn, 'Suspected jihadists have welfare payments cut to stop Australia taxes financing terror', *Herald Sun*, 14 August 2014.

36 This program builds on the strategy introduced by the Rudd-Gillard Government in 2011. While the new program is similar to the previous strategy, it focused more on early-intervention (combat the threat posed by home-grown terrorism), whereas the new program also focuses on restricting the movement of foreign fighters in and out of Australia: see <http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1415/Quick_Guides/Extremism> More information on the current program can be found at <http://www.ag.gov.au/NationalSecurity/Counteringviolentextremism/Pages/default.aspx>

37 M. Nasser-Eddine et al, *Countering Violent Extremism Literature Review*, Defence Science and Technology Organisation: Canberra, 2011, p. 18, available at <http://dspace.dsto.defence.gov.au/dspace/handle/1947/10150> accessed 19 July 2015.

38 Nasser-Eddine, *Countering Violent Extremism Literature Review*, p. 42.

India's Strategy for Countering China's Increased Influence in the Indian Ocean

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Abstract

This paper examines China's increased influence in the Indian Ocean, and India's strategy to counter that influence and re-establish its profile in the region. It notes that India and China are both dependent on sea lines of communication (SLOCs) through the Indian Ocean for secure energy routes and the free movement of trade to ensure their continued economic development. However, it asserts that China's development of the so-called 'pearl' ports in the Indian Ocean and its *de facto* alliance with Pakistan has created a security dilemma for India.

Faced with what it perceives as geostrategic encirclement, the paper argues that India must ensure the choke points in the Indian Ocean region remain open and free, providing the conditions for its continued economic growth. To achieve this objective, the paper concludes that India needs to constructively engage with China. However, it also needs to develop a range of countermeasures, including enhancing its military capability for sea control and building closer relationships with those states which have a common interest in ensuring freedom of navigation within and through the Indian Ocean.

Introduction

China's continued economic development is dependent on secure routes for energy supplies and the movement of its trade through the Indian Ocean region. In order to mitigate this vulnerability, China has acquired a 'blue-water' navy and developed a number of military and civilian seaports in the Indian Ocean region, enabling it to exercise increased maritime influence on the sea lines of communication (SLOCs) within and through the region. This strategy, of developing a series of ports accessible by its navy, has been referred to by Western security commentators as the geopolitical theory of 'String of Pearls'.[1]

According to Gurpreet Khurana, an increased Chinese naval presence in the Indian Ocean and possible military use of these so-called 'pearls' suggest that China's military-strategic intentions include the geographic encirclement of India.[2] India imports 70 per cent of its oil and gas energy requirements and depends on free access to sea routes for its trade to ensure its continued economic development.[3] Against the background of the 1962 war with China, as well as continued border disputes with China and Pakistan along its northern border (and conscious of the expanding strategic relationship between China and Pakistan), Khurana contends that India understandably feels compelled to counter China's growing maritime influence and safeguard its maritime interests in the Indian Ocean.[4]

This article analyses China's rising influence in the Indian Ocean, the need for India to safeguard its interests in the Indian Ocean, and India's strategy to re-establish its profile in the Indian Ocean. It contends that one of the key conditions for India's continued economic growth is that the choke points in the Indian Ocean region must remain free and open to international trade. The article concludes that while constructively engaging with China, India must further develop its naval capabilities for sea control and engage with other major powers in the Indian Ocean to achieve this objective.

China's influence in the Indian Ocean

The Indian Ocean is strategically important to China because of its economic stakes in the region. China imports 82 per cent of its energy requirements, in the form of oil and gas, through the Indian Ocean.[5] Thirty per cent of its sea trade, worth some US$300 billion each year, is shipped through the Indian Ocean.[6] China is also a manufacturing hub and is dependent on open trade routes with African and Indian Ocean littoral states for the supply of raw materials and minerals, and for the marketing of its products to those regions.

Niclas Weimar contends that the 'legitimacy and political fate of the Communist Party is closely linked to China's continuous economic development, which in turn is dependent on uninterrupted access to crucial energy recourses'.[7] As almost all of China's trade and energy imports pass through the Malacca Strait, it assumes a strategic importance to China as a choke point in the Indian Ocean because of its potential vulnerability to interdiction. Hu Jintao, former president of China, called this vulnerability the 'Malacca Dilemma', with a leading Chinese newspaper declaring at the time that 'it is no exaggeration to say that whoever controls the Strait of Malacca will also have a stranglehold on the energy route of China'.[8]

Security analysts cite this perceived vulnerability—and the security of SLOCs through the Indian Ocean more generally—as the reason behind China's substantial naval expansion in recent years.[9] David Shambaugh similarly contends that 'it is therefore no surprise that Chinese strategists also began viewing the Persian Gulf, the principal source of their energy imports, as the westward extent of their (grand) strategic frontier'.[10]

As part of this strategy, China has developed a number of facilities in the Indian Ocean region and connected them by land routes to its hinterland to secure its energy flows and reduce its dependence on the SLOCs. A deep-sea port has been developed at Gwadar in Pakistan, together with an oil refinery complex, which is being connected by a road-pipeline project with Xinjiang province in China.[11] Similarly, ports at Sittwe and Kyaukphu in Myanmar, connected to Yunan in China by a rail-road-waterway-pipeline, now account for 10 per cent of China's energy demands.[12] Finally, a canal system across the Kra Isthmus in Thailand is planned to cater for 20 per cent of the energy flows to China.

To increase its strategic reach in the Indian Ocean, China has also developed additional ports with naval access facilities at Hambantota in Sri Lanka, Marao in the Maldives, and Kyaukpya, Hianggyi, Great Coco, Mergui and Zadetkyi in Myanmar.[13] The development of these 'String of Pearls' ports may be a legitimate reflection of Chinese commercial interests. However, they clearly could also be used as logistic bases to support Chinese naval forces in the Indian Ocean. Indeed, David Brewster has asserted that the probable aim of these developments is either part of a plan for the maritime encirclement of India, or is otherwise intended to keep India strategically preoccupied in South Asia.[14]

Along similar lines, Jagannath Panda asserts that Beijing's approach encompasses security, commercial, economic, geo-political and strategic considerations aimed at checking India's authority in the Indian Ocean region while promoting its own influence.[15] Admiral Arun Prakash, former Indian Chief of Naval Staff, contends that this has resulted in significant risks for competition and even a clash between China and India for control over the same strategic space—the Indian Ocean.[16] Given that the overall naval capabilities of China now exceed India's in both qualitative

and quantitative terms—and considering the long lead time required by India to counter these developments—Khurana contends that India cannot help but see this as having a strong bearing on its security calculi in its own backyard.[17]

India's strategic interests in the Indian Ocean

The highly-influential K.M. Panikkar, pioneer Indian geopolitician, argued more than 60 years ago that 'since India's future was dependent on the Indian Ocean, then the Indian Ocean must therefore remain truly Indian'.[18] Even earlier, in the 16th century, Portuguese Governor Alfonso Albuquerque had opined that 'control of key choke points extending from the Horn of Africa to the Cape of Good Hope and the Malacca Strait was essential to prevent an inimical power from making an entry in the Indian Ocean'.[19]

Yet post-independence, and until the end of the Cold War, India curtailed its influence to within the Indian sub-continent, along the lines of what has been called 'India's Monroe Doctrine', thus limiting its influence to South Asia.[20] C. Raja Mohan contends that the Cold War isolated India from its Indian Ocean neighbours in defence terms.[21] However, after 1991, India took a different approach and adopted a new forward-looking policy, along with economic liberalisation. This policy included enlarging India's political, diplomatic and economic spheres, and forging defence contacts in the Indian Ocean region and beyond. For the first time, India's 'Look East' policy focused on Southeast Asia, not least to shore up India's ability to compete geopolitically with a rising China.[22]

Like China, India has major diplomatic, economic and military interests at stake in Asian waters. Crucial to India's economic growth is its 70 per cent dependency on imported oil and gas for energy needs coming by sea, which is expected to increase to 95 per cent by 2025.[23] A number of security analysts have asserted that energy security needs to be India's primary strategic concern for the next 25 years, and that India must take urgent steps to address these needs.[24] More broadly, 77 per cent of India's trade, by value, transits through the Indian Ocean.[25] India's trade with Indian Ocean littoral states grew exponentially in the last decade and, from 8th position in 2001, India catapulted to the 4th largest trading partner in the Indian Ocean region by 2007.[26]

In recognition of the importance of maritime trade, India's 2004 maritime military strategy declared that 'control of the choke points could be useful as a bargaining chip in the international power game, where the currency of military power remains a stark reality'.[27] Because of the nation's peninsular character and geographical position, the Indian Ocean will always have a preponderant influence over India's destiny. That view is shared by contemporary policy makers in New Delhi, translating to the assessment that India's security will be best guaranteed by broadening its security focus and achieving a position of influence in the larger region that encompasses the Indian Ocean.[28]

India's vulnerabilities in the Indian Ocean

China is not an Indian Ocean littoral state. Yet its naval ships are regularly spotted in the Indian Ocean. While international waters can obviously be used by any nation, China's military use of the so-called 'pearl' ports of Gwadar in Pakistan and Hambantota in Sri Lanka could threaten the security of Indian trade and energy supplies through the Indian Ocean in times of conflict. According to Brewster, there is no doubt that such ports, developed by China and located in countries which have not always shared amicable relations with India, could be used during a military contingency.[29]

As early as 1993, General Zhao Nanqi, director of the Chinese Academy of Military Sciences had asserted that 'we are not prepared to let the Indian Ocean become India's Ocean'.[30] Since then, China's lack of transparency in the execution of its diplomacy and statecraft only strengthens India's belief of the unpredictability of China's actions in the Indian Ocean region.[31] Compounding India's concern is the history of unresolved border disputes between India and China along the Himalayas, as well as the *de facto* strategic alliance between China and Pakistan, including involvement with nuclear proliferation.[32]

While China consistently maintains that it has no territorial or hegemonic ambitions, Robert Kaplan asserts that China effectively has achieved the encirclement of India: from the north across the Himalayas; from the west through its alliance with Pakistan; and from the south using its 'String of Pearls' in the Indian Ocean region.[33] To counter this threat, Admiral Arun Prakash, former Indian Chief of Naval Staff, contends that 'India's options … are stark: boost military muscle and stand upon its own; or strike alliances with willing partners'.[34]

India's counter-strategy options

Brewster contends that the challenge for India in responding to China's expanding presence and influence in the Indian Ocean region is how to maintain overwhelming geographic advantage without unnecessarily provoking China to take actions that would be to India's detriment.[35] To address this challenge, Khurana has suggested that India's counter strategy should be a mix of engagement, diplomatic measures and military dissuasion.[36]

Engagement

In the first instance, India needs to actively engage China and build the relationship based on mutual interdependencies. Pallam Raju, India's Deputy Defence Minister, has suggested that India might assist China in providing maritime security to Chinese ships in the Indian Ocean so as to address their legitimate security concerns.[37] Along similar lines, Shiv Shankar Menon, then Indian National Security

Adviser, proposed in 2009 the development of a joint cooperative arrangement in the Indian Ocean and Western Pacific involving major Asian powers and the US, with a caveat of China accepting India's special role in the Indian Ocean.[38]

Mani Shankar Aiyar, former Indian Petroleum Minister, suggested in 2005 that an envisaged gas pipeline from Iran to Pakistan should be extended into India and then onward to China.[39] He argued that as China is India's largest trading partner, with annual trade exceeding US$70 billion, the proposal would provide further opportunities for creating interdependencies and avoiding competition. While all these proposals seem sensible, none has yet come to fruition. Indeed, given the broader strategic rivalry between the two countries, progress would require considerable pragmatic pushing by the senior leadership of both countries, which seems unlikely to occur, at least in the foreseeable future.

Diplomatic measures

For India, achieving closer diplomatic and economic relations with the Indian Ocean littoral states and other major powers has assumed added importance. Particularly after 9/11, India's strategic 'tilt' towards the US, abetted by the rise of China, has been an important policy shift with major security ramifications.[40] The Bush Administration announced in 2005 that it would 'help India become a major world power in the 21st century', adding that 'we understand fully the implications, including the military implications of that statement'.[41]

The annual *Malabar* exercise between India and the US, first held in 1992, is a pointer towards closer maritime cooperation to build interoperability and ensure the security of the Indian Ocean. In 2007, the exercise was broadened to include Japan, Australia and Singapore, with Japan again participating in 2009, 2014 and 2015.[42] The expanded grouping in 2007 drew complaints from Beijing, despite assurances from then US Navy's Pacific Commander Timothy Keating that the exercise was not aimed at forming a quadrilateral front against China, and that 'there is no effort on our part or any of these other countries … to isolate China or put Beijing in a closet'.[43]

On a separate diplomatic front, improving relations with Vietnam—based on common concerns over a rising China—could broaden India's 'Look East' policy, although suggestions that it might include Indian naval vessels using Vietnamese port facilities, as a 'tit-for-tat' for Chinese activities in the Indian Ocean, may be counterproductive in terms of constructive engagement with China.[44] Finally, furthering economic ties with other Indian Ocean littoral states could assist in developing leverages that would make them less inclined to facilitate Chinese access. More widely, if India developed cooperative security relationships with the larger littoral states of South Africa, Indonesia and Australia, it would achieve another of its aims of furthering its strategic reach.

Military dissuasion

At the same time, India needs to expand its power-projection capability to counter the increasing Chinese naval capability in the Indian Ocean. The Indian Navy's force structure is already being changed with an emphasis on sea control capabilities. According to Admiral Suresh Mehta, former naval chief, India aims to exercise selective sea control of the Indian Ocean by 2022, through the establishment of maritime task forces built around three aircraft carriers and a fleet of over 160 ships.[45] The introduction into service of the nuclear-powered *Arihant* submarines (currently under sea trials), capable of delivering nuclear-armed missiles, will add a nuclear deterrent component to the maritime force.

To improve the effectiveness of its maritime assets in the Indian Ocean region, India also needs to enhance its surveillance and reconnaissance capabilities, especially around choke points. The Andaman and Nicobar Islands chain, 125 kilometres west of the Malacca Strait, serves as the sub-continent's protective screen on its eastern flank, and must be exploited as such. The mandate of the newly-formed tri-Service command in the archipelago, with nuclear submarines under command, and with mutual support from India's east coast forces, includes 'ensuring that the eastern approaches to the Indian Ocean comprising the three straits—Malacca, Lombok and Sunda—remain free from threats for shipping'.[46]

Similarly in the west, the naval port of Chahbahar in Iran, which was renovated by India with the possibility of future Indian naval access in mind, assumes significance as it is located 150 kilometres west of the port of Gwadar in Pakistan.[47] Apart from dominating the Gulf of Hormuz, through which 35 per cent of the world's oil transits from the Persian Gulf, Indian access to Chahbahar could facilitate the interdiction of any naval forces operating from Gwadar.[48] To expand its influence over the south-western part of the Indian Ocean, Brewster has argued that India should also establish surveillance and naval facilities in Mauritius, Madagascar, Seychelles and Mozambique.[49] Finally, to complete the picture and enhance its influence over the central portion of the Indian Ocean, India should exploit the naval and air bases in the Maldives to which it already has military access.

Conclusion

India and China are both dependent on SLOCs through the Indian Ocean for secure energy routes and the free movement of trade to ensure their continued economic development. The potential geostrategic encirclement of India, through a combination of so-called 'pearl' ports in the Indian Ocean and China's *de facto* alliance with Pakistan, creates a security dilemma for India. To secure itself against this possibility, India must ensure that the choke points in the Indian Ocean region remain open and free, ensuring the conditions for its continued economic growth.

To achieve this objective, India needs to develop a range of countermeasures, including enhancing its military capability for sea control in the Indian Ocean and building alliances with willing partners to deal with such a contingency. Continued economic development and internal stability are also prerequisites for the successful execution of India's strategy to counter China's expanding influence in the Indian Ocean region. Additionally, India must further develop its 'Look East' policy to achieve multilateral cohesion and leverage with Southeast Asian nations and other key stakeholders in the broader Indo-Pacific region. India must also pragmatically develop a closer relationship with the US, which has a common interest in ensuring that the SLOCs in the Indian Ocean remain open and free.

A key question is whether such actions by India will provoke a reaction from China. To counter this possibility, India needs to engage China in multilateral arrangements aimed at jointly ensuring the security of the Indian Ocean's SLOCs. This should go some way towards addressing China's legitimate concerns about guaranteeing the security of its wider economic interests in the region, while allowing India to maintain—and continue to develop—its important maritime influence in the Indian Ocean.

Notes

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Questions from the Lab – is Australia and the near region ready for the next attack of 'flu?

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Abstract

This paper addresses the question of whether Australia and the near region are ready for the next attack of influenza. It notes that new pathogens are constantly emerging and also rapidly changing, developing better-tuned defences that resist human efforts to contain and control them. The paper asserts that rapidly-transmitted strains of influenza that occur either naturally or as a result of human manipulation constitute a real and strategic-level security challenge for Australia over the coming decade.

The paper provides a brief overview of the virus, its history and recent outbreak status. It contends that Australia's current disease control capacity is already challenged and that its capacity to respond to such threats is an issue requiring urgent consideration. The paper concludes that the seemingly 'common flu' is an example of a non-traditional threat for which Australia and its near neighbours are particularly under-prepared.

Introduction

Over the next ten years, Australia and its neighbours will be facing a threat that is invisible, elusive, evolving, deadly and one from which it will potentially cost billions, if not more, to recover. This threat is tiny and has caused harm and death since the earliest days of life on earth. The threat is a pathogen, that is, 'a microorganism, such as a bacterium, that parasitizes an animal (or plant) or a human and produces a disease'.[1]

Pathogens are infectious agents that are adaptable, can grow into new forms, and thrive in any evolving human environment to flourish, spread and mutate.[2] They can be spread horizontally (between members of the same species), vertically (between parent and child) and, in some cases, from animals to humans.[3] New pathogens are also constantly emerging.[4] They are also rapidly changing, developing better-tuned defences that resist human efforts to contain and control them.[5] Mark Woolhouse and Eleanor Gaunt contend there are some 1400 species of human pathogen, with 16 per cent first reported in recent decades. Importantly:

> The new species are disproportionately viruses, have a global distribution, and are mostly associated with animal reservoirs. Their emergence is often driven by ecological changes, especially with how human populations interact with animal reservoirs.[6]

Pathogens are of growing concern to public health, security and government officials around the world.[7] Such non-traditional threats to Australia's security were acknowledged in the 2008 National Security Statement, as well as the 2013 Defence White Paper.[8] The US, in its latest National Security Strategy, has similarly recognised that outbreaks of infectious diseases, continuing challenges with drug-resistant microbes, the deliberate release of disease-causing pathogens and the concomitant 'dangers of a raging virus' all contribute to the continuing concerns posed by our increasingly-globalised lifestyle.[9]

The Ebola virus, which keeps evolving, is arguably the most prominent and deadly disease in recent years. However, more familiar and considerably more dangerous to Australians are outbreaks of influenza.[10] This paper will provide a brief analysis of why influenza is a strategic-level security issue for Australia and provide a brief overview of the virus, its history and recent outbreak status, before concluding that the seemingly 'common flu' is an example of a non-traditional threat for which Australia and its near neighbours are particularly under-prepared.

What is influenza?

Influenza is an acute infection caused by one of three influenza viruses, type A, B or C, with additional subtypes classified according to unique and seasonal combinations of surface proteins.[11] Influenza viruses mutate according to their environment and exposure to other genetic material contained in the nuclei of other pathogens.[12] They include the common seasonal flu, and are highly adaptable, with variant strains endemic across multiple species, including swine, avian and human populations.

Some localised outbreaks resolve without becoming epidemic, while others move out of the epidemic phase to become a pandemic, that is, 'an epidemic so widely spread that vast numbers of people in different countries are affected'.[13] Pandemics occur as a confluence of a virus capable of causing sustained human-to-human transmission in a population that has little immunity against the current variant strain of the virus. Annual influenza outbreaks worldwide result in roughly three to five million cases of severe illness, and about 250,000 to 500,000 deaths.[14]

Influenza is spread by infected droplets, which are either ingested or carried through the air via talking, coughing or sneezing, and by personal contact. The time from infection to the onset of symptoms is usually about two days, although this can vary from one to eight days. The virus is infectious from the day before symptoms appear and continues for up to ten days. The symptoms include dry cough, sudden fever, sore throat, runny nose, headaches, generalised pain and malaise. Influenza can cause severe illness or death, particularly in the frail, those suffering from chronic illness, the elderly and the very young.

Advice from public health officials regarding local actions to reduce the spread of infection can reduce the severity of outbreaks and associated morbidity.[15] Those infected or feeling unwell should avoid crowds, offices and public transport. Those needing to leave their homes should wear facemasks. Antiviral medication and appropriate pharmacotherapy for those with secondary symptoms is the usual course of treatment.[16]

The history of influenza

The epidemiological history of influenza for the last 300 years is well documented. The most serious outbreak was the 1918 pandemic of the so-called 'Spanish Flu', which infected an estimated 50 per cent of the world's population, with 25 per cent suffering clinical illness, resulting in an estimated 40 to 50 million deaths.[17] By comparison, the 'Asian Flu' outbreak of 1957 killed two million people, and the 'Hong Kong Flu' of 1967 killed one million people.[18] According to Christopher Potter:

> Annual epidemics are due to antigenic drift; and pandemics, occurring at 10 to 50 year intervals, are due to new virus subtypes resulting from virus re-assortment. Nothing has been introduced during the past 100 years to affect the recurrent pattern of epidemics and pandemics; and our future in the new century is clearly indicated by our past.[19]

There are contemporary strains of influenza with the potential to cause mass casualties—on an unprecedented scale—once again. Avian influenza, often called 'Bird Flu', has been spreading within Asia for more than a decade.[20] In 2005, avian influenza broke out in Europe, reached the Middle East in 2006 and then northern Africa in 2007. During 2011 and 2012, China, Vietnam and Cambodia all reported human deaths due to avian influenza. In 2014, it was found in Canadian chicken flocks and farmed bird populations, and deaths have been reported in the human population.[21]

'Swine Flu' (H1N1), like avian influenza, is transmitted by infected droplets. The 2009 'Swine Flu' pandemic infected between 43 million and 89 million people, killed around 12,500 people and spread to over 120 countries within eight weeks.[22] More recently, a sub-type (H3N2v) has been detected in India which, as at February 2015, had killed some 875 people.[23]

The threat

Influenza viruses circulate widely in bird populations. Until recently, however, the transmission of avian influenza has been restricted to those in contact with bird flocks and farmed birds. In 2011, laboratory tests using genetic manipulation showed that it was possible to modify the virus to allow direct transmission between mammals, which is particularly worrying because humans rarely have immunity to these viruses, which can cause severe disease and death.[24]

These experiments showed that avian influenza is transmittable without first undergoing the usual recombination process in an avian host, and that it potentially can mutate into a form that may persist in human populations and be 'capable of sustained human-to-human transmission'.[25] Moreover, it is clear that this type of genetic manipulation of reference material from influenza, and possibly other viral samples, is well underway around the world.[26] Mark Walters, for example, has contended that:

> Every time we sneeze, there seems to be a new form of flu: bird flu, swine flu, Spanish flu, Hong Kong flu, H5N1, and most recently, H5N7. While these diseases appear to emerge from thin air, in fact, human activity is driving them. And the problem is not just flu, but a series of rapidly evolving and dangerous modern plagues…. We are contributing to—if not overtly causing—some of the scariest epidemics of our time.[27]

Fortunately, Australia has not been an epicentre of outbreaks of avian influenza, unlike its near neighbours, in part because Australia does not have the same population and agricultural pressures. However, according to a 2006 study, a global pandemic would kill between 1.4 million and 142 million people, with a cost to the world's economies between $US330 billion and $US4.4 trillion.[28] In Australia, the battle to control a pandemic outbreak with high infectivity would likely result in illness to a significant proportion of the population, and a high number of deaths; it would also likely overwhelm a health system that has little capacity to cope with a surge of people requiring both diagnostic services and care.[29]

Australia has been proud of its support to neighbours in time of human need and disaster management. But when it comes to communicable disease control, Australia's standing as a notable 'first world nation' in the Asia-Pacific region is hindered by the fact that Australia is the only OECD country that does not have a separate national authority responsible for communicable disease control.[30] A further complication is that Australia has limited local surge capacity in vaccine making. The National Medical Stockpile could be expected to cope for an initial period, however, vaccination makers would require time and physical resources to create targeted vaccines.[31]

A further, more sinister consideration is the potential role of 'bioterrorists' who may seek to use biological material to kill and debilitate people for political or ideological purposes.[32] Although it takes considerable resources to create genetically-modifiable viral material, and the process is difficult, the potential exists for viruses and other pathogens to be modified and purposely released to cause terror in a target population and consequent disease and mortality. Following a review of the comparative epidemiology of avian and human influenza, Chuong Bui and colleagues noted in early 2015 that:

> Analyses of certain H7N9 strains demonstrate similarities with engineered transmissible H5N1 viruses which make it more adaptable to the human respiratory tract. These differences in the human and bird epidemiology of H5N1 and H7N9 raise unanswered questions as to how H7N9 has spread, which should be investigated further.[33]

Exemplars of this adaptation include some outbreaks in human populations which appear unusual. In one outbreak of the so-called 'Middle East Respiratory Syndrome' coronavirus during the 2014 Hajj, it was observed that the identification of multiple strains and the pattern of infection in humans were not typical.[34] In a review of another outbreak, the genetic characteristics of one influenza sub-type, present in both birds and humans, presented disturbing results about the unique development and spread of these pathogens.[35] The incidence of outbreaks such as these, that do not follow the known epidemiology for naturally-occurring outbreaks, is clearly concerning.[36]

Conclusion

Rapidly-transmitted strains of influenza that occur either naturally or as a result of human manipulation constitute a real and strategic-level security challenge for Australia over the coming decade, not least because:

> The continual antigenic evolution of the virus is soon followed by specific and reciprocal changes in the immune status of infected human populations so that the pattern of influenza each year or decade reflects the experience of the community during the preceding one.[37]

Pandemics are a risk to our near neighbours, with the potential for high morbidity, high mortality and antigenic shift into more deadly and infectious forms with resultant consequences worldwide.[38] Moreover, any chance of predicting the next pandemic of influenza is now a thing of the past. The occurrence of novel viral strains with known means of creation, transmission and spread is already before us.

Fortunately, the public health response to naturally-occurring outbreaks, and that of any biological attack, is largely the same. However, with increasing global travel, as well as international trade and movement of livestock, localised outbreaks can quickly escalate into pandemics, with subsequent mortality and morbidity exacerbated by drug-resistant secondary bacterial infection and the potential intervention of opportunistic adversaries intent on harming the Australian people. Given that Australia's current disease control capacity is already challenged, its capacity to respond to such threats is an issue requiring urgent consideration.

Notes

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7 Kevin Rudd, 'The First National Security Statement to the Parliament', Address by the Prime Minister of Australia', *Department of the Prime Minister and Cabinet* [website], 4 December 2008, available at <http://pmtranscripts.dpmc.gov.au/browse.php?did=16289> accessed 10 August 2015. See also Harvey Rubin, 'Future Global Shocks: pandemics', OECD/IFP Project on 'Future Global Shocks', *OECD* [website], 14 January 2011, p. 4, available at <http://www.oecd.org/gov/risk/46889985.pdf> accessed 10 August 2015; and Ali S. Khan and Nicole Lurie, 'Health Security in 2014: building on preparedness knowledge for emerging health threats', *Lancet*, Vol. 384, 2014, p. 96.

8 Rudd, 'The First National Security Statement to the Parliament'; Commonwealth of Australia, *Defence White Paper 2013*, Department of Defence: Canberra, 2013, pp. 19, 27 and 112.

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10 Sara E. Davies and Jeremy Youde, 'Surveillance, Response and Responsibilies in the 2005 International Health Regulations', in Sara E. Davies and Jeremy Youde (eds.), *The Politics of Surveillance and Response to Disease Outbreaks: the new frontier for states and non-state actors*, Ashgate: Farnham, 2015, p. 157. Flu is a commonly-known infectious disease that requires an annual vaccination to keep up with the changes the virus undergoes. See World Health Organisation (WHO), 'Influenza (Seasonal)', Fact Sheet No 211 (March 2014), *WHO* [website], available at <http://www.who.int/mediacentre/factsheets/fs211/en/> accessed 10 August 2015; also NSW Government, 'Communicable Diseases Factsheet Influenza', (updated July 2012), *NSW Health* [website], available at <http://www.health.nsw.gov.au/Infectious/factsheets/Factsheets/influenza.PDF> accessed 20 June 2015.

11 Christopher W. Potter, 'A history of influenza', *Journal of Applied Microbiology*, Vol. 91, No. 4, 2001, p. 574; and WHO, 'Influenza (Seasonal)', and NSW Government, 'Communicable Diseases Factsheet Influenza'.

12 WHO, 'Influenza (Seasonal)'; and Colin R. Howard and Nicola F. Fletcher, 'Emerging Virus Diseases: can we ever expect the unexpected?', *Emerging Microbes and Infections*, 26 December 2012, p. 6 available at <http://www.nature.com/emi/journal/v1/n12/full/emi201247a.html> accessed 10 August 2015.

13 Martin, *Oxford Concise Colour Medical Dictionary*, p. 538. 'Strains are classified according to the presence of different subtypes of two glycoproteins (antigens) on the viral surface: haemagglutinin (H) and neuraminidase (N). Small changes in the structure of these antigens, which occur frequently in influenza A and B viruses, require the continual development of new vaccines to protect against annual outbreaks of the disease. Major changes in antigenic structure occur much more rarely, when there is genetic recombination between strains that can infect more than one species (most strains of the virus are highly species-specific). However, when it does occur, it could result in the development of hybrid strains causing new forms of influenza that are difficult to contain; the pandemic of 1918-19 is thought to have arisen in this way': Martin, *Oxford Concise Colour Medical Dictionary*, p. 377.

14 WHO, 'Influenza (Seasonal)'.

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23 The 'v' indicates that a variant that normally infects pigs has shifted to infect humans; see also 'Swine flu in India claims 875 lives', The South Asia Daily, 23 February 2015.

24 Sander Herfst, Eefje J.A. Schrauwen, Martin Linster et al, 'Airborne transmission of influenza A/H5N1 virus between ferrets', *Science*, Vol. 336, No. 6088, 2012, pp. 1534-41; and Masaki Imai, Tokiko Watanabe, Masato Hatta et al, 'Experimental adaptation of an influenza H5 HA confers respiratory droplet transmission to a reassortant H5 HA/H1N1 virus in ferrets', *Nature*, Vol. 486, No. 7403, 2012, pp. 420-8. Reference material provenance: M. Peiris, University of Hong Kong, provided A/Indonesia/5/2005 with permission from I. Kandun of the Indonesian Government; cited in Herfst et al, 'Airborne transmission of influenza A/H5N1 virus between ferrets'. Also National Institute of Hygiene and Epidemiology, Hanoi, Vietnam for the A/Vietnam/1203/2004 (H5N1) virus, obtained from the CDC: cited in Imai et al, 'Experimental adaptation of an influenza H5 H1 confers respiratory droplet transmission to a reassortant H5 Ha/H1n1 virus in ferrets'. Gain-of-Function (GoF) experiments result in a type of mutation where the altered gene product possesses a new molecular function or a new pattern of gene expression. GoF mutations are almost always dominant or semi-dominant. These GoF are now considered 'dual-use research of concern', that is, research that can be used for good or for harm.

25 Enemark, 'Health Security Challenges', p. 137;

26 Debolina Banerjee, 'Gain-of-Function Influenza Research: a new paradigm or an engineered pandemic? A Comprehensive Assessment of the Merits and Risks of Gain-of-Function Experiments and a Proposed Framework Going Forward', unpublished thesis, Department of Molecular Biology, Princeton University: Princeton, 2014, available at <http://arks.princeton.edu/ark:/88435/dsp01b8515n57k> accessed 9 March 2015; and Vogel, 'Expert Knowledge in Intelligence Assessments', pp. 39-71.

27 Quoted from publisher's synopsis of Mark Jerome Walters, *Seven Modern Plagues*, Island Press: Washington DC, March 2014, available at <http://www.publish.csiro.au/pid/7279.htm> accessed 20 May 2015.

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34 C. Raina MacIntyre, 'The discrepant epidemiology of Middle East respiratory syndrome coronavirus (MERS-CoV)', *Environment Systems and Decisions*, Vol. 34, No. 3, 2014, p. 383.

35 Bui et al, 'A Systematic Review of the Comparative Epidemiology of Avian and Human Influenza A H5N1 and H7N9 – Lessons and Unanswered Questions', p. 4.

36 Macintyre, 'The discrepant epidemiology of Middle East respiratory syndrome coronavirus (MERS-CoV)'; and Lauren M. Gardner, David Rey, Anita E. Heywood et al, 'A Scenario-Based Evaluation of the Middle East Respiratory Syndrome Coronavirus and the Hajj', *Risk Analysis*, Vol. 34, No. 8, 2014, p. 1391; Bui *et al*, 'A Systematic Review of the Comparative Epidemiology of Avian and Human Influenza A H5N1 and H7N9 – Lessons and Unanswered Questions', p. 4.

37 Kilbourne. 'History of Influenza', p. 3.

38 The International Health Regulations (IHR) have been in existence since 1969 and are designed to support the 194 signatories across the globe to help prevent and respond to public health risks that threaten the health of our citizens. Its mandate is across all public health emergencies, including pandemic influenza, to 'prevent, protect against, control and provide a public health response to the international spread of disease and which avoid unnecessary interference with international traffic and trade'. The IHR requires signatory countries to report certain disease outbreaks and public health events to the WHO. There is also a regular review of national capacity monitoring, including that for public health. The latest of these was 2013. See WHO, 'International Health Regulations', *WHO* [website], available at <http://www.who.int/topics/international_health_regulations/en/> accessed 10 August 2015.

China's South Pacific Expansion and the Changing Regional Order: A cause for concern to the regional *status quo?*

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Abstract

This paper examines China's expansion in the South Pacific to determine whether it constitutes a destabilising effect to the existing regional order over the next 10 years, both in terms of rivalling the traditional dominance of New Zealand and Australia, and in the context that Pacific Island nations are growing in political confidence and sophistication, and pursuing a strategy of greater regional accountability.

The paper cautions that China's expansion should not be overstated. Nor should the longstanding and continuing support being provided to the region by Australia and New Zealand be understated. The paper contends that China's actions should be seen primarily in the context of seeking to expand markets and securing access to vital resources, which are necessary to support its economic growth and develop diplomatic legitimacy as a global power. The paper concludes that China's expansion does not constitute a threat to regional security and, indeed, that New Zealand and Australia are ideally placed to support the increasing regionalism being demonstrated by Pacific Island nations.

Introduction

The 'rise of China' has been the subject of extensive discourse by academic and political commentators alike.[1] At the turn of the century, a well-respected international relations analyst contended that China's global power and influence were greatly overrated, asserting that 'at best China is a second-rank middle power that has mastered the art of diplomatic theatre … [and] only when we fully understand how little China matters will we be able to craft a sensible policy towards it'.[2]

Regardless of the logic at the time, such an assessment would draw little credence today. Based on current projections, China's GDP is predicted to surpass that of the US within the next 10 years.[3] When considered using purchasing power parity, China has already assumed the number one mantle.[4] Along with this enhanced economic leverage come greater international status, confidence and global influence.

China's expansion into the South Pacific should therefore not come as a surprise. In 2007, Ron Crocombe, a noted South Pacific commentator, declared that a 'spectacular transition' was under way in the Pacific Islands, from overwhelmingly Western sources of external influence—whether cultural, economic, political or other—to Asian.[5] He identified this transition as potentially beneficial to Pacific Islanders, caveated by the need to stay 'flexible and attuned to new circumstances, new players and new opportunities'.[6]

Despite this growing Asian influence being seen in ostensibly positive light, many other commentators—mainly from Western liberal democracies—have preferred to consider China's rise as a threat to the existing regional order.[7] This 'threat theory' has included perspectives on the evolving security and stability implications of China's growing regional interest, particularly on the developing nations of the South Pacific, as well as New Zealand and Australia.

While China's expansion tends to capture global attention, an increasing assertion of specifically Pacific forms of regionalism, as evidenced by more active regional organisations and push-back against Australia and New Zealand as traditional donors, cannot be ignored. Fiji and Papua New Guinea (PNG), as the two most influential Pacific Island states, have asserted new independence in regards to their foreign policy and desire to establish and enhance regional institutions founded on issues of primary concern, especially climate change and economic independence.

However, New Zealand and Australia view the South Pacific as 'their backyard'.[8] New Zealand's Ministry of Foreign Affairs and Trade considers the Pacific region to be of 'central importance', stating that New Zealand has 'strong bonds of

shared interests: history, culture, trade, family and future' across the region.[9] New Zealand regards itself as a Pacific Island state and not an outside power of the region.[10]

Australia's Department of Foreign Affairs and Trade articulates a similar point of view, noting that '[Australia] is committed to playing an active and constructive role in the region of which it is a part'.[11] While geographical proximity reflects a strong sense of regional responsibility for New Zealand and Australia, the US continues to be an important partner. Nonetheless, there is an implicit and, at times, explicit expectation within the Western alliance that Australia and New Zealand will manage regional security concerns.[12]

Beyond the historical and cultural connections, New Zealand and Australian prosperity is tied to a secure and stable region. This concept features prominently in the formulation of their respective foreign policies. The latest Australian Defence White Paper identifies a secure South Pacific and Timor Leste as the second-highest defence priority (behind a secure Australia), with an associated need to ensure 'that our neighbourhood does not become a source of threat … and that no major power with hostile intentions establishes bases from which it could project force'.[13]

Similarly, the 2010 New Zealand Defence White Paper identified the requirement for New Zealand:

> [T]o play a leadership role in the South Pacific for the foreseeable future, acting in concert with our South Pacific neighbours. A weak or unstable South Pacific region poses demographic, economic, criminal, and reputational risks for New Zealand.[14]

New Zealand and Australia will be significantly affected as a result of China's expansion into the South Pacific. Some commentators have suggested that China's growing influence in the region might now be rivalling the traditional dominance of New Zealand and Australia. John Henderson and Benjamin Reilly, for example, contend that China is in the process of 'incorporating the Pacific Islands into its broader quest to become a major Asia-Pacific power' in a regional zero-sum analysis of the US, Japan and existing Western allies.[15] Conversely, New Zealand's Foreign Affairs Minister, Murray McCully, has described China's regional activity differently, saying 'I do not regard greater Chinese activity in the Pacific as a great mystery … nor do I attribute unwholesome motives to that activity'.[16]

So what is China doing in the South Pacific and will it compromise regional security and stability? The variation in analytical assessments of China's intentions makes this question all the more important. This paper will examine China's South Pacific expansion alongside increasing Pacific Island regionalism and determine

whether it constitutes a destabilising effect to the existing regional order over the next 10 years. For the purposes of this paper, the South Pacific will be defined as the 14 Pacific Island countries that make up the Pacific Islands Forum (PIF), excluding New Zealand and Australia, namely the Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, Niue, Palau, PNG, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

The paper is broken into five parts. Part 1 will provide historical and demographic context by defining the South Pacific region, its political structure and existing regional order. 'Comprehensive security' will then be defined in order to evaluate the impact of China's expansion. Part 2 will form the bulk of the analysis of China's expansion into the South Pacific and its resultant impact on the existing regional order. The 'Diplomatic, Identity, Military and Economic' framework will be used in order to support the security assessment in a comprehensive fashion. Part 3 then assesses the interests and actions of the Pacific Island countries in order to maximise global political and economic advantage. Part 4 progresses this by analysing the potential for a new regional order based on China's expansion, an increasing South Pacific leadership confidence, and institutional sophistication. Part 5 considers the range of existing and emerging threats to security and stability facing the South Pacific as a whole.

The paper will assert that China's expansion into the South Pacific, and the increasing regionalism demonstrated by Pacific Island nations, do not constitute threats to security and stability in the next decade. Rather, it will contend that China is seeking to expand markets and secure access to vital resources—necessary actions in order to support economic growth and develop diplomatic legitimacy as a global power. Nevertheless, it will also be observed that Pacific Island nations are growing in political confidence and sophistication, pursuing a strategy of greater overall regional accountability. While the South Pacific is not without issues of fragility, the paper concludes that China's expansion and a strengthening region do not present a cause for concern.

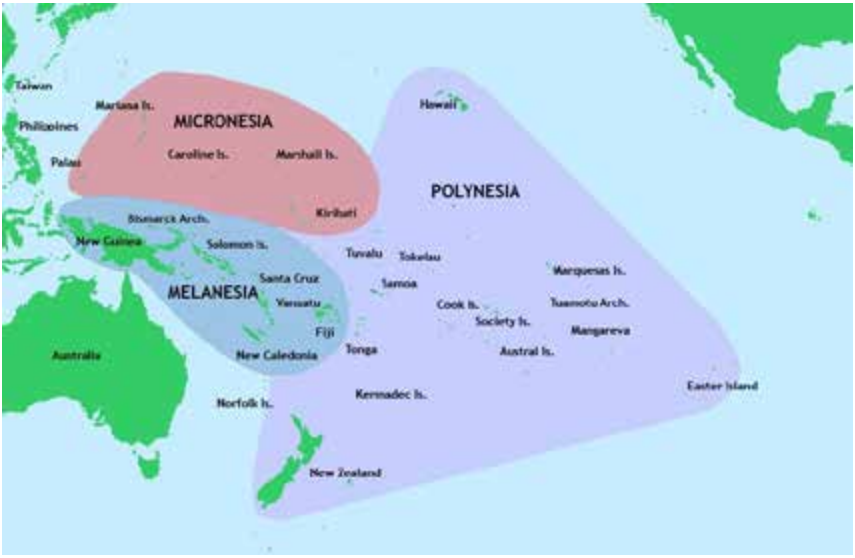
Part 1: Historical Context

Any regional strategic analysis benefits from an appreciation of the overarching historical, geographical and demographic elements.

The South Pacific is customarily divided into three distinct, if not loosely-defined cultural areas— Melanesia to the southwest, Micronesia to the northwest, and Polynesia to the east, as shown at Figure 1. Genetic evidence suggests most indigenous people in the region originated from Asia during an early global migration that commenced approximately 50,000 years ago, progressing as far east as the Solomon Islands.[17] Then 4500-5000 years ago, a second wave of

migration occurred, originating from Taiwan and progressing further east into the Pacific.[18] The occupation of Polynesia and then New Zealand, only 800 years ago, concluded the historical wave of migration.

Figure 1: The South Pacific region



The vast space and small but widely-dispersed populations have resulted in a multitude of culture, language and social systems which, in turn, have created diversity in security and stability. In Melanesia, self-government rested with small tribes, mostly without hereditary chiefs, and linguistic fragmentation remains a particular regional characteristic.[19] Societal leadership was often acquired, rather than inherited, from 'fighting, oratory or entrepreneurial skill'.[20] In the aristocratic and hereditary-based societies of Polynesia and most of Micronesia, larger tribes of up to several thousand were the norm. In these societies, resource distribution typically accompanied marriages, funerals and accession to chiefly titles.[21]

With fewer people from one main source of origin, Polynesia evolved only about 30 languages, with Micronesia much fewer still.[22] The differences in social structure and culture are important when considering the characteristics of modern-day security and stability. The hierarchical and hereditary-based countries of Polynesia have tended to adapt the ideals and expectations of Western political stability, with far greater success than the less hierarchical, participatory societies of Melanesia.

European exploration in the 16th and 17th centuries disrupted the traditional South Pacific way of life. Prompted by trade, travel and control, the South Pacific was colonised by competing Western powers. The early influence of missionaries played an important role in establishing Christianity throughout the Pacific, often at the vanguard of the exploration parties. By 1890, 'the final carve up' was complete.[23]

A new world order, following the end of the Second World War, precipitated widespread de-colonisation, ultimately concluded in 1980.[24] The Cold War triggered an increased regional focus on security, soon after the independence process, amid US concerns over the global spread of communism. This led to the subsequent forward deployment of US military forces throughout the region but particularly in Micronesia. The terror attacks of September 2001 elevated regional concerns about instability in the South Pacific, with growing anxiety over weak or failed states and the threat they posed to security and stability.[25]

The 22 political entities that make up the South Pacific region are diverse. Variations in geography, land area, population size, cultural traditions, economic development, natural resources and political status define a region characterised by diversity. The larger and more populated islands of Melanesia have significant mineral resources and share valuable fishing rights with Micronesia to the north and east. The islands of Micronesia and Polynesia are notable as some of the smallest and least populated on earth. Approximately 10 million people inhabit a region that spans 30 million square kilometres, from West Papua through to Easter Island.

Table 1 lists the political affiliation of the South Pacific regional entities and demonstrates the diverse political structure. Territorial alignment with France, New Zealand, UK or the US provides a guarantee of security, a level of political stability and economic support through the provision of subsidies and aid.[26] Free association similarly provides a degree of autonomy with specific migration benefits for five of the remaining 14 states.

Table 1: South Pacific regional entities and political alignment[27]

Pacific Island Entity	Political Alignment
American Samoa	US territory
Cook Islands	Free association with New Zealand
Federated States of Micronesia	Free association with the US
Fiji	Independent
French Polynesia	Overseas territory of France
Guam	US territory
Kiribati	Independent
Marshall Islands	Free association with the US
Nauru	Independent
New Caledonia	Overseas territory of France
Niue	Free association with New Zealand
Northern Mariana Islands	Commonwealth of the US
Palau	Free association with the US
Papua New Guinea	Independent
Pitcairn Islands	Dependency of the UK
Samoa	Independent
Solomon Islands	Independent
Tokelau	Territory of New Zealand
Tonga	Independent
Tuvalu	Independent
Vanuatu	Independent
Wallis and Futuna	Overseas territory of France

Table 2 lists the nine independent states and their approximate populations—which make up almost 90 per cent of the total regional population. Samoa, Tuvalu and Kiribati have a history of stable democracy. However, the remaining nations have 'confronted problems of corruption, weak central authority, lack of accountability and social unrest.... [and] Fiji and the Solomon Islands have experienced coups'.[28] These traits signal a susceptibility to the negative influences of a highly-asymmetric power relationship, such as China-Pacific Island countries, and are especially worthy of analysis.

Table 2: Population and land area of the nine independent states[29]

State	Population	Land Area (km²)
Fiji	837,000	18,272
Kiribati	98,000	811
Nauru	12,000	21
Papua New Guinea	7,500,000	462,243
Samoa	185,000	2934
Solomon Islands	550,000	28,530
Tonga	102,000	699
Tuvalu	10,500	26
Vanuatu	221,000	12,190

Traditional regional order

The Council for Security Cooperation in the Asia-Pacific defines regional order as 'a complex tapestry of norms, laws, conventions, deterrents, opportunities, mechanisms for conflict avoidance and resolution'.[30] Based primarily on geography and history, New Zealand and Australia have been responsible for the development and maintenance of that tapestry over the years, placing 'a special value on close historical, political, economic, aid and community links with the island countries and territories of the Pacific'.[31] Indeed, the depth of Australia's sense of regional responsibility is even expressed in its Constitution.[32]

Nonetheless, Western ideological intent is not always met favourably. Many Pacific Island leaders have 'reportedly viewed Australia's past and present leadership in the region with resentment and deep ambivalence'.[33] Not surprisingly, the reference to an 'arc of instability' or being listed within a 'fragile club' was met with profound bitterness by Pacific leaders.[34] More recently, New Zealand and Australia's diplomatic conflict with Fiji has provided a vehicle for Fiji to develop new relationships—most notably with China—which some have argued serves to undermine New Zealand and Australian influence, and damage progress on regional initiatives vital for the enhancement of longer-term prosperity.[35]

Comprehensive security

In order to evaluate China's impact on security in the South Pacific, it is necessary to first define security. This paper will use the concept of 'comprehensive security' as defined by the Council for Security Cooperation in the Asia-Pacific. Comprehensive security goes beyond the narrow, 'hard power' focus in the pursuit of sustainable security in all fields, encompassing personal, political, economic, social, cultural, military and environmental security in both the domestic and external spheres, essentially through cooperative means. As articulated by the Council, comprehensive security is founded on the principle that:

> [S]ecurity of person, community and state is multifaceted and multidimensional in character. Ultimately, security encompasses the protection of all the fundamental needs, core values and vital interests of the individual and society in every field. Any significant threat to the comprehensive well-being of man, society and state, whether emanating from external sources or from within a state, is deemed a threat to security.[36]

A comprehensive approach to security is vital for the attainment of prosperity and stability. This notion is clearly expressed in recent New Zealand and Australian national security strategy statements. In its 2013 strategy document, Australia identifies the need to address security in a comprehensive fashion, in partnership with Pacific Island countries to prevent the undermining of regional stability.[37] New Zealand's 2011 policy document identifies seven key objectives that underpin a comprehensive concept of national security, namely preserving sovereign and territorial integrity, protecting lines of communication, strengthening international order, sustaining economic prosperity, maintaining democratic institutions and values, ensuring public safety, and protecting the environment.[38]

China's President Xi Jinping has similarly identified the importance of a comprehensive approach to security for China—admittedly with 'Chinese characteristics' that assume a level of security beyond the Western definition. In a recent speech at the inaugural meeting of China's National Security Council, he expressed the need to develop a 'national security network' that incorporates political security, homeland security, ecological security, economic security, cultural security, societal security, scientific and technological security, information security, ecological security, resource security, and nuclear security.[39]

In the next part of this paper, the 'Diplomatic, Identity, Military and Economic' framework model will be used to support a detailed examination of the comprehensive elements of security in the context of China's expansion into the South Pacific.

Part 2: China's Diplomatic Interests in the South Pacific

Any diplomatic assessment of China's presence in the South Pacific must consider the relationship between China and Taiwan. Since the European powers scaled back their activities in the South Pacific in the middle of the last century, China has worked steadily, in its own right, to gain a regional diplomatic foothold.[40] It is estimated that China now has more diplomats in the South Pacific than any other country, including New Zealand and Australia.[41]

Simultaneously, the South Pacific has become a vital region for Taiwan to establish diplomatic recognition. Of the 23 countries that formally recognise Taiwan, six reside in the South Pacific.[42] According to Anthony van Fossen, recognition by geographically-closer nation states increases the authenticity, sustainment and leverage within regional institutions, rather than by geographically-remote countries, such as those in Central America, Africa and the Caribbean, thereby enhancing the attractiveness of the South Pacific to China.[43] While rivalry between China and Taiwan has been an ongoing feature of regional diplomacy, founded on China's primary objective of reinforcing the 'One China' policy, there are two distinct periods with differing regional effects.

Competition between China and Taiwan in the period prior to 2008 created a destabilising effect to South Pacific security and stability. A financial incentive in favour for diplomatic recognition, also known as 'chequebook' diplomacy, has been a notable feature of China and Taiwan rivalry. There is broad agreement in academic discourse that the short-term economic benefits associated with 'chequebook' diplomacy are heavily outweighed by the undermining, longer-term consequences on escalating corruption, which in turn reduces social stability and the development or consolidation of regional democracy.[44]

Notably throughout much of Melanesia, the diplomatic competition to seek or retain recognition has resulted in a 'greedy grab for cash that has descended from rent-seeking to banditry'.[45] It was also behind the perception that Chinese bribes were used to buy electoral votes, which sparked the April 2006 riots in the Solomon Islands. However, the reality is far worse than these examples perhaps suggest, according to Ron Crocombe, who contends that 'China has a long, sad record of causing internal problems in Pacific countries' as a result of the diplomatic conflict with Taiwan.[46]

More recent cross-strait engagement has resulted in a tempering of China-Taiwan regional competition. When Ma Ying-Jeou was elected President of the Taiwan in 2008, he prioritised reconciliatory policies with China. While strong opposition and mistrust still exists between China and Taiwan, the increasing level of contact has led to a reduction in explicit regional competition and 'chequebook' approaches to diplomacy.[47] Further, given China's 'near

bottomless pockets' and Taiwan's increasing desire to trade on its greater currency—'free democratic political system and lifestyle'—the diplomatic truce between China and Taiwan appears to be an enduring one.[48] From this, it is possible to interpret that competition between China and Taiwan no longer represents a significant destabilising effect to the fabric that makes up the South Pacific's institutional tapestry.

In addition, it is important not to overstate the China-Taiwan rivalry and, in doing so, divert attention away from failings in New Zealand and Australian regional support. As Joel Atkinson asserts:

> [I]t is debatable to what extent China and Taiwan weaken [New Zealand and] Australian reform agenda simply through providing South Pacific governments with funds to misuse. Presumably, if [New Zealand and] Australia's efforts were effective, the administration of aid from China and Taiwan would improve accordingly.[49]

China's foreign aid to the South Pacific is a key diplomatic component to its South Pacific expansion. China is not a new regional aid donor, with a history of aid in the South Pacific spanning 60 years. Significant increases in aid occurred from the 1990s in line with China's 'going global' policy.[50] From 2004 onwards, China's aid has continued to grow, increasing by an enormous 29.4 per cent per year and now totalling approximately US$4.5 billion.[51]

However, ambiguity and a lack of transparency have hampered an objective determination of its aid policies, practices and principles. China is not a member of the OECD's Development Assistance Committee and is not bound by the associated principles of that organisation.[52] The language used in China's first White Paper on Foreign Aid—'Chinese aid is a model with its own characteristics'—served to reinforce an ambiguous perception of its behaviour.[53] Until very recently, China preferred the terms 'economic cooperation' and 'development assistance' when referring to engagement with developing nations, further blurring the boundaries of what constitutes aid and what constitutes loans, concessions or other forms of debt relief.[54]

It is worth noting that China's second Foreign Policy White Paper, released in 2014, signalled an enhanced intent regarding conducting trilateral aid cooperation with traditional donors (primarily New Zealand and Australia).[55] A China-Australia-PNG trilateral engagement in regards to malarial control is one recent example.[56] Malaria is a serious public health concern in PNG, so harnessing Chinese medical expertise and Australian financial support to meet a specified government health priority is an excellent example of trilateral cooperation.[57]

The role PNG played in guiding the donor activity, rather than receiving 'imposed aid', has also been a fundamental and important shift for future trilateral activity. The Te Mato Project, a China-New Zealand-Cook Islands trilateral initiative aimed at providing reticulated water across the main island

of Rarotonga is further evidence of aid cooperation between traditional and emerging donors.[58] China's Foreign Policy White Paper goes on to confirm the Cook Islands' status as the pre-eminent developing nation, as well as highlighting the 'South-South cooperation' plan, focusing aid on other developing nations of the South Pacific.[59] The PNG experience, in particular, stands as a workable case study for other traditional and non-traditional aid donors and recipients alike to emulate in the future.

Notwithstanding the acknowledged increase in dollar amounts and language described above, China has struggled to exert its foreign policy narrative in a clear and unambiguous manner. Partly, this is China's own doing through the limited public release of policy; partly also, it conveniently feeds into the 'China threat' theory perpetuated by some Western commentators, especially in the US, Australia and New Zealand.[60]

This criticism implies that China's foreign policy ambiguity and lack of transparency forms part of a methodical 'grand strategy' designed to displace New Zealand and Australia as the traditional regional powers—an extremely de-stabilising notion if the case.[61] While there seems little doubt that China has a grand strategy, the role of the South Pacific would appear at best to fit into the 'Greater Periphery' sphere or, more likely as Terence Wesley-Smith argues, to be based on the 'pursuit of resource supplies as a basic driver for the expansion of China's presence in all regions', not just the South Pacific.[62]

China's relationship with Fiji has created diplomatic concerns, not only for New Zealand and Australia but also to the continuity of the existing regional order. New Zealand and Australia were unequivocal in their condemnation of Fiji's military action to unseat the democratically-elected government in 2006. Conversely China's support to Fiji, which was based on a 'policy of non-interference,'[63] provided Fiji a vital diplomatic alternative, precipitating Fiji's 'Look North' foreign policy and newfound sense of diplomatic independence.[64]

Nonetheless, Fiji's return to democratic rule at its own pace and on its own terms has enabled the removal of all sanctions along with the re-instatement of the respective New Zealand and Australian consular staff, following their directed removal in 2009. While mutual displeasure has at times been communicated between Fiji, New Zealand and Australia, China has not been drawn to comment publicly on their respective roles played in the engagement with Fiji. As a result China, New Zealand and Australia continue to cultivate their own unimpeded bilateral diplomatic and economic relationships.

In 2012, New Zealand and China agreed ambitious plans for enhanced bilateral engagement, with New Zealand's Prime Minister John Key and Chinese Premier Wen Jiabao targeting a doubling of bilateral trade over the next two years.[65]

In a similar vein, Australia and China have agreed-in-principle to a Free Trade Agreement, following lengthy negotiations, which will further enhance economic and diplomatic interdependence.[66] Interestingly, there is not yet an equivalent New Zealand or Australian whole-of-government strategic plan for engagement with South Pacific nations, the generation of which may be an avenue to improve existing relations between New Zealand, Australia and Pacific Island countries.

China's identity in the South Pacific

China's presence in the South Pacific is not a new phenomenon. Chinese trade, language and culture first spread to the South Pacific over 5000 years ago.[67] Observers have since identified three 'distinctive periods' in contemporary Chinese emigration history to the South Pacific. The first period spans the early 19th century through to 1949, when Chinese were seeking refuge from 'frequent famines and war'.[68] The second was from the 1950s through to the 1990s, when Chinese labourers, traders and farmers sought work in the South Pacific; the third has been since the 1990s, following a relaxation to immigration policies and the rise of technological societies.[69]

While there is no official figure, various sources place the number of Chinese in the South Pacific between 80,000 and 100,000, or approximately ten per cent of the total regional population.[70] Perhaps with a degree of irony, New Zealand was an early advocate of China's expansion into the region. In 1980, in an attempt to thwart expansion by the Soviet Union into the South Pacific, New Zealand's then Prime Minister Robert Muldoon, during a visit to Beijing, told senior leader Deng Xiaoping that 'any support China could give to the island states of the Pacific Forum whether political or economic would help to maintain political stability in the South Pacific'.[71]

While China has been involved with the South Pacific for thousands of years, societal integration and acceptance has not been a strong suit. As Crocombe argued in his detailed analysis of China's growing South Pacific presence:

Long after the tides of population, trade and investment turn in favour of Asia, Western influences are likely to remain in other aspects of life because of the English language, Christian religion and western derived education, entertainment and organisation. Pacific Island schools do not teach nearly enough about Asia. Asians learn even less about the Islands, and incentives for them to do so are few.[72]

One Chinese commentator noted that Chinese nationalism is a driving force behind a 'sojourner mentality or lack of a sense of permanence in their adopted countries'.[73] As China's international standing grows, this trait may develop even further among Chinese immigrants as they look to re-connect

the bonds with the homeland, although as yet there is no clear evidence to support this hypothesis.

Importantly, the lack of education, knowledge and integration creates an image problem for China in the South Pacific. Ideological and cultural divergence between the South Pacific way of life and that of China is significant. Strong Christian traditions throughout the islands 'encouraged a firm level of anti-communism' during the Cold War, which then manifested into typically West-leaning support.[74] Cultural values, while not universally divergent, also present some important differences, principally in relation to fishing, logging, trading, crime and political influence. Crocombe notes that values given to 'saving against consumption, to accumulation against distribution, to the allocation of time, to production and education as against ceremony and relaxation' have resulted in major differences between Pacific Islanders and Chinese immigrants.[75]

The inadequate cultural appreciation provides an interesting snapshot into a number of the ongoing points of friction between Chinese immigrants and the indigenous population, particularly in the areas of labour relations, environmental issues and quality control. One good example is the Fiji hydro-electric scheme being undertaken by Sinohydro Corporation, a Chinese company with a poor record for the treatment of staff in other global projects. Sinohydro was a source of complaint following an allegation of low wages and inadequate safety practices from Fiji's Construction, Energy and Timber Workers Union.[76] Unsatisfactory treatment of local workers by Chinese companies reflects a difference in accepted conditions between China's own rural-to-urban migrant workforce, operating at home or abroad, and Pacific Islanders.[77]

However, other commentators provide a counter view, arguing that China's actions have been portrayed in a consistently negative light and therefore represent a potential security threat to the West. In a 20-year qualitative and quantitative analysis of 306 newspaper and journal articles, Jonathan Sullivan and Bettina Renz identify an overwhelming negative discourse, with China frequently described as 'a giant opportunistic predator aggressively scouring the Pacific'.[78] The undesirable characteristics associated with China's social consequences (income inequality, human rights issues, poor labour conditions and environmental degradation) are in stark contrast to the positively-espoused character of Australia and New Zealand, based on the values of democracy, accountability and good governance.[79] An absence of balanced and nuanced reporting on complex issues is more likely to de-stabilise a region already described as fragile.

Against such a backdrop, the targeted violence against Chinese immigrants is perhaps not surprising. Built-up resentment based on corruption and the perception, or reality, of Chinese taking local job opportunities has resulted in riots targeting Chinese businesses in the Solomon Islands, PNG and Tonga as well as the previously-mentioned politically-motivated outbreak of violence in the Solomon Islands. It has been reported that this might be 'the tip of the Pacific iceberg'.[80] However, this assessment is equally guilty of considering South Pacific Chinese migrants as a single homogenous block. They are not.

A more nuanced analysis would note that Chinese living abroad who are no longer Chinese citizens, translated as *huaren*, and are well entrenched into society, did not suffer the same ethnic discrimination or violence as the more recent Chinese citizens, known as *huaqiao,* who are perceived to flourish financially and politically from the proceeds of their business without contributing to society.[81] Graeme Smith goes further in his analysis of the anti-Asian riots in the South Pacific, placing the blame more squarely on the shoulders of the recent migrants known for their lack of *suzhi*, or quality, in both the measurable (education, income and province) and immeasurable (moral attributes) terms.[82]

China's military interests in the South Pacific

China is investing heavily to modernise its military capability. In March 2015, China announced that it would raise its defence budget by approximately 10 per cent. While down from the previous year's 12.2 percentage increase, the statement nonetheless marks the fifth consecutive year with a double digit increase in official military spending. This translates to approximately $US145 billion and aligns with China's 2015 Defence White Paper assertion that its defence spending should rise alongside its growing economic development and global standing.[83]

While the financial investment is significant, some would argue that it is less about the amount of money China spends on defence than what it buys with that money, with one senior US officer noting that 'the only capabilities that concern us are those that make China capable of changing the [regional] status quo without coordination'.[84] Such a remark serves to reinforce US concern over any change to the existing *status quo* without accommodating the interests of the traditional regional powers.

The 2014 appointment of Chairman Xi Jinping as Central Military Commission Chairman, as well as Party General Secretary and State President, signals the importance of military reform and combat effectiveness at the highest levels in China.[85] This was a departure from the precedent set during Hu Jintao's appointments ten years earlier, when the assumption of all three titles took more than a year to enact.

According to a 2015 US Department of Defense annual report to Congress on military and security developments involving China, Xi's father was an important military figure during the Chinese communist revolution and a Politburo member in the 1980s.[86] The younger Xi served as secretary to a defence minister early in his career and would have had ample opportunities to interact with the People's Liberation Army (PLA) as a provincial party official. Xi has emphasized increasing mutual trust between China and the US during official meetings. Notwithstanding the fact that the Sino-US relationship is the subject of daily academic analysis, this is at least one positive example of US-Sino military engagement for the future.

While China's military expansion remains an area of interest, there is no doubt that Australia and New Zealand remain the primary sources of regional security and stability. The defence of the region during World War 2 forms a key part of the Pacific Island nations' shared history. More recently, Australia and New Zealand have continued to demonstrate regional security obligations through peacekeeping missions throughout much of Melanesia, with Anthony van Fossen noting that 'the Pacific Island states still expect Australia [or New Zealand] to protect their sovereignty in an emergency'.[87]

The Regional Assistance Mission to the Solomon Islands (RAMSI), involving New Zealand and Australian military personnel, as well as their respective police forces, has been the most recent and perhaps successful.[88] Not surprisingly, it is still New Zealand and Australian defence assets which are the first to arrive, whether bringing emergency relief supplies during the frequent environmental disasters, or conducting the evacuation of foreign nationals during violent confrontations. While China previously lacked the military capacity to conduct a foreign national evacuation mission, this is no longer the case.[89] Greater military interoperability between China, Australia and New Zealand seems a necessary future requirement to enhance security and stability, based on the likelihood of further regional unrest.

Commentators aligned to the 'China threat' theory suggest that China's motives are based on a South Pacific competitive strategic intent. John Henderson and Benjamin Reilly, for example, assert that 'China is not just filling a political vacuum created by Western neglect…. [i]t is incorporating the Pacific islands into its broader quest to become a major Asia-pacific power with a long-term goal to replace the US as the preeminent power in the Pacific Ocean'.[90]

While the US 'rebalance to the Asia-Pacific' strategy is clearly multifaceted, it is at least in part to counter China's expansion and growing regional influence.[91] Others interpreting China's expansion as a security threat have claimed that China could use Pacific Islands as bases to support anti-ship missile capabilities;

some have also argued that various infrastructure improvements in the region, being assisted by China, are strategic preparations for the future.[92]

Contrarily, those inclined to assess China's expansion as part of a generic 'going global' strategy find little evidence to support the likelihood of an expanding military footprint in the South Pacific.[93] In essence, China's focus and strategic priorities remain far closer to home, particularly in the East and South China Sea in response to territorial disputes. Additionally, securing the vital sea lines of communication through the Straits of Malacca sits higher on the priority order than military engagement in the South Pacific.

Michael Powles, in a wide-ranging practitioner's assessment, asserts that 'China has two principal goals in the South Pacific: access to raw materials, and countering Taiwan's efforts to recruit Pacific countries into its ranks'.[94] The access to resources and assertion of diplomatic power indicate a need to exert a degree of influence over Pacific Island states. However, the application of military power would bring with it operational, logistical and economic challenges that would in all likelihood outweigh any associated benefit.

Regardless of rationale, there is widespread agreement that China does not yet have the capability or capacity to rival US military supremacy.[95] The PLA Navy has made advances in the maritime capability domain, including the commissioning of its first aircraft carrier *Liaoning* in 2012. A second aircraft carrier under production signals an aspiration to project on a global scale. However, the PLA Navy is not yet 'blue water' capable. Moreover, China has no military bases anywhere in the South Pacific. Operations as far afield as the South Pacific, while arguably on the rise, will likely be limited to exercises and military diplomacy for the foreseeable future.

China's desire to demonstrate maritime confidence and stability-building measures, in addition to regional military diplomacy, are important first steps to improve broader engagement. Of the UN Security Council's five permanent members, China is the largest financial contributor to UN peacekeeping operations. It is also an active member of, and has hosted strategic multilateral dialogues, contributed ships towards anti-piracy operations (since 2008) and, for the first time, hosted a meeting of the Western Pacific Naval Symposium—a key meeting to enhance mutual understanding and trust in the maritime security domain.[96]

Of note, China was also a first-time participant in the 2014 Rim of the Pacific (RIMPAC) maritime exercise hosted by US Pacific Command in Hawaii, the world's largest maritime warfare exercise. China has conducted routine goodwill ship visits to the Pacific Islands, notably Fiji, PNG and Tonga, providing training and logistics-focused support.[97] Additionally, the PLA Navy hospital

ship *Peace Ark* provided medical assistance to the region during a tour in September 2014.[98] Stopovers were also made in New Zealand and Australia, emphasising an awareness to develop relationships with traditional powers alongside island neighbours.

Contact at the Military Chief level is also both genuinely warm and commonplace. New Zealand's Chief of Defence, Lieutenant General Tim Keating, expressed the view that 'such visits are an important opportunity to extend engagement with the People's Liberation Army and increase understanding between respective countries' militaries as we look to increase joint activity and cooperation'.[99] Acknowledging the importance of people-to-people contact, Keating has identified building relationships as a key priority. He is seeking to expand operational and tactical-level cooperation to 'enhance trust and understanding among junior and mid-level officers' as a mechanism to build future engagement.[100]

China's economic interests in the South Pacific

The enhancement of national power is the capstone element of China's grand strategy.[101] Economic development is considered a primary pillar of that grand strategy given its role in achieving economic prosperity and resolving domestic and external threats.[102] Domestically, economic development provides the opportunity for the Chinese people to benefit from a raised standard of living. This, in turn, confirms the Central Communist Party's legitimacy. From an external standpoint, economic development facilitates military investment and modernisation, a key element of China's national power and, ultimately, its reaffirmation as a global power. As Joseph Nye notes, the economic rise of China is a misnomer; 'recovery' is more accurate.[103]

China's economic rise in the South Pacific creates contrasting effects. For nations like Australia and New Zealand, it challenges the status quo of regional influence and complicates the ability to achieve stated foreign policy objectives.[104] For Pacific Island developing nations, China provides valuable developmental opportunities, given the young and increasingly-urbanised workforce seeking employment. For this reason, it is even more critical. As a result, the consequences of China's economic diplomacy across the areas of trade, aid and investment are significant and have the potential to re-shape relationships in the Pacific Islands over the medium and longer term.

China's trade in the South Pacific region is expanding. In the last ten years, it increased by a factor of seven. It grew tenfold with PNG, the most populous and resource-laden country in the region, over the same period, now totaling US$1.265 billion.[105] China's interest is primarily resource driven. Growing trade and investment links between China and Pacific Island nations are increasingly

common themes that underpin bilateral talks between senior leaders. Given that domestic and external strategic priorities are reliant on continued growth, it should come as no surprise that China's economic interests in the South Pacific match the pattern of contact with resource-rich nations such as Angola and the Democratic Republic of Congo, in addition to Latin America.[106]

The enormous natural mineral deposits, forestry, fishing and as-yet untapped seabed resources in the South Pacific are therefore logical targets of interest. Nonetheless, it is worth putting these figures into perspective. For example, China's trade with the African continent increased by a factor of fifteen from US$10.6 billion to US$160 billion between 2000 and 2011.[107] However, as Wesley-Smith has observed, trade with the South Pacific still only represents less than one-tenth of one per cent of the total value of China's global trade'.[108]

While China's trade has undoubtedly grown, traditional trade partners are still the dominant economic factor in the South Pacific. In a recently-commissioned survey of over 350 South Pacific industries, the vast majority of companies conducted export trade with Australia and New Zealand; 68 and 60 per cent respectively, with China lagging behind in sixth place at 11 per cent.[109] Similarly, by value, Australia still sits well ahead of China with A$3.2 billion worth of export trade to Pacific Island Countries in 2014.[110]

The opaque nature of what constitutes aid, and China's stated policy that it is given to fellow developing countries with 'no strings attached', is met with suspicion by many regional analysts.[111] The situation whereby China's aid is increasingly focused towards PNG, and primarily managed through the Ministry of Commerce, gives some clue as to the fundamental nature of aid aligned to its broader economic development and national strategic focus.

Nonetheless, China's leaders have taken every opportunity to assert the principle of 'win-win' when it comes to aid policy. That is, aid is 'exchanged' for 'something' that contributes to its national interests. This 'something' may change in different times and with different countries.[112] Graeme Smith offers a different view in respect to the driving force behind China's aid, arguing it is 'Chinese infrastructure companies in the Pacific islands not aid agencies in Beijing that are responsible'.[113] The limited knowledge of China's state versus private-sector activity makes accurate interpretation extremely problematic.

Importantly, and perhaps not surprisingly, China's aid policy is welcomed by the Pacific Island nations themselves. According to a study by Philippa Brant, Chinese aid is appealing due to 'China giving them what they want', and 'the total lack of conditionality'.[114] The patronising approach taken by traditional (New Zealand and Australian) donors has, in many cases, been the reason that Pacific Island countries sought out China as an alternative in the first place.

While China's aid might appear completely unregulated, that too is an unfair assessment. Most is disbursed bilaterally, although China provides US$850,000 annually to support the PIF Secretariat's trade, development and investment initiatives, and has held two regional meetings in which it publicly announced a range of aid measures with Pacific Island countries.[115]

However, Brant's research has also concluded that despite China's surge in South Pacific aid, New Zealand and Australia, in particular, are still the pre-eminent regional aid donors. In fact, there is no other region in the world where a donor dominates to the extent Australia does in the South Pacific.[116] Over the five-year period from 2006 to 2011—an extended period intentionally chosen to smooth out the expenditure complexity of China's aid—China disbursed approximately US$850 million in bilateral aid to the eight Pacific Island Countries that recognise China, while Australia disbursed US$4.8 billion—even New Zealand contributed more than China, with US$899 million.[117] Indeed, while China-Pacific Island policy frameworks for the distribution of aid are in place, the actual economic benefits are not yet conclusive. As Sandra Tarte concluded during her analysis of the Look North policy:

> Even in respect to aid commitments, problems become evident. These include the Chinese government's reluctance to accommodate [Pacific Island] preference for multi-year program aid as opposed to ad hoc project aid. It has also been noted that aid announcements have been made without the necessary groundwork in place to actually implement the aid.[118]

China's investment in the South Pacific, the third element of economic power, has traditionally been limited to small firms predominantly in the retail and food industries. As China's global engagement has grown in size and complexity, so too has its state and private sector contact throughout the South Pacific. The state-owned China Metallurgical Corporation's US$1.4 billion Ramu nickel project in Madang, PNG is one example of a significant and enduring investment in the South Pacific region.

The Vatukoula gold mine in Fiji, while not to the same economic scale as the Ramu project, has also seen major recent Chinese investment. It is now assessed as the 12th highest-grade underground gold mine in the world, having been operating under Fijian control since the 1930s.[119] While these two Chinese development's are significant and offer an insight into China's long-term intentions, they still pale when compared to the US oil and gas conglomerate Exxon Mobil, which has a US$19 billion investment in a liquid natural gas (LNG) development in PNG's Southern Highlands.

A distinct feature of China's resource investment is the limited use of local or host nation labour. This approach fits with the previously-discussed issues associated with Chinese identity in the South Pacific, where the high proportion of Chinese

staff, lacking cultural or communication skills with the locals, contributes to 'China bashing' in the popular discourse.[120] China's approach is in stark contrast to Western resource projects, particularly in the development phase, that have a preference for local labour. The Exxon-Mobil PNG LNG project is a good example, requiring 18,000 locally-sourced workers during construction.[121]

Expanding investment brings with it a suspicion of China's true intentions. For those inclined to consider China a threat to regional stability, economic domination is a logical mechanism to gain exclusive influence and subsequent regional leverage. When considered from a South Pacific Island standpoint, however, balancing financial and security risk beyond one dominant local market is 'simply good politics'.[122] While issues of corruption, transnational crime and resource exploitation are real future security concerns, they should not be overstated. New Zealand political scientist James Jiann Hua To argues that:

> [W]e should not seek to propagate or sensationalise theories of yellow peril or fifth column activity in the region. Most [Chinese] are insular, apolitical and indifferent … and should not be unfairly stereotyped with those associated with illegal or political activity.[123]

China's regional economic focus is clearly evident. However, it is not alone—international investment diversity is a growing regional characteristic. Irish telecommunications, French energy, South Korean ethanol, Japanese cement and Malaysian logging firms are all notable examples of developing private sector investment. A competitive market place is, therefore, the common denominator and in that sense China is not a unique participant.

While an analysis of China's national power characteristics enhances an understanding of its South Pacific expansion strategies, there is an additional area of study equally as important to regional order—the Pacific Island countries themselves—both collectively as a regional body and as individual nation states. The next parts of the paper will analyse the interests, aspirations, personalities and future threats for the Pacific Island nations in the context of security and stability within an evolving regional order.

Part 3: The Interests of the Pacific Islands

The Pacific Island nations have been effective as a regional body in pursuing individual agendas as well as shaping a plan that meets their shared strategic interests. Strong regional institutions are key to formal and informal leverage; none more so than the PIF, which helped establish the South Pacific governance framework following colonisation. The PIF was founded on the three key principles of egalitarianism, self-determination and no limitations on the discussion of political issues.[124]

These principles demonstrate a clear understanding by South Pacific state leaders of the importance of sovereign recognition and the need to act in a coordinated and collaborative way in order to influence greater powers. The words, on reflection, of Fijian leader Ratu Mara resonate now as much as they did in 1947, when regional institution discussion began, with his assertion that:

> The powers seemed incapable of realising that the winds of change had at last reached the South Pacific and that we peoples of the territories were no longer going to tolerate the domination of the [South Seas] Commission by the Metropolitan powers. We were sick of having little to say and no authority.[125]

In the preceding analysis of China's national power and regional expansion, there can be a tendency to focus on the response from Western regional powers and overlook the Pacific Island states themselves. This unconscious bias might explain in part the frustrations articulated by Ratu Mara. However, despite a small and widely-dispersed population, the Pacific Island countries now, perhaps more than ever before, 'appreciate their strategic circumstances and interests'.[126] South Pacific nations have demonstrated a growing sophistication when it comes to influencing regional powers to achieve or improve their national interests.

An early example included the ability to exploit Soviet-US rivalry to gain multilateral fishing concessions.[127] This success led to a play-off between China and Taiwan in order to maximise aid, trade and investment opportunities. Coined the 'China card', this leverage tool has proven to be particularly effective for South Pacific Island leaders.[128] It is also interesting to note that a number of states have switched formal allegiance between China and Taiwan during the latter period of last century as they sought to maximise any perceived economic advantage.[129]

China's strengthening relationship with Fiji following the 2006 coup perhaps stands out as the most obvious and tangible example of an evolving role in the South Pacific that could lead to a new regional order. In welcoming Chinese President Xi Jinping to Fiji following the 2014 G20 summit, Prime Minister Frank Bainimarama made it clear that 'China had been a true friend to Fiji, when others in the region [Australia and New Zealand] had turned their backs on us'.[130]

China's legitimacy to the Fijian regime has provided Fiji with a newfound sense of confidence. In the space of just a few years, Fiji has established new diplomatic ties with Indonesia, Brazil, South Africa, South Korea and the UAE, and played host to the Russian Foreign Minister. It has consolidated its UN peacekeeping presence, despite pressure from New Zealand and Australia to dissuade Fiji's acceptance, and was elected chair of the G77+China forum of developing countries.[131]

For its part, China continues to publicly reaffirm its policy of non-interference in domestic politics, despite discourse to the contrary, as discussed previously. In doing so, it has avoided direct confrontation with Australia and New Zealand, which are far larger and more attractive trade partners than Fiji.[132] Nonetheless, as recently as May 2015, Prime Minister Bainimarama reiterated that he would not be attending any PIF leaders' meetings while New Zealand and Australia remained full members and while others (meaning China) were not provided the same status.[133] Although the remaining South Pacific Island nations, including New Zealand and Australia, are pressing ahead with PIF meeting plans, the emerging confidence Fiji has demonstrated points to a potential change to the traditional status quo.

Part 4: A New Regional Order?

While the PIF has long been considered the leading political body in the region, new agreements and relationships are emerging that could fundamentally alter the status quo. As asserted by Ratu Mara, a level of discontent among Pacific Island nations has pervaded regional commentary over the years, largely in relation to Australia and New Zealand assuming a more dominant role in regional affairs, in what Stewart Firth has described as 'a shift to a new, Australian-directed regionalism'.[134] This notion, set against a backdrop of increasing global political confidence and economic opportunity, provides a potential catalyst for a new regional framework.

The South Pacific has seen a significant evolution in four key regional institutions over the last decade: the PIF, Parties to the Nauru Agreement (PNA), the Melanesian Spearhead Group (MSG) and the Pacific Island Development Forum (PIDF).

The PIF has stood the test of time as an effective and enduring regional decision-making body incorporating all Pacific Island countries. However, following the removal of Fiji from the Forum in 2009, and unsuccessful attempts by New Zealand and Australia to lure it back following the 2014 Fijian democratic elections, the coherence and unity of the Forum has been tested. Fiji has succeeded in establishing a rival institution, the Pacific Small Islands Developing States Group, which is recognised by the UN, with a mandate to address the complex but critical issues of sustainable development and climate change. Significantly, New Zealand and Australia are not included within this caucus.

The PNA is the second major institution to undergo major transformation in recent years. Eight countries located within the central and western South Pacific region account for the world's largest non-depleted stock of tuna.[135] This regional organisation was formed to cooperate in the management of

fisheries of common interest, specifically but not limited to the valuable tuna stock. In 2010, the PNA strengthened internal institutional arrangements in order to generate even greater economic benefit from common resources. Increasing collegiality between member states—particularly driven by PNG, which funded the PNA's office start-up costs—have set the tone of increasing confidence in the PNA as an independent regional institution.[136]

While PNA's new assertiveness was initially resisted by distant water fishing nations, the clear strategic plans set by PNA and its collegiate approach has resulted in immediate and significant economic success.[137] This has had a spill-over effect of further increasing confidence as a regional leadership and decision-making body.

The MSG is the third regional institution to emerge as a powerful force in its own right. It comprises the five most populated and land-rich nations of the South Pacific: PNG, Solomon Islands, New Caledonia, Vanuatu and Fiji, in addition to the pro-independence Kanak and Socialist National Liberation Front political party from New Caledonia. Collectively, they have been described as 'the dominant forces in Pacific politics and economics and as largely responsible for the growing Chinese interest in the Pacific'.[138] With formalised structures, including the signing in 2007 of the Melanesian Agreement, which provided important international legal standing, the MSG has increased regional activism focusing on the development of stronger political, diplomatic and economic ties among its member states.

The MSG's future ambitions are also strong, with PNG's Prime Minister Peter O'Neill asserting that 'we can look after ourselves better if we work together.... [and that] Melanesian countries are the biggest in the Pacific and once we are able to engage more actively I think the rest of the Pacific can follow us'.[139] Discussion over a future MSG Economic Union and trade negotiation leverage with New Zealand and Australia in regards the Pacific Agreement on Closer Economic Relations reflects the leadership intentions of its members, as well as a desire for a new regional architecture.[140]

The final and arguably most controversial new regional institution is the PIDF. It was established by Fiji in 2013 as a direct result of its suspension from the PIF, with the aim of building diplomatic ties between Pacific neighbours, but again excluding New Zealand and Australia. The organisation's mandate was simple but clear: to create an inclusive environment; focus on 'green growth' areas, specifically progress on climate change; and a desire for self-determination.[141] Although Prime Minister Bainimarama indicated early on that the PIDF was not created in direct competition with the PIF, more recent commentary provides a different impression:

> Why do we need a new body, a new framework of cooperation? Because the existing regional structure for the past four decades—the Pacific Islands Forum—is for governments only and has come to be dominated only by a few.[142]

Although institutional dynamism is undeniable, some consider the assumption that a new regional framework is inevitable as premature. Perhaps the greatest danger to progress lies within the institutions themselves. PNG and Fiji are the standout powers driving the political and economic agendas. Both have aspirations as regional leaders, however, 'new political currents now run through the region' and friction has already become apparent.[143]

The selection of the PIF Secretary General in 2013 is one example which caused 'internal lobbying and manoeuvring between PNG, Fiji and the Solomon Islands, which tested MSG harmony.[144] Similarly, Fiji and the Solomon Islands had a commercial dispute over aviation access rights, which escalated to Ministerial level before resolution after six months.[145] Prime Minister Bainimarama's expansion of his own PIDF at the expense of the PIF is another example that has the potential to place pressure on the existing PIF architecture, although PNG, among other regional actors, has made it clear that Fiji's self-imposed exile has no effect on planned PIF leaders' meetings.[146]

Indeed, New Zealand Prime Minister Key was quick to point out recently, when questioned about Fiji's desire to see New Zealand and Australia removed from the PIF, that 'it's Australia and New Zealand that put in the money.... [and that] without these two big brothers exactly where will they get the money to do anything ... the answer is nowhere—none of them have that'.[147] While a semi-rhetorical question, it tends to reinforce the South Pacific leaders' perspective of the condescending 'patron-donor' relationship between the regional 'haves' and 'have nots', further reinforcing a desire to achieve greater autonomy.

China's South Pacific expansion may appear a convenient rationale to explain a reconstructed regional order, however, analysis suggests there is more to it than that. The development of a new and alternative regional architecture is more than a short-term outcome from regional politics. As Brij Lal suggests, 'it reflects a more fundamental transition in Pacific regionalism and the Pacific regional order'.[148] Fiji's suspension from the PIF and China's diplomatic lifeline accelerated the process, however, as Sandra Tarte concludes in her assessment, 'for the most part these changes were already underway'.[149]

Part 5: Future Threats to Regional Stability and Security

Despite South Pacific diplomatic and economic progress, a number of scenarios demonstrate the potential fragility to regional stability and security beyond China's expansion and increasing regionalism, and their commensurate impact to the status quo.

While Fiji has achieved widespread diplomatic and political recognition, the democratic legitimacy of the Bainimarama government at the domestic level continues to be viewed by some with caution. Fiji's 2013 Constitution enables Bainimarama to continue to centralise many powers in his own office and that of the Attorney General. However, Lal argues that the new constitution 'contains provisions that make a mockery of the Westminster system of government' and reduces the Parliament to playing a 'pliant role in the governance of the country'.[150] Although Fiji continues to develop under the tightly-held stewardship of the present regime, the threat of internal military intervention remains an ongoing possibility.

The Solomon Islands has enjoyed a period of stability under the umbrella of protection provided by the RAMSI presence, however, the prospect for continued stability in a post-RAMSI world is less clear. The cyclone of 2014 demonstrated just how reliant the Solomon Islands remains on external support. Aid remains a vital ingredient and, according to a report released by Bishop Terry Brown on behalf of the Solomon Islands Truth and Reconciliation Commission (without the authority of the Solomon Islands Government), issues of governance and economic sustainability are enduring and root causes to the internal breakdown of order in the first place.[151] The UN's Human Development Index places the Solomon Islands at 157 of 187 assessed nation states, further reinforcing the tenuous nature of its society.[152]

Likewise, PNG has a looming range of political, economic and sovereign challenges to contend with. External aid remains an ongoing necessity to economic viability, in particular from Australia and China, with the Exxon Mobil LNG plant and Ramu nickel mines, in particular, representing vital investment opportunities. However, both carry sizeable risk because of indigenous tensions caused through the employment of Chinese ethnic workers and environmental concerns.[153]

Should the economic progress of these resource-extraction industries become tenuous, anxiety and the prospect of violence is likely to escalate. PNG also occupies 157th place on the Human Development Index table alongside the Solomon Islands, reflecting comparable fundamental societal fragility.[154] Compounding this situation is the Bougainville referendum set to occur between 2015 and 2020. A number of security risks are possible, including frustrations over potential legal impediments disrupting the referendum in its entirety, in addition to issues relating to the resumption of mining and commensurate variations in expectations between PNG and Bougainville over the referendum's outcomes and eventual implementation.[155]

Beyond the significant political, economic, social and military threats described above, the region as a whole also faces a range of emerging environmental and cultural threats. Climate change arguably ranks as the most critical medium- to long-term threat, requiring a coherent global response. Regional institutions are developing strategies to target this issue as a priority, however, this phenomenon also has the potential to impact cultural security as the fundamental viability of low-lying states is called into question. Change of this nature brings with it an inherent concern to security and stability for a region seemingly at an interesting and dynamic crossroads.

Conclusion

China's expansion into the South Pacific raises questions of strategic intent and impact on regional security and stability. Nonetheless, as contemporary analysis has grown in detail, so too has the sense that China's expansion stems less from 'unwholesome motives' and more from a logical desire to be recognised on the global stage, in addition to the more practical commercial realities of securing vital natural resources for ongoing economic development.[156] Equally, China's regional expansion should not be overstated.

As Wesley-Smith has observed, 'trade with the South Pacific still only represents less than one-tenth of one per cent of the total value of China's global trade'.[157] Moreover, the strong cultural connection that much of the South Pacific has with the West is based on commonalities in history, language and religion, as well as the overarching umbrella of sovereign support and security provided to many, suggesting that China has a lot of ground to make up if it is to truly test the enduring nature of the regional order. Given the pressing security concerns in China's immediate neighbourhood, and enormous domestic challenges, it appears that it is not in its national interests to do so.

Nonetheless, while China's regional expansion is an accepted phenomenon, the emerging confidence of South Pacific countries presents an interesting potential evolution to the status quo. While the PIF has endured over four decades as the pre-eminent institution, there is a strong internal drive from Pacific Island leaders to assume greater control and accountability over their own affairs. As the historical analysis in this paper has illustrated, the South Pacific is a diverse region requiring nuance and cultural understanding. New Zealand and Australia consider the South Pacific their 'special patch', however, Pacific Island leaders have not always met this sentimental assessment with the same enthusiasm.[158]

This has created an opportunity for Pacific Island countries to reshape a new regional order. Although change of this nature might be interpreted as a risk to regional stability by Australia and New Zealand, as the traditional custodians of that order, the opportunity for Pacific Island nations to enhance individual accountability, strengthen institutional governance arrangements in order to achieve economic sustainability, and engage globally as respected actors in their own right suggests an improvement to regional security and stability is actually a future possibility through an evolving regional architecture. Importantly, New Zealand and Australia are ideally placed to support this process with a greater degree of partnering and engagement—as Joanne Wallis has described, reframing the South Pacific from an 'arc of instability' into an 'arc of opportunity'.[159]

However, future problems and tensions also appear inevitable given the fragile political, economic and security environment. As new relationships develop, both internal to the region and with future new actors, it would be naive to overlook equivalent issues such as power asymmetries, political agendas and future non-traditional challenges including environmental and cultural threats. All will play a part in the region's future security and stability.

Australia and New Zealand's role as the existing regional powers, therefore, appears to be as critical into the future as it has been until now. Perhaps the greatest challenge for Australia and New Zealand will be to understand how to harness the multi-faceted requirements of a growing superpower, within an evolving regional order of increasing sophistication and assertiveness, against a backdrop of regional economic and political fragility. Clear policy, strong people-to-people relationships and greater nuanced awareness are three important elements necessary to overcome that challenge.

This paper has examined China's expansion into the South Pacific from a diplomatic, identity, military and economic perspective. It has also analysed the interests and future challenges of the Pacific Island countries themselves as they seek to shape a new regional order. The conclusion is that China's expansion, and increasing Pacific Island regionalism, do not constitute destabilising effects to the existing status quo in the next decade.

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After completing Australian Command and Staff course in 2004, he returned to Tactical Fighter Systems Program Office as the Commanding Officer. Later postings included Director Strategy in the Defence Materiel Organisation's Aerospace Systems Division, Project Director Australian Super Hornet, and Director Aerospace Combat Projects in the Tactical Fighter Systems Program Office. In January 2012, Group Captain Edwards was appointed Officer Commanding Airborne Early Warning and Control Systems Program Office at RAAF Base Williamtown.

Group Captain Edwards has a Bachelor of Engineering (Electronics) from Curtin University, a Masters of Business Administration (Technology Management) from Deakin University, and a Graduate Diploma of Management in Defence Studies from the Australian Command and Staff College. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College, completing a Master of Politics and Policy from Deakin University.

Colonel Natasha Fox, AM, CSC

Australian Army

Colonel Natasha Fox graduated from the Royal Military College, Duntroon in 1991, into the Royal Australian Army Ordnance Corps. Her early career included postings to several corps-related appointments, an instructor at the Australian Defence Force Academy (ADFA), and aide-de-camp to the Chief of Army, as well as Project Director for the dedication of the Australian Korean National War Memorial. Her more recent postings have included Headquarters Logistic Support Force, Special Operations Command, Headquarters Training Command-Army and Commanding Officer/Chief Instructor at ADFA. In 2013, she was the Director of Personnel Policy-Army.

Colonel Fox has operational experience with the UN Truce Supervision Organisation, serving in Lebanon and Syria. She also deployed on Operation SLIPPER during the period June 2012 to January 2013. Colonel Fox is a graduate of the 2003 Australian Army Command and Staff College and has a Bachelor of Arts, a Master of Business Administration (University of Southern Queensland) and a Master of Management in Defence Studies (University of Canberra), as well as being a graduate of the Australian Institute of Company Directors. She is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College, completing a Master of Politics and Policy from Deakin University.

Group Captain Lisa Jackson Pulver, AM
Royal Australian Air Force

Group Captain Lisa Jackson Pulver is a proud Koori woman, bred and born in inner Sydney. She became a registered nurse in 1981 and gained entry to the Medical School at Sydney University in 1992. She completed a Master of Public Health degree in 1995 and PhD (Medicine) in 2001. Dr Jackson Pulver joined the Royal Australian Air Force (RAAF) Specialist Reserve in 2004, and became the first recruited public health epidemiologist in the Specialist Reserve. She has since served with Joint Health Command, and provides advice and support for the work of the Chief of Air Force around Indigenous Affairs.

Group Captain Jackson Pulver's most recent posting was to the Directorate General Personnel-Air Force, in a small team integral to standing up a dedicated Air Force strategy for Aboriginal and Torres Strait Islander Affairs—'Our Place Our Skies'—which has seen a doubling of personnel identifying as Aboriginal and Torres Strait Islanders, implementation of recruitment and retention programs including the RAAF Indigenous Youth Program, RAAF mentoring programs, study tours and influencers tours, and the publication of an Air Force-specific supplement to the Defence Handbook on Indigenous Affairs.

Dr Jackson Pulver's civil work in public health has included becoming a well-regarded epidemiologist and public health professional within the NSW public health system. She moved into academic life at the University of NSW (UNSW) in 2003, where she holds the Inaugural Chair of Aboriginal Health, is a Professor of Public Health, and Director of the School of Public Health and Community Medicine's Muru Marri unit within UNSW Medicine. She is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College, completing a Master of Arts (Strategic Studies) from Deakin University.

Group Captain Richard Keir, AM, CSC
Royal Australian Air Force

Group Captain Richard (Rick) Keir was commissioned as an Intelligence Officer in the Royal Australian Air Force (RAAF) in 1988. His early postings included No. 75 Squadron (with F/A-18A aircraft) at RAAF Tindal, No. 6 Squadron (with F-111C aircraft) at RAAF Amberley, and the Air Headquarters Imagery Analysis Centre at RAAF Fairbairn. He also served at Headquarters Australian Theatre, Defence Materiel Organisation, and as Staff Officer to the Deputy Chief of Air Force.

In September 2002, he was seconded to US Central Command in Florida, and Ninth Air Force in South Carolina. Between February and May 2003, he deployed to Saudi Arabia for Operation FALCONER. On returning to Australia, he was posted as Director of Intelligence, Surveillance and Reconnaissance at Headquarters Air Command, RAAF Glenbrook. In January 2006, he was appointed to re-form No. 87 Squadron—Air Force's Intelligence Squadron—at RAAF Edinburgh. Later appointments included Director of the Air Power Development Centre, and leading the Directorate of Effects, Targeting and Network Analysis in Headquarters Joint Operations Command.

Group Captain Keir is a graduate of the Canadian Forces College Command and Staff Course. He has a Bachelor of Arts and a Master of Public Administration from the Australian National University. He is also a graduate of the Australian Institute of Company Directors Course. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College, completing a Master of Arts (Strategic Studies) from Deakin University.

Colonel Stuart Kenny, CSC
Australian Army

Colonel Stuart Kenny graduated from the Royal Military College, Duntroon in 1991. His early postings included 1 Field Regiment and 4 Field Regiment, as well as being the first Battery Commander of 53 Independent Training Battery at the School of Artillery on its move to Puckapunyal. He has also been an instructor at the Land Warfare Centre at Canungra. In July 2007, he assumed command of 1 Field Regiment.

Later postings included staff appointments in Land Warfare Development Centre and as the LAND 17 Capability Implementation Team Leader at Army Headquarters. In April 2011, he was the Defence Advisor to the Defence Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade, which was followed by an appointment as Director Global Operations in Headquarters Joint Operations Command.

His operational service has included Operation VISTA (1997), the evacuation of Australians from Cambodia; Operation OSIER (1999/2000) where he deployed with UK forces to Kosovo; and Operation TANAGER (2001/02) in East Timor, as well as deployments to Afghanistan on Operation SLIPPER in 2010 and again from June 2013 to July 2014, the latter as Chief of Future Operations and then Director of Operations for the US 4th Infantry Division/Regional Command-South.

Colonel Kenny is a graduate of the UK's Joint Services Command and Staff College 2003/04. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies Course at the Australian Defence College, completing a Master of Arts (Strategic Studies) from Deakin University.

Colonel Chris Mills
Australian Army

Colonel Chris Mills was initially commissioned into the Royal Australian Infantry Corps through the Army Reserve. After graduating from university, he resigned his commission to enlist in the Regular Army and train at the Royal Military College Duntroon, graduating to the Royal Australian Armoured Corps in 1991. His early postings included command in 2nd Cavalry and 2nd/14th Light Horse Regiments, an instructor at the Royal Military College, Adjutant 1st Armoured Regiment, and staff officer in Headquarters Northern Command.

After attending the Australian Command and Staff College in 2004, he was employed as the Military Assistant to the Deputy Chief of Army and worked within the Directorate of Capability and Development, Future Land Warfare, in Army Headquarters. In 2009-10, he commanded 2nd/14th Light Horse Regiment (Queensland Mounted Infantry). He later served as Director Military Commitments-Army, followed by a posting to Headquarters Joint Operations Command, where he was responsible for the design, planning and conduct of joint and combined exercises, including the TALISMAN SABER and VITAL series of exercises.

Colonel Mills has had operational experience with the British Army in Bosnia. He also served as Deputy Chief Plans within Headquarters International Security Assistance Force Afghanistan in 2007, and in 2012-13 was Chief of Future Operations in Headquarters Regional Command South in Afghanistan. In addition to an undergraduate Science degree, he has a Masters degree in Management. Colonel Mills is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College, completing a Master of Business Administration from Deakin University.

Colonel Daniel Rivière, CD, PMP
Canadian Armed Forces

Colonel Daniel Rivière graduated from Collège militaire royal Saint-Jean in 1993. His early postings included service with the 2nd Battalion Royal 22e Régiment, which included deployment on Operation CONSTABLE (to Haiti), Operation ASSISTANCE (Manitoba flood relief) and Operation RECUPERATION (ice storm in Montreal), as well as with the 5e Bataillon des services du Canada, which included deployment on Operation PALLADIUM (in Bosnia-Herzegovina).

Later postings included National Defence Headquarters, Deputy Commanding Officer of NSE Joint Task Force Afghanistan (Operation ATHENA) and to 5 Brigade. In 2009, he was appointed Commanding Officer of 5e Bataillon des services du Canada, during which time his unit provided support to the 2010 Olympics (Operation PODIUM) and the G8/G20 Summit (Operation CADENCE). Later, as Commanding Officer of the Joint Task Force Support Element, he took part in the impromptu disaster relief Operation HESTIA in Haiti, and provided support to the floods in Monteregie (Operation LOTUS).

In 2011, Colonel Rivière was posted to the Canadian Land Force Command and Staff College as a Directing Staff, before being appointed Ammunition Program Restructure Project team leader and later to the Logistics Directorate in Materiel Group. Colonel Rivière holds a degree in administration, a Masters degree in Defence Studies, and a Masters certificate in project management. He is a graduate of the Canadian Land Force Command and Staff College, and the Joint Command and Staff Program of the Canadian Forces College. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College, completing a Master of Arts (Strategic Studies) from Deakin University.

Captain Agus Rustandi
Indonesian National Armed Forces (Navy)

Captain Agus Rustandi graduated from the Indonesian Naval Academy in 1988 and completed an advanced officer course the following year. He gained sea experience on the Corvettes classes KRI Fatahillah and KRI Nala. Other early postings included Indonesian Naval Headquarters as a member of the Naval Personnel Administration Service.

In 2009, Captain Rustandi was posted as Indonesia's Defense Attaché for the Republic of Korea for three years. He was then posted to the Navy Procurement Service in Naval Headquarters Cilangkap Jakarta as Head of Foreign Procurement Subservice.

Captain Rustandi has a degree from the Indonesian Naval Science and Technology College, specialising in Industrial Management Technique; a Masters of Engineering Science, specialising in Project Management, from the University of NSW; a Graduate Certificate in Maritime Studies from the University of Wollongong; and a Masters of Management in Defence Studies from the University of Canberra.

Captain Rustandi is also a graduate of the Australian Command Staff College and the Indonesian Naval Command and Staff College. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College, completing a Master of Arts (Strategic Studies) from Deakin University.

Colonel Xiaoqin Shi
People's Liberation Army of the People's Republic of China

Colonel Xiaoqin Shi joined the People's Liberation Army (PLA) in 1996, after graduating from Beijing Normal University with a degree in history. She has held a range of appointments, including as a lecturer at the PLA International Studies University in Nanjing. Since 1999, Colonel Shi has worked as a research fellow in the Department of Military Strategic Studies of the Academy of Military Science PLA, specialising in the study of maritime security, naval strategy and international security.

Colonel Shi attended the staff course run jointly by the PLA Shijiazhuang Command and Staff College and the Academy of Military Science PLA in 2003. Colonel Shi was a visiting fellow with the Institute for US-China Relations at Oklahoma University in 2008. In 2010, Colonel Shi obtained her PhD degree in international security studies from Peking University. Afterwards, she became vice editor-in-chief of the Journal of Strategic Studies. In 2011, she was a visiting researcher with the Institute for Security and Development Policy in Stockholm. She also attended an English language training program at the PLA Luoyang Foreign Language College in 2012.

From March to October 2014, Colonel Shi was temporarily transferred to the Strategic Planning Department of the General Staff Headquarters PLA. She is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College, completing a Graduate Certificate in Strategic Studies from Deakin University.

Colonel Sanjive Sokinda, SM

Indian Army

Colonel Sanjive Sokinda graduated from India's National Defence Academy and was commissioned in 1995. His regimental appointments have been in 4th Battalion, Jammu & Kashmir Light Infantry, including platoon and subunit command, as well as Second-in-Command, and Commanding Officer in 2011-14. Colonel Sanjive has wide experience of operational service in counter-terrorism operations, and at high altitude. He has been awarded the Sena Medal for gallantry.

Colonel Sanjive's instructional duties have included tenure at the Officers Training Academy in 2002-04, and at the Weapons and Trials Wing at the Infantry School, Mhow in 2009-11. He attended the Technical Staff Officers Course in 2005-06 at the Institute of Armament and Technology, Pune. He has also served in the UN as a Military Observer in the Congo, where he was responsible for planning and coordinating military operations as Deputy Chief G-3 Operations. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College, completing a Master of Arts (Strategic Studies) from Deakin University.

Group Captain Darryn Webb
Royal New Zealand Air Force

Group Captain Darryn Webb enlisted in the Royal New Zealand Air Force (RNZAF) in May 1990 and completed pilot training in 1991. He was posted to No. 42 Squadron, RNZAF Base Auckland as an Andover Pilot, followed in 1994 by a posting to No. 40 Squadron, RNZAF Base Auckland as a C-130H pilot. In 1998, he was selected for an inaugural C-130 exchange position with No. 37 Squadron, RAAF Base Richmond, flying C-130E and C-130J aircraft. On return to New Zealand in 2001, he completed Flying Instructor training before taking up an instructor position at Pilot Training School, RNZAF Base Ohakea.

In November 2002, he was promoted to Squadron Leader and posted again to 40 Squadron where he held Training Officer and Flight Commander roles on the C-130H. In December 2006, he was promoted to Wing Commander and posted as Commanding Officer Flying Training Wing at RNZAF Base Ohakea. In June 2008, he was posted to No. 40 Squadron as Commanding Officer. In October 2009, he was posted to Headquarters NZ Defence Force as the Deputy Director Strategic Commitments. In December 2010, he was promoted to Group Captain and appointed Officer Commanding 488 Wing and Senior Commander at RNZAF Base Ohakea.

Group Captain Webb has conducted multiple operational missions and deployments including Somalia, East Timor, Antarctica, Afghanistan and Iraq. He was the Detachment Commander for the RNZAF support to the 2004 Boxing Day Tsunami relief effort in Indonesia, and Deputy Mission Commander for Exercise Pacific Partnership aboard USS Pearl Harbor in 2013.

Group Captain Webb completed Junior Staff Course in 2001 and NZ Defence Force Command and Staff College in 2006. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College, completing a Master of Arts (Strategic Studies) from Deakin University.

Vanessa Wood

Australian Department of Foreign Affairs and Trade

Vanessa Wood has worked for the Department of Foreign Affairs and Trade for 20 years in a range of Canberra-based policy roles, including on Southeast Asia, regional architecture, the World Trade Organization and the South Pacific. Overseas, she has served in the Australian Embassies in Manila as Second Secretary and Hanoi as Deputy Head of Mission.

Ms Wood has a law and arts degree from Adelaide University and post-graduate qualifications from Monash University and the University of South Australia. She is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College, completing a Master of Arts (Strategic Studies) from Deakin University.