

Foreword

The *Indo-Pacific Strategic Digest* is a bi-annual publication incorporating the best student essays from the senior professional development and education program of the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies. This edition is written at a time of heightened concerns about an apparently ever-widening spectrum of defence and security concerns.

Concerns arise from fast advancing technology (including cyber security challenges and networked and automated weapons systems), turbulent politics and ideologies, as well as shifting great power dynamics associated with the stunning rise of China, the emergence of a belligerent Russia, and a resurgent India. The knock-on consequences arising from the changed power dynamics for Japan, South Korea, Southeast Asia and beyond are profound. In addition, there are momentous environmental challenges, as well as the legacies of long campaigns in the fight against Islamist extremism.

Indeed, progress in the fight against Daesh or ISIS and other manifestations of Islamist extremism in the Middle East and beyond seems to be pointing to some cause for hope, but there are disturbing countervailing signs that tactical victories may be fleeting and the remaining challenges as great if not greater than what preceded them. The so-called global war on terror has dragged on for sixteen years and the situation seems to have shown signs of worsening. Developments in Marawi in the southern Philippines, for instance, augur poorly.

Tactical and operational success is not generating strategic victory. This highlights the need to think beyond military effects and solutions and to understand the use of military force as an incomplete answer to a complex and challenging set of issues relating to the establishment and maintenance of security and stability far from Australia's shores or closer to home. The responses to some of these issues presented here warrant close attention. They demonstrate the thinking and writing of some of the region's best security-related practitioners.

This collection of papers, informed by history and a close examination of contemporary events, is well positioned to consider the implications over the decade ahead. The papers include a reflection on whether a closer Japanese military relationship with China is feasible in an effort to bolster security and stability in Northeast Asia. Is there a role for Australia in this equation? Another examines the uncertain security environment in the South China Sea and the likely impact on Singapore over the decade ahead. What role should Australia play alongside Singapore? Yet another considers whether the growing warmth between Russia and China presents a threat to India. Another considers the potential policy options for Australia in dealing with a nuclear-armed North Korea. Other subjects addressed include: the implications for great power dynamics

arising from the fragility of the global financial system; food security and the implications for national security in Japan; the regional security implications of climate change and disasters in the South Pacific; and an attempt to address the supply of methamphetamine from China to Australia.

This collection of papers shows the gamut of troubling strategic issues facing today's policy makers. It is a forward-looking attempt to grapple with genuine challenges facing policy makers today and into the future. The spectrum of issues addressed points to the need for closer collaboration between complementary agencies within Australia and across the Indo-Pacific region. They point to the need for continued investment in stronger and deeper regional ties to understand counterparts and more effectively work with them to address the growing range of challenges.

'May you live in interesting times' is an epithet that speaks to the fast changing world of the Indo-Pacific. This certainly is a very interesting and readable edition of the *Digest*. I commend it to you.

John Blaxland

Professor of International Security and Intelligence Studies at the Australian National University

Director ANU Southeast Asia Institute

Head, Strategic and Defence Studies Centre, ANU

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 master's-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 edition of the *Digest* reflects research submitted by students of the 2016 and 2017 Defence and Strategic Studies Courses, and other officers' opinions on key issues. 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 several of the papers in this edition. Their perspectives are important contributions to learning during the course and are now able to be shared with readers of this *Digest*, providing excellent balance to the Australian perspectives. 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/adcc/publications/publications.html>>

Ian Errington, AM, CSC

Principal

Centre for Defence and Strategic Studies

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Defence diplomacy: the right ballast for Australia's troubled relations with Indonesia

Air Commodore Guy Wilson

Royal Australian Air Force

Abstract

This paper examines the role of defence diplomacy in providing 'ballast' to the relationship between Australia and Indonesia. It contends that Australia has implemented many policies over the past three decades that have had limited success in helping to avoid serious ruptures in Australia's relations with Indonesia. It argues, therefore, that the importance of establishing ballast, or a firm foundation for the relationship, is arguably more important for Australia than ever.

The paper notes that defence diplomacy, sometimes called defence international engagement, has been used by Australia and Indonesia to build trust and common ground through increased familiarity and cooperation, and that it has proven effective in cooling tensions and avoiding conflict. The paper argues that defence diplomacy should increasingly be employed, not least so that when the next crisis occurs, as history portends it will, defence diplomacy will reveal its value as providing substantial ballast for relations between the two countries.

Introduction

In 1988, Australian Foreign Minister Gareth Evans, speaking about Australia's relations with Indonesia, suggested that:

For many years now we have possessed what could be called common strategic interests. These interests are important, but they have not been enough to give ballast to the overly intense political relationship.¹

The same sentiment arguably still applies today. Indeed, former Australian Defence Attaché to Jakarta, Gary Hogan, has contended that 'Evans' comments are all the more remarkable not for what has changed over a quarter of a century but for how little has changed'.² Over the last three decades, Australia has implemented many policies that have had limited success in providing the ballast necessary to avoid serious ructions in relations with Indonesia. Although these policies have had some success, more is needed. The importance of establishing 'ballast', or a firm foundation for the relationship, is arguably more important for Australia than ever.

Indonesia's importance to Australia's security is determined by geography and the intense cultural and demographic differences.³ However, although Indonesia has always been important to Australia's security, it is particularly so now that Indonesia is growing in power. There are numerous indicators pointing to the fact that Indonesia is indeed rising as a regional and global power.⁴ Fifty years of almost uninterrupted high economic growth is the most obvious and significant of these indicators.⁵ Indonesia's role in the region, particularly as a leader of ASEAN, has also indicated the emergence of the country as a prominent power.⁶ Although the rise has not yet translated into a significant increase in military power, it is very likely that it will in coming years.⁷

Although governments in Australia and Indonesia have acknowledged the need to build closer ties and thereby a more stable relationship, disputes between them have repeatedly derailed attempts to do so. Indeed, Peter Jennings observed in 2014 that 'every decade since the 1950s has seen a diplomatic or military crisis put bilateral ties into a deep freeze, at times lasting years'.⁸ It could be argued that the emergence of some of these tensions has been largely unavoidable. Australia's involvement in East Timor's independence in 1999 and the Bali bombings in 2002 are two possible examples. However, tension has often arisen when governments have put short-term domestic political gain ahead of a secure longer-term regional relationship. This is because governments, by their very nature, are obligated to do what they believe is best for their constituencies.⁹

There have been frequent disputes between the two countries since Indonesian independence in 1945. In the last two decades, these have included Australia's

irregular immigration policies; Australia's banning of live cattle exports to Indonesia; Australia's spying on the Indonesian President; and Indonesia's execution of convicted Australian drug smugglers. In all these cases, domestic politics have had a significant impact on how the governments have acted and reacted. As Jennings ominously suggests:

We can't always assume that such crises will be resolved peacefully. That's ultimately the most compelling reason ... to look for win-win outcomes rather than short-term advantages driven by internal political priorities.¹⁰

There are a number of policy options at Australia's disposal to achieve a closer, more secure relationship with Indonesia, many of which have already been tried. Australia's commitment to stabilising relations with Indonesia is evidenced by the fact that Australia's largest diplomatic mission overseas is in Jakarta—not Washington, Beijing or London.¹¹ Foreign diplomacy has included statements of support and commitment to each other's sovereignty and prosperity. Attempts have been made to increase the relatively low bilateral trade between the countries. Education of Australians and Indonesians in each other's language and culture has also been tried.

Defence diplomacy, sometimes called defence international engagement, has also been consistently attempted by Australia and Indonesia. Defence diplomacy strives to use defence as a vehicle of 'soft power' to build trust and common ground through increased familiarity and cooperation. Opinion on the effectiveness of defence diplomacy is mixed. However, almost all commentators agree that defence diplomacy is effective in cooling tensions and avoiding conflict. A significant advantage of defence diplomacy is that it enjoys bipartisan political support. Furthermore, most defence diplomacy initiatives have been accommodated within the defence budget or involve a relatively insignificant increase to it.

This paper will therefore propose that defence diplomacy should be increasingly employed to provide ballast to relations between Australia and Indonesia. This conclusion will be drawn by first analysing why ballast is needed now more than ever by considering key factors that have and could adversely influence relations. The paper will then analyse in detail whether defence diplomacy is an effective and achievable policy to improve relations between Australia and Indonesia. Current defence diplomacy initiatives will be outlined and their effectiveness analysed. Finally, the paper will propose specific new defence diplomacy initiatives to put more ballast into relations between Australia and Indonesia.

Why is ballast needed?

For all the talk about Canberra and Jakarta needing to build closer ties, the reality is that mutual trust is lacking and connections are thin.

Peter Jennings, October 2014¹²

Security issues

Good relations with Indonesia are important to Australia for two substantial reasons. First, although commentators generally agree that military conflict has become less likely in the last quarter of a century, good relations ensure that political missteps or misunderstandings are far less likely to provoke military action.¹³ As Paul Dibb contends, 'a friendly Indonesia acts as a strategic shield to the immediate north of Australia. But the obverse would also apply: an Indonesia in unfriendly or aggressive hands could use the advantage of geographical proximity for military operations against Australia'.¹⁴ As military confrontation is in neither nation's interest, good relations should ensure that contentious matters can be resolved peacefully.

The second reason that good relations are important to Australia is that Australia is likely to increasingly rely on Indonesia's support in regional forums and disputes. Examples of this support have already been seen; there was a sufficient level of trust for Jakarta to support Australia's inclusion in the East Asia Summit in 2005, even if hedging China's influence in the region was a key driver.¹⁵ Furthermore, geography dictates that the two countries have intersecting interests in the region, notably economic and migration activities in the waters that separate them. As Jamie Mackie suggests:

The dominant political imperative we must keep in mind is that we need to be able to count on Indonesia's cooperation with us, not opposition, in matters of regional international politics and also on problems arising from our contiguity in the Timor-Arafura Sea area, such as fisheries, quarantine, border protection, the maritime boundary etc. If Indonesia were to adopt an antagonistic attitude towards us on either front, its opposition could give rise to serious difficulties for us.¹⁶

Significantly, Indonesia's undeniable rise has magnified the importance to Australia of avoiding military conflict and retaining Indonesia's support in the region. After the spying scandal was revealed, some senior Australian politicians realised the change in the essential dynamic of relations with Indonesia, namely that 'that the relationship with Indonesia is fundamentally asymmetrical, and that in security terms Australia needs Indonesia a great deal more than Indonesia needs Australia'.¹⁷ The fear is that Australia will continue to undervalue relations with Indonesia if the realisation of the changing dynamic does not translate into policy action. As Hugh White suggested after the spying scandal:

Distrust has been deepened. The pattern of regular crises has been repeated. The goodwill of a pro-Australian Indonesian president has been squandered. The opportunity to start afresh, building the kind of relationship Australia needs with Indonesia as its wealth and power overtakes Australia's, has been lost yet again, and time is running out.¹⁸

Coupled with the potential traditional security threat from Indonesia, however unlikely, is the threat to Australia's security coming *through* Indonesia, which is far more likely. In 1986, Dibb argued that 'the archipelago to our north is the area from or through which a military threat to Australia could most easily be posed'.¹⁹ However, today, it is clear that a more likely security threat will come not from foreign state militaries but from non-state transnational threats.²⁰ Globalisation has allowed networks of crime and ideologies to propagate across state boundaries, presenting increasingly complex challenges to state-centric agencies.²¹ Thus, as Alan Dupont asserts:

The old drivers of conflict have not been rendered suddenly impotent. They co-exist in the same space as the new transnational forces and may be influenced or intensified by them.²²

The influence of leadership

If insufficient relationship ballast exists, both traditional and non-traditional security relations, though relatively stable now, could easily be affected by a range of unpredictable variables. This paper will now address perhaps the most influential variable—the individual political leadership of countries—which has a key effect on international relations. Although Indonesia's startling progress as a democracy is a positive development, democracy can produce unpredictable leaders as easily as authoritarian regimes.²³ White argues that 'democracy in Indonesia may produce increasingly belligerent governments ... that could introduce new and unexpected challenges to Australia's security'.²⁴

Had Susilo Bambang Yudhoyono not been the Indonesian President between 2004 and 2014, relations with Australia could have been more vulnerable to security tensions.²⁵ This is because Yudhoyono's presidency is widely regarded as being beneficial for relations with Australia.²⁶ He was generally considered a worldly leader, focusing on issues broader than his domestic popularity.²⁷ The fact that Yudhoyono's son and four ministers in his government attended university in Australia may also have provided people-to-people links that influenced his attitude to Australia.²⁸ Regardless, White laments that Australia did not take advantage of Yudhoyono's presidency, asserting that 'no Indonesian leader has ever offered such chances to build a new relationship with Jakarta, but they have been squandered'.²⁹

Tim Lindsey asserts that of the two 2014 presidential candidates, it was generally regarded that Joko Widodo would be more favourably disposed to the relationship with Australia.³⁰ Yet there are already signs that he will not look on the relationship with Australia as positively as Yudhoyono.³¹ Comparing Yudhoyono and Widodo, Aaron Connelly suggests that:

Yudhoyono often led an effort at the political level to overcome crises in the bilateral relationship with the country's neighbours. Jokowi, focused on domestic reforms, concerned with the defence of Indonesian sovereignty in its interactions with others, and beset by strident political opposition at home ... is less likely to make that effort.³²

Widodo's attitude to Australia was glimpsed as he campaigned for president. In a pre-election debate, he said of Australia's relations with Indonesia that there was a 'lack of trust'.³³ Since his election, Widodo was responsible for one of the relatively few disputes between the countries that could have been considered to be caused by Indonesia—his handling of the so-called 'Bali nine' executions.³⁴ However, it is important to note that politicians must, first and foremost, retain the trust and support of their own constituents—an evident factor in the first two years of Widodo's presidency.³⁵

Although commentators are still gauging the likely effect that Widodo's presidency would have on relations with Australia, they would likely have been different if his 2014 presidential rival, retired Lieutenant General Prabowo Subianto, had won. Indeed, Lindsey claims that if Prabowo had become president, 'the tension that has already reduced between Indonesia and Australia would be increased by aggressive nationalism'.³⁶ Of course, in the event, Widodo defeated Prabowo by 56 per cent to 44, and the alternative path was never travelled. However, there has already been speculation that Prabowo may run for president again in 2019, so the challenge could still materialise.³⁷

Regardless, the relatively courteous tenor of the relationship between Australia and Indonesia, experienced under Yudhoyono's leadership, is unlikely to return in the near future. In Australia, bipartisan support for both the defence force and Indonesian engagement, to be discussed later, reduces the likelihood that political change will cause significant disruption in relations with Indonesia. Nevertheless, increasing the ballast in relations between the two countries is therefore necessary to mitigate against current and future political leaders, on both sides, whose policies are inimical to good relations.

Why defence diplomacy?

This is the way it should be: politicians come and go. As the relationship between our leaders and politicians have their highs and lows, the relationship between our militaries should be kept constant and cooperative.³⁸

Without the natural socio-cultural links that Australia enjoys with western nations like the US, UK and New Zealand, policy 'substitutes' are the only option to provide ballast to relations with Indonesia. Disputes will inevitably sour relations to some degree; the challenge is to minimise the degree and duration of animosity and distrust that results. Although there is no one policy that will ensure that Australia's relations with Indonesia can either avoid or completely mollify all substantial disputes, some will be more effective and achievable than others. This paper asserts that one such policy strand is defence diplomacy.

What is defence diplomacy?

Although there are minor variations in definitions of the term defence diplomacy, the basic tenets are the same. Andrew Cottey and Anthony Forster, in their seminal book on the subject, *Strategic engagement: defence diplomacy as a means of conflict prevention*, suggest defence diplomacy 'involves the peacetime cooperative use of armed forces and related infrastructure (primarily defence ministries) as a tool of foreign and security policy'.³⁹

Gregory Winger proposes a more specific rationale for defence diplomacy, suggesting it is 'the peaceful use of the defence institutions of one country to co-opt the government institutions of another country in order to achieve a preferred outcome'.⁴⁰ For the purpose of this paper, defence diplomacy is defined as the peaceful use of defence means to achieve international cooperation and prevent conflict. Although defence diplomacy is sometimes referred to as 'military diplomacy' or 'defence international engagement', the three are considered interchangeable.⁴¹ The term defence diplomacy will be solely used in this paper.

Defence diplomacy could sceptically be regarded as a contradiction in terms. The military is generally regarded as being a nation's instrument of hard power, whereas diplomacy is its instrument of soft power.⁴² Although both statements are generally considered facts, the militaries of many countries have long been employed as a soft-power tool.⁴³ NATO, the Warsaw Pact and other alliances have engaged in defence diplomacy for narrow national interests for decades. Historically, they used it to 'counterbalance or deter enemies, maintain spheres of influence, support friendly regimes in suppressing domestic opponents or promote commercial interests'.⁴⁴

However, since the 1990s, nations have increasingly used defence diplomacy for different purposes. One obvious change is instead of it being an instrument of alliance building to counterbalance enemies, nations now use defence assets to help engender cooperation with previous or potential enemies.⁴⁵ In so doing, defence diplomacy can expand important common ground with

other security partners.⁴⁶ This application recognises what the father of soft power, Joseph Nye, asserted; namely, that it affords the opportunity 'to get the outcomes you want without having to force people to change their behaviour through threats or payments'.⁴⁷ Australia is no novice in this contemporary form of defence diplomacy. Rather, as Anthony Bergin suggests:

We've been in the defence engagement game for a long time and have established a reputation as a reliable partner, perhaps with fewer ulterior motives and clearer strategic interests than other countries.⁴⁸

The suite of contemporary defence diplomacy activities include but are not limited to the appointment of defence attachés; defence cooperation agreements; bilateral and multilateral military exercises; placement of exchange officers; provision of training teams; contacts between senior military and ministry officials; and provision of military equipment.⁴⁹ As former Australian Chief of Army Peter Leahy contends, 'in a globalised world it is clear that the task of diplomacy does not only belong to diplomats'.⁵⁰

Is defence diplomacy an effective policy?

Proponents of defence diplomacy claim that particularly for countries like Indonesia, with a strong military identity and presence in society, it has the capacity to cut through or at least ameliorate domestic political tensions. It therefore has the potential to provide ballast in a way that most other diplomatic policy options cannot. On the other hand, critics of defence diplomacy assert that it has no lasting effect on strategic relationships and therefore has little benefit for its cost. This section will now address the major criticisms of defence diplomacy and provide justification for Australia to employ it.

One criticism of defence diplomacy is that it fails to address strategic-level bilateral or multilateral issues. Daniel Baldino and Andrew Carr, who have written a number of articles refuting the effectiveness of defence diplomacy, claim that 'despite a range of positive spin-offs, defence diplomacy will not substantially transform the overall picture of Asia's ongoing political cleavages. Nor will it eliminate fundamental areas of strategic distrust'.⁵¹ Cottey and Forster similarly claim that:

While military contacts and transparency can help to reduce misperceptions and mistrust, they are unlikely to fully overcome the tendency of defence planners and service personnel to prepare for the worst. Nor will contacts between professional soldiers necessarily prevent armed conflict if this is the direction in which political and military leaders wish to go.⁵²

On these assertions, the critics appear not to concede that political leaders can be heavily influenced by military commanders, particularly in countries like Indonesia, where the TNI (Indonesia's armed forces) is popular and influential.⁵³

On TNI's influence on Indonesian politics, Natalie Sambhi asserts that 'while the military is ostensibly out of politics, let's get real and acknowledge that it still wields influence in Indonesian politics and business today'.⁵⁴

Good relations with TNI are therefore likely to influence Australia's relations with the Indonesian government. Furthermore, by declaring that defence diplomacy cannot overcome deep-seated differences that cause tension between nations, the critics imply that there is a 'silver bullet' that can. Using the same logic, it could also be said that none of the commendable policies yet implemented by Australia's Department of Foreign Affairs and Trade has achieved this international relations nirvana; such a statement would similarly be unfair.

Critics also imply that proponents of defence diplomacy are indeed claiming that it can avoid conflict single-handedly.⁵⁵ From the author's readings, no primary source or commentator has made such a claim. Rather, Australia's 2009 *Defence White Paper* asserts that:

[I]nternational defence relationships complement our broader foreign policy goals ... assist in building confidence and transparency ... and provide the ballast which ensures that when circumstances demand we can work together with trusted allies and partners in crises and, if necessary, in conflict.⁵⁶

Similarly, the 2016 *Defence White Paper*, while stating that defence diplomacy contributes to Australia's 'strategic weight', clarifies that 'our strategic weight is also built on our economic and trade links with other countries, our diplomatic ties around the world and our extensive network of other government-to-government linkages such as law enforcement'.⁵⁷ The document does not claim defence diplomacy to be the sole or even predominant strategic influence. However, as Michael L'Estrange concludes, 'defence international engagement will ... be increasingly important for the advancement of Australian strategic interests, particularly in the Indo-Pacific region'.⁵⁸

Defence diplomacy must be part of a suite of policy options that collectively alter the tone of relations in a positive direction, thereby providing ballast. Indeed, this paper argues that defence engagement can have a strategic effect. John Blaxland cites the effectiveness of years of defence diplomacy with Thailand in the 1990s as a key factor in Thailand being the first Asian nation to commit forces (and a deputy commander) to the Australian-led operation in East Timor in 1999.⁵⁹ Blaxland also argues that the Philippines' contribution to the same operation was likely as a result of years of Australian defence diplomacy with that country.⁶⁰

Most critiques of defence diplomacy argue that there is little evidence that it actually works. The East Timor crisis of 1999 is often cited by both proponents

and critics of defence diplomacy to support their position. Daniel Baldino and Andrew Carr, for example, assert that for East Timor, defence diplomacy provided 'security protection', rather than a 'strategic contribution'.⁶¹ Their conclusion is based on evidence that the ADF and TNI avoided military confrontation due to personal familiarity and relationships formed through years of defence diplomacy. Defence diplomacy, so their argument goes, helped avoid tactical conflict but would not have been able to 'diffuse or mitigate differences with Indonesia's leadership in a hypothetical situation where they had chosen to resist the presence of INTERFET [the International Force for East Timor]'.⁶²

It is true that the diplomatic efforts of the Australian Government as a whole facilitated Indonesia's acquiescence to the ADF's deployment to East Timor. However, senior military relationships ensured that TNI misunderstandings about the military lodgement, which could have led to conflict, were avoided.⁶³ Then Major General Peter Cosgrove, the Australian commander in East Timor, said after the event that 'I believe there was a pay-off there through an understanding ... [and] hopefully some level of respect, which defused situations which could have been much more critical'.⁶⁴ At the political level, Major General Jim Molan, who was the Australian Defence Attaché to Jakarta at the time, claims 'our access and insight into the Indonesian military allowed Australia's Government to make Indonesia policy decisions with confidence'.⁶⁵

Given Jakarta's extreme sensitivity to the issue of East Timorese sovereignty, had any military conflict occurred in East Timor, Australia's relationship with Indonesia may have become permanently adversarial. White, although generally cautious about extravagant claims of the benefits of defence diplomacy, concedes that its use in East Timor eased strategic tensions and rivalries.⁶⁶ Defence diplomacy, L'Estrange similarly concedes, 'can build vital connections on which to draw in times of crisis and tension. It can reduce the potential for miscalculation and misunderstanding'.⁶⁷

Two examples of occasions where ballast was needed in relations with Indonesia were discussed earlier, namely the banning of live cattle exports to Indonesia and the execution of two of the 'Bali nine' Australian drug smugglers. This paper asserts that defence diplomacy can assist Australia and Indonesia to get relations back on an even keel after such events. As Jennings suggests:

It's an investment that any likely future Australian government should endorse, as in time it would be able to draw on the good will generated when the next drug mule or live animal trading problem threatens to derail the relationship.⁶⁸

Political considerations of defence diplomacy

In both Indonesia and Australia, the defence forces enjoy support from the respective major political parties.⁶⁹ This is largely because, in both countries, there is very strong popular support for the military.⁷⁰ Defence diplomacy, not surprisingly, also enjoys popular and political support in both countries.⁷¹

In Australia, successive governments have enthusiastically built on existing levels of defence diplomacy with Indonesia.⁷² In Indonesia, despite the security focus being predominantly to its north, defence diplomacy activities with Australia have been generally embraced.⁷³ The only exception has been during times of conflict; for example, activities were curtailed (but not stopped) after the East Timor crisis and the spying allegations. However, both countries have demonstrated their faith in the value of defence diplomacy by subsequently restoring and progressively increasing engagement.

The cost of defence diplomacy, although not constituting a significant proportion of the defence budget, also receives bipartisan support in Australia. The Coalition Government dedicated an entire section of the *2016 Defence White Paper* to defence diplomacy with Indonesia and described Australia's relationship with Indonesia as 'vital'.⁷⁴ Although the Australian Labor Party reduced the defence budget between 2010 and 2013, it has remained committed to a strong defence force and is drawn to the low risk and potential high returns of defence diplomacy.

The Defence White Papers of 2009 and 2013, published under a Labor Government, were ambitious about defence diplomacy with Indonesia. Both claimed that Indonesia was Australia's most important partner in the region. The Labor Party platform at the 2016 federal election, when in opposition, stated that Labor commits to 'continue to strengthen our military and defence cooperation with partner countries in our region including Indonesia, Japan, Korea and India'.⁷⁵

Defence diplomacy therefore provides some unique advantages over other foreign policies: it is supported by both countries; its value is recognised by all major political parties; and funding is available for it. Furthermore, the 2016 Defence White Paper flagged that defence spending would return to two per cent of GDP over the next five years, an increase of \$30 billion over current spending.⁷⁶ Given that it also flagged an increase in defence diplomacy activities in Southeast Asia, funding for defence diplomacy will likely increase.⁷⁷ Therefore, taking a broad view of the fragile regional security and the policy tools available to improve it, Nicholas Floyd concludes that:

With little prospect on the horizon for a large augmentation of Australia's diplomatic resources, and with security becoming a common thread across policy issues ranging from aid to climate change to terrorism to more traditional questions of war and peace, the need for good defence diplomacy has never been greater.⁷⁸

Specific defence diplomacy policy initiatives

Building defence cooperation with Indonesia with real substance is likely to prove a major challenge. Given the great differences between Australia and Indonesia in terms of culture, religion, language and political system, it will necessarily be a painstaking and incremental process.⁷⁹

The 'great differences' Tim Huxley refers to are exactly the reasons why ballast is required in relations between Australia and Indonesia. Without ballast, those differences are more likely to lead to misunderstanding and conflict. The implicit conclusion Huxley makes is that Australia's defence cooperation with Indonesia currently does not have real substance. However, there are many current examples, spanning almost the entire range of defence diplomacy options provided earlier, of current initiatives between the two nations to refute this notion. This section lists the major initiatives currently underway and proposes four new ones.

Current initiatives

Bilateral defence cooperation agreements are arguably at the high end of the post-Cold War defence diplomacy options proposed by Cottey and Forster.⁸⁰ Australia has had a number of agreements with Indonesia in recent years. Prime Minister Keating and President Suharto signed a formal security agreement between Australia and Indonesia in 1995.⁸¹ The agreement was considered significant, not only because it completed treaties or agreements with all its major neighbours, but because Indonesia had previously been determined to follow a policy of non-alignment.⁸² Unfortunately, Indonesia annulled the agreement after the East Timor crisis, due mainly to a sense of betrayal that Australia had led the mission.⁸³

The Framework for Security Cooperation, known as 'The Lombok Treaty', was signed in 2006 in an effort to restore some formality to security cooperation.⁸⁴ Again, the treaty was signed by two leaders, Prime Minister John Howard and President Yudhoyono, who were keen to stabilise relations. The treaty required the two countries to respect each other's sovereignty and territorial integrity, and refrain from the use of force against each other.⁸⁵ In 2012, the two countries signed the Defence Cooperation Agreement, aimed at putting a framework of practical defence engagement activities around the Lombok Treaty, which marked the high point of defence cooperation between them.⁸⁶

Subsequently, in response to the 2013 allegation that Australia spied on Indonesia, the countries signed the Joint Understanding on a Code of Conduct in 2014.⁸⁷ It provided further guidelines to the Lombok Treaty to ensure intelligence was not used against each other and that intelligence cooperation should occur.⁸⁸ All these agreements have demonstrated a general desire by Australian and Indonesian governments to build closer ties, avoid conflict, and cooperate on regional security issues.⁸⁹

Nevertheless, given Indonesia's policy of non-alignment, an alliance between Indonesia and Australia is considered unlikely.⁹⁰ Indeed, in the wake of the spying allegations, at least one commentator considered the prospect that Indonesia may once again formally abrogate its security agreements with Australia.⁹¹ However, the fact that this did not happen likely indicates the value that Yudhoyono gave the agreements.

Another broad defence diplomacy initiative has been the recent Australian practice of engaging with Indonesia during the drafting of the 2016 *Defence White Paper*. Indonesia was one of a number of key nations briefed by Defence officials on the contents of the paper prior to its release.⁹² Indonesian officials thanked the Australian Government for the early consultation, which pointedly contrasted with the lack of warning before the announcement in 2011 of plans for US Marines to train in northern Australia.⁹³ It appears that Australia has learnt the value of engagement with Indonesia on security issues to build trust and minimise unhelpful assumptions about Australia's intent.

In terms of military engagement, the two countries now conduct the highest level of exercises and training since before the East Timor crisis.⁹⁴ These include Indonesia's participation in one of Australia's premier fighter aircraft exercises in the Northern Territory, Exercise PITCH BLACK. Indeed, the presence of Indonesian Sukhoi aircraft was the first time these aircraft had participated in an exercise outside Indonesia.⁹⁵ Coordinated maritime security patrols of shared maritime borders also occur periodically, while a number of special forces and regular Army bilateral and multilateral exercises are conducted each year.⁹⁶

As L'Estrange notes, this type of diplomacy 'can further strengthen alliance relationships and can expand important common ground with other security partners'.⁹⁷ Nevertheless, the conduct of international exercises is still subject to political ructions. Indonesia cancelled a number of exercises and recalled its ambassador to Australia after the 2013 spying allegations, although the level of exercise engagement has recovered and been increased since.⁹⁸

People-to-people defence engagement is also being conducted at a number of levels. Although Australia has generally led proposals for defence engagement, in 2013 (before the spying allegations) Indonesia demonstrated

its commitment by initiating an annual High Level Committee meeting, co-chaired by the respective defence force chiefs, and covering a broad range of topics, including operations, intelligence, logistics, education and exercises.⁹⁹ Australia also has a one-star level defence attaché in Jakarta, supported by a large defence staff.¹⁰⁰

A handful of Australian military staff, many of whom progress into the attaché appointments, also conduct staff and government courses in Indonesia. In Australia, about 100 Indonesian defence personnel participate in courses each year.¹⁰¹ Many of these officers are students or staff at the two major command and staff colleges in Canberra. The 2016 Defence White Paper committed to doubling the training provided to international military students over the next 15 years.¹⁰² The long-term and strategic impact of this relationship-building and knowledge-sharing is captured by Hogan:

Dozens of senior Indonesian military officers, both active and retired, filling senior posts as governors, ambassadors, cabinet ministers, chiefs of service and senior civil servants, are graduates of Australia's highest level civil-military leadership training college at Weston Creek, Canberra.¹⁰³

New initiatives

Although the level of defence diplomacy interaction between Australia and Indonesia is higher than with any other country in the region, specific new initiatives could provide further ballast for relations.¹⁰⁴ A common criticism of the current defence engagement is that it is not targeted to achieve the greatest benefit for the effort and financial cost expended.¹⁰⁵ This perception may have been sustained because Australia's current Defence International Engagement Plan is classified. It details the priorities of defence diplomacy, their objectives and their performance measures, so would presumably satisfy much of what commentators claim is missing.¹⁰⁶ Nevertheless, the initiatives this paper will now propose are selected to provide the maximum ballast to relations with Indonesia.

Initiative 1: Establish a Defence Regional Engagement Centre

The clear intent of the *2016 Defence White Paper* is that the range and scope of defence diplomacy activities will increase over the next 20 years.¹⁰⁷ The increase extends to all Australia's current defence partners but with particular mention of Indonesia. It includes tri-service cooperation, exercises, operations, training, more frequent policy meetings and intelligence exchanges.

Given the likely burgeoning workload to establish and maintain these activities, a Defence Regional Engagement Centre should be established, as proposed by Sam Bateman and colleagues in their 2013 review of regional defence

diplomacy.¹⁰⁸ They reasoned that a Defence Regional Engagement Centre is necessary to prioritise and coordinate the myriad defence diplomacy activities that are underway or being planned. Furthermore, they argued that a Defence Regional Engagement Centre would allow Australia to increase what the 2016 *Defence White Paper* called its 'strategic weight' in an increasingly contested regional defence diplomacy environment.¹⁰⁹

The range of tasks that a Defence Regional Engagement Centre could perform would include establishing the maximum capability and relationship benefit of every defence diplomacy activity; providing a venue for conferences and symposiums to discuss regional security issues, doctrine and operational military matters; overseeing Australia's exercise program with regional countries, including the evaluation of the success of each activity; and regional intelligence-sharing in accordance with bilateral and multilateral agreements.¹¹⁰ As will be suggested later in this paper, other functions could also be incorporated.

The Centre would ideally be located in Darwin, geographically closest to the countries with which Australia would engage. It could be placed on one of the four main defence establishments in Darwin, either in an established building or a new, purpose-built one.¹¹¹ The cost would likely be less than \$5 million. The Centre would ideally contain approximately ten Australian military and civilian staff, and officers from regional countries would be invited to be employed at the Centre. As there is no comparable Southeast Asian institution in existence, the Centre would clearly signal Australia's commitment to Indonesia and the region.¹¹²

Initiative 2: Increase maritime security cooperation

Shared interests are more important, ultimately, than cultural differences.¹¹³

Maritime security provides a rare example of a shared interest between Australia and Indonesia. President Widodo has signalled his intent for Indonesia to be the 'world maritime axis'.¹¹⁴ As Australia seeks to secure its northern approaches, there is therefore great potential for increased maritime security cooperation. As stated in the joint communiqué from the third Australia-Indonesia Foreign and Defence Ministers 2+2 Dialogue in 2015:

Respectively the world's only island continent and the world's largest archipelagic state, located at the fulcrum of the Pacific and Indian oceans, Australia and Indonesia aspire to a secure maritime domain in which people, trade and the environment flourish.¹¹⁵

In the absence of a direct security threat to either country, shared maritime security interests could focus on non-traditional security concerns such as irregular people movement, transnational crime and illegal fishing.¹¹⁶ Such

security cooperation is entirely consistent with Australian government policy as stated in the *2016 Defence White Paper*:

We have a mutual and abiding interest in the security and stability of the maritime domains that we share, the free movement of trade and investment through these domains, and countering terrorism and people smuggling in our region. Australia welcomes Indonesia's increased focus on maritime affairs and Australia will seek greater cooperation on maritime security activities that contribute to a stable and prosperous region.¹¹⁷

It is acknowledged that maritime security cooperation is not just a task for the military; it requires the involvement of immigration, police, customs and fisheries agencies.¹¹⁸ However, as this paper focuses on defence diplomacy, it will only consider in detail the involvement of Australian defence assets, where obvious opportunities for maritime security cooperation include search-and-rescue, counter-piracy, counter-terrorism, and offshore oil and gas infrastructure protection.¹¹⁹ In such areas, cooperation with Indonesia could be enhanced through exercises, patrols, knowledge-sharing and people-to-people engagement.

Joint exercises and operations are an activity that would benefit from substantial expansion. Coordinated maritime security patrols of shared maritime borders have been conducted by the Australian and Indonesian navies for a few years.¹²⁰ There are also air force maritime surveillance exercises being conducted between the nations, such as ALBATROSS AUSINDO. To realistically exercise the respective armed forces as they would in operations, joint exercises should be conducted. In this way, 'instead of only naval or air force exercises, Australia and Indonesia could conduct maritime bilateral exercises'.¹²¹ Joint exercising between the two countries has already commenced involving more than one Service from Australia but should be further expanded to include joint Indonesian participation.¹²²

Increased maritime security cooperation with Indonesia would magnify the benefits of interoperability, expand the sharing of doctrine and maximise people-people-engagement.¹²³ Of course, these exercises would include interagency involvement from the aforementioned maritime security agencies, further increasing the level of engagement and trust, as well as the real world utility. Furthermore, in so doing, Australia would be seen to be assisting Indonesia achieve President Widodo's goal of being a world maritime axis. Consistent with this goal, Australia could assist the TNI to evolve into a regionally powerful security force, rather than remaining internally focused, which would improve regional security for Indonesia and partner countries.¹²⁴

To further enhance maritime security cooperation, Australia should consider helping to establish a National Maritime Security Information Centre. Such

a concept was proposed by Indonesia in 2012 but the details are still being developed.¹²⁵ The aim would be to develop an understanding of every maritime element that can affect safety, security, the economy or the environment. Australia could co-fund the centre with Indonesia, as it would be consistent with Australia's strategic interest of securing the sea lines of communication through which most of Australia's trade flows. Similar to the highly successful Jakarta Centre for Law Enforcement Cooperation, which Australia jointly funded, the centre would ideally be located in Indonesia.¹²⁶ It would incorporate extensive involvement from the Royal Australian Navy (RAN) and Australian Border Force but would be a multi-agency, multinational facility.

Initiative 3: Conduct regular LHD-ship visits to Indonesia

Humanitarian assistance and disaster relief operations are almost universally agreed to be a significant benefit of defence diplomacy.¹²⁷ The consequential improvement in relations between countries providing and receiving the support is substantial and lasting.¹²⁸ For example, Australia's assistance to Aceh after the 2004 tsunami was instrumental in restoring relations between the two countries after the East Timor crisis.¹²⁹

Although no-one can schedule or predict real humanitarian assistance and disaster relief operations, they can be practised. Such exercises are commonplace in defence diplomacy, as they are arguably the softest application of military power. Exercises allow not only procedural practice and interoperability benefits, they allow extensive personnel engagement at all levels of the chain of command. As Leahy has noted:

These missions are the lowest common denominator of military cooperation, but the potential benefits are closer patterns of cooperation, opening of lines of communications between countries in the region, and professional dialogue between military forces.¹³⁰

The two landing helicopter deck (LHD) ships recently acquired by the RAN provide an outstanding humanitarian assistance and disaster relief capability for the ADF.¹³¹ Although primarily purchased for their amphibious capability, their organic layout, embarked personnel and facilities provide a formidable medical and logistics capacity.¹³² As Anthony Bergin and Athol Yates explain, 'the LHDs, with their enormous capability can lift sufficient plant equipment to come in and rebuild large infrastructure quickly, and carry the medical support needed to treat whole communities rapidly'.¹³³ While providing humanitarian assistance and disaster relief, such deployments provide a wide range of operational skills essential to warfighting.¹³⁴

The capability of the LHDs to conduct humanitarian assistance and disaster relief operations and exercises is matched by the political signal that they

send simply by being present. Indonesia does not possess any ships that even remotely match the size and capability of LHDs. They are huge, expensive ships that attract attention wherever they go in the region. After the LHDs were sent by the Australian Government to Fiji in the wake of Cyclone Winston in early 2016, the RAN conducted a joint exercise with the Fiji Navy.¹³⁵ *Fiji Times*' reporting of the LHD's size reflects the impact of its inescapable presence, noting that 'even from as far as two kilometres away, the mighty Australian navy ship could be seen dwarfing structures [ashore]'; the size of the LHD ensures that Australia's commitment to the region is not just felt by those directly affected.¹³⁶

The US uses its LHDs to provide humanitarian assistance and disaster relief to countries around the world, including to Indonesia through Exercise PACIFIC PARTNERSHIP.¹³⁷ Since 2005, US Navy LHDs have routinely conducted short humanitarian missions in East Timor and Indonesia, and have earned enormous goodwill.¹³⁸ Similarly, China conducts defence diplomacy in the region through similar exercises and operations, particularly through the use of its hospital ship, the *Peace Ark*.¹³⁹

For Australia to largely match the US and Chinese commitments, despite not being a major world power, would send a strong message to Indonesia that Australia is willing and able to cooperate with and help its near neighbour. The only cost to Defence would be that the ship would not be available for other operations for the relatively short periods it was in Indonesian waters. However, as the initiative is consistent with both Australia's defence diplomacy intent and the proposed utility of the LHDs, it is an entirely appropriate use of the capability.

Initiative 4: Enhance people-to-people engagement through IKAHAN

When it comes to Indonesia, nothing's more important than personal ties.¹⁴⁰

As previously outlined, there are many people-to-people activities currently being conducted between Australia and Indonesia. However, there is scope and benefit in increasing them. One activity not mentioned earlier is the Australian-Indonesia Alumni Association, known as IKAHAN. Conceived in 2011 by the then chiefs of the respective defence forces, it is the first defence alumni association Indonesia has entered into with another nation.¹⁴¹ IKAHAN comprises over 1000 members of TNI and the ADF who have studied or worked together in each other's countries.¹⁴² The Association meets frequently to renew bonds formed during previous engagements. In so doing, relationships formed at all ranks have the greatest chance of developing into lasting relationships and therefore trust. Activities are funded by Australia but very well attended by Indonesian military members.¹⁴³

The value of this form of defence diplomacy is not always immediately clear but, as Rick Burr asserts, 'you don't know how important these relationships are until you need them. But building trust takes time, consistency and sincerity'.¹⁴⁴ An excellent example of how relationships formed through engagement, including IKAHAN, can assist the two countries to navigate stormy seas is provided by former Chief of Army, Lieutenant General Peter Leahy (retired). He used personal contacts to diffuse tensions at the commencement of the East Timor deployment in 2006.¹⁴⁵ Furthermore, in 2013, the Australian Prime Minister asked General Leahy to deliver a message of apology to the Indonesian President after the spying revelations. He tells of the experience on arrival in Indonesia:

I was received very cordially in Jakarta and delivered the letter to a senior official in the Foreign Ministry. I did not get to see the President as he was in Bali. But I did get to see a range of my Indonesian friends. What was most significant was that they made the effort to come and see me once they learned I was in town. They all had a consistent message both as individuals but also from very senior government officials in the defence and security community. The message was simple—we are pissed off, but it will not be to the detriment of the overall defence relationship.¹⁴⁶

Jennings, acknowledging the value of IKAHAN, suggests that the Australian Defence Department should fund the establishment of a physical home for it in both Australia and Indonesia.¹⁴⁷ This would signal a significant commitment by Australia to the Association and the relationship that it underpins. The commitment would be consistent with Defence's public policy as stated in the *2016 Defence White Paper*, which seeks to deepen Australia's defence relationship with Indonesia.¹⁴⁸ The Australian home could be included in the Defence Regional Engagement Centre in Darwin. Alternatively, if that centre is not funded, office space in one of the four main defence establishments in Darwin would suffice. The Indonesian home would be in a location chosen by the TNI.

Conclusion

The time is opportune for closer defence relations with Indonesia and, despite the potential pitfalls, the net assessment must be that Australia's security stands to benefit from pursuing this course.¹⁴⁹

Relations between Indonesia and Australia have always been brittle. As with any two near neighbours, disputes will inevitably arise and it is wishful thinking to assume they can be avoided. When disputes occur, the vast cultural and social differences between the two countries tend to result in that distrust becoming magnified and prolonged. Former Foreign Minister Gareth Evans was right in saying that ballast is needed to reduce the severity of conflicts and abbreviate their effect. If the very different heritage of the countries cannot provide the ballast, trust must be engineered. In this endeavour, there must

be many contributors. Traditional diplomacy, trade and people-to-people links are all required to provide the necessary foundations. No one policy will ensure that relations can recover quickly after disagreements.

There have always been compelling reasons for Australia to find the right policy formula to establish more stable relations with Indonesia. The primary reason is that Indonesia's propinquity to Australia has always dictated a special importance for Australia's traditional and non-traditional security. Indeed, as Ramesh Thakur suggests, 'for reasons of geography and demography, Indonesia is no less important to Australia than the big three in Asia'.¹⁵⁰ However, the importance of establishing ballast for relations is now more important than ever due to Indonesia's rapidly increasing strategic weight. Indonesia's inarguable rise as a regional and future global power will ensure that its impact on Australia's security, both traditional and non-traditional, has the potential to be profound.

Stability in relations, afforded by a suite of effective policies, will ensure that the greatest security threats are avoided. Defence diplomacy must be a part of the policy mix—a conclusion both countries agree on.¹⁵¹ Defence diplomacy, in the form of security agreements, people-to-people links, exercises, operations and education can build trust and establish common interests. A number of factors make defence diplomacy not only a good policy but also a practical one: the strong influence of the Indonesia military on political deliberations in Jakarta; the ample capacity of the Australian government to offer desirable and affordable engagement options; and the bipartisan support afforded both the military in Australia and good relations with Indonesia.

Defence diplomacy can therefore provide some of the ballast on which a more stable relationship can be built and maintained. For maximum benefit, the Australian government must, as Floyd states, 'drop any remnants of its autopilot approach to defence diplomacy' and invest in the initiatives contained in this paper.¹⁵² These initiatives would add to existing defence engagement with Indonesia to comprise a potent component of the Australian government's policy mix—one that can reduce tensions, maintain trust and cooperation, and avoid conflict.

When the next crisis in relations between Australia and Indonesia occurs, and history portends that it will sooner or later, relations will need ballast to ensure the severity of the crisis is minimised. Despite being influenced by the narrow domestic focus of their politicians, and lacking shared socio-cultural bonds, the two countries will increasingly focus on common regional security challenges to find a common purpose on which to agree and cooperate. When this happens, as in the past, defence diplomacy will reveal its value as a substantial ballast for relations between the two countries.

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Are Australia's national interests jeopardised by a South China Sea dominated by China?

Colonel Colin Karotam

Australian Army

Abstract

This paper addresses the question of whether Australia's national interests are jeopardised by a South China Sea dominated by China. It notes that while China is already the dominant power in the region, Australian trade passing through the South China Sea has not been impeded. Moreover, it asserts that the prospect of such action by China is unlikely, not least because it makes little sense for Beijing to disrupt its own economic interests.

The paper cautions, however, that Australia's security interests are potentially at greater risk, as a result of a discredited and diminished US presence, citing the lack of US support for the Philippines in its dispute with China. It also contends that the yet-to-be-settled policy of the Trump administration adds another layer of uncertainty. The paper concludes that a policy solution may be a reinvigoration of Australia's engagement with the region, independent of the US, while still maintaining its alliance with Washington.

Introduction

The roles of the United States and China in our region and the relationship between them will continue to be the most strategically important factors in the security and economic development of the Indo-Pacific.

Australia's 2016 Defence White Paper¹

The argument as to whether Australia needs to make a choice between its major economic partner, China, and its primary security partner, the US, has been central to discussions about Australia's security and economic interests in recent years. While governments of both persuasions have argued this is a choice Australia does not have to make, some analysts have a different view.² Hugh White argues some accommodation to the natural rise of China should be made by the US and its allies, while Hamish McDonald *et al* urge Australia to do more to balance Chinese expansion in the region, including in the South China Sea.³

This paper will argue that Australia's economic and trade interests are not seriously jeopardised by a dominant China in the South China Sea but that its security interests may be weakened by a discredited and diminished US presence in the Asia Pacific. For the purposes of this paper, Australia's national interests in the South China Sea are defined as primarily economic and security related, that is, economic in terms of Australian trade passing through the South China Sea, and security related in terms of supporting a continued US presence in the Asia Pacific as a stabilising influence representing the existing, rules-based global order.⁴

Also, this paper defines that a state of dominance in the South China Sea exists when a claimant has dual-use civil and military facilities in both the Paracel and Spratly Islands groups, as well as a persistent maritime and air presence (both civil and military) and surveillance and command-and-control capabilities throughout the area. While Beijing's land reclamation activities on Mischief, Subi and Fiery Cross Reefs in the Spratly Islands have attracted significant attention over the last two years, this paper will not take a position on whether Chinese or other claimant activities in the South China Sea are right or legitimate.⁵

China's activities and trajectory in the South China Sea

China is already the dominant power in the South China Sea. Beijing refers to its sovereign rights and territorial interests in the South China Sea, contained within its so-called nine-dash line, as a core interest.⁶ In July 2016, Chinese

Foreign Minister Wang Yi reiterated China's position on the South China Sea, after the announcement of the Arbitral Tribunal's ruling on a case lodged by the Philippines to clarify a series of questions surrounding the status of certain features and waters, contending that:

China has sovereignty over Nanhai Zhudao [the South China Sea Islands]; China has internal waters, territorial sea, contiguous zone, exclusive economic zone [sic] and continental shelf based on its sovereignty over Nanhai Zhudao; and China has historic rights in the South China Sea.⁷

In keeping with this clearly expressed view, China has built significant joint-use facilities and increased its military and civilian presence in the Paracel and Spratly Islands. In the Paracel Islands in the north of the South China Sea, Beijing has established civilian and military facilities on Woody Island and surrounding features.⁸ The area now constitutes a significant base for People's Liberation Army assets, including fighter aircraft and air-defence missiles. Beijing reinforced its claim on the Paracel Islands in 2012 by designating the area a prefecture-level city, subordinate to Guangdong Province, thereby establishing a governance structure within the island group.⁹

In the southern Spratly Islands group, China has undertaken land reclamation activities on an unprecedented scale. Beijing has now completed the development of deep-water ports at three islands, capable of berthing People's Liberation Army Navy frigates, and runways capable of landing all aircraft in the People's Liberation Army Air Force inventory.¹⁰ China's dual-use facilities in the northern Paracel and southern Spratly Islands, combined with developing surveillance and command-and-control capabilities and a permanent People's Liberation Army Navy and maritime law enforcement presence in the South China Sea, make China the dominant power in the South China Sea. While US military capabilities in the South China Sea may overmatch those of the People's Liberation Army for short periods of time, Washington's presence is not persistent, leaving Beijing as the enduring dominant power in the South China Sea.¹¹

China's dominance of the South China Sea is likely to increase over the next decade. To date, both claimants and non-claimants with interests in the South China Sea have lacked the inclination and/or capability to directly challenge China's growing dominance. In addition to China, other claimants to parts of the South China Sea include Brunei, Malaysia, the Philippines, Taiwan and Vietnam.¹² For these smaller claimants, national interests in the area are a mix of territorial sovereignty, economic interest, and a desire for freedom of navigation and overflight, as well as the peaceful resolution to disputes.¹³

But none of the claimants has the resources to directly challenge China's reclamation activities. Non-claimant states such as Japan, Australia and the US

prioritise the maintenance of the global commons and associated unimpeded trade as key common interests in the South China Sea.¹⁴ The US has recently increased freedom of navigation operations in the South China Sea, where US naval vessels and aircraft move within 12 nautical miles of claimed features.¹⁵ But freedom of navigation operations and diplomatic disapproval have proven ineffective in slowing China's activities. The US and others have also shown little willingness to confront China more directly—and Beijing appears to have calculated the threshold for US action against it in the South China Sea as quite high.

The US will still retain the military capability over the next ten years to challenge China's dominance of the South China Sea, with defence spending three times that of China, but Washington has not directly challenged Beijing in the South China Sea.¹⁶ While the US does have interests in the South China Sea, they are likely not strong enough to risk conflict with China. The cost in 'blood and treasure' would be immense. Early tough talk on the South China Sea from the new Trump administration has subsided and has not resulted in a change of US policy.¹⁷ So absent a significant policy shift from the new US administration, over the next decade and beyond Beijing will likely continue to enhance its dominance of the South China Sea.

Australia and China share interests in unimpeded trade in the South China Sea

Australia's economic interests and associated freedom of navigation are unlikely to be greatly affected by a dominant China in the South China Sea. Most Australian trade passing through the region is with China and it makes little sense for Beijing to interrupt its own economic interests. Around two-thirds of Australia's trade passes through the South China Sea.¹⁸ Much of this trade is in the form of iron ore, coal, other raw materials and agricultural products going to China, and engineering and manufactured products coming from China.¹⁹

In 2014, China accounted for 24 per cent of Australia's two-way trade in goods and services, nearly as much as our next three trading partners combined (Japan, US and South Korea). Australia exported A\$38 million worth of iron ore to China in 2015-16, helping drive China's construction and manufacturing sectors.²⁰ So trade through the South China Sea is important to both China and Australia. While Australia's dependence may be greater, both countries would suffer an economic impact if trade in the South China Sea was disrupted. More broadly, the reputational damage to China in the eyes of its other trading partners would be significant and run counter to Chinese policies of trade liberalisation and openness that have underpinned Beijing's remarkable economic development over the last three decades.

When signalling displeasure to a regional partner, China has a range of more subtle levers at its disposal, other than physically disrupting trade in the South China Sea. In 2012, a two-month stand-off at Scarborough Shoal, in an area of the South China Sea claimed by China and the Philippines, resulted in a range of indirect Chinese economic sanctions against the Philippines, most notably disrupting the export of bananas from the Philippines to China on the basis that they were not meeting quarantine standards.²¹ While Beijing's actions could be classed as a form of economic coercion resulting from competing territorial claims, China's actions did not impede freedom of navigation or the physical passage of goods through the South China Sea. Simply, China achieved the same effect through other means.

The major shipping lanes in the South China Sea do not pass through the most sensitive and contested areas, so disruption to trade is unlikely to occur due to a miscalculation or misunderstanding. The major shipping lane through the South China Sea passes from the south-west through to the north-east, dissecting the Paracel and Spratly Islands.²² At its closest point, the shipping lane is still several hundred nautical miles from contested areas. The third major contested area, Scarborough Shoal, is even further away from the major shipping lane.

So, it is not in China's economic interests to impede Australian trade in the South China Sea, most of which is going to or from Chinese ports. The distance between the major shipping lane in the South China Sea and contested features also mitigates against commercial trade getting caught up in security matters. To date, Australia's trade has not been impeded by a dominant China in the South China Sea, and to do so in the future would not be in Beijing's economic interests.

Australia's security interests in the Asia Pacific linked to US engagement

Australia's security interests in the Asia Pacific may be weakened by a discredited and diminished US presence in the region. The US presence in the region could be discredited if US allies and partners in the region view the US as inactive or disinterested in assisting them secure their own interests against growing Chinese dominance of the South China Sea. Without willing partners in the region, the US presence could diminish. Australia supports continued US leadership in the Asia Pacific, including a military presence, as a means of maintaining the stability the region has enjoyed over the last 60 years.²³ In a speech in January 2017, Australia's Foreign Minister, Julie Bishop, said:

In Australia's experience and in our observation, Asian countries appreciate this point, and remain deeply receptive to an ongoing US presence—indeed the appetite for working with the United States is strengthening in many countries. Most nations wish to see more United States leadership, not less, and have no desire to see powers other than the US, calling the shots.²⁴

But there is a risk that China's growing dominance of the South China Sea and associated infringement on the interests of US partners in the region may shift views of the US in the region.

As China's dominance in the South China Sea is reinforced, sometimes at the expense of other claimants, the role of the US as a security partner and guarantor of the rules-based global order in the Asia Pacific may be discredited. Having already discussed the economic implications of the 2012 Scarborough Shoal incident, the security implications of that incident, and incidents at Second Thomas Shoal in 2013 and 2014, are perhaps more significant.

In the case of Second Thomas Shoal, Beijing has long protested the presence of a disabled Philippines Navy vessel on the shoal, run aground in 1999. A small garrison of a dozen Filipino Marines maintains a permanent presence on the vessel. In 2014, China attempted to disrupt the resupply of the vessel, resulting in Philippine calls for the US to step in and assist. However, the US view was that the Scarborough Shoal and Second Thomas Reef incidents did not meet the threshold that would invoke the treaty between the US and the Philippines, and that its position of neutrality regarding South China Sea territorial disputes should be maintained.²⁵

Mira Rapp Hooper notes that 'many of the disputes in the East and South China Seas are over rocky, uninhabited islets, and a pledge to treat these far-off land features as though they were US soil strains belief'.²⁶ For the Philippines, there was a sense that its powerful ally and friend was not there when it was needed, perhaps contributing to current Philippines President Duterte's view that the relationship with the US is one-sided. Future reticence to support allies and partners in the region could further discredit the US in the region.

A discredited primary ally in the region or the risk of US disengagement in Southeast Asia is not in Australia's security interest. If established rules and norms surrounding the use of global commons and territorial dispute resolutions—championed by the US—are undermined, the resultant uncertainty also risks heightened levels of tension and even conflict in the region. Adding to uncertainty about US commitment in the region has been the election of President Trump. His 'America first' platform has raised concerns about US disengagement in the region, prompting some to question Australia's alliance arrangements on the basis that the US may not be the reliable partner it once was.²⁷

However, the Australian Government and knowledgeable former officials have been quick to reiterate the value of the US alliance to Australia. Without it, former Chief of the Defence Force Angus Houston claims that Australia would need to spend up to 4 per cent of GDP on defence, which is clearly an unrealistic proposition.²⁸ So while the Trump administration's security policies in the Asia Pacific are yet to solidify, Australia would be hoping for evolution rather than revolution in the US approach, and continued if not enhanced and positive regional engagement.²⁹ While a strong US presence in the Asia Pacific is in Australia's security interests, a South China Sea dominated by Beijing is testing the credibility of the US among some regional partners. If US credibility diminishes, US presence may also decrease, weakening Australia's security interests.

Conclusion

This paper has attempted to set out the arguments as to why Australia's economic and trade interests are not jeopardised by a dominant China in the South China Sea but why its security interests may be weakened by a discredited and diminished US presence in the Asia Pacific. The pace of Beijing's expansion in the South China Sea, particularly over the last five years, has surprised many. China is already the dominant power in the South China Sea and this situation is only likely to solidify over the coming decade. Despite this dominance, Australian trade passing through the South China Sea has not been impeded and the prospect of such action by China is unlikely. Most Australian trade through the region goes to and from China, and it makes little sense for Beijing to disrupt its own economic interests.

Australia's security interests, however, are at greater risk. The US has been reluctant to directly support partners under pressure from China in the South China Sea. The Philippines sought US support between 2012 and 2014 during a series of incidents at Scarborough Shoal and Second Thomas Reef, however, the US chose to maintain its neutrality on sovereignty claims in the South China Sea. The Philippines has since drifted closer to Beijing's orbit, and there is a risk other US partners in the region will start to doubt US commitment to them and the region. Yet-to-be-settled Trump administration policy towards the region adds another layer of uncertainty.

A simple policy implication resulting from this analysis may be a reinvigoration of Australia's engagement in the region, independent of the US, while still maintaining its alliance relationship with Washington as the basis of its security policy. Australia's forthcoming foreign policy white paper is well timed to address this issue.

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The Trump Administration's approach to the security of South Korea

Colonel Michael Mumford, CSC

Australian Army

Abstract

This paper examines the impact of a real or perceived change in US military support to the security of South Korea by the Trump Administration. It does so by examining the statements made by President Trump both before and since his election, as well as the positions of the states involved, including China and North Korea. It also examines the likely responses by North Korea and South Korea, and the likelihood and effectiveness of China in influencing North Korean reactions.

The paper argues that North Korea looms large as a threat, exacerbated by uncertain policy indicators from the current US Administration. It contends that without unequivocal US support of South Korea, North Korean provocation will likely increase. It concludes that the US needs urgently to revisit its policy towards the Korean peninsula. Otherwise, the ambiguities of its 'America First Foreign Policy' will continue to facilitate North Korea's strategic aims, weaken the security position of South Korea and, ultimately, increase the likelihood of conflict.

Introduction

More than any other recent administration, President Trump's election has brought significant security uncertainty into the Indo-Pacific region. This is especially evident on the Korean peninsula where the fragile security situation between the Republic of Korea (South Korea) and the Democratic People's Republic of Korea (North Korea) is under increasing strain. Indeed, the respected Russian commentator Andrei Lankov recently reached the alarming conclusion that conflict on the peninsula is now at its closest point since the 1960s.¹

During the US election campaign, while speaking to an increasingly insular electorate, then candidate Trump made several comments about withdrawing or changing the nature of US military support to South Korea.² This raised concern in the region, especially in South Korea, where a reduction in the US military presence is seen as likely to embolden an already provocative North Korea. China, however, has long been arguing for a reduction in the US military presence in the region, not least to soften North Korean aggression and enhance negotiation efforts to reduce North Korea's nuclear ambitions.

China has also been especially vocal in recent times against the deployment of US anti-ballistic missile defences to South Korea, calling it a dangerous adjustment to the balance of power in the region.³ It is possible, therefore, that the security situation on the Korean peninsula will change over the next four years, through either a real or perceived change in US military support to South Korea. This issue is very relevant given that North Korea's recent missile-related provocations and increasing nuclear capabilities are likely to be the first serious foreign policy test for the Trump Administration.

This paper will examine the impact of a real or perceived change in US military support to the security of South Korea by examining the statements made by President Trump both before and since his election, as well as the stated and assessed positions of the states involved, including China and North Korea. It will then examine the likely responses by North Korea and South Korea to any change, and the likelihood and effectiveness of China in influencing North Korean reactions. It will conclude with an assessment of the future security of South Korea.

US policy on South Korea

The US currently has 28,500 troops continuously deployed to South Korea. This the largest concentration of US forces outside a declared conflict zone—and it has been in place, in varying sizes, since the end of the Korean War.⁴ These troops are provided under the Mutual Defense Treaty between the US and South Korea, signed in October 1953, which provides for the defence of South Korea in the event of conflict emanating from external threats.⁵

However, the US appears to have several positions with respect to its alliance with South Korea. The 2015 US National Security Strategy, developed under the Obama Administration, states that the US 'will honour its treaty obligations to [defend] South Korea'.⁶ This policy gives no guidance with respect to undermining the North Korean regime or reducing its capacity beyond adherence to UN resolutions. But the US National Military Strategy, which is subordinate to the US National Security Strategy, states that the US will not just honour its obligations but 'strengthen its alliance' with South Korea.

Understandably, the Trump Administration has yet released few detailed policy documents. Its only foreign policy declaration, the 'America First Foreign Policy', asserts that 'the Trump Administration is committed to a foreign policy focused on American interests and American national security'.⁷ The emphasis of this document is on countering extremism, increasing the size of the US military, and the renegotiation of foreign trade deals in America's favour. It makes no mention of state-based threats or South Korea.

In contrast to this lack of official policy, there has been no shortage of unofficial statements on South Korea by the President himself. Over the last 12 months, he has made several comments, first as a presidential candidate, then President-elect, and more recently as President, some of which conflict with the extant 2015 strategies.

For example, during the election campaign, then candidate Trump declared in January 2016 that South Korea should be expected to pay for US military protection and questioned the value to the US in protecting South Korea, asserting that 'we get practically nothing for ... this. Why are we doing this?'⁸ Two months later, he said 'they [South Korea] have to protect themselves or they have to pay us'.⁹ When asked how South Korea should protect itself, he suggested it could possess its own nuclear capabilities for self-defence purposes.

During the first presidential debate in September 2016, then candidate Trump once again questioned the value of military support to South Korea when he stated that 'we defend South Korea.... [b]ut they do not pay us

what they should be paying us.... I say, who makes these [deals]?'¹⁰ Of course, it could be construed that these comments were merely election rhetoric. For example, in October 2016, Michael Flynn, then National Security Adviser-elect, reportedly told Japanese law-makers that campaign talk of withdrawal from the region was rhetoric for domestic audiences.¹¹ However, given that President Trump has not since retracted his comments, it is reasonable to conclude that he was, or is, considering a change to US military support arrangements.

Since assuming office, President Trump has made two specific statements on the issue. In his inauguration speech, he questioned the value in defending countries like South Korea at US expense, saying that 'we've defended other nations' borders while refusing to defend our own.... [b]ut that is the past'.¹² Eight days later, on 29 January 2017, the White House Press Office released the results of a meeting between President Trump and Acting President Hwang Kyo-Ahn of South Korea, asserting that President Trump had reiterated an 'ironclad commitment' to defend South Korea.¹³

So, within a 12-month period, President (or candidate) Trump has implied or stated four possible policies: a reduction of US military forces in South Korea; self-reliance by South Korea through nuclear proliferation; mercenary defence by the US through full-cost recovery; and an 'ironclad commitment' by the US. Over that same time, the official stance of the US Government has been either treaty adherence or security enhancement, depending on the source of the policy. Such ambiguity and a 'more transactional US approach to alliance politics' could undermine confidence in future regional stability.¹⁴ It is unsurprisingly, therefore, that regional countries are wary of the actual nature of future US support to South Korea.

The task of achieving clarity by US policy makers has been made even more difficult by the increasingly belligerent North Korean ballistic-missile testing program. On this matter, President Trump was both unequivocal and cryptic when he said in January 2017 that North Korea's ICBM [inter-continental ballistic missile] capability 'won't happen'.¹⁵ North Korea responded by testing its Pukguksong-2 medium-range missile only two weeks later. The US relationship with South Korea is also made more difficult as a result of the political instability created by South Korea's President being impeached in December 2016 on allegations of cronyism and corruption.¹⁶ This has made generous statements in support of the South Korean government a fraught political exercise for any foreign government.

Korean reactions

Beginning in 1998, South Korea's so-called 'Sunshine Policy' called for peaceful co-existence with North Korea.¹⁷ This approach of enhanced dialogue culminated in a meeting between the two Koreas in 2000 to discuss possible unification. At the Sydney 2000 Olympic Games, both nations' athletes also marched in the Opening Ceremony under a 'unification banner'. However, there were suspicions at the time that North Korea was being conciliatory simply to mask its covert nuclear program.¹⁸ The election in 2008 of a conservative government in South Korea saw a cautious retreat from the 'Sunshine Policy', which then degraded significantly. Relations between the two Koreas have remained frosty ever since.¹⁹

South Korea's response to an actual or perceived change in US military support is likely to include increased militarisation. In December 2016, Jane's reported an increase in the development of independent military capabilities in South Korea, which is a possible reaction to the threat of an 'America First' approach.²⁰ Additionally, South Korea has asked the US for a deployment of Terminal High Altitude Area Defence (THAAD) systems. The reasons for this are ostensibly defensive but, for the South Koreans, it is even more important as a tangible statement of continued US military support.²¹

China has been steadfastly opposed to this deployment, with commentary by China's state news agency calling the deployment 'a threat to regional security and stability ... [that will] undermine the regional strategic balance' and pose a threat to China's interests.²² There is also now open and regular debate in South Korea about the need for its own nuclear capability.²³ Whether this debate is in response to President Trump's statements, where he has indicated a willingness to consider the proliferation of nuclear weapons to South Korea and Japan to balance North Korea and China, is unknown but would seem a likely corollary.

For its part, the aims of North Korea are difficult to judge for reasons that are not widely agreed by observers but typically relate to regime irrationality or clever international calculation. Unification has been a previously stated aim of the regime, although it is unclear whether this was just for domestic audiences or is a genuine regime ambition. Whatever its intentions, since the assumption of power by Kim Jong-un in late 2011, North Korea has become increasingly isolated and therefore increasingly unknowable.

On 29 February 2012, just months into his tenure as Supreme Leader, Kim Jong-un agreed to the joint US-North Korea 'Leap Day Agreement' to suspend missile testing in exchange for food aid. However, only two months

later, North Korea recommenced missile test launches, resulting in cancellation of the US aid program and the cessation of official dialogue between the two nations. Since that time, analysts assess that North Korea has accumulated enough nuclear-weapons material for up to 30 devices and has mastered low accuracy short- and medium-range missile systems.²⁴

Most commentators agree that, even if emboldened by both South Korean political chaos and the Trump Administration's mixed messages, a North Korean attempt at unification by force is unlikely.²⁵ What is likely is that North Korea will use the uncertainty and lack of international resolve to finalise its long-range nuclear weapons technology, which it sees as critical for regime continuance. This was demonstrated by Kim Jong-un's 2017 New Year's speech where he claimed that North Korea would become a 'military giant in the East'.²⁶

North Korea is also likely to use the tense security situation to further intensify Sino-US relations which, in turn, will make North Korea a more valuable part of China's geopolitical strategy.²⁷ Essentially, the more tense that relations become between China and the US, the more China needs a geographical buffer between it and US-allied South Korea and Japan. Therefore, it will be in North Korea's interest to exploit any real or perceived reduction in US military support through continued provocation until it has the means to guarantee regime survival from external threat via its nuclear capability.

Accordingly, commentators tend to espouse one of two options for the US to counter North Korean provocation. The first is very strong deterrence; the second is to improve US-Sino relations to remove the geostrategic value of North Korea. As Lyle Goldstein has contended, 'the answer isn't a stronger US-ROK alliance but an US-China partnership'.²⁸

Chinese interests and influence

Despite their sometimes-difficult history, China is far from antagonistic towards South Korea, becoming South Korea's largest trading partner in 2010 with 25 per cent of South Korea's total trade.²⁹ China's long-term view of the peninsula, therefore, would not appear to be a unified socialist Korea but rather a hegemonic one that provides a buffer against US-allied states.³⁰

China's worst-case scenario is regime collapse in North Korea resulting in mass refugees and a unified Korea under US influence from Seoul, although China's 2015 Defence White Paper is strangely silent on this.³¹ A Chinese Defense Ministry press briefing in February 2017 stated that 'China adheres to the maintenance of peace and stability on the Korean Peninsula, the realization of denuclearization, and the settlement of disputes through dialogue and consultation'.³² The subtext of this statement is that the continuance of the

North Korean regime is in China's interests so long as there are heightened tensions between China and the US and Japan.

In terms of China's influence over North Korea, it is noteworthy that Kim Jong-un is yet to visit China (or indeed any other country) after five years in power.³³ China provides two-thirds of all foreign trade with North Korea, yet appears to have little ability to influence its behaviour.³⁴ For example, following the February 2017 Pukguksong-2 missile launch, China implemented a ban on North Korean coal imports.³⁵ But less than three weeks later, North Korea fired a further four missiles. Such economic sanctions by China have been met with a degree of cynicism by some in the international community, as China in the past has compensated in other ways for punitive economic measures.³⁶ There are also questions about the effectiveness of these types of economic sanctions against North Korea in any case.³⁷ Nevertheless, the implementation of sanctions by China against North Korea is clear evidence of its increasing frustration.³⁸

The future of South Korean security

Strong US support to South Korea, and a complementary or discrete reduction in Sino-US competition, are the options most widely discussed in terms of mitigating the North Korean threat. However, the current Administration's ambiguity has assured neither, while at the same time there has been a seeming reduction in China's influence over North Korea.

The consequential impact on regional confidence is likely to embolden North Korea, which has a vested interest in the situation remaining tense to ensure its geostrategic value to China remains high until it fully develops its own nuclear arsenal. Moreover, while conflict on the Korean peninsula remains unlikely, South Korea is likely to militarise to offset any real or perceived US reductions, further adding pressure on the regional security environment.

Conclusion

The Korean peninsula is one of the key areas of potential major power conflict in the world. The situation is difficult to assess, let alone predict, due to the isolation of one of the prospective protagonists and the great power geopolitics that underline the region's security dynamics. North Korea looms large as a threat, and the situation is not made easier by uncertain policy indicators from the current US Administration. Fluid allegiances and transactional relationships may work well in the boardrooms of America, however, in the opaque politics of the Korean peninsula, they will only destabilise the region.

Without unequivocal US support of South Korea, it is likely that North Korean provocation will increase due to a combination of China's inability to

control the Kim Jong-un regime and China's fear that increased pressure on Pyongyang may destabilise what it sees as an essential geostrategic buffer. Yet even if the US attempts to undo the uncertain statements of the last 12 months by reinforcing its military support, such as the THAAD deployment and increased joint US-South Korea military activities, there is a risk that such actions will further draw the ire of China and give North Korea further pretext for provocation.

The US needs urgently to revisit its policy towards the Korean peninsula. Otherwise, the ambiguities of its 'America First Foreign Policy' will continue to facilitate North Korea's strategic aims, weaken the security position of South Korea and, ultimately, increase the likelihood of conflict.

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Does Japan's military relationship with China need to be closer to ensure Northeast Asian stability over the next decade?

Colonel Andrew Lowe, AM

Australian Army

Abstract

This paper examines Japan's relations with other states in Northeast Asia, and particularly addresses the question of whether Japan's military relationship with China needs to be closer to ensure the stability of Northeast Asia. It contends that while Japan has turned to the US for security, it nevertheless remains heavily reliant on its economic relations with the region and, indeed, that Northeast Asia's stability is founded on the economic prosperity of regional states, and their economic interdependence.

The paper acknowledges that the security and stability of Northeast Asia will continue to be affected by territorial disputes and longstanding antipathy and mistrust between key states—and that regional states will continue to leverage these issues to their advantage. However, it concludes that the outcome sought will generally be economic rather than security related, and that stability in Northeast Asia will continue to be predicated on the relationship of individual states with the US, rather than with China.

Introduction

This paper will argue that Japan does not need a closer military relationship with China to ensure the stability of Northeast Asia over the next decade. Northeast Asia is defined as China, Japan, the Republic of Korea (South Korea) and the Democratic People's Republic of Korea (North Korea).¹ For the purposes of this paper, 'stability' is defined as the probability that the region retains its essential characteristics; that no single nation becomes dominant; that most of its members continue to survive; and that large-scale war does not occur.² China's dominance in Northeast Asia is balanced by the US, hence it too will be considered in this analysis.

The paper will first contend that the historical legacy of Japan's relations with other states in Northeast Asia, notably relating to imperialist colonialism, remains topical but relatively normalised. Second, the paper will explore the strategic position of China, Japan and the Koreas, and argue that economic dependencies rather than military relationships dominate regional stability (and that the economic interdependence between Northeast Asian states exists despite the bipolarity of security relationships with the US or China). Finally, it will argue that stability in Northeast Asia is predicated on the relationship of individual states with the US, as the dominant global and regional power, concluding that transactional US relations will shape the next decade.

Historical legacy

The relationship between China and Japan has common ground through millennia of 'oriental' heritage. For example, the formative era of Japanese culture from the 7th century saw Japan borrow heavily from Chinese culture.³ However, Japan's failed quest to be the 'elder brother' of East Asia in the 20th century, through the enforcement of its 'Greater East Asia Co-prosperity Sphere', remains a particularly emotive issue in China's living memory.⁴

For its part, China has long viewed itself—and traditionally has been viewed within the region—as 'the Middle Kingdom', culturally superior and existing as the centre of the world. Ming Wan describes a view of Japan-China relations as seen through the lens of Chinese cultural arrogance, with contempt for Japan and an intent to dominate provoking Japanese resentment which endures today.⁵ However, the cultural similarities between Japan and China, through formative Chinese cultural dominance, have been overshadowed by what China perceives as its more recent 'century of humiliation', predominantly at the hands of Japan.

Alison Kaufman describes this 'century of humiliation' as the period between 1839 and 1949, when China suffered political, military and cultural indignities.⁶ These indignities, involving the loss of territory, as well as loss of control and loss of international standing, define the modern Chinese narrative of insecurity.⁷ Richard Bush summarises China's present sense of identity as being influenced by a history of victimhood to an evil Japan, continued doubts as to the sincerity of Japan's atonement for its actions in the lead-up to and during World War 2, and frustration with what it perceives as Japanese resistance to China's resurgence to its rightful place in the world.⁸

The respective historical guardedness between Japan and China, nurtured over millennia, suggests that a political-military relationship of veneer politeness will remain the status quo, and that contemporary opportunities towards encouraging stability exist primarily through other avenues of national power, namely the economy. To that end, the paper will briefly examine each Northeast Asian state, as well as regional state relationships with the US, to determine the leading factors shaping Northeast Asia's stability.

Japan

The historical legacy of Japan and China's relationship is one of cyclic dominance and the swapping of 'adult brother' status. What remains is deep-seated wariness between them. Cultural similarities enable a better insight to the other's thinking, hence the present weaker of the two, Japan, looks towards a third party, the US, to balance China's dominance. Using international relations theory, Stephen Walt contends that Japan is 'bandwagoning' with the US—aligning itself with a superpower (albeit without the US posing a threat)—to balance China's regional dominance.⁹ Hence, Japan's neo-realist solution to Northeast Asian security is to seek the most stable system through bipolarity, based on the 1960 Treaty of Mutual Cooperation and Security between Japan and the US.¹⁰

Millennia of cultural ties and borrowing from China are outweighed by Japan's interpretation of China's historical dominance and, perhaps more pointedly, Japan's seeming reluctance to acknowledge its more recent treatment of China. Moreover, while Japan continues to balance its apologies for war behaviour against domestic expectations of national pride through acts such as senior-level visits to the Yasukuni Shrine, it is unlikely that its apologies will be fully accepted within the region. Japan's stance on the non-proliferation of nuclear weapons—based on its 1945 experience—is similarly contradictory, given the country's post-war security reliance on US nuclear deterrence.

In a region where it has been unable to develop close strategic relationships with its neighbours, Japan remains committed to the US for regional security, and in balancing China. Issues such as the Senkaku/Diaoyu Islands dispute with China, Japan's re-interpretation of its constitution with respect to the deployment of the Japan Self-Defense Forces, and Japan's continuing reluctance to accept responsibility for its role in historical conflict remain topical. But it is primarily economic issues that dominate Japanese considerations regarding regional stability, with Christian Wirth asserting that 'Japan remains politically distant from its neighbours despite deepening social and economic interdependence in East Asia'.¹¹

Japan's main effort has been to regain economic ground following the 'two lost decades' of the 1990s and first decade of the 21st century. Prime Minister Abe's economic reforms, colloquially referred to as 'Abenomics', has sought to arrest Japanese stagnation and address an ageing population, population decline and increased social spending. Edward Carr and Dominic Ziegler contend that '[Abenomics] sounds as if it is an economic doctrine; in reality, it is at least as much about national security', with Japan seeking to achieve stability in Northeast Asia through economic interdependence, rather than through its security relationship with the US.¹²

In 2016, for example, 29 per cent of Japan's total trade was with China (inclusive of Taiwan, Hong Kong and Macao), which was almost double its trade with the US.¹³ Japan's next largest trading partner was South Korea at 6 per cent, rounding out Northeast Asia's dominance of Japanese trade, totalling over one-third of the market share. Such is Japan's quest for stability in Northeast Asia—it is content to look to the US for regional security, notwithstanding that the two were wartime adversaries; equally, it is content to look to China for economic interdependence, despite their historical enmity and ongoing mutual distrust.

China

China's dominance as Japan's largest trading partner extends regionally, where China is the largest trading partner with South Korea and North Korea, and extends globally to include the US, where China is its largest trading partner.¹⁴ China's approach to Northeast Asia stability is not to dwell on historical experience or shape tensions towards conflict but rather posture to best gain economic advantage. Chinese economic growth is slowing but growth remains nonetheless—and the ruling Communist Party's main effort is to ensure that growth continues.

For China, the importance of economic progress outweighs its concerns about territorial disputes, its dislike of Japanese arrogance, its wariness of US regional supremacy, and its concerns that others in the region are using their relationship with the US to balance China's influence. Robert Blackwill and Ashley Tellis contend that China's economic interdependence sustains high internal economic growth, which ensures a pliant populace and a more powerful state.¹⁵ Interestingly, they contend it also ensures pliant neighbours, who avoid overt opposition to China in order to maintain the economic benefits. Ross Babbage continues this observation of global and regional compliance towards China and suggests that it is a weakness that China is exploiting, asserting that China's expansion into the South China Sea is consistent with the Chinese view of 'the inevitable restoration of their country's global pre-eminence'.¹⁶

Countering Babbage's pessimistic view of China's intentions are commentators such as Paul Dibb and John Lee, who argue that it is not inevitable that China will rise to overtake the US.¹⁷ They contend that China is fragile at home and lonely abroad, challenging the notion that China's cultural determinism is regionally assured. They also argue that China is becoming increasingly challenged to sustain the three recognised methods for economic growth: adding more capital inputs, adding more labour inputs, or using capital and/or labour more productively.

Hence, as a priority above other instruments of national power, it can be argued that China is pursuing economic reform through the pursuit of domestic productivity, strengthening trading lines of communication and cooperation, and encouraging international crediting through its initiatives such as 'One Belt, One Road' and the Asian Infrastructure Investment Bank.¹⁸

The Koreans

As China seeks to strengthen and broaden its economic power from which to meet its domestic social needs and gain increasing international influence, it will continue to be impacted by the geopolitical realities (and inferred responsibilities) stemming from its border with North Korea. North Korea presents an ongoing challenge for Northeast Asian states and the US, as well as China, predominantly because of its erratic behaviour and rejection of international norms relating to nuclear-weapons proliferation.

Importantly, however, North Korea does provide a buffer between China and South Korea, a longstanding security partner of the US. Hence, the maintenance of a status quo North Korean state, separated physically and politically from South Korea, is China's preferred outcome. China is intent on

ensuring the US gains no strategic advantage through the potential demise of North Korea, and the possibility of a unified Korean peninsula, as displayed by China's condemnation of the US Terminal High Altitude Area Defense (THAAD) anti-missile system recently deployed in South Korea.¹⁹

Despite China's condemnation of the THAAD system, which China fears could also intercept its ballistic missiles, it is widely acknowledged that major conflict on the Korean peninsula would see North Korea lose, likely resulting in unification on South Korean terms.²⁰ Any such conflict could be expected to precipitate the mass migration of refugees into China, which China neither wants nor could readily handle. A unified Korea would also put extreme pressure on South Korea's economy, particularly given the example of German reunification in the early 1990s.

Despite North Korea's continuing missile tests and ongoing disturbing rhetoric, the influence of China and the separate allied front of the US, Japan and South Korea seem capable of providing sufficient containment of North Korean aggression, as recent apparent solidarity stances attest.²¹ North Korea's actions undoubtedly antagonise the US and its allies, and frustrate China. However, it is in no-one's interest that the issue degenerates into conflict.

South Korea's relationship with North Korea, while often strident in its public messaging, appears warmer than South Korea's relationship with Japan, despite their common bonds with the US. South Korea shares close cultural and familial ties with North Korea and, unlike Japan and the US, trades heavily with North Korea, accounting for approximately 24 per cent of the North Korean market, second to China's majority share of 65 per cent.²² South Korea's interest in supporting North Korea is primarily to avert the prospect of a failed state, which would become a 'one Korea' problem, to the economic detriment of South Korea.

Like China, the Koreans maintain a legacy wariness of Japan's intentions, deriving from periods of imperial colonisation during the last century, national humiliation at Japan's treatment of so-called 'comfort women' during World War 2, and lingering, ongoing territorial disputes over the Dokdo/Takeshima islands.²³ The perceived insincerity of Japan's acknowledgement of its use and treatment of Korean 'comfort women', and its refusal to provide compensation, is a particularly enduring inhibitor on more positive relations.²⁴

United States

Northeast Asia and the US have strong bonds of economic interdependence. The US also has long-established security relationships with Japan and South Korea, dating from World War 2 and the Korean War respectively. The US would prefer that Japan and South Korea shared a stronger bilateral security relationship. However, the enduring veracity of its security relationships in the region is more dependent on continued favourable economic ties with China.

According to World Trade Organisation statistics, the US and China dominate global markets with a combined 21 per cent of exports and 23 per cent of imports.²⁵ The US is the leading global importer, with China second, while China leads the global export market, with the US second. China is the largest trading partner of the US, Japan and the Koreans, while the US is the largest trading partner of China, with Japan and South Korea second and third.²⁶

It is acknowledged that in terms of 'purchasing power parity' (GDP with adjusted national income), China is already the world's top economy. It is further acknowledged that China has four times the population of the US and, although slowing, China's economic growth consistently outpaces that of the US.²⁷ However, China is unlikely to overtake the US in terms of its superpower status in the near to medium term.

China trails the GDP of the US by US\$7 trillion; it also has a lower GDP per capita by a factor of seven (US\$7594 for China compared to US\$54,630 for the US).²⁸ In military terms, the US defence budget of US\$596 billion is more than double (and almost three times) China's defence budget of US\$215 billion. When viewed as a percentage of GDP, Chinese defence spending is 1.9 per cent, compared to the US figure of 3.3 per cent.²⁹ This is emblematic of China's domestic challenges that require priority financial resourcing.

Conclusion

This paper has argued that Northeast Asia and the US are economically interdependent and that it is economic rather than security relationships that ensure regional stability. It has also noted that both China and the Koreans possess an enduring wariness of Japan, stemming from imperialist colonisation and ill-treatment during the last century, which has resulted in a regionally-isolated Japan turning to the US for security.

Nevertheless, out of economic necessity, Japan remains heavily reliant on its relations with the region. Similarly, China—while globally lonely in terms of security allies—economically dominates both regional and global markets, demanding economic respect on par with the US. While North Korea is a pariah

state from a Western perspective, it too demands regional economic respect, at least from China and South Korea. If North Korea was to falter, the economic ramifications regionally would demand global attention and action.

Hence, Northeast Asia's stability is heavily founded on the economic prosperity of regional states, and their economic interdependence, as well as the regional balancing function of the US, particularly in terms of China. The security and stability of the region will continue to be affected by multiple territorial disputes, perceived containment and expansionist strategies, historical distrust, and atonement scepticism. However, this paper would argue that the frequency and cyclic nature of these issues has largely normalised their impact on regional stability.

While it can be expected that a number of these issues will continue to be used by individual states to leverage advantage, the outcome sought will generally be economic rather than security related. Accordingly, it is assessed that the existing security partnerships between the US and Japan and South Korea will endure beyond the next decade, even as China strives, and perhaps stalls, in its quest to close the gap with the superpower status of the US.

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Shaping positive Muslim identity: a policy approach to understanding the formation of prejudice—and building social resilience—in childhood

Andrew Wimhurst

Australian Attorney-General's
Department

Abstract

This paper presents a policy approach designed to mitigate the threat from Salafi-jihadi ideology in Australia. Instead of the traditional policy approach of targeting adults who may be vulnerable, or seeking to correct Salafi ideology at a late stage, it argues that policy-makers should complement efforts aimed at adult counter-radicalisation by encouraging Muslim parents to shape positive ideology in the home, aimed at children in primary-school age groups.

The advocated policy includes social research activity that would provide Muslim communities with a means to better understand their role in shaping young minds, supported by scholastic materials. This would provide the agency to demonstrate to their fellow Australians that they are a key and willing element in building resilience and encouraging social participation in shaping the formation of an Islamic identity compatible with the secular liberal norms underpinning Australian society.

Introduction

Salafi-jihadi terrorism presents a wicked policy problem for Western leadership. Salafi-jihadist violence is on an upwards trajectory. The frequency of incursions into Western states rises as awareness grows among jihadists that high-impact, high-coverage operations are achievable using the simplest of domestic means. This trend line continues regardless of well-intentioned attempts by Western leaders to re-frame the narrative of responsibility away from acknowledgement of the theological and doctrinal sources. Instead of delegitimising extremism, the policy may become twisted into a tool for recruitment, as seen in recent ISIS propaganda. Efforts to uncouple the religion from Islamically-motivated violence produce scorn from the perpetrators of violence and are viewed by Salafi-jihadists as illustrative of the moral weakness and corruption of the secular West, and as validation for their divine mission.¹

As public concerns are downplayed or dismissed as ignorant or prejudiced, constituencies may become frustrated and marginalised and possibly drawn to the fringe. Such fringe commentary may succeed in attributing blame in a manner superficially appealing to such concerns but that risks further contamination of the policy debate by reinforcing racist and prejudiced ideologies. The July 2016 Australian election results support this analysis, with the election of four One Nation candidates to the Senate. Muslim migration, extremism and perceptions related to integration were among factors in the success of One Nation, with its leader Pauline Hanson later calling for a ban on Muslim migration to Australia.²

Rather than reflecting a minority view, recent polling heightened concerns when it showed half of voters aggregated across all parties held support for such a policy.³ In analysis of this polling, the pollster noted:

This [is] not a 'basket of deplorables' who sit outside the confines of polite society, that is 49% of the men and women who make up our nation. Yes, they are more likely to vote Coalition or 'other' but 40% of Labor voters and one third of Greens agree too. Look around you right now, there are people in your workplace, in your street, on your train, who agree with Hanson.⁴

By contrast, a more recent poll showed a (relatively) more positive result, indicating only 33 per cent of Australians opposed Muslim migration.⁵ Nonetheless, while One Nation is unlikely ever to achieve government, its ability to influence policy may persist, with additional polls showing that support for One Nation had increased since the election, including a doubling of support in Queensland to 10 per cent,⁶ and concerns that at least ten seats were at risk of falling to One Nation at the forthcoming state elections.⁷ This trend could impact both major parties in Australia, with voter preferences moving from the traditional centre-right and centre-left parties in favour of a deeply reactionary movement.

Equally, failure to admit honestly the doctrinal legitimacy of Salafi-jihadism is a disincentive to Muslim communities and their leaders to consider the sociological, doctrinal and theological origins of Islamic extremism and thus to consider their role in correcting them.⁸ If Islamic terrorism has 'nothing to do with Islam', then it is not an issue that Muslims are responsible for addressing.⁹ Thus, the aspirational narrative employed has the unintended consequence of leading to growing disenfranchisement in the case of some non-Muslim constituencies and a perceived failure of Muslim communities to act. These perceptions are complementary and increase the problem. A lack of progressive, clear and unified Muslim leadership contributes to a growth in anti-Muslim rhetoric and demagoguery, and leads to further isolation of Muslim citizens.

This thesis presents a policy approach designed to mitigate the threat from Salafi-jihadi ideology and give Muslim researchers and communities a key role in its development. It does not argue that the risk can be negated entirely. Ideology, especially one that has cultural traction, can never be extinguished. As the American journalist Asra Nomani has said, '[i]deology doesn't need a passport.... It crosses borders'.¹⁰ Instead of the traditional policy approach of targeting adults who may be vulnerable, or seeking to correct Salafi ideology at a late stage, it proposes an educative model to assist Muslim children in primary-school age groups.

The objective would be to shape formation of an Islamic identity compatible with secular liberal norms underpinning Australian society, equally to provide children with a level of resilience both in confronting the challenging nature of Western society and the temptations and exhortations of jihadist demagogues. In support of developing this model, the policy advocated includes social research activity that would provide Muslim communities with a means to understand better their role in shaping young minds. This would provide the agency to demonstrate to their fellow Australians that they are a key and willing element in any solution.

Background—'nothing to do with Islam'

An earlier paper by the author debunked efforts to uncouple Islam from violent expressions emanating from terrorist groups self-identified as Sunni Muslims.¹¹ The essay focused on the most pressing extremist movement of our age, Salafi-jihadism. This 'ancestralist' strand of Sunni Islamic religious observance seeks to limit adherence to a purified form of Islam focused on the Quran and the example set by Mohammad and the early generations (the *Salaf* or ancestors).

Salafism rejects the role of additional, later sources. Salafism is puritanical, merely prescribing a stricter adherence to core tenets of Islam that are central

to the religious practice of all Muslims. Salafism exists on a spectrum within Islam and, in the sense that it makes efforts to model its doctrines in stricter emulation of the religion's founder, Salafism is arguably more proximate to the origins of Islam. This proximity is the wellspring of its legitimacy and attractiveness to a growing number of Muslims.

In political responses to Salafi-jihadi violence, Western and Muslim apologetic commentary consistently seeks to distance the Salafi sect—specifically its jihadist manifestation—from Islam. While this political narrative is aimed at social cohesion, it denies the credible concerns of the wider public who may accurately draw a link between the rhetoric of perpetrators and their acts of violence. If Salafi-jihadism is 'nothing to do with Islam', Islamic communities can credibly avoid self-examination, and justifiably reject calls for responsibility in monitoring and addressing the problem.

Uncoupling Salafi-jihadism from Islam and demonising Salafi adherents risks polarisation of Muslims who may share many of the values of Salafism (such as modes of conservative attire, controls on interaction between the sexes, and limiting of dealings with non-Muslims), while not subscribing to their stricter prohibitions on doctrinal innovation. Furthermore, denial of the militant nature of Islamic jihad or cherry-picking of Quranic verses (while avoiding others) as a means to uncouple Salafi-jihadis from the panoply of Muslim communities is intellectually dishonest and has not impeded the appeal, growth and reach of Salafi-jihadi ideology.

In order to expose the ahistorical flaws in this narrative, the earlier paper traced the genealogy of Salafism historically and ideologically, from the early centuries of Islam to the rise of Salafi-jihadism in the 1980s. Noting that 'Salafism' is a modern political designator, the essay identified genealogical sources linking modern adherents of ancestralist Sunni Islam to their forebears in the 8th, 12th and 18th centuries—particularly focused on monotheism (*tawhid*) as the central pillar of Islam. The essay drew a straight line from the *Ahl Al Hadeeth* movement through to political activists in the 20th century Muslim Brotherhood movement who were pivotal in the transition of ancestralist Islam into political action.

Finally, the essay analysed a key fatwa issued by the Salafi-jihadi ideologue Abdallah Azzam showing the synthesis of Islamic doctrine with the political ideas of the founder of the Muslim Brotherhood, Hassan al Banna, and his successor Sayyid Qutb—which were in turn ancestralist reiterations of core Islamic ideas around the conflict between pure monotheistic Islam and ignorance (*al jahiliyya*). Thus, the analysis provided in the paper showed that attempts to create a political narrative that uncouples Salafi-jihadism from Islam are ahistorical, inaccurate and counter-productive.

Part 1: Understanding the policy problem

Belief and the Western failure of imagination

Addressing this issue within Western nations requires acceptance of the likelihood that indoctrination of Islamic spiritual beliefs leads to action by Muslims in the temporal world. This has proven to be a difficult issue for many politicians and some academics working in counter-terrorism to accept.

ISIS now exploits what it frames as the Western failure of imagination or wilful avoidance in admitting what many policy-makers likely know to be true but find too appalling to contemplate publicly—that Islam is a central factor in Islamic terrorism. Shortly after the earlier paper was submitted, ISIS released Issue 15 of its online propaganda platform, *Dabiq*, providing commentary that aligned with the thesis presented. In an article titled 'Why we hate you & why we fight you', the movement mocks the contortions (and perceived motivations) of Western commentators in their efforts to find alternative, temporal explanations for Salafi-jihadist violence, asserting that:

Many Westerners, however, are already aware that claiming the attacks of the mujahidin to be senseless and questioning incessantly as to why we hate the West and why we fight them is nothing more than a political act and a propaganda tool. The politicians will say it regardless of how much it stands in opposition to facts and common sense just to garner as many votes as they can for the next election cycle. The analysts and journalists will say it in order to keep themselves from becoming a target for saying something that the masses deem to be 'politically incorrect'. The apostate 'imams' in the West will adhere to the same tired cliché in order to avoid a backlash from the disbelieving societies in which they've chosen to reside. The point is, people know that it's foolish, but they keep repeating it regardless because they're afraid of the consequences of deviating from the script.¹²

The article then spells out the six religious motivations for ISIS' jihad, in priority order. The first two are the obligations of *tawhid* (monotheism) and the secular West's transgression of the divine legal sovereignty that is central to *tawhid*. Atheism and disrespect for Islam and the Prophet Mohammed are the third and fourth, with perceived crimes against Islam fifth, and invasions against Muslim territory as the sixth and last. A valid interpretation of this propaganda is that it is intended as a provocation to goad Western leadership into explicitly connecting the group with Islam.

The strategy here is that such a connection would offend and alienate Muslim communities and assist recruitment to radicalism. Equally, and not incompatibly, exists the possibility that ISIS legitimately views the West's unwillingness through the prism of its belief system: Islam. Failure to identify the true theological motivators is then a sign of weakness and ignorance and—far

from being frustrated by Western political messaging—ISIS identifies it as driven by fear and an alarm at ISIS' growing appeal. It thus becomes validation for ISIS' view that the West represents *al-Jahiliyya* (ignorance prior to receiving Islamic enlightenment), which makes it an excellent rhetorical device to assist recruitment.

That a policy approach of denying or downplaying the link between Islam and Islamic violence has guided Western politics over the past decade is illustrated by a revealing series of interviews with US leadership revealed in an April 2016 piece in *The Atlantic* titled 'The Obama doctrine', where then US President Obama is revealed to be cautious about the social implications of honest discussion around the issue—the implication being that the non-Muslim public cannot be trusted in its reactions to such a debate:

Valerie Jarrett, Obama's closest adviser, told him people were worried that the group would soon take its beheading campaign to the US. 'They're not coming here to chop our heads off', he reassured her. Obama frequently reminds his staff that terrorism takes far fewer lives in America than handguns, car accidents, and falls in bathtubs do. Several years ago, he expressed to me his admiration for Israelis' 'resilience' in the face of constant terrorism, and it is clear that he would like to see resilience replace panic in American society.... Obama modulates his discussion of terrorism for several reasons: he is, by nature, Spockian. And he believes that a misplaced word, or a frightened look, or an ill-considered hyperbolic claim, could tip the country into panic. The sort of panic he worries about most is the type that would manifest itself in anti-Muslim xenophobia or in a challenge to American openness and to the constitutional order.¹³

The article notes that '[Obama's] advisers are fighting a constant rear-guard action to keep Obama from placing terrorism in what he considers its "proper" perspective, out of concern that he will seem insensitive to the fears of the American people'. Obama's leadership in this area does not match the internal views of the Administration, resulting in 'frustration among Obama's advisers', including Secretary of State John Kerry who was forced to walk back comments in the article directly contradicting Obama's more sanguine view.

Obama's comments on the fear of ISIS attacks occurring in the US and the rhetorical device of comparing the threat to domestic accidents are illustrative of the disconnect between policy and the reasonable concerns of wider society (and his close colleagues). Whether one views terrorism as a strategic threat depends on whether toxic ideology is viewed as an existential threat. Answering that question depends on a values proposition. But the asymmetrical and random nature of terrorism, and the debate over what motivates it, lead to confusion. The tendency to explain Islamic action through the prism of motives more comprehensible to a secular mind underlines the cognitive dissonance experienced in Western analysis.

This leads to rhetoric aimed at invalidating rational concerns—evident most famously in Obama's analogy. Yet to compare terrorism to domestic accidents is a logical fallacy—a form of category error used to trivialise such concerns. Saying that more people die from car crashes in the West than from terrorism is a *non sequitur*, akin to saying more people died in the West from car crashes than died from Stalinism. It says nothing about the value in defeating Stalinism as a toxic ideology and says nothing about the strategic, civilisational value in defending Western ideology against military and ideological threats.

Obama's analogy was a category error because it fails to acknowledge the predictability of traffic accidents and that the likely circumstances and locations in which they will happen is also predictable, as opposed to terrorism which erodes confidence and certainty by happening unpredictably in incongruous locations such as nightclubs, workplaces, primary schools and other 'safe spaces'.

It also says nothing of the asymmetric harm: while a car accident involves loss of life and impact on local economies, terrorism undertaken by limited, non-state actors might affect tourist economies or destroy an entire parliament or infrastructure resource. For the population, traffic and bathroom accidents are a comprehensible, socially acceptable risk devoid of the asymmetric harm of terrorism. Such rhetoric—comparing an asymmetric ideological threat to a domestic accident—therefore fails to address the deeper issue of sociological impact. Terrorism impacts confidence, which impacts behaviours and culture, in turn driving policy changes. It forces subtle and not-so-subtle accommodations. It challenges and forces us to modify our values.

This awareness clearly informs policy, despite the public rhetoric. That eradication of terrorism (or at the very least its mitigation) is considered a good policy objective rather than a mere distraction—and regardless of the economies of scale at play between the threats of terrorism and Stalinism—is demonstrated by the significant expenditure made by successive US governments in the military, law enforcement, intelligence agencies and in social cohesion programs intended to address jihadi ideology.¹⁴

The disconnect between political strategic messaging and public perception has been mirrored in other Western nations. It is clear, for example, that French President François Hollande has adopted a strategy that mirrors the Obama doctrine, on various occasions specifically denying that Islamic terrorists were even Muslim.¹⁵ However, Hollande's recent candid revelations to his official biographers have shocked the French public because they drastically contradict his previous public statements. For example:

On the politically toxic subject of immigration, the French president goes on to acknowledge that 'there have been too many arrivals, too much immigration'—and that an aggressive form of Islam constitutes a 'problem' for France.¹⁶

This change in rhetoric might suggest a strategic repositioning, aimed at preventing the flow of votes to extreme right-wing parties. Hollande's course-correction on public messaging might equally be seen as an acknowledgment of public concerns and a setting of the scene for a national debate on Islamic terrorism, Islamic identity and the idea of French national identity more generally. These revelations thus suggest a realisation within the French leadership that attempts to decouple Islam from Islamically-motivated violence are discordant and unconvincing—and have not progressed efforts to arrive at social policy solutions.

It appears likely that Australian policy-makers have arrived at the same conclusion, with Prime Minister Malcolm Turnbull willing to draw the connection in a manner that is nuanced, balanced and less likely to lead to community tensions. In comments in June 2016, preceding the July election, Turnbull warned against attempts to deny the link existed while noting that the problem rests within a minority grouping of Muslims:

Mr Turnbull said he had already made the connection and emphasised his belief it was incorrect to deny a link between terrorism and Islam.

'We should not be so delicate as to say that ISIL and its ilk have got nothing to do with Islam but neither should we tag all Muslims or their religion with responsibility for the crimes of a tiny terrorist minority', he said, 'That is precisely what the extremists want us to do. So, of course, saying it has nothing to do with Islam, that's not right'.

Mr Turnbull indicated he had conveyed this to Islamic leaders at a recent Ramadan *iftar* dinner at Kirribilli House.¹⁷

Turnbull's observations, like Hollande's but made publicly, again provide fresh opportunity for a more open discussion of the connection between Islamic ideology and Islamic violence. They tacitly acknowledge the growing concerns of the Australian electorate and its frustration surrounding the perceived manner in which the discussion has been handled.

Community responsibility

Another obstacle arises in discussion of how much responsibility (if any) Muslim communities should accept for the phenomenon of terrorism. The debate here often is confused between personal responsibility of peaceful Muslims—which of course should be nil—and social responsibility arising from support for an ideology that motivates violence, which arguably requires examination.¹⁸ The difficulty arises in proving that the latter responsibility exists, due to the huge diversity of expressions of Islam and their competing truth claims.

A Sunni Muslim, for example, cannot be responsible for the alleged ideological misdemeanors of a Shia Muslim because the veracity of each sect is in dispute. With multiple expressions claiming legitimacy, no-one is responsible for the misinterpretations of those whose claims may be characterised as divergent or fraudulent. This is why the approach of uncoupling Salafi-jihadism from its origins is counter-productive. The problem is compounded when, for example, Australia's most prominent Muslim leader links terror attacks such as the Paris massacres to temporal causes such that 'all causative factors such as racism, Islamophobia, curtailing freedoms through securitisation, duplicitous foreign policies and military intervention must be comprehensively addressed', but fails to examine or apportion any responsibility to Islamic ideology.¹⁹

While Muslim commentaries in the West deny linkages or decry them as 'demonisation', and as Western intellectuals and politicians engage in what Sam Harris has called a 'pornography of self-doubt', Middle East-based Muslim commentators, though heavily in the minority, have shown some new willingness to engage the public courageously with the truth.²⁰ Three examples should suffice. In a program broadcast on *Rotana Khalijiyya* on 3 April 2016, Saudi TV host Nadine Al Budair noted that whenever there is a terrorist attack, 'smart alecks and hypocrites' in the Muslim world vie to claim that the attack has nothing to do with Islam and the perpetrators do not represent Muslims.²¹

Al Budair asserted that '[w]e witness people competing in an attempt to be the first to prove that everything that is happening has nothing to do with the Muslims, and that the terrorists are highway robbers and homeless alcoholics and drug addicts', before pointing out that Europe has many more non-Muslim drug addicts and homeless people who pose no threat of terrorist violence. In order to address the issue, she argues that '[w]e must admit that they are present everywhere, that their nationality is Arab and that they adhere to the religion of Islam'. In another example, on 22 March 2016, Egyptian TV personality Amr Diab underscores the hypocrisy of blaming the violence of Muslims on the West instead of analysing the ideology, saying:

Should I quote from early history? It was Muslims who killed Hussein.... [T]hree of the righteous caliphs were killed while praying! Did Belgium kill them or did England? Or maybe it was done by the CIA?²²

Finally, in a speech delivered on 22 May 2016, Egyptian intellectual Sayyed Al Qemani mocked Western figures including Ban Ki Moon and François Hollande, who have become 'self-appointed experts' on Islam by denying the linkage between the ideology and the atrocities experienced in France and elsewhere.²³ In doing so, Al Qemani sarcastically quips that they follow the example of Islamic scholars who also make such denials in contradistinction to the actual example set by the life of the Prophet Mohammad, saying that '[i]f

you compare the views of the various Islamic groups on what true Islam is, you will find that the Prophet Mohammed was the only one who did not know true Islam'. Al Qemani provides a stark warning regarding denying the risk posed by anti-contextual doctrinaire Islam:

Any Muslim who thinks that his religion is suited to all times and places is a terrorist by definition. All scorpions sting. But some scorpions have actually killed someone, while other scorpions have not killed anyone yet. The only difference between them is that the latter have not had the opportunity to kill. They have not had the chance to perform the best act that brings you closest to Allah. The best act in Islam is to storm into the enemy's midst. The best act that brings you closest to Allah is the duty of jihad.

Although these examples are recent, they echo commentary made by other Arab intellectuals and political figures extending into the last decade, including the Saudi writer Ibrahim Al Buleihi,²⁴ Professor Abd Al-Hamid Al Ansari, former Dean of Islamic Law at Qatar University,²⁵ Kuwaiti political scientist Nasser Al Dashti,²⁶ the Shia Iraqi politician Ayad Jamal Al Din/Deen,²⁷ Parisian community leader Ghaleb Bencheikh,²⁸ Kuwaiti author Ibtihal Al-Khatib,²⁹ the Syrian poet Adonis,³⁰ and others. Together, they show a deeper level of historical and textual understanding, honesty and courage than is often seen in Muslim communities in the West, where Muslim leadership is perceived as avoiding the issue or appears to lack the language and public relations skills to communicate more effectively.³¹

Part 2: Analysis

Addressing the issue of Salafi-jihadi violence entails an intellectual confrontation between the modern ideology of Western liberalism and a religious ideology that is almost uniquely resilient to reform.³² Western policy-makers are ill-equipped to navigate the deep currents of a belief system of which most have little historical and theological knowledge. Increasingly they have adopted an aspirational strategy that seeks to sell a laudable but ahistorical progressive interpretation of Islam as representative of all Muslim communities. In order to confront the real problem, and to understand the approach that will be presented here, policy-makers need to acknowledge several fundamental concepts relevant to Islam and its predominating effect on Muslims.

- **Islam's source is immutable.** While expressions of Islam are diverse, the core source of Islam (the Quran) is immutable. This means that the centrality of Prophet Mohammad's example (contained within the *Hadith*) is fixed by the Quran and cannot be challenged (Quran; 33:21: 'You have indeed in the messenger of God an excellent example for the one who longs for God and the last day, and remembers God abundantly'.³³).

- **Mohammad's example can be problematic when removed from its historical context.** While the authenticity of Prophetic traditions (the *ahadith*) has been challenged over time, there is now a substantial longstanding canon of authenticated *ahadith* that is fixed.³⁴ For Sunni Muslims (and Salafi-jihadists), the key sources are *Sahih Al Bukhari* and *Sahih Al Muslim*. These sources contain examples of behaviour that are pious, tolerant and peaceful—alongside examples that are warlike and intolerant and antithetical to Western liberal concepts. All such authenticated examples are equally valid, and thus problematic if applied outside of historical context.³⁵ That means, for example, that such ISIS atrocities as brutal punishments and executions of captives and dividing up women as spoils of war (sex slaves) may have valid precedent (as asserted by jihadists) on the basis of doctrinal sources [Quran 5:33, 5:24], supported by scholarly exegesis.³⁶
- **Belief informs action.** Devout Muslims undertake actions in the temporal world informed on the basis of spiritual belief, modelled on the ideal behaviour of the Prophet Mohammad. Because this is such a controversial assertion, and pivotal to the policy approach, it will be explored in more detail below.
- **Belief systems are hard-wired in early childhood development.** There is extensive research showing that the development of prejudices is shaped in childhood, from liberalism through to racism. Ideology develops in the home and in the heavily managed community engagements experienced by children. Islam is an ideology like any other, that is shaped by early experience—whether by explicit instruction or by passive reception through environmental circumstances. Islam itself acknowledges this fact in an authenticated *hadith* stating that parents determine the religious ideology of their children.³⁷ This aspect will also be discussed in more detail in the following section.
- **More research is required to understand Islam's impact on childhood development.** While substantial research exists on the development of racist or prejudicial behaviour in 'white' children, there is comparatively little research mapping the childhood development of anti-social prejudice within Muslim communities. Studies of this kind, especially if undertaken by Muslim scholars, would be useful in encouraging and shaping Muslim community approaches to minimising inculcation of elements of Islam that inhibit integration in Western society. Again, this element will be examined in more detail below.

Belief informs action

In contrast to ISIS and its supporters, some academics, experts and politicians continue to seek explanations for Islamically-motivated violence in environmental and circumstantial factors such as poverty, dispossession and lack of opportunity.³⁸ Marc Sageman, by contrast, has challenged the conventional view that a cocktail of temporal factors, psychopathology and religious indoctrination in adulthood are key factors in radicalisation, focusing his thesis on bonds developed in social networks.³⁹ Thus religious ideology is not entirely discounted by Sageman and other researchers. As Sageman has more recently noted, '[t]here is no doubt that ideology, including global neo-jihadi ideology, is an important part of any explanation in the turn to political violence, but we still don't understand how'.⁴⁰

The author takes the view that the full combination of temporal factors contributes to decisions to act with violence but that—in the case of Salafi-jihadism—those factors are interpreted through the prism of religious ideology. One might note that comparative analysis of the same factors existing for other religions co-located with Muslim groups in identical circumstances does not produce similar violent responses, whether regionally or within diaspora populations. No Christian Arab suicide terrorists have emerged from Lebanon, Syria or Iraq in recent decades, despite sharing linguistic, cultural and economic circumstances—and often ethnicity.⁴¹ In Iraq, Christian Arab minorities have endured sustained abuses and humiliations at the hands of their cohabitants but without provoking an extreme retaliation.

In efforts to minimise the role of religion, Islamically-motivated suicide terrorism is often compared with the suicide terrorism undertaken by Liberation Tigers of Tamil Elam (LTTE) operatives. What becomes clear however is that the LTTE case parallels the role of religion in Islamically-motivated suicide bombings because of the cult-like charismatic leadership of LTTE leader Vellupillai Prabhakaran. What is also less well known is that LTTE did not undertake suicide operations until after its contact with Hezbollah—a Shia Islamic organisation that has used the same methodology.⁴²

The fact that organisations using suicide tactics are overwhelmingly Islamic or of Muslim cultural origin (in the minority cases of PKK [Kurdistan Workers' Party] and a few others) is stark when researching credible databases.⁴³ A process of elimination suggests Islam as the prevailing influence yet, despite the weight of evidence, Islam remains the factor to be avoided, denied or defended when discussing the phenomenon. As Mary Habeck notes:

The consistent need to find explanations other than religious ones for the attacks says, in fact, more about the West than it does about the jihadis. Western scholars have generally failed to take religion seriously. Secularists, whether liberals or socialists, grant true explanatory power to political, social, or economic factors but discount the plain sense of religious statements made by the jihadis themselves. To see why jihadis declared war on the United States and tried to kill as many Americans as possible, we must be willing to listen to their own explanations. To do otherwise is to impose a Western interpretation on the extremists, in effect to listen to ourselves rather than to them.⁴⁴

There is understandable resistance to the possibility that Islamic belief might be the key source of Islamically-motivated violence because the threat then becomes insurmountable as the problem of determining the distinction between quietest piousness and dangerous radicalism becomes abstract. In other words, the gradations of ideological belief can be infinitesimally small at the conservative end such that identifying the internalised point at which someone traverses from purist conservative to political radical to activated violent extremist becomes indeterminate.

In the absence of mind-reading or the frank admission of Muslims, knowing when someone crosses over is a matter of entirely subjective assessment, whose accuracy can only ever be judged retrospectively after an act of terror is undertaken. Rationalisation of causes of violent jihad based on temporal factors thus becomes attractive because—for practical policy purposes—the implications to be drawn in connecting Islam to Islamic violence are too depressing to contemplate.

But belief does inform action. Religious belief is no different to any other set of values that delineate right and wrong action: whether liberalism or conservatism, racism or libertarianism, communism or fascism. Like any ideology, religion structures and explains a shared reality. It centres the individual within a community of belief and provides reassurance. Scott Gibbs and others describe religious belief as a means of coping with the anxiety experienced in confronting the unanswerable question of meaning.⁴⁵ Religious doctrine and practice are a neurotic defence essential to cope with such existential angst. Religion, according to Gibbs, is 'the avoidance of self-affirmation in an attempt to avoid the anxiety of the disintegration of the psychic self' and is essential to development, depending on the individual's circumstances, because it provides 'self-affirmation, particularly psychic self-preservation, through participation in the philosophy, structure, and authority of the group'.

As is well known, Islam's essential message is submission to the will of Allah, who is the supreme legislator of the cosmos [Quran 12:40].⁴⁶ The word 'Islam' is the verbal noun (*masdar*) which translates as 'submission'. Islamic-naming conventions are linked to the names of God and submission to the

religion, so that 'Abdullah' means slave (or servant in modern usage) of God, 'Abdulrahman' means slave of the merciful God, 'Abdul Wahid' means slave of the one God, and so on. The covenant of submission in Islam is *salvific*—in sacrificing independence of will, Muslims obtain meaning as creations of a divine being who orders the universe, with the promise of ascending to an immortal, idealised afterlife. Certitude in this belief must be maintained, even in the face of challenges increasingly thrown up by modern technological advances and the historical ascendancy of non-Muslim societies. As Gibbs notes:

This sacrifice seems to accurately depict the choices made by violent, extremist Muslims and more than likely those made by the vast majority of conservative and neo-traditional Muslims, particularly those living by a strict, prescribed code of conduct as outlined in the *Qur'an* and Islamic law. Both groups are at risk of doubt. The former attempts to extinguish it through violence; the latter attempts to deny its existence, often by attempting to silence or discredit the source of doubt.

Other psychological studies support the view that social responsibilities and values derived from shared religious beliefs are a stronger driver in violent behaviours than political factors or economic deprivations.⁴⁷ Scott Atran, for example, notes that:

Those who believe suicide terrorism can be explained by a single political root cause, such as the presence of foreign military forces or the absence of democracy, ignore psychological motivations, including religious inspirations, which can trump rational self-interest to produce horrific or heroic behavior in ordinary people.⁴⁸

The question is why Western political examination of Islamic violence treats the ideology of Islam as an exception—as an ideology disconnected from real world consequences. The means to break down this cognitive bias is to increase awareness of social science research that underlines the crucial role that religion plays in bonding communities together under an identity underpinned by moral values and concomitant defences and expiatory measures. Recent research, for example, argues that religious belief more generally arises as a result of selection pressures in which evolutionary success flows from membership of a larger, ideologically cohesive group in which 'interlocking systems' of morality are expressed through shared ritual that suppresses selfishness and 'play a part in encouraging social cooperation', which:

[F]its well with McCulloch and Willoughby's (2009) self-regulation theory, in that the religious exercise of the 'self-control muscle' is usually done socially, via group rituals and practices; even prayer done in isolation can be seen as a continuation of this exercise, suppressing selfishness by continually keeping the moral community and its shared values in mind.⁴⁹

Other research focused on Muslim communities in Europe suggests that Muslim religious identity is a 'significant negative predictor' of (host) national identification for immigrant communities, with the independent effect of ethnic

identity found to be 'not significant' and that 'for the great majority of Muslims, Muslim identity was a given ... [and that] not being, or being somewhat of, a Muslim was not a real option'.⁵⁰ The authors further contend that:

Dutch disidentification was higher among participants that were more strongly involved in actions and practices that directly implicate Muslim identity and among participants that more strongly endorsed Muslim political organization. This suggest that it is no so much identity importance but rather the content and meaning of Muslim identity that makes Muslim and national identity more incompatible.⁵¹

This research suggests that religious faith binds communities and defines in-group and out-group identification, and that plurality and tolerance of external societies may be negatively impacted by the degree of religious conviction experienced within the in-group. Since this is a significant predictor of group behaviour among adults, it stands to reason that examination of the in-group formation of such identity should be a priority, connected to the existing predisposition toward examination of external factors.⁵²

Islam's lessons for developing minds

Social scientists are well aware of the impact that environment plays in shaping ideologies (including harmful ones such as racism) in early to middle childhood.⁵³ Research shows that such ideology is fixed and difficult to correct after the crucial period of cognitive development, though modified according to perceived norms and freedoms of expression.⁵⁴ Thus older children and adolescents become adept at concealing aspects of ideology on the basis of their rapid assessments of whether its reception would be well received or otherwise. They conceal their actual beliefs in circumstances that are less accepting but, nonetheless, those beliefs remain and are the prism through which their cultural identity and values are shaped. Such studies show that belief is a real issue that impacts society, that it can be measured through some agreed metrics and suggest that it can be shaped consciously and subliminally.

As cited, many of these studies focus on understanding negative ideologies fixed in childhood, transmitted through modelling of the parents' beliefs and those of their close community. There is a heavy weighting of research in the area in the formation of racist ideology in 'white' families, its impact on non-white identity groups, and advancing pedagogical approaches to addressing the issue. In recent years, much study has focused on the related issue of prejudice against Muslims—how it forms and spreads, and its impact on Muslim opportunity and acceptance of Muslims by non-Muslims.⁵⁵ By contrast, there is no comparable body of research investigating the experiences of prejudice in the home and local community that shape young Muslim minds and that may make some individuals more sympathetic and vulnerable to extreme expressions of Islam later in life.

Thinking about Islam this way—as hard-wired belief—is anathema to Western thinkers due to a post-Saidian caution surrounding Western cultural and historical examination of non-Western societies, and the tendency to reject the idea that religious beliefs rather than temporal factors inform mundane social actions, let alone being central to violent radicalisation.⁵⁶ It is also anathema to Muslims because it requires an acceptance that Islam contains some negative aspects if applied outside historical context (and thus that it is no different in this regard to Judaism and Christianity). In contrast to social science research on the development of racist ideology in childhood, which is well accepted socially, the idea that religious belief shapes action—especially negative action—remains taboo (as discussed in the earlier paper). Addressing resistance to the idea that belief counts is key to implementing a policy solution.

While most (but not all) Muslims may initially be resistant to the idea that Islam's message is binary, they may nonetheless be receptive to the idea that their messaging in the home environment shapes younger minds. Muslims will be aware that there are many specific Quranic and *hadith* injunctions that support a segregated view of the world by Muslims (see for example Quran 5:51).⁵⁷ Any non-Muslim speaker of Arabic who has worked closely with Arab Muslims—and developed real friendships with them—knows that Islamic society displays conscious and unconscious prejudice against non-Muslims. It is a ubiquitous fact of Arab media and a frequent experience in everyday verbal interaction for non-Muslims to be identified as *kafir* or *kuffaar* (plural). This is an element of ordering Islamic society, key to determining who is part of the in-group and who is in the out-group.⁵⁸

In my own experience, *kafir* and *kuffaar* have been used as a term of theological art—in discussions with religious scholars and also, ironically and jokingly, by friends and colleagues. My own anecdotal discussions with Muslim men and women exploring the casual use of such terminology in the home suggest that it is common. One colleague confided they often had to chastise their spouse because of concern the use of such terms might influence prejudices in their children. It is the case in my own experience of living near mosques in the Gulf and the Levant over a decade that the terms are used during almost every *khutba* (sermon) delivered at *jumaa'* (Friday) prayers—often with great enmity in sermons that starkly warn about injustices and infidelities of the non-Muslim out-group.

Even used in everyday conversation by adult Muslims, whether ironic or unconsciously, it is a term that divides the world and that subliminally may impact childhood development. For most Muslims, it comes with years of socialisation and pedagogical reinforcement in Arabic schoolbooks and religious instructions that set a valence between God's chosen people and

those who remain in ignorance or reject Islam. For those who are better informed, it also resonates with the legal classification and conditions established historically (by Muhammad's example) for those non-Muslims who live in sacralised humiliation under Muslim rule. This is made explicit in the Quran [9:29] in a passage dealing with payment of the *jizya*, a tax levied on subjugated non-Muslims who wish to live under Muslim rule.⁵⁹ As the Iraqi Shia politician (and proponent of secularisation in the Middle East) Ayad Jamal Al Din has noted in arguing for the separation of religion from politics and governance:

Under the rule of Islam, there is no equality among people. Absolutely not. A Muslim is not like a *dhimmi* [a Jew or Christian living under Muslim rule]. The term *dhimmi* embodies a great deal of scorn and contempt. It is as if the Christian is saying: 'I am under your protection, under your thumb'. This is what it means.⁶⁰

This inculcation is arguably a factor complicating the difficulties in integration experienced by some Muslim migrants to the West. It is by now a clichéd and non-controversial observation that some young Muslims may experience a dissonance as a result of the pressure between traditional cultural expectations and the competing influences and attractions of their adopted societies. The othering of non-Muslim society in the doctrinal sources and within community narratives must be of relevance here. Regardless of the differing syncretic factors evident within the diverse expressions of Islam, the shared and immutable doctrinal sources are intrinsic to Muslim cultural identity.⁶¹

Thus, Muslims raised on the cultural superiority of Islam are likely to be confronted by an inverted world order characterised by the technological and military strategic power of Western civilisation and by the perceived humiliation of Muslims. This is an existential challenge that has been well-observed by numerous commentators. David Cook, in one such example, writes, '[b]y the 1920s, the only areas of the Muslim world not directly or indirectly controlled by Europeans were those that no one wanted.... For Muslims, all of this was a major shock'.⁶² The decline of Muslim power in the Middle East thus became a factor that fuelled radical narratives in the 20th century and to the present day—as surveyed in the earlier paper by the author.⁶³ Any rational consideration must therefore be that this conscious and unconscious ordering of the world must also have a prejudicial effect on early development within Muslim societies, and plays a role in the alienation of communities displaced within the West.

The tragedy is that no significant exploration has been undertaken into unhelpful prejudice-formation within Muslim families and societies, hence the digression here into personal anecdote. Structured social research into how this messaging occurs socially would be useful in encouraging Muslims to examine their possible role in shaping younger minds, which will be addressed in Part 3.

The problem of context

Salafi-jihadism is merely a modern designator. A focus solely on Salafi-jihadism (or even its related manifestation within political Salafism) reflects an effort to compartment the problem and recast it as separate from an idealised 'mainstream' concept of Islam. A more useful approach is to refer to any uncompromising, anti-contextual ancestralism as presenting a potential threat profile in Islamic societies.

Self-doubt is not a defining characteristic of Islam.⁶⁴ Unlike Christianity, in particular, Islam has managed to absorb the rapid arrival of technological and intellectual developments without experiencing significant existential doubt. Rather than threatening the privileged place Islam has as the prism through which the world is understood, such advances are quickly subsumed within the context of the divine narrative, redefined in subservience to the superiority of the Islamic world-view.

These challenges of course have arrived externally and rapidly and have not evolved within Islamic society itself, as they did over a long process in the West where they had time to pervade and reshape cultural perspectives, building on the enlightenment and the shift towards rational secularism. Instead, Islamic scholars absorb such developments into Islam's core truth claims. Thus we see, for example, a Saudi Muslim scholar, Abdurahman al Sheha, make the claim that the Quran predicted scientific developments even on the sub-atomic scale.⁶⁵ This is easily done because the key source of Islam has a mechanism allowing Muslims to accommodate developments within Islam's ability to predict all possible eventualities.⁶⁶ A standard example of this can be seen in an article by the very popular Saudi scholar Salman al-Oadah, who cites many Quranic references to Allah as the all-knowing creator with knowledge of all that is seen and unseen:

For instance: 'Knower of the unseen and the seen' [Sūrah al-An`ām: 73] and 'Knower of the unseen, from whom not an atom's weight is hidden' [Sūrah Saba': 3].

Allah's knowledge is complete and perfect. It comprehends the past, present and future and always corresponds to reality. Allah says: 'Does He not know what He has created, and He is the Most Kind, the All-Aware' [Sūrah al-Mulk: 14].

Allah's knowledge is neither acquired through learning nor preceded by ignorance. Allah's knowledge compasses all things, as does His mercy and wisdom. Nothing in the heavens or on Earth escapes His notice. Allah says: 'There falls not a leaf but He knows it, nor a grain in the darkness of the Earth, nor anything green nor withered but it is all in a clear book' [Sūrah al-An`ām: 59].⁶⁷

The fact that the Quran has ambiguous passages that can be interpreted widely—often assisted by obscure or long-forgotten lexical meanings—also

assists in the flexibility of such exegesis.⁶⁸ Indeed, many Muslims believe that the Quran can only be understood in Arabic because that was the language chosen by God for its transmission.⁶⁹ This combination of actual and claimed opacity of meaning married to an ideology designed to easily adapt new developments as being predictable within the theological world-view creates a major difficulty in addressing Islamically-motivated violence. It means that Islam can place external challenges into its own context but not the reverse. For ancestralists, Islam dismisses the idea that different contexts exist at all. There is no difference between the life and times of the Prophet Mohammad and modern ages. There is only one context: the world created by God.

If the Quran and the *Hadeeth* (and medieval Muslim exegesis) exist as repositories for an ideology of militant expansionism, containing elements of anachronistic cultural misogyny and prejudice, then anti-contextual ancestralism is the pathway to actualisation of that ideology.⁷⁰ While there is absolutely no doubt Islamic religious sources contain peaceful messages adaptable to a modern context, equally there is no doubt the same texts—shared across sects—contain exhortations to behaviours problematic for Western liberal freedom.

This is not to say the same problems have not existed in other religions such as Christianity and Judaism.⁷¹ But in most cases, those issues have been pushed from the public square as a result of developments in science and critical reasoning—and especially through efforts (willingly or otherwise) to place them within their proper historical context. Equally, it could be inferred the success of most Muslim communities in adapting to or even embracing Western life is on the basis of successful contextualisation. Adoption of a more flexible approach to belief entails accommodation of contextual compromises. The problem remains that the Quran exists as the received word of God—verbatim and unchangeable. So even for the peaceful majority of Muslims, the text is not open to revision. If the text is not open to variation or negotiation, it then follows that the pragmatic starting point in countering negative ideology is to draw on the positive aspects available within the source material.

Part 3: Theological solutions and new social research

Noting that Islam is an ideology—a set of beliefs—no different to any other in its reception and inculcation during early childhood development, the answer lies in working selectively with the theological source material. With the awareness of the fact of the malleability of young minds and the ossification and fixing or hardwiring of such beliefs as humans develop to the point that it is extremely difficult to address in later life, policy-makers and Muslim communities should

influence development positively through control of environmental messaging (including conscious and subliminal signalling).

Young Muslims should receive knowledge of the source material in a phased and highly selective manner, building resilience by setting and reinforcing preferences for positive behaviour modelled on the best examples from Islamic source material, and unimpeded by contact (until unavoidable) with elements less compatible with a diverse, liberal society. This would build resilience in young minds and provide biases to increase their chances of resisting Islamic demagogues in later life.

This policy paper presents two complementary initiatives that would assist Muslim communities, working with authorities, to cultivate Muslim ideals that are compatible with liberalism.

- **Development of a *Hadith*-based early-learning program** to be delivered in primary schools that inculcates awareness of the Prophet Mohammad's most tolerant examples, including his resilience in the face of criticisms and challenges to his beliefs. This program would be aimed at increasing resilience in young Muslims as they mature into the high-risk period of adolescence—hard-wiring cultural views and providing the conceptual and rhetorical tools to resist indoctrination when confronted with counter-factuals derived from the Prophetic traditions.

The aim would also be to identify cultural values that align with non-Muslim values in order to encourage and ease Muslims towards an Australian identity, promoting integration and assimilation. The objective would be to present Muslim cultural identity as compatible with Australian identity. The central component in this policy is the creation of a *hadith* guide for teachers and community leaders. The essay will discuss two similar documents that could be drawn on to visualise the approach. Those documents are aimed at adult audiences, whereas the approach advocated here is aimed at primary-school children.

- **Establishment of social research grants** aimed at understanding the shaping of prejudicial views in early development in Muslim families. While, as discussed in Part 2 above, there are extensive academic studies of racist and prejudicial domestic attitudes shaping the development and later behavioural disposition of white children as they mature into adulthood (and the impact on non-white ethnic communities), comparable research is rare with regard to the shaping of prejudices within Muslim communities. These studies would have to be undertaken by Muslim social-scientists—ideally working with non-Muslim peers—in order to provide credibility that

would make them persuasive in encouraging self-examination by Muslim communities of their role in counter-radicalisation.

The above inter-related policy approach is based on an understanding that early shaping is likely to be more successful than later intervention, the standard approach adopted by governments. Later intervention is complicated and resource intensive, and primarily left (in an ad hoc and reactive sense) to over-stretched law enforcement and security agencies. The potential return of hundreds of unreconstructed and combat-experienced terrorists from Syria and Iraq is a concern to authorities because the task of monitoring them all, let alone de-radicalising them, is impossible. Far better to provide means of inoculating young Muslim minds against negative ideology before it has a chance to take hold.

What is meant by 'a *hadith* guide for early childhood education'

While Part 2 has argued the need for social research to better understand how ideological vulnerabilities might occur in childhood, it is important to flesh out what is meant by the *hadith* guide proposal.

The interconnected policy proposal is focused on educational programs for childhood development, linked to social research, and aimed at hard-wiring a tolerant pluralistic form of Islam and building social skills and resilience. While Islam (like many other religions) contains passages that reflect military solutions, violence, prejudice and retributive justice, the aim would be to avoid or limit exposure to these elements until much later. The material should ideally be drawn from the two key sources that form the basis of Sunni adherence: the Quran and the *ahadith*. Inclusion of materials from medieval scholarly exegesis should be avoided because the breadth of opinions and contradictory views would be too complicated for the target group. In order to demonstrate the types of material that should be drawn on in designing class materials, some examples are provided below.

The Quran celebrates the rich diversity of the universe as evidence of the immanence of God in all things, for 'among His Signs is the creation of the heavens and the earth, and the difference of your languages and colours' [30:22].⁷² This rich diversity in the temporal world is part of God's plan for humankind, a fact that we are told must be acknowledged and respected by believers for, as the text reveals, '[v]erily in that are indeed signs for men of sound knowledge' [30:22]. The meaning here is that to be a true believer, you must acknowledge the rightness of all things to exist.

The Quran thus encourages an awareness of the diversity of human kind, instructing that God 'made you into nations and tribes that you may know one another' [49:12].⁷³ This is further underlined by the revelation of Muhammad's central role in salvation for all living things, for He is advised, '[w]e sent you (O Muhammad) not but as a mercy for the 'Ālamīn [mankind, *jinn* and all that exists]' [21:107].⁷⁴ Contained within this message is an explicit acknowledgment of the diversity of expressions of belief and, importantly, that it is not for Muslims to judge the rightness of one expression over another:

We have established rites for every community to observe, so do not let them draw you into dispute about the matter, but appeal to God, for you are certainly following guidance that is sound. If they argue with you, then say, 'God knows best what you are doing'. God will judge among you, on the Day of Resurrection, regarding what you differed on [22:67-69].

This verse is an explicit appeal to a reasoned, non-violent reaction when confronted with such diversity—thus in opposition to the concept of *takfir* (declaring a person to be an apostate). Each person is to worship according to his or her practice, without concerning himself or herself with the modes of others: judgment is for God alone in the next world.

Moving to the examples from the *ahadith*, it is possible to draw a very human picture of the Prophet Muhammad, useful in creating a positive role model for developing minds. In one famous tradition, we see the Prophet's compassionate rejection of divine retributive violence in favour of allowing those who rejected Islam to arrive at the truth in good time:

[Mohammad] said: '[...] the hardest treatment I met from them was what I received from them on the day of `Aqaba. I betook myself to Ibn `Abd Yalil b. `Abd Kulal with the purpose of inviting him to Islam, but he did not respond to me as I desired. So I departed with signs of (deep) distress on my face'.... The angel in charge of the mountains (then) called out to me, greeted me and said: 'Muhammad, God has listened to what thy people have said to thee. I am the angel in charge of the mountains, and thy Lord has sent me to thee so that thou mayest order me what thou wishest. If thou wishest that I should bring together the two mountains that stand opposite to each other at the extremities of Mecca to crush them in between, (I would do that)'. But [Mohammad] said to him: 'I rather hope that God will produce from their descendants such persons as will worship Allah, the One, and will not ascribe partners to Him'.⁷⁵

This is an example of *ahadith* used in counselling adults but equally contains a richly narrated tradition with supernatural imagery appealing to young children, with symbolic lessons on resilience they could easily map against their own childhood tribulations.⁷⁶

In another tradition, we see the Prophet Mohammad deliver a lesson on commonsense and the separation of spiritual and temporal affairs that echoes the Christian advice to 'render unto Caesar what is Caesar's':

Rafi' b. Khadij reported that Allah's Messenger came to Medina and the people had been grafting the trees. He said: 'What are you doing'? They said: 'We are grafting them', whereupon he said: 'It may perhaps be good for you if you do not do that', so they abandoned this practice (and the date-palms) began to yield less fruit. They made a mention of it (to the Holy Prophet), whereupon he said: 'I am a human being, so when I command you about a thing pertaining to religion, do accept it, and when I command you about a thing out of my personal opinion, keep it in mind that I am a human being'.⁷⁷

The *ahadith* contain many similar examples that deliver significant wisdoms in a simple narrative that would be comprehensible to younger minds. These include general humanistic lessons such as Muhammad's admonition to his followers to stand in respectful observance of the funeral procession of a Jewish citizen; 'When he was told that it was the coffin of a Jew, he said, 'is it not a living being (soul)'?⁷⁸ They also include very specific guidance on Islamic concepts such as jihad:

Narrated `Abdullah bin `Amr: 'A man came to the Prophet asking his permission to take part in Jihad. The Prophet asked him, "Are your parents alive"? He replied in the affirmative. The Prophet said to him, "Then exert yourself in their service"⁷⁹

As these examples show, the core theological texts of Islam provide a rich resource to be drawn on in shaping impressionable minds. The policy solution then requires a pragmatic and discriminating selection of source material to shape ideological behaviours and to develop resilience based on acceptance (by policy-makers) of the centrality of the *ahadith* in Islamic ideology. The examples of the Prophet Muhammad are the guiding principles for Islamic belief, shaping interpretation of worldly events, whether mundane or of strategic significance, and setting behaviours in managing such events.⁸⁰ They are a critical tool in cognitive development in Muslim communities. It is undoubtedly the case that the majority of Muslim parents draw extensively on these positive examples in raising their children, a fact supported anecdotally in my own interactions with Muslim friends and colleagues.

The approach here is different because it seeks to limit exposure to the full breadth of alternative examples contained in the *hadith* until an appropriate maturity is reached. (It also seeks greater awareness, engagement and control among Muslim parents regarding the exposure that their children may get to non-positive examples as a result of religious education and social interaction occurring outside the home). At this point, the charge may be levied that this approach involves 'cherry picking' of doctrinal material, and that this essay and the one that preceded have criticised policy-makers for the same approach when used to uncouple jihadist violence from Islam. The difference here is twofold. First, the approach proposed honestly admits to the strategy employed. Second, and importantly, the intention is not to obscure influences contained within Islamic ideology that might impede social engagement but

to delay their reception until the point at which developing minds are better able to contextualise them on the basis of a positive, engaged and tolerant Islamic identity.

The aim, then, is to build resilience. This is a developmental issue affecting young people generally but it becomes acute when a sub-group whose religious group identity is centrally important to cultural cohesion interacts with a secular supra-majority. Ideological acculturation provided in childhood provides a narrative filter of obligations and social expectations that influences the way adolescents and adults interpret their successes and failures, and guides choices in reacting to them. In the case of young Muslims in conservative families, they become products of a narrative of spiritual superiority and mandated cultural separateness that plays on the promised restitution of Islamic civilisational glory leading to salvation.

But Australian society makes no accommodations for young men of no accomplishment. The absence of achievement or progress in young lives—married to a cultural expectation of respect on the basis of identification as a Muslim—can leave self-entitled young men vulnerable to recruitment by ideologues because it makes them psychologically brittle in the face of Western society's disinterest in their belief system. In a secular society, there are no prizes for religious identity. Thus, a closer focus on shaping resilience in earlier years may increase the chances that young people will be able to contextualise their failures, cope with them positively and make the right decisions.

Proof of concept: similar examples targeted at countering radicalisation in adults

Despite debate over the role religion may or may not play in driving violent jihad, some efforts have been made to counter violent extremism on the basis of theological sources. These materials, while aimed at adult audiences, provide a useful starting point in the development of curricula for a younger audience. Two notable examples are explored below, including identification of their strengths and weaknesses with regard to the current policy proposal.

Hannah Stuart and Rashad Ali's *A guide to refuting jihadism: critiquing radical Islamist claims to theological authenticity* refutes jihadist convictions that their violent ideology is supported within the schools of Sunni jurisprudence, using citation of core texts and the exegesis of scholars.⁸¹ This guide—the first in English—has policy value in delineating possible counter-arguments to Salafi-jihadist ideology.⁸² For example, the manual provides succinct arguments and jurisprudential citations supporting the concept that respect for the laws of an adopted homeland and loyalty to that country flow from the examples

of Muslim observation of treaties (such as the Treaty of Hudaibiyyah). This incorporates jurisprudential examples across the major schools of Sunni jurisprudence, including interpretations by Hanbalist scholars, the school most closely aligned to Salafism. The manual thus forms an excellent basis in presenting persuasive counter-narratives to vulnerable Muslims.

The manual's practical application is not without problems. As the authors note, '[t]he existence of traditional legal opinion which differs from that of modern jihadists contradicts their claims to theological authenticity and, more significantly, exclusive truth'. The second assertion is correct—the multiple interpretations of Islam (and other religions) show the diversity of human truth claims around spiritual belief. I would disagree, however, with the first assertion, which the authors later recast when they summarise their report to have shown 'the aims and methods of jihadist groups as well as the support they receive from some conservative Sunni and Islamist scholars is antithetical to the normative values displayed within classical Sunni jurisprudence'.⁸³

Asserting a normative Islam that trumps Salafi-jihadism is problematic since Salafists draw on primary theological material that predates later jurisprudential sources. The Salafist creed's approach to monotheism which involves a rejection of later heretical accretions is both a valid interpretation of Islamic doctrine (as valid certainly as any other drawing on a strict interpretation focused solely on the example displayed by the authors of the core religious materials) and thus it both necessitates and validates a rejection of later interpretations that do not align. By 'normative', we take the authors to mean a 'good' Islam as opposed to a 'bad' Islam.

Disaggregating the various competing sectarian claims of provenance over the former may be problematic but we agree with the objective suggested by the approach—that theological arguments can be made to define a 'better' approach to Islam as aligned with liberal values, or at the very least distanced from the nihilistic, anti-civilisational aspects of Salafi-jihadism. The key approach to success with such a guide would involve intervention prior to or at the earliest point of indoctrination, well before the subject had amassed sufficient knowledge of Salafi-jihadi doctrine to develop intellectual arguments sufficient to discredit the evidences provided in the manual.

The issue of the inverse relationship of the timing of interventions being impacted by Islamic knowledge of the subject raises another risk associated with manuals of this nature.⁸⁴ At the time of publication, the manual received limited criticism from commentators but with one writer noting the key problem of the contradictory nature of Islamic theological source material: for every example that shows Islam as a model for tolerance and plurality, there arguably

can be found an equally valid source supporting illiberalism and the violent propagation of the religion. Such criticism is Christian-polemical in nature and thus has its own unhelpful biases but is nonetheless valid.

For example, the commentator notes Stuart and Ali's citation of al-Ghazali's (1058-1111) proscription against killing women and children as contradicted by another al-Ghazali passage that allows collateral harm when using siege engines.⁸⁵ Historians of Islam and indeed Muslim scholars and commentators have acknowledged the ideological difficulties presented by the two key phases of Mohammad's political life—reflected in the change in approach between the Meccan and the Medinan phases.⁸⁶ The former phase presents a peaceful, negotiated approach to proselytisation, while the latter sees the commencement of the Islamic conquests. This change in approach has been noted by earlier scholars, such as Ibn Taymiyya,⁸⁷ as well as by modern commentators. For example, the Iraqi Shia politician Ayad Jamal al-Din notes that confusion in Islamic motivations arises from the contradictory examples established between the phases:

The Prophet Muhammad lived in Mecca 13 years, as a herald and a warner. He had no police force, no army, and no money. In Al-Madina, he lived for 10 years, as a herald and a warner, but he also had military power, and [political] authority.... The first negative phenomenon of the ideological state—even under the rule of the Prophet Muhammad himself—is that it produces people with a split personality. Hypocrisy is a reaction not to religion but to the ideological state—even if this ideological state is ruled by the Prophet Muhammad himself, not to mention when it is ruled by others.⁸⁸

Thus, the theological sources are contradictory—and that contradiction is further complicated by the chronological order of the revelations in the Quran. Passages that may support tolerance and pluralism may be abrogated by incompatible messaging revealed at a later time. This highlights the need to minimise childhood exposure to the latter revelations until younger Muslims have absorbed the ideological values conveyed in the earlier revelations.

Another template that might be adapted for the primary education context can be found in the 'Open letter to Baghdadi' project.⁸⁹ The advantage here lies in the impeccable Islamic scholarly credentials of the authors and those who have since ratified its arguments. Published in 2014, the letter draws together 'hundreds of Muslim leaders and scholars worldwide' as co-signatories to an open letter to the ISIS leader.

Although nominally addressed to al-Baghdadi, the project is squarely aimed at deflecting a vulnerable mainstream adult readership prior to committing to jihad. The letter demonstrates that refutations of Salafi-jihadist ideology require citation of valid and persuasive religious precedent, and the letter provides detailed supporting evidence from the Quran, the *Hadith* and the writings of

revered scholars throughout Islamic history. The document includes a useful executive summary of prohibitions and injunctions, which outlines the structure for the text that follows, refuting with full analysis and citation the contrary positions held by ISIS. An example is point 4, which encourages tolerance of differences in opinion:

It is permissible in Islam [for scholars] to differ on any matter, except those fundamentals of religion that all Muslims must know.⁹⁰

This is expanded in the text that follows:

The more severe opinion should not be considered more pious, religious or sincere to God [*Subhana Wa Tala*]. Indeed, in severity there is exaggeration and extremism; God says in the Qur'an: 'God desires ease for you, and desires not hardship for you' (*Al-Baqarah*, 2: 185). Moreover, the Prophet said: 'Do not be severe with yourselves lest God be severe towards you. A people were severe with themselves and then God was severe towards them'. There is delusion and vanity in severity, because severe people naturally say to themselves: 'I am severe. Anyone less severe than me is deficient'; and thus: 'I am superior to them.' Herein lies an inherent attribution of ill-intention to God [SWT], as if God [SWT] revealed the Qur'an to make people miserable. God says: 'Tā hā. We have not revealed the Qur'an to you that you should be miserable' (*Ta Ha*, 20: 1-2).⁹¹

The executive summary—and the text—thus covers off on the full range of excesses advocated and perpetrated by ISIS including slavery, harming of non-combatants and emissaries, suicide operations, torture and disfigurement, treachery against one's adopted nation, and the denial of human rights. The text is aimed at an educated readership likely at the upper-secondary level, with clear analysis that rarely becomes abstruse, and use of theological precedent which is easily comprehensible to both Muslim and non-Muslim readers.

The 'Letter' would form a useful discussion point on the path to developing a more practical tool for use with primary-age children. The lead in reshaping of such material for younger minds must come from Muslim academics, Islamic scholars and especially community members engaged in primary-age schooling. The scholarly origins of the 'Letter' give it credibility that would lead to better traction in Islamic communities than a similar guide produced by a secular think-tank, such as the one published by The Henry Jackson Society.

Key figures in drafting the 'Letter' include the Moroccan-Saudi Shaykh Abdallah bin Bayyah and his prominent student, the American Sheikh Hamza Yusuf. As noted on the website, there are hundreds of prominent Muslim figures who have endorsed the letter, including the current Grand Mufti of Egypt, Sheikh Shawqi Allam, and a former Grand Mufti, Sheikh Ali Gomaa, and HRH Prince Ghazi bin Muhammad of Jordan. Although these figures would be easily dismissed by adult Salafists as being part of the heretical establishment, they would resonate strongly across mainstream expressions in Australian society.

Reshaping the 'Letter' into a format tailored for use within a scholastic context would be useful in encouraging a non-threatening cooperative dialogue between community members, academia and officialdom, placing key responsibilities on Muslim voices. In engaging communities, the appeal to the authority of the religious leaders in the 'Letter' is intended only to generate confidence in the legitimacy of the approach. It is not meant to infer a handing of control over to religious leaders and *shura* councils in local mosques—people who are themselves the product of ideological and pedagogical modes this policy is intended to address.

Thus, while Muslim communities and academics would play a key role in developing scholastic materials, especially in advocacy, non-Muslim academics with appropriate knowledge of Islamic doctrine, early learning and community dynamics should also be engaged as partners in the research and development of materials. This would crucially assist with balance and maintenance of the original policy objectives.

Conclusion

Rather than seeking temporal answers to ideologically-driven violence, policy-makers should re-examine their 21st century secular assumptions and accept that religious ideology shapes behaviour. Islam is a belief structure—it is the lens through which humans interpret and find answers to questions of existential meaning, applied to real-world challenges. While Islam, like any religion may produce positive outcomes, it also has strong defence mechanisms to eliminate doubt by confronting epistemological challenges directly, including a culture of silencing critics by intimidation or violence.

Importantly, and like any other ideology received culturally, Islam is strongly shaped in the home and local community. Understanding the power of belief and noting the social research showing hard-wiring of ideology in early development, policy-makers should complement efforts aimed at adult counter-radicalisation by encouraging Muslim parents to filter and shape positive ideology in the home, supported by scholastic materials. The objective would be to provide the context that is missing in extreme interpretations. This approach would build resilience and encourage social participation. It would build trust and confidence across society by allowing Muslim communities to make a crucial contribution in the countering of radical and violent extremism. If Islam is the source of the problem, Islam must be the solution.

Caveat

At certain points, this essay has drawn on material translated by MEMRI (the Middle East Media Research Institute). The author is aware of the research focus of MEMRI, an organisation that primarily reports on negative aspects of Middle Eastern media discourse. The service is most useful (to the present author) when it increasingly provides accurate translations of new liberal voices in the Islamic world, making them accessible to non-Arabic speakers. In almost all the cases cited, the author has obtained and reviewed the original un-translated material via online postings by the originating media source, and can provide links on request.

Notes

- 1 See Islamic State, 'Why we hate you & why we fight you', *Dabiq* #15, pp. 30-3, available at <<http://www.clarionproject.org/factsheets-files/islamic-state-magazine-dabiq-fifteen-breaking-the-cross.pdf>> accessed 27 August 2016. WARNING: THE MAGAZINE CONTAINS EXTREMELY DISTURBING GRAPHIC CONTENT.
- 2 Chris Kenny, 'Pauline Hanson raises widely held unease on Islamic extremism, Muslims', *The Australian*, 22 September 2016, available at <<http://www.theaustralian.com.au/opinion/columnists/chris-kenny/pauline-hanson-raises-widely-held-unease-on-islamic-extremism-muslims/news-story/1d4c698e2a6c0c5e872dbefea0c9a01>> accessed 13 October 2016.
- 3 Essential Media Communications, 'Essential report', *Essential Media Communications* [website], 21 September 2016, available at <<http://www.essentialvision.com.au/ban-on-muslim-immigration>> accessed 13 December 2016.
- 4 Peter Lewis, 'Progressives can attract Hanson supporters. But not by insulting them', *The Guardian* [website], 21 September 2016, available at <<https://www.theguardian.com/commentisfree/2016/sep/21/progressives-can-attract-hanson-supporters-but-not-by-insulting-them>> accessed 13 October 2016.
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- 6 Phillip Hudson, 'One Nation soars post-election, Newspoll shows', *The Australian*, 17 October 2016, available at <<http://www.theaustralian.com.au/national-affairs/newspoll/one-nation-makes-soars-postelection-newspoll-shows/news-story/c0c4d53600cc59b21a72bf30e8ae77fd>> accessed 22 October 2016.
- 7 Sarah Vogler and Sarah Elks, 'One Nation on track for 10-seat, Queensland haul', *The Australian*, 18 October 2016, available at <<http://www.theaustralian.com.au/national-affairs/state-politics/one-nation-on-track-for-10-seat-queensland-haul/news-story/8fb58929c8fa53f1db897e072b8bf1e9>> accessed 18 October 2016.

- 8 Qanta Ahmed, 'How to save Islam from the Islamists', *The Spectator* [website], 17 January 2015, available at <<http://www.spectator.co.uk/2015/01/how-to-save-islam-from-the-islamists/>> accessed 13 October 2016, which notes that 'At last, on New Year's Day, the president of Egypt, Abdel Fattah al-Sisi, did what no other leader of the Muslim world has done to date: he named Islam's real enemy.... Sisi's speech is significant because the Islamic world has precious little record of leaders discussing Muslims' collective responsibility for the toxic ideologies within our midst. President Sisi's candour has shone light upon the most critical issue of our time: the urgent need for the Muslim world to denounce Islamism as the imposter and explain the real meaning of the Quran'.
- 9 Robert Asghar, 'Explaining the crisis of leadership in the Muslim world', *Forbes* [website], 16 November 2015, available at <<http://www.forbes.com/sites/robasghar/2015/11/16/explaining-the-crisis-of-leadership-in-the-muslim-world/#752c1dd54823>> accessed 30 October 2016.
- 10 Asra Nomani, available at <<https://twitter.com/asranomani/status/567594474356752384>> accessed 23 August 2016.
- 11 Andrew Wilmhurst, 'Nothing to do with Islam': the historical origins, ideology and strategic threat of global Salafi-jihadism, *Indo-Pacific Strategic Papers* [website], November 2016, available at <http://www.defence.gov.au/ADC/Publications/IndoPac/Wilmhurst_IPSP.pdf> accessed 13 December 2016.
- 12 See 'Why we hate you & why we fight you'. WARNING: EXTREMELY DISTURBING GRAPHIC CONTENT.
- 13 Jeffrey Goldberg, 'The Obama doctrine', *The Atlantic* [website], April 2016, available at <<http://www.theatlantic.com/magazine/archive/2016/04/the-obama-doctrine/471525/>> accessed 30 August 2016
- 14 In prosecuting the 'war on terror', the Bush and Obama administrations 'added \$2 trillion to the \$19 trillion US debt. That's more than 10 per cent': see Kimberly Amadeo, 'War on terror: facts, costs and timeline', *The Balance* [website], available at <<https://www.thebalance.com/war-on-terror-facts-costs-timeline-3306300>> accessed 20 March 2017.
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- 16 *France 24*, 'Wear a veil or be French: Hollande shocks with views on Muslims and migrants', *France 24* [website], 12 October 2016, available at <<http://www.france24.com/en/20161012-french-president-hollande-book-islam-veil-sarkozy-trierweiler-gayet-migrants>> accessed 13 October 2016.
- 17 Joe Kelly, 'Malcolm Turnbull affirms terror link with "tiny Islam minority"', *The Australian*, 23 June 2016, available at <<http://www.theaustralian.com.au/federal-election-2016/malcolm-turnbull-affirms-terror-link-with-tiny-islam-minority/news-story/38441d1c37f387e13edc580843f54919>> accessed 18 October 2016.
- 18 See, for example, Omar Alnattour, 'Why Muslims should never have to apologize', *Huffington Post* [website], 24 March 2016, available at <http://www.huffingtonpost.com/omar-alnattour/why-muslims-should-never-have-to-apologize_b_9526296.html> accessed 29 October 2016.

- 19 Alexandra Sims, 'Paris attacks: Australia's grand mufti sparks outrage after comparing attacks to 'racism and Islamophobia', *The Independent* [website], 17 November 2015, available at <<http://www.independent.co.uk/news/world/australasia/paris-attacks-australia-grand-mufti-sparks-outrage-after-comparing-attacks-to-racism-and-a6737721.htm>> accessed 31 October 2016.
- 20 Islam in Australia, 'Joint statement: Muslim community rejects Abbott Government's demonisation and condemns moves to silence legitimate critique', *Islam in Australia* [website], 19 February 2015, <<https://islaminaustralia.com/2015/02/19/muslim-community-rejects-abbott-governments-demonisation-and-condemns-moves-to-silence-legitimate-criticisms/>> accessed 13 December 2016; see also Sam Harris, 'What do jihadists really want?', *Sam Harris* [podcast], available at <<https://www.samharris.org/podcast/item/what-do-jihadists-really-want>> accessed 9 October 2016. Harris provides commentary on *Dabiq* #15 in the same spirit as the argument made earlier by Habeck. See, for example, the passage from which the 'pornography of self-doubt' observation is drawn:
"To read this magazine is to discover that the oft-mocked line that was delivered by George Bush in his Texas drawl, "they hate us for our freedom", is actually true. It is especially true if you include freedom of speech and belief. And those among you who think that they must have some other motive—that they must hate us for our foreign policy, as any rational people would in the aftermath of colonialism—well you're simply wrong. And dangerously so, as they make absolutely clear. So everything that has been said and written by people like Noam Chomsky and Robert Pape and Glenn Greenwald, and the dozens of prominent Muslim apologists about the motivations of jihadists—this whole pornography of self-doubt that they've been peddling for more than a decade—all of this is pure delusion. The people who are attracted to the jihadist cause are actually concerned about the work of Darwin, and Marx and Nietzsche and Durkheim, and Weber and Freud who they call "the engineers of Western decadence"".
- 21 The Middle East Media Research Institute (MEMRI), 'Saudi TV host Nadine Al-Budair takes to task apologists who claim terrorists have nothing to do with Islam and the Muslims: they emerged from our schools and universities', *MEMRI TV Monitor Project* [website], 3 April 2016, available at <<http://www.memritv.org/clip/en/5436.htm>> accessed 9 October 2016.
- 22 MEMRI, 'Egyptian TV hosts argue on air about who should be held accountable for Brussels attacks: Islam or the West', *MEMRI TV Monitor Project* [website], 22 March 2016, available at <<http://www.memritv.org/clip/en/5411.htm>> accessed 10 October 2016.
- 23 MEMRI, 'Egyptian author Sayyid Al-Qemany: Islam in its present form is a threat to the world, all scorpions sting', *MEMRI TV Monitor Project* [website], 22 May 2016, available at <<http://www.memritv.org/clip/en/5542.htm>> accessed 9 October 2016.
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- 25 MEMRI, 'Qatari Prof. Abd Al-Hamid Al-Ansari analyzes the ideological roots of terrorism: something is wrong in our cultural order', *MEMRI TV Monitor Project* [website], 3 June 2016, available at <<http://www.memritv.org/clip/en/5522.htm>> accessed 10 October 2016.
- 26 MEMRI, 'Secular and Islamist scholars clash during Kuwaiti TV debate on Arab youth engagement with terror organizations; Nasser Dashti: time to remove religion from public life', *MEMRI TV Monitor Project* [website], 11 July 2016, available at <<http://www.memritv.org/clip/en/5597.htm>> accessed 10 October 2016

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- 29 MEMRI, 'Kuwaiti author Ibtihal Al-Khafib: ISIS emerged from our heritage books; if we do not reform our discourse we will become extinct', *MEMRI TV Monitor Project* [website], 20 November 2015, available at <<http://www.memritv.org/clip/en/5179.htm>> accessed 10 October 2016.
- 30 MEMRI, 'Syrian poet Adonis: unless the Arabs separate religion and state, they will become extinct', *MEMRI TV Monitor Project* [website], 22 May 2016, available at <<http://www.memritv.org/clip/en/5530.htm>> accessed 10 October 2016.
- 31 AAP, 'Australia's imams council denies grand mufti justified Paris attacks', *The Guardian* [website], 18 November 2015, available at <<https://www.theguardian.com/world/2015/nov/18/australia-imams-council-denies-grand-mufti-justified-paris-attacks>> accessed 29 October 2016.
- 32 Scott Gibbs, 'Islam and Islamic extremism: an existential analysis', *Journal of Humanistic Psychology*, Vol. 45, No. 2, 2005, pp. 156-203. See, for example, at p. 201, 'Given this structure and given the force behind many beliefs (eg uncompromising monotheism, *jihād*, Muhammad as "Seal of the Prophets" etc) and the emphasis on actualization of a disciplined code of moral behavior, it is clear that Islam is one of the most powerful existential holding containers on earth. Indeed, it may be *the* most powerful'.
- 33 Muhammad Muhsin-Khan and Muhammad Taqi-ud-Din Al-Hilali, *Interpretation of the meanings of The Noble Qur'an in the English language*, Darussalam: Riyadh, 2011, p. 750.
- 34 In this paper, *hadith* is used for singular, *ahadith* for plural. *Hadith* translates as a tale, narrative or account: see, for example, Rohu Baalbaki, *Al-Mawrid, a modern Arabic-English dictionary*, Dar El-Ilm Lilmalayin: Beirut, 10th edition, 1997, p. 458. It is thus a thing said or done by the Prophet or his companions.
- 35 By authenticated, we mean *ahadith* that have been declared *sahih* (true or authentic) by Al Bukhari or Muslim, or a similarly revered scholar related to a Sunni school (*madhab*) of jurisprudence, such as 'Ahmad' (Hanbal). Lower ratings such as *hasan* (fair) are persuasive but, for the purposes of this paper, the focus will be on the highest-ranked *ahadith*.
- 36 Muhsin-Khan and Al-Hilali, *Interpretation of the meanings of The Noble Qur'an in the English language*, pp. 210-11, which states that 'The recompense of those who wage war against Allah and His Messenger and do mischief in the land is only that they shall be killed or crucified or their hands and their feet cut off from opposite sides, or be exiled from the land. That is their disgrace in this world, and a great torment is theirs in the Hereafter'. See Quran 4:24, p. 158, 'Also [forbidden are] women already married, except those (slaves) whom your right hands possess'. See also Averroes (Ibn Rushd), *Bidayat al-Mudjtahid*, cited in Andrew G. Bostom (ed.), *The legacy of jihād*, Prometheus Books: New York, 2005, p. 149; and Al-Ghazali, *Kitab Al-Wagiz fi Fiqh Madhab Al-Imam Al-Safi'i*, cited in Bostom, p. 199, 'If a person of the *ahl al-kitab* [People of the Book – Jews and Christians, typically] is enslaved, his marriage is [automatically] revoked'.
- 37 Sahih Muslim, 'The book of destiny', Book 46, *Hadith* 40, available at <<http://sunnah.com/muslim/46/40>> accessed 29 October 2016: it says 'The mother of every person gives him birth according to his true nature. It is subsequently his parents who make him a Jew or a Christian or a Magian. Had his parents been Muslim he would have also

remained a Muslim. Every person to whom his mother gives birth (has two aspects of his life); when his mother gives birth Satan strikes him but it was not the case with Mary and her son (Jesus Christ)'.

- 38 David H. Schanzer, 'No easy day: government roadblocks and the unsolvable problem of political violence: a response to Marc Sageman's "The stagnation in terrorism research"', *Terrorism and Political Violence*, Vol. 26, No. 4, 2014, pp. 596-600: see p. 598 which says 'The predominant stream of thought was once that a distorted form of religiosity drove some Muslims to seek out terrorist organizations and engage in violence. Our more sophisticated view is now that many factors (which may have nothing to do with religion) push individuals to adopt radical political views. Some (but not all) of these individuals become immersed in fundamentalist religious practices and their interaction with like-minded extremists can contribute to the move toward violence. This more nuanced explanation of radicalization neither over-emphasizes nor discounts the role of religion in radicalization'.
- 39 Marc Sageman, *Understanding terror networks*, University of Pennsylvania Press: Philadelphia, 2004.
- 40 Marc Sageman, 'The stagnation in terrorism research', *Terrorism and Political Violence*, Vol. 26, No. 4, 2014, p. 567.
- 41 The sole recorded instance of a Christian Lebanese group claiming credit for a suicide bombing occurred in 1985: see Ihsan A. Hijazi, '5 die in Lebanon suicide bomb attack', *New York Times* [website], 13 November 1985, available at <<http://www.nytimes.com/1985/11/13/world/5-die-in-lebanon-suicide-bomb-attack.html>> accessed 13 December 2016.
- 42 A.J. Caschetta, 'Does Islam have a role in suicide bombings?', *Middle East Quarterly*, Summer 2015, pp. 7 and 9.
- 43 See, for example, The University of Chicago's Chicago Project on Security and Terrorism, 'Suicide attack database', *University of Chicago* [website], 12 October 2016, available at <<http://cpostdata.uchicago.edu/>> accessed 13 December 2016. Of the 106 groups listed by the study (not including one duplicate and the category of 'unknown group'), five are political groups composed of Arabs or Kurds (who are historically and culturally Muslim), two are non-Muslim but religiously motivated (Christian Arab and Sikh) and only one group is politically motivated but likely operating on cult-like basis akin to religion (LTTE). The remainder (92.45%) are Islamically-motivated organisations or Muslim groupings motivated by objectives that cannot be disaggregated from their religious dimensions (that is, the liberation of Palestine).
- 44 Mary Habeck, *Knowing the enemy*, Yale University: New Haven, 2006, p. 7
- 45 Gibbs, 'Islam and Islamic extremism', p. 164
- 46 Muhsin-Khan and Al-Hilali, *Interpretation of the meanings of The Noble Qur'an in the English language*, pp. 426-7, which says 'You do not worship besides Him but only names which you have named (forged)—you and your fathers—for which Allah has sent down no authority. The command (or the judgement) is for none but Allah. He has commanded that you worship none but Him (ie His Monotheism); that is the (true) straight religion, but most men know not'.
- 47 Jeremy Ginges and Scott Atran, 'What motivates participation in violent political action?', *Values, Empathy, and Fairness across Social Barriers*, Issue 1167, 2009, pp. 115-23.
- 48 Scott Atran, 'The moral logic and growth of suicide terrorism', *The Washington Quarterly*, Spring 2006, p. 144.

- 49 Jesse Graham and Jonathan Haidt, 'Beyond beliefs: religions bind individuals into moral communities', *Personality and Social Psychology Review*, Vol. 14, No. 1, 2010, pp. 145-6.
- 50 Maykel Verkuyten and Ali Aslan Yildiz, 'National (dis)identification and ethnic and religious identity: a study among Turkish-Dutch Muslims', *Personality and Social Psychology Bulletin*, Vol. 33, No. 10, October 2007, pp. 1452 and 1454.
- 51 Verkuyten and Yildiz, 'National (dis)identification and ethnic and religious identity', p. 1459.
- 52 And this is indeed a recommendation in the Verkuyten and Yildiz paper, which asserts that 'future studies on both the origins and consequences of ethnic, religious and national identifications, and studies among various ethnic and religious groups, including Muslim subgroups, should contribute to a further understanding of identification processes in relation to the nature of the groups and the intergroup context': Verkuyten and Yildiz, 'National (dis)identification and ethnic and religious identity', p. 1461
- 53 See, for example, Terry Husband, Jr. 'He's too young to learn about that stuff: anti-racist pedagogy and early childhood social studies', *Social Studies Research and Practice*, Vol. 5, No. 2, 2010, pp. 61-75; V.D. Ausdale and J. Feagin, *The first R: how children learn race and racism*, Rowman & Littlefield Inc.: Maryland, 2002; Dalila Xavier de Franca and Maria Benedicta Moneiro, 'Social norms and the expression of prejudice: the development of aversive racism in childhood', *European Journal of Social Psychology*, Vol. 43, 2013, pp. 263-71; Clark McKown and Rhona S. Weinstein, 'The development and consequences of stereotype consciousness in middle childhood', *Child Development*, Vol. 74, No. 2, March-April 2003, pp. 498-515; Maria Benedicta Monteiro, Dalila Xavier de Franca and Ricardo Rodrigues, 'The development of intergroup bias in childhood: how social norms can shape children's racial behaviours', *International Journal of Psychology*, Vol. 44, No. 1, 2009, pp. 29-39; Marian de Souza, 'The spiritual dimension of education in addressing issues of identity and belonging', *Discourse and Communication for Sustainable Education*, Vol. 7, No. 1, 2016, pp. 125-38.
- 54 Tobias Raabe and Andreas Beelmann, 'Development of ethnic, racial, and national prejudice in childhood and adolescence: a multinational meta-analysis of age differences', *Child Development*, Vol. 82, No. 6, November/December 2011, pp. 1715-37.
- 55 See, for example, Nasar Meer, 'Semantics, scales and solidarities in the study of antisemitism and Islamophobia', *Ethnic and Racial Studies*, Vol. 36, No. 3, 2013, pp. 500-15; Rachel A.D. Bloul, 'Anti-discrimination laws, Islamophobia, and ethnicization of Muslim identities in Europe and Australia', *Journal of Muslim Minority Affairs*, Vol. 28, No. 1, April 2008; Gary D. Bouma, 'Islamophobia as a constraint to world peace: the case of Australia', *Islam & Christian-Muslim Relations*, Vol. 22, Issue 4, October 2011, pp. 433-41; Sherman A. Lee *et al.*, 'Fear of Muslims: psychometric evaluation of the Islamophobia scale', *Psychology of Religion and Spirituality*, Vol. 5, No. 3, 2013, pp. 157-71; Sherman A. Lee, Jeffrey A. Gibbons, John M. Thompson and Hussam S. Timani, 'The Islamophobia scale: instrument development and initial validation', *The International Journal for the Psychology of Religion*, Vol. 19, Nos. 92-105, 2009; and Walter D. Mignolo, 'Islamophobia/ Hispanophobia: the (re) configuration of the racial imperial/colonial matrix', *Human Architecture: Journal of the Sociology of Self-Knowledge*, Vol. 1, Fall 2006, pp. 13-28.
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- 57 Muhsin-Khan and Al-Hilali, *Interpretation of the meanings of The Noble Qur'an in the English language*, p. 216, which says 'O you who believe! Take not the Jews and the Christians as *Auliya*' (friends, protectors, helpers), they are but *Auliya*' of each other. And if any amongst you takes them as *Auliya*', then surely he is one of them. Verily, Allah guides not those people who are amongst the *Zālimūn* (polytheists and wrongdoers and unjust)'.
- 58 Gibbs, 'Islam and Islamic extremism', p. 190.
- 59 Muhsin-Khan and Al-Hilali, *Interpretation of the meanings of The Noble Qur'an in the English language*, p. 345, which says 'Fight against those who believe not in Allah, nor in the Last Day, nor forbid that which has been forbidden by Allah and His Messenger (Muhammad), and those who acknowledge not the religion of truth (ie, Islam) among the people of the Scripture (Jews and Christians), until they pay the *Jizyah* with willing submission, and feel themselves subdued'. The term 'subdued' is also translated as 'humbled': see <<https://quran.com/9:29>> or 'brought low' or 'in a state of subjection', see <<http://corpus.quran.com/translation.jsp?chapter=9&verse=29>>. See also, for example, Dario Fernandez-Morera, *The myth of the Andalusian paradise*, ISI Books: Wilmington, 2016, on the historical practices associated with humiliation of subjugated peoples. See also Stephen J. McKinney, 'Echoes of the dhimma: discriminatory vestiges of an ancient Islamic covenant', *Regent Journal of International Law*, Vol. 6, 2008, pp. 229-69 for a historical analysis from a legal perspective.
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- 63 Andrew Wilmhurst, "'Nothing to do with Islam": the historical origins, ideology and strategic threat of global Salafi-jihadism', *Indo-Pacific Strategic Papers* [website], November 2016, available at <http://www.defence.gov.au/ADC/Publications/IndoPac/Wilmhurst_IPSP.pdf> accessed 13 December 2016.
- 64 Gibbs, 'Islam and Islamic extremism'. See, for example, p. 201 which says, 'Given this structure and given the force behind many beliefs (eg uncompromising monotheism, *jihad*, Muhammad as "Seal of the Prophets" etc) and the emphasis on actualization of a disciplined code of moral behavior, it is clear that Islam is one of the most powerful existential holding containers on earth. Indeed, it may be *the* most powerful!'.
- 65 See, for example, 'Quran on the atom', *The Key to Islam* [website], available at <<http://www.thekeytoislam.com/en/scientific-explanations-quran-atom.aspx>> accessed 13 September 2016.
- 66 Internet searches show numerous similar apologetic interpretations of later scientific developments foreshadowed in the Quran; see, for example, <<https://www.google.com.au/search?client=safari&rls=en&q=quran+science+miracles&ie=UTF-8&oe=UTF->

[8&gfe_rd=cr&ei=tJJQWPaSC7Du8wf6_KLYBQ](https://www.google.com.au/search?client=safari&rls=en&q=islam+scientific+claims&ie=UTF-8&oe=UTF-8&gfe_rd=cr&ei=w5JQWn2qFbDu8wf6_KLYBQ)>. Such claims are challenged by various scientific atheist commentaries online: see, for example, <https://www.google.com.au/search?client=safari&rls=en&q=islam+scientific+claims&ie=UTF-8&oe=UTF-8&gfe_rd=cr&ei=w5JQWn2qFbDu8wf6_KLYBQ>

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- 74 Muhsin-Khan and Al-Hilali, *Interpretation of the meanings of The Noble Qur'an in the English language*, p. 596.
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- 76 From a discussion between the author and a Gulf-based Islamic scholar.
- 77 Sahih Muslim, 'The book of virtues', Book 43, *Hadith* 185, available at <<http://sunnah.com/muslim/43/185>> accessed 29 October 2016.
- 78 Sahih al Bukhari, 'Book of funerals (Al Janaa'iz)', Book 23, *Hadith* 71, available at <<http://sunnah.com/bukhari/23/71>> accessed 30 October 2016.
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- 80 Jonathan A.C. Brown, *Hadith: Muhammad's legacy in the medieval and modern world*, Oneworld: Oxford, 2009, p. 3.
- 81 Hannah Stuart and Rashad Ali, 'A guide to refuting jihadism: critiquing radical Islamist claims to theological authenticity', *The Henry Jackson Society* [website], 4 February 2014, available at <<http://henryjacksonsociety.org/2014/02/04/refuting-jihadism/>> accessed 17 October 2015

- 82 Or at least, the first guide in English developed for public release as opposed to government use.
- 83 Stuart and Ali, 'A guide to refuting jihadism', p. 92.
- 84 Specifically, the problem identified at the beginning of Part 3 of this paper.
- 85 Mark Durie, 'Response to "A guide to refuting jihadism": critiquing radical Islamist claims to theological authenticity', *Lapidomedia – Centre for Religious Literacy in Journalism* [website], 4 February 2014, available at <<http://www.lapidomedia.com/response-guide-refuting-jihadism-critiquing-radical-islamist-claims-theological-authenticity>> accessed 17 October 2016. Another likely obstacle might also be the fact that al-Ghazali is heavily associated with Sufism and thus not a persuasive source of advice for Salafists.
- 86 This was a key element of the Sudanese reformer Mahmud Taha's (1909-1985) reconceptualisation of Islam (Taha was executed by the Sudanese government for apostasy). See, for example, Khalid Duran, 'An alternative to Islamism: the evolutionary thought of Mahmūd Tāhā', *Cross Currents*, Vol. 42, Winter 92/93, pp. 453-67; and Mahgoub El-Tigani Mahmoud, 'Quest for divinity: a critical examination of the thought of Mahmud Muhammad Taha', *Contemporary Islam*, Issue 3, 2009, pp. 177-85.
- 87 Taqi al-Din Ahmad ibn Taymiyya, *Al-Siyasa Al Shariyya*, cited in Andrew G. Bostom (ed), *The legacy of jihad – Islamic Holy War and the fate of non-Muslims*, Prometheus Books: New York, 2005, p. 166.
- 88 MEMRI, 'Former Iraqi MP Ayad Jamal Al-Din in a TV debate about separation of religion and state'.
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What are the potential policy options for Australia in dealing with a nuclear-armed North Korea?

Group Captain Alan Lawrence

Royal Australian Air Force

Abstract

This paper examines the policy options for Australia in dealing with a nuclear-armed North Korea. It notes that over the past two decades, North Korea has become an ever-increasing threat to regional security, and that it continues to develop and test nuclear weapons and ballistic-missile systems. It assesses that North Korea's increasingly credible capability heightens the risk of miscalculation and conflict on the Korean Peninsula, which would have a significant impact on Australia's national interests.

The paper asserts that US policy has not managed to curb North Korea's belligerence. It proposes that Australia should attempt to influence the US to change its policy to an approach that aims to reduce tension by focusing on peace-building measures rather than denuclearisation, which would require the re-establishment of dialogue, as well as recognition of North Korea as a nuclear-weapons state. The paper also suggests several complementary military-related policy options that Australia could progress against the possibility that diplomatic options prove unsuccessful or that tensions continue to escalate regardless.

Introduction

Over the past two decades, North Korea has become an ever-increasing threat to peace and security.¹ It continues to develop and test nuclear weapons and ballistic-missile systems that will soon lead North Korea to possess a credible nuclear-weapons capability.² World leaders have condemned the North Korean nuclear and missile tests, with then US Defense Secretary Ashton Carter describing them in September 2016 as 'destabilizing and provocative'.³ As retired US General Mark Hertling stated in August 2016, 'North Korea is now a practical threat, not a theoretical threat'.⁴

Some analysts contend that North Korea is already a de facto nuclear-weapons state.⁵ When North Korea achieves a nuclear-armed ballistic-missile capability, it will likely place South Korea, Japan, Australia and the west coast of the US within its nuclear-armed missile range.⁶ As Hugh White has stated, 'a nuclear armed North Korea matters to Australia ... because of the proliferation of weapons of mass destruction ... the strategic future of the Asia-Pacific region ... and war in Northeast Asia'.⁷ A miscalculation on the Korean Peninsula could therefore have a significant impact on Australia's national interests.

Nariman Behraves has asserted that 'the impact on markets and global confidence [from conflict on the Korean Peninsula] would be shattering'.⁸ Australia's top four trading partners are China, the US, Japan and South Korea, each of which, with perhaps the exception of Japan, would most likely be involved in any military conflict on the Korean Peninsula.⁹ Australia would not be economically shielded if conflict eventuated. Further, any such conflict would most likely result in Australia committing military forces in support of its major ally, the US.¹⁰ Conflict on the Korean Peninsula could potentially escalate into the use of weapons of mass destruction, exposing committed ADF assets to very high risk.¹¹

US policy toward North Korea needs to change.¹² Under the Obama Administration, the US continued to pursue a policy of 'strategic patience', which many experts contend was a failure.¹³ That approach was adopted in 2009 in an attempt to constrain North Korea's nuclear-weapons program and force it to return to dialogue.¹⁴ It required North Korea to demonstrate practical denuclearisation efforts before the recommencement of dialogue.¹⁵ However, North Korea's nuclear and ballistic-missile testing programs have continued unabated, with North Korea conducting four nuclear tests and attempting to launch at least seven ballistic missiles since the policy's inception, with no apparent change in its behaviour.¹⁶

Many experts contend that a continuing policy of strategic patience will most likely lead to more North Korean provocations and greater risk of conflict on the Korean Peninsula.¹⁷ To remove the North Korean nuclear threat, a US military

strike on North Korean nuclear facilities has reportedly been considered.¹⁸ However, some commentators believe that 'surgical strikes and air raids against nuclear installations will not work ... [as] the weapons-grade plutonium and nuclear devices have been manufactured and now ... are safely hidden'.¹⁹ Moreover, a pre-emptive military strike by the US risks a retaliatory nuclear response on South Korea or other US ally; it could also escalate into conflict between the US and China.²⁰

With the current policy failing, UN Security Council sanctions against North Korea have become even more critical. However, there is widespread agreement that these are also failing, with Dursun Peksen asserting that 'Pyongyang has been able to shield its ruling circle from the economic costs of sanctions, and has employed means of repression to quell dissent and domestic opposition'.²¹ Andrei Lankov also contends that China's ambivalent attitude to enforcing the sanctions has enabled it to shield North Korea from their impact.²² China does not want to place pressure on North Korea to the point where it destabilises the country, which could lead to the loss of China's strategic buffer between US forces stationed in South Korea.²³ Any such instability would also impede China's economic growth plans. Hence, sanctions are not placing sufficient strain on North Korea's regime to change its behaviour, nor are they likely to do so.

This paper will argue that Australia should attempt to influence the US to change its policy toward North Korea to an approach that aims to reduce tension by focusing on peace-building measures rather than denuclearisation.²⁴ This would require, in the first instance, the US to re-establish dialogue with North Korea.²⁵ Once dialogue is recommenced, a number of policy options that support a reduction in tensions and ultimately strive for peace should be considered. Within any policy options roadmap, experts have contended that denuclearisation should only be considered as a long-term aspiration at best, given the importance that North Korea places on nuclear weapons for its national security and legitimacy.²⁶

This paper will be presented in four parts. The first part argues that North Korea should be acknowledged as a nuclear power, which would be a critical decision in terms of shaping future US policy options. This is done by firstly examining the reasons why North Korea has pursued a nuclear-weapons capability and then providing an assessment of North Korea's nuclear and ballistic-missile capabilities.

Part 2 of the paper explores why the past two decades of US denuclearisation policies have failed, and whether North Korea would consider denuclearising in future. This is answered by first providing an assessment of the potential reasons for US policy failures toward North Korea's denuclearisation. The

importance of nuclear weapons to North Korea is then examined, not least because understanding North Korean drivers for a nuclear-weapons capability is critical in considering future US policy options.

Parts 3 and 4 of the paper offer two broad policy themes, diplomacy and military, together with more detailed recommendations. The diplomacy recommendations will be presented in a framework covering policy rationale, potential benefits, resources required and the potential strategic risks. Policy options that support these themes are considered critical in the context of striving for a reduction in tensions through peace-building measures on the Korean Peninsula, yet still ensuring Australian interests are protected from the North Korean threat.

Part 1: Is North Korea a nuclear power?

It is important to first consider why North Korea would pursue a nuclear-weapons capability. This assessment also needs to take into account its current nuclear-weapons capability and what it could be in the near future. These assessments will then be utilised to form a position on whether North Korea should be acknowledged as a nuclear power and why this is a critical element in progressing any future US policy positions.

North Korea's pursuit of a nuclear-weapons capability as a deterrent

North Korea sees the US as an existential threat, as both the US and South Korea fought against North Korea in the Korean War.²⁷ Although the armistice from the Korean War remains extant today, it is an uneasy truce, with North Korea ready to defend its territory from US attack and the US ready to defend South Korea from a North Korean attack. Militarily, North Korea possesses one of the largest armies in Asia.²⁸ Its size, however, hides the fact that its weapons systems are predominantly ex-Soviet era, which are considered no match for modern Western systems.²⁹

On balance, it has been assessed that North Korea's conventional military forces would be defeated by the combined US-South Korean forces, albeit with the loss of hundreds of thousands of lives on both sides.³⁰ To counter its conventional military inferiority, North Korea has pursued a nuclear-weapons capability to generate a deterrent effect.³¹ To complicate US-South Korean policy options, North Korea has a bilateral defence treaty with China.³² Although its efficacy is questioned by some Western experts, the treaty is a factor in US policy options in dealing with North Korea.³³

The importance of nuclear weapons to North Korea beyond the deterrent effect

North Korea's nuclear-energy program commenced in the late 1950s, utilising cooperation with the then Soviet Union. This program branched out into nuclear-weapons development in the 1970s, based in part on concerns that South Korea was pursuing its own nuclear-weapons program.³⁴ The North Korean nuclear program sped up following the demise of the Soviet Union, manifested in Kim Jong Il's *Songun* policy, which means 'military first'.³⁵ It signalled a massive increase in state resources for nuclear-weapons development, as part of its quest for self-reliance (*Juche*) and to ensure continued military support to the regime.³⁶

Like his predecessor, North Korea's current leader, Kim Jong Un, understands the importance to the regime of the military and its associated nuclear-weapons program.³⁷ In March 2013, he introduced a policy of *Byungjin*, an iteration of the *Songun* ideology, which translates into developing the economy and nuclear weapons in parallel.³⁸ His announcements at the Korean Workers Party Congress in May 2016, where he declared his country to be 'a responsible nuclear weapons state', are typical of national leaders striving to maintain control of the populace and generate legitimacy.³⁹ Kim further declared that North Korea 'will not use a nuclear weapon unless its sovereignty is encroached upon by any aggressive hostile forces with nuclear weapons', and that North Korea would 'faithfully fulfil its obligation for non-proliferation and strive for global denuclearization'.⁴⁰

Domestically, Kim has utilised North Korea's nuclear-weapons program as a mechanism to generate national pride and to add to 'the cult of Kim', demonstrating that he is a strong leader standing up to the threat from the US, and that North Korea can overcome significant technological challenges.⁴¹ As such, nuclear weapons are linked to the future prosperity of North Korea through the actions and driving force provided by Kim. Predictions of North Korea's collapse have been raised for decades and have all proven to be wrong. As Kim is a young man, and has shown ruthlessness to remain in power, the international community should plan for Kim Jong Un to be in power for decades.⁴²

What is the status of North Korea's nuclear-weapons capability?

North Korea has declared that it already has a full nuclear-strike capability, even altering its constitution to enshrine itself as a nuclear-armed state.⁴³ However, it is difficult to gauge the real extent of North Korea's nuclear-weapons status, given its isolation. North Korea has conducted five nuclear tests since 2006, the latest in September 2016.⁴⁴ Importantly, the frequency of both ballistic-missile

tests and nuclear tests increased in 2016, despite North Korea being under strict UN sanctions. As South Korea's Foreign Minister Yun Byung-se said in October 2016, 'North Korea's nuclear capability is growing and speeding to a considerable level, considering the fifth nuclear test was the strongest in scale and [that] the interval has quickened substantially'.⁴⁵

Uncertainty in North Korea's nuclear program extends to two issues, namely the miniaturisation of nuclear warheads to fit into extant ballistic-missile designs, and North Korea's ability to weaponise uranium in the form of highly-enriched uranium. Miniaturisation is important as it impacts North Korea's ability to attach nuclear materials to long-range ballistic missiles. If North Korea has the ability to integrate a miniaturised nuclear warhead onto the KN-08 ballistic missile, for example, then targets as far away as the west coast of the US are a possibility.

Weaponising uranium into a highly enriched form is important as it represents an alternative path to the development of nuclear weapons via plutonium-based systems. Highly-enriched uranium is considered preferable in nuclear-weapons development as its manufacturing facilities are easier to hide from surveillance systems.⁴⁶ Weapons based on highly-enriched uranium are also the simplest, enabling easier production, albeit greater yields are produced by plutonium weapons, which is important in terms of the yield capacity of long-range missiles.⁴⁷

Experts have assessed that North Korea has probably developed a miniaturised nuclear warhead, which implies that it would have the capability to strike targets with its operational ballistic missiles. As early as 1999, A.Q. Khan, the father of Pakistan's nuclear program and notorious provider of nuclear technologies to North Korea, asserted that North Korea had developed what appeared to be nuclear warheads able to be fitted to missiles.⁴⁸ Although his assertions are questionable, North Korea and Pakistan have had a close working relationship on nuclear and missile programs since at least the mid-1990s.

It is reasonable to assume that North Korea's Nodong-1 missile has a nuclear warhead, just as the same missile in the Pakistan inventory, the Ghauri, is assumed to have a nuclear warhead.⁴⁹ General Curtis Scaparrotti, then commander of US forces in Korea, told reporters in October 2014 that 'I believe they [North Korea] have the capability to have miniaturized the device at this point, and they have the technology to potentially, actually deliver what they say they have'.⁵⁰ Notably, Kim declared in March 2016 that his country had developed miniature nuclear warheads that can fit onto a ballistic missile, the first time he made such an assertion.⁵¹

Experts agree that North Korea has probably developed the capability to manufacture highly-enriched uranium, implying that it can now consistently manufacture nuclear warheads, although the number of nuclear weapons

held by North Korea is unknown. Siegfried Hecker said in January 2016 that 'my best estimate is that they may have enough bomb fuel for 18 bombs, with a capacity to make six to seven more annually'.⁵² In April 2016, Joel Wit and Sun Young Ahn estimated that Pyongyang possessed between 16 and 20 nuclear bombs, comprising 6-8 from plutonium and 4-8 from highly-enriched uranium.⁵³ Others suggest North Korea may have up to 16 warheads, and that by 2020 it could have anywhere between 20 and 100 nuclear warheads.⁵⁴

North Korea's nuclear-weapons program requires its medium- and long-range ballistic missile programs to provide the delivery vehicles. Its missile expertise developed in the early 1960s from Chinese and Russian benefactors. Medium-range Scud missiles entered full-scale production in 1991, followed by the longer-range Nodong missile, which became operational in 2016.⁵⁵ Intercontinental-range ballistic missiles are reportedly still under development, with engine testing detected earlier this year. Importantly, however, North Korea has successfully launched an intermediate-range ballistic missile (designated KN-11, a Nodong derivative).⁵⁶ North Korea has also successfully launched a satellite utilising an Unha-3 missile, a derivative of the Taepodong class.⁵⁷ Figure 1 shows the indicative ranges for missiles in the North Korean inventory.⁵⁸



Figure 1: Range of North Korean ballistic missiles (noting that Musudan and longer-range missiles are not yet operational)

Recognition of North Korea as a nuclear power

North Korea's nuclear and ballistic-missile actions are intended both to demonstrate the regime's strong leadership to the North Korean people and inculcate legitimacy in the mind of the international community.⁵⁹ The North Korean regime craves international recognition and wants to be accepted as a legitimate nation state.⁶⁰ Its quest for legitimacy—or its bid to attract international attention—includes taking increasingly provocative actions.⁶¹ The concern is that increasingly provocative acts, by an authoritarian regime in possession of nuclear weapons, present a potentially worrying threat to the wider Asia-Pacific region.

One way to reduce the threat would be to recognise North Korea as a nuclear-weapons state.⁶² The US, South Korea and Japan do not recognise North Korea as a nuclear-armed power, which Kim Jong Un presumably perceives as undermining the international status of North Korea, and his legitimacy as leader of a sovereign nation.⁶³ Hence, recognising North Korea as a nuclear-armed power could be leverage for the US to use in progressing the policy recommendations outlined later in the paper.

The legal status of a nuclear-weapons state is recognised through the Nuclear Non Proliferation Treaty (NPT).⁶⁴ It currently recognises five nations as nuclear-weapon states: the US, Russia, UK, China and France, which are also the five permanent members of the UN Security Council. The NPT supports three pillars: non-proliferation, disarmament, and the peaceful use of nuclear energy.⁶⁵ In addition to the NPT, those considered 'responsible nuclear powers' (in regards civil use) are members of the Nuclear Suppliers Group.⁶⁶ It is a 48-member state forum whose aim is to contribute to the non-proliferation of nuclear weapons through the implementation of guidelines for nuclear exports and nuclear-related exports. These two agencies represent the pinnacle of global nuclear responsibility, underpinned by the inspection regimes and standards of the UN-mandated International Atomic Energy Agency.

Not being legally recognised by the NPT or being a member of the Nuclear Suppliers Group does not necessarily preclude the acceptance of a nation state as a nuclear power. Neither India nor Pakistan are NPT or Nuclear Suppliers Group signatories, although both are treated by the international community as nuclear powers.⁶⁷ In the past, both have been subjected to sanctions because of their nuclear-testing programs.⁶⁸ Both are also reportedly increasing their nuclear-weapons arsenals to counter perceived threats from each other, and in India's case also from China.

Any such build-up of nuclear arsenals is contrary to the NPT's disarmament goal. Yet neither Pakistan nor India are currently being penalised, not least because the key nuclear-weapons states are themselves modernising their arsenals.⁶⁹ Both India and Pakistan have tested nuclear weapons; six each according to public sources, and they are each purported to hold significant nuclear-weapons stockpiles in excess of 100.⁷⁰ So a comparison between the North Korean and India-Pakistan nuclear programs would seem to suggest that North Korea deserves similar recognition, a position indeed acknowledged by a number of experts.⁷¹

Part 2: Why denuclearisation policies have failed and may continue to do so

This part will first argue that US policies toward North Korea, based on the concept of denuclearisation, have failed, each for a unique set of reasons. The policies include the Agreed Framework, the Six Party Talks and 'strategic patience'. The review will be from a US perspective, given it has been the driving force in these endeavours. It is acknowledged that a Chinese perspective would be different, given that its priority for the Korean Peninsula is stability rather than denuclearisation; however, this will not be explored. This part then examines the importance of nuclear weapons to North Korea and whether that importance could be reduced to a point where denuclearisation could be considered in future policy options for the US.

From the Agreed Framework to strategic patience

The first US attempts to denuclearise North Korea, under negotiations termed the Agreed Framework, were unsuccessful because of the failure of the parties to deliver what was agreed.⁷² Under the Clinton Administration, the Agreed Framework's goal was for North Korea to cease and eventually dismantle its plutonium-based nuclear-weapons program.⁷³ In turn, North Korea was to be provided with energy sources, including two nuclear light-water reactors, economic benefits and progress toward normal state relations.

In the event, challenges in the Republican-dominated US Congress impeded the Agreed Framework's implementation, resulting in delays to agreed fuel oil shipments and the construction of two light-water reactors.⁷⁴ These delays were seen by North Korea as evidence that the US was reneging on the Framework.⁷⁵ The US then asserted that North Korea admitted to possessing a uranium-enrichment program, which violated its Agreed Framework commitments, an assertion North Korea flatly denied.⁷⁶ With each side blaming the other, the

Agreed Framework stalled. However, while the Agreed Framework's aims were not fully achieved, it was successful in freezing plutonium production at the Yongbyon complex (a key North Korean nuclear facility) from 1994 to December 2002.⁷⁷

When President G.W. Bush came to power in 2001, his Administration discarded the Agreed Framework and took a tougher line on North Korea. It included the President labelling North Korea part of an 'axis of evil' in his State of the Union address in January 2002; the Administration's US National Security Strategy also articulated pre-emptive strikes and regime change.⁷⁸ This aggressive policy position led China to become increasingly concerned that the US would undertake actions inimical to its interest. From being a relative bystander during the development of the Agreed Framework, China thus became a pivotal player in negotiations over North Korea's nuclear-weapons program in an attempt to reduce the risk of conflict on the Korean Peninsula.⁷⁹

In parallel, the aggressive US policy toward North Korea was gradually replaced by a more diplomatic approach as Washington realised that threats were not deterring North Korea, and the Administration came to realise the significant risks involved in striking North Korea.⁸⁰ With China's support, the US developed a negotiated approach, known as the Six Party Talks, beginning in 2003 between China, Russia, South Korea, North Korea, Japan and the US. However, the US aim of the denuclearisation of North Korea was not necessarily shared by the other parties.⁸¹ Hence, as the talks progressed, agendas were manipulated to suit national priorities, with the talks eventually stalling.

A spate of North Korean provocations led the incoming Obama Administration to pursue its 'strategic patience' policy in 2009.⁸² However, since the policy's inception, North Korea has tested five nuclear devices and nine ballistic missiles, including two nuclear devices and six missiles in 2016 alone.⁸³ Pyongyang has improved its nuclear-weapons capability, both quantitatively and qualitatively, and the US and the region now face a more capable North Korea that has vowed never to give up its nuclear-weapons capabilities.⁸⁴ Concurrently, the other stakeholders continue their relatively-unchanged views on how to bring about stability on the Korean Peninsula, resulting in a form of policy paralysis, even as North Korea continues to push its provocative actions, with seemingly no prospect of denuclearisation.⁸⁵

What are the prospects of North Korea denuclearising?

Many experts now contend that North Korea has never been genuine about denuclearisation. According to Evans Revere, North Korea has no intention of relinquishing its nuclear capabilities, which provide a deterrent effect against the perceived threat from the US, as well as engendering national pride in North Korea's technological achievements, ingrained in Kim's *Byungjin* ideology, both of which underpin the regime's survival.⁸⁶ But could North Korea be influenced to progress towards denuclearisation in future?

Assessing North Korea's motives and likely courses of action are highly problematic. North Korea may perceive that US power in the Asia-Pacific region is reducing as China grows economically and militarily. This may bolster North Korea's confidence that it can continue to develop its nuclear arsenal, and avoid retaliatory action by the US, given its relationship with China.⁸⁷

North Korea would also be aware that pre-emptive strikes by the US against North Korean nuclear facilities were wargamed by the US military as 'extremely risk', with no guarantee of success and the possibility of extreme second-order effects.⁸⁸ The US concern would be that pre-emptive strikes may not completely destroy North Korea's nuclear arsenal, which could lead to nuclear retaliation against South Korea or the territory of another US ally.⁸⁹ It is also possible that any such pre-emptive strike could escalate into conflict between the US and China.⁹⁰ So North Korea may perceive that it can bide its time and keep developing its nuclear capability, as its assessment of the probability of a pre-emptive strike by the US reduces commensurate with China's rise.

Accordingly, any strategy that attempts to coerce or entice North Korea to relinquish its nuclear capabilities in the short term has almost no prospect of success.⁹¹ Reflecting a typically outlandish bargaining position, North Korea has stated that it would only give up its nuclear weapons if the US did likewise, and that all other nations relinquished their nuclear arsenals.⁹² This precondition is clearly unrealistic. However, reducing North Korea's perception of the threat posed by the US is clearly a critical element in reducing tensions on the Korean Peninsula.

Some have argued that facilitating economic reforms within North Korea may offer a potential alternative to the nuclear narrative. In order to do this, Pyongyang would need to be convinced that improved living conditions for the North Korean people, particularly if it was at the expense of nuclearisation, would enable the regime to continue providing its almost absolute control over the population. It would also require the US threat toward North Korea

to significantly diminish, given that national survival is a higher North Korean priority than economic reform.

Along those lines, Kim could cast increased economic integration with the wider international community as a success story for the regime, particularly if it was seen to result in improved living conditions.⁹³ This alternative would not necessarily change Kim's *Byungjin* ideology, which would be important in ensuring that Kim maintains 'face'.⁹⁴ At present, the prospects for North Korea's economy are not good, given its limited engagement with the international community.⁹⁵ Nevertheless, China, as North Korea's main economic supplier, has demonstrated that an authoritarian regime with direct controls over a market-based economy can be a success, which may offer Kim a model to emulate.⁹⁶

The risk from Kim's perspective is that even limited, state-controlled economic reforms that improve the socio-economic living conditions of North Koreans may pose a threat to the regime. Increasing domestic wealth and international engagement may lead to a rise in the North Korean people's expectations and awareness of the wider world.⁹⁷ That may lead the regime to stay with the nuclear-weapons narrative, rather than opening the Pandora's box of economic reform. Nevertheless, some have suggested that Kim will have to conduct some reforms to improve his nation's economy in order to sustain the ideology, which may present an opportunity for the US and others to facilitate some opening of the North Korean economy.⁹⁸

This part started with asking the question of whether North Korea would denuclearise. Given that North Korea has no reason to denuclearise, as the benefits to the regime far outweigh the risks, the international community, including Australia, should reconsider its policies toward North Korea, taking into account that they are dealing with what is effectively a nuclear-weapons state.

Part 3: Diplomatic policy options for dealing with a nuclear-armed North Korea

Thus far, this paper has assessed that the current US policy of 'strategic patience' has failed to prevent North Korea from becoming a nuclear-weapons state. Further, it has been contended that North Korea has no intention of relinquishing its nuclear-weapons program, given its deterrent effect on the US and its role in supporting the regime. Moreover, North Korea has not capitulated to inducements or threats to denuclearise in over 20 years of engagement on the issue. And any future policy considerations that utilise this same methodology will most likely result in similar outcomes. So what is to be done?

One obvious option is a paradigm shift in policy, led by the US. The starting point should be to drop the demand that Pyongyang commences the process of denuclearisation before commencing talks.⁹⁹ That needs to be followed by the re-commencement of consistent and regular dialogue.¹⁰⁰ As Justin McCurry has argued, 'this whole crisis has shown us how little we really know about Kim Jong-Un, and we're not going to learn any more unless we talk. And talking isn't the same as backing down'.¹⁰¹

Moreover, the focus of dialogue should be the peace process, not the denuclearisation process.¹⁰² Given the very low probability of the denuclearisation of North Korea in the near term, if at all, Washington should adopt a policy approach that addresses how to deal with a nuclear-armed North Korea.¹⁰³ Bruce Cumings contends that 'we have no choice but to talk to the North Koreans. The only path to opening North Korea is through diplomacy and people to people contact'.¹⁰⁴ Without dialogue, there is a reduced ability to influence, which of course goes both ways.

Policy recommendations

As a close ally of the US, Australia has a role to play in influencing the US to review its policy on North Korea. Its ability to engage the US formally on the diplomacy recommendations offered is extensive, given the close relationship that has developed and been maintained over decades. Options for Australia to broach the subject of North Korean policy with the US Administration could include informal engagement through academic consultations and think-tanks, as well as formally through departmental engagements.

Academic engagements offer the opportunity to conduct wide-ranging dialogue, including 'testing the waters' on the robustness of the recommendations. The departments of Defence, and Foreign Affairs and Trade would be the obvious avenues for more formal engagement. The policy recommendations could also be discussed at Australian-US Ministerial (AUSMIN) meetings.

The policy options that Australia could consider are each presented, in sequential order, with a policy rationale, the potential benefits, the resources required of Australia, and the potential strategic risks.

Policy recommendation 1: Australia to attempt to influence the US to change its policy to one that re-commences dialogue with North Korea, without preconditions

The policy rationale for and benefits of this recommendation have been provided earlier. The Australian resources required to raise this initiative are no more than extant diplomatic resources.

The strategic risks associated with this policy are significant. The US could be seen as weak in not enforcing a rules-based global order in relation to North Korea, which may also generate alliance anxieties with regional states, particularly South Korea and Japan.¹⁰⁵ The US would have to continue persuading those countries to refrain from pursuing their own nuclear-deterrent capabilities in response. Although Japanese society has a longstanding sentiment against the use or possession of nuclear weapons, Prime Minister Abe's government has asserted that Japan's Constitution allows for the possession of nuclear weapons.¹⁰⁶ South Korea reportedly explored acquiring nuclear weapons in the 1970s and there are concerns that it may review its position should North Korea continue to progress its nuclear-weapons program.¹⁰⁷ Any such developments would risk a nuclear-arms race in the region.¹⁰⁸

The strategic risk to Australia lies in its reputation with the US, which is a common risk for all the policy recommendations and therefore shall not be repeated further. The manner in which Australia presents this policy for consideration would be critical, as it could result in a US perception that Australia is starting to side with China on regional security issues or that Australia considers itself overly influential in the development of US policy.¹⁰⁹ As White has noted, 'Australia has big interests in North Korea, but our capacity to shape outcomes is relatively modest'.¹¹⁰

Policy recommendation 2: Australia to attempt to influence the US to acknowledge North Korea as nuclear-armed power

The policy rationale for this recommendation has been provided earlier in the paper. The benefits of this policy for North Korea would be an acknowledgement of its legitimacy as a nation state.¹¹¹ The benefit to the US and the wider world would be the potential for a reduction in provocative actions by North Korea. The Australian resources required to raise this initiative are no more than extant diplomatic resources.

The key strategic risk for the US would be in managing the likely negative reaction of its key Asian allies, South Korea and Japan. South Korea has promoted a number of policies toward North Korea, from the 'Sunshine Policy' in the late 1990s, which attempted to establish more open dialogue and economic interaction, to the present hard-line approach that matches the US policy of no engagement without verifiable denuclearisation.¹¹² Japan's policy position is to seek normalised relations with North Korea, on the proviso that North Korea works actively toward denuclearisation and refrains from

further provocations.¹¹³ So any decision by the US to acknowledge North Korea as a nuclear-weapons state would be a complex and challenging task in alliance management.

A wider strategic risk for the US would be the potential for an increase in nuclear-proliferation activities by nations with an interest in becoming nuclear powers. It could also set back the credibility of nuclear non-proliferation. Although this policy might be considered a precedent for other nations, it has been argued that the precedent was already set by the US and the international community's tacit acknowledgement of India and Pakistan into the nuclear power club.¹¹⁴

Any acknowledgement by the US of North Korea as a nuclear-weapons state could also undermine the US position regarding Iran. The US, together with the other P-5 states, as well as Germany and the European Union, were adamant in 2015 that Iran should not be allowed to develop nuclear weapons, and implemented the so-called Joint Comprehensive Plan of Action, which lifted international oil and financial sanctions on Iran in return for Tehran agreeing to curtail its nuclear-related program.¹¹⁵ The risk is that any acknowledgement of North Korea's status might give Iran incentive to seek similar recognition, notwithstanding the argument by some commentators that Iran and North Korea are fundamentally different nations with different levels of nuclear program maturity.¹¹⁶

The strategic risk to Australia is its reputation as 'a global champion of non-proliferation'.¹¹⁷ In order to pursue this policy recommendation with the US, Australia would have to concede that North Korea is effectively a nuclear-armed power, which would run counter to Australia's longstanding non-proliferation policy. However, recognition of North Korea's current status does not mean that Australia and the US should abandon the denuclearisation of North Korea as a long-term policy goal.¹¹⁸ It is also the case that Australia has arguably already undermined its non-proliferation stance by exporting uranium to India in 2014, which was hailed by some as a non-proliferation 'disaster'.¹¹⁹ However, Australia would clearly need to give careful consideration to the messaging it used in explaining any decision to progress this policy recommendation.

Policy recommendation 3: Australia to attempt to influence the US to bring North Korea into the mainstream arms control dialogue

In the interests of incremental, controllable change, this recommendation should be considered in tandem with policy recommendation 2. It aims to have North Korea cease its nuclear-weapons research and production programs, while retaining its extant capabilities, underpinned by non-proliferation control measures.

The benefit for North Korea is that it would bolster its legitimacy as a nuclear-weapons state, which it perceives would enhance its international standing. North Korea may also gain additional benefit with the lifting of some UN Security Council resolutions as a result of its compliance with arms control requirements.

The benefit to the US and the wider international community would be the potential for reduced tensions on the Korean Peninsula, with North Korea's compliance providing a cap on its nuclear capability and a commitment to accept non-proliferation requirements as a responsible nuclear power. Although it is at odds with North Korea's behaviour to date, Kim has stated that North Korea wants to be a responsible nuclear state.¹²⁰ Its compliance with arms control verification requirements could ultimately lead to North Korea's reinstatement as a member of the NPT, a membership it held from 1985-2003.

The resources required to implement this policy from an Australian perspective may be to offer nuclear systems or negotiation specialists to assist in arms control dialogue, or as specialist inspectors to perform arms control verification activities. As noted by White, Australia has considerable experience and expertise in the development of multilateral arms control and disarmament instruments.¹²¹

The strategic risk for the US in progressing this policy would be if North Korea, having been offered the opportunity to join the mainstream arms control dialogue, decided not to participate.¹²² Any such rejection by North Korea, most likely related to concerns that compliance would be an intrusion on its sovereignty, could have several follow-on effects. First, the international community would continue to have little clarity on North Korea's nuclear-weapon capabilities. Second, knowing that its non-compliance would jeopardise the lifting of UN Security Council resolutions, North Korea may be tempted to continue nuclear proliferation activities with other actors in exchange for hard currency. North Korean intransigence would also likely harden the attitude of Japan and South Korea, and increase the likelihood that one or both would be inclined to revisit their own stance on the acquisition of nuclear weapons.

Policy recommendation 4: Australia to attempt to influence the US to progress a peace treaty with North Korea, following recommendations 1 to 3

This policy recommendation could only be considered if North Korea agreed and acted on policy recommendations 1, 2 and 3. As such, it would be a long-term policy goal. In 2010, two years after the collapse of the Six Party Talks, North Korean Foreign Ministry officials stated that 'if confidence is to be built between the DPRK [North Korea] and the US, it is essential to conclude a peace treaty for terminating the state of war, a root cause of the hostile relations, to begin with'.¹²³ China has also enunciated its desire for a peace treaty to

replace the existing armistice, to be negotiated in parallel to denuclearisation talks.¹²⁴ Notwithstanding the obvious desirability of denuclearisation as a long-term objective, it should not complicate the progression of a peace treaty in the meantime.¹²⁵

The benefit of such a policy would be to reduce North Korea's perception of its existential threat. As stated by Cho, 'North Korea's uniqueness in the nuclear age lies first of all in the way it has faced and lived under the shadow of nuclear threat for longer than any other nation'.¹²⁶ While most Western observers would argue that North Korea's perceived sense of threat is both illusory and self-proclaimed for domestic purposes, the prospect of a peace treaty with its perceived nemesis would surely ameliorate its threat assessment and reduce its need to continue provocative actions aimed at the US and its allies.¹²⁷

The potential benefit to the US would be a significant reduction in tensions between it and North Korea, which would have further benefits to South Korea and its immediate neighbours. It may also be the start of the only feasible path toward the denuclearisation of North Korea. The resources Australia would need to expend would relate to diplomatic effort, which could entail being part of peace treaty deliberations.

The strategic challenge for the US in pursuing this recommendation would be in managing its relationship with South Korea. As a condition of any peace treaty, the US would likely need to dismantle—or at least agree to the phased dismantling of—the UN-mandated security construct in South Korea, which includes a significant US component.¹²⁸ Both the US and South Korea may wish to keep some US forces stationed on the Korean Peninsula to counterbalance China's rise. However, a continuing US presence would almost certainly be strongly resisted by both North Korea and China, and may indeed be a 'deal breaker' from Pyongyang's perspective. These tensions would obviously need to be carefully managed, with the aim of negotiating a 'least worse' treaty for the longer term.¹²⁹ Given the complexities involved, there is a risk that peace treaty negotiations would prove too difficult. However, it would be a significant policy success even to start such negotiations, notwithstanding that the deliberations could take years.¹³⁰

Policy recommendation 5: Australia to attempt to influence the US to assist North Korea to improve its economy, following the progress of recommendations 1 to 4

The policy rationale behind this recommendation has been provided earlier in the paper. Essentially, any improvement to North Korea's economy would increasingly result in more open relations with the international community,

which would gradually mitigate the threat of potential future conflict on the Korean Peninsula.¹³¹

As stated previously, there remains a risk that North Korea would not implement needed economic reforms because of the regime's concern that increased contact with 'the outside world' would threaten its control of the population.¹³² Such risks may place serious constraints on the ability to progress this recommendation; however, if recommendations 1 to 3 were to be successful, it should be considered.

The benefits to the US of this recommendation are subtle. The Kim regime may change its behaviour for the betterment of international security and peace as a result of the increasing ties inherent in international trade. Optimistically, this change may be one that presents a positive outcome for North Korea and the international community. Pessimistically, it may result in the continuance of a strict authoritarian regime that imposes extreme controls on economic reform and social change. The second potential benefit to the US would be a gradual, albeit minor reduction in North Korea's reliance on China's economic support, which would therefore reduce China's influence.¹³³ US policy and the effectiveness of UN Security Council sanctions have been thwarted in the past by China's actions. A tempering of the China-North Korea relationship may result in more normalised relations between the US and North Korea in the long term.

The resources required of Australia would be extant diplomatic and trade skills. Australia could utilise extant trade activities with South Korea to be a reliable supplier of goods and services to North Korea, benefiting Australia's economy.

The risk to the US in assisting to improve North Korea's economy would be predicated on how North Korea manages the potential benefits. If economic change is too rapid, the regime may quickly revert to type.¹³⁴ The nation may rapidly become unstable, with the potential for significant negative international consequences. These consequences may include political instability, internal conflict within North Korea, a humanitarian crisis, and significant flows of refugee movements into China, together with an insecure cache of sensitive nuclear materials.¹³⁵ As such, this policy recommendation suggests slow, incremental improvements to support North Korea's economy. The US would need to display patience and restraint to implement and support this recommendation over a number of years.

In summary, these are complex diplomacy recommendations that Australia should pursue in an attempt to influence the US policy position on North Korea. The strategic risks for each recommendation are significant. For Australia, in general terms, there is a risk that the US may not appreciate Australia soliciting

such recommendations on an issue that Washington would likely perceive as not being a direct interest to Australia, particularly as a number of the recommendations would challenge the current US position.

There is also the risk that Washington may perceive that Australia is pushing a solution that may be seen as favouring China's strategic position in the Asia-Pacific region at the expense of the US. The recommendations would likely also raise significant concerns from US allies in the Asia-Pacific region, for similar reasons. However, given the policy failures to date that have resulted in a nuclear-armed North Korea, this paper would argue that any policy recommendations that reduce tensions on the Korean Peninsula are deserving of serious consideration.

Part 4: Military policy options to deal with a nuclear-armed North Korea

Irrespective of the potential for long-term diplomatic solutions on the Korean Peninsula, both the US and South Korea, and Australia and Japan as US allies, must also continue to prepare for the worse until such time that North Korea no longer represents a significant threat to US and allied interests. The worst case scenario would be a pre-emptive nuclear-armed ballistic-missile strike by North Korea against South Korea or Japan.

In the event of such a scenario, or during seriously heightened tensions leading to such possibility, Australia should be prepared to support the US militarily. The following recommendations are therefore cognisant of the fact that Australia needs a set of military policy options should the previously discussed diplomatic policy recommendations not progress positively or should tensions escalate significantly in the meantime. These military recommendations could be pursued ahead of or in parallel to the diplomacy policy recommendations, particularly if the incoming US Administration decides to persist with the policy of strategic patience.

The US force of some 28,000 military personnel on South Korean soil, supported by US Navy and US Air Force assets in the region, plus the very capable South Korean military forces, provides a conventional advantage to any conventional attack by North Korea. Those forces are about to be augmented by a US anti-ballistic missile capability, the Terminal High Altitude Area Defense (THAAD) system, designed to intercept incoming ballistic missiles in their terminal phase of flight.¹³⁶ The deployment is tacit recognition of North Korea's emergent ballistic-missile capability. It also represents an important alliance gesture in providing practical and psychological support to South Korea and US regional allies.

Coupled with equivalent afloat ballistic-missile defence capabilities provided by the US Navy, the THAAD systems provide a level of force protection to US and allied forces against the North Korean ballistic-missile threat.¹³⁷ Not surprisingly, the THAAD deployment has drawn considerable criticism from China, as it reshapes the balance of power calculus between its forces and the US, notwithstanding US assurances that the system is specifically being deployed to counter the threat from North Korea.¹³⁸

Military policy recommendations

Despite its size, compared to US and South Korean forces, the ADF could make a meaningful contribution should conflict arise on the Korean Peninsula. The following recommendations avoid singling out North Korea as a specific target nation, in the interests of reducing risk to the success of the previously discussed diplomacy recommendations. With China increasing its military presence in the South China Sea, and regional neighbours modernising their military forces, the military policy recommendations in this paper are considered to have the flexibility in implementation to avoid targeting North Korea specifically and are consistent with the *2016 Defence White Paper*.¹³⁹

Policy recommendation 6: The ADF should enhance its understanding of ballistic-missile defence

The Australian Department of Defence has undertaken initial steps in engaging the US to increase its understanding of the concepts of operation and the system standards (including technical-related communications and architectures) required for a ballistic-missile defence capability. The aim is to ensure that the ADF could, as far as practical, seamlessly interoperate with US ballistic-missile defence forces in future.

The threat assessment of North Korea as reflected in the *2016 Defence White Paper* was likely conducted some time in 2015. However, North Korea's ballistic missile and nuclear testing has progressed considerably since then, suggesting that Australia should accelerate its ballistic-missile defence understanding, by increasing the resources assigned to the existing Bilateral Working Group.¹⁴⁰

Policy recommendation 7: The ADF should undertake personnel exchanges with US forces that operate afloat and ashore ballistic-missile defence systems

The ADF needs to develop a cadre of personnel with the requisite experience in modern US ballistic-missile defence systems, to promote more efficient introduction into Service and enhanced interoperability, in anticipation of the ADF acquiring such systems. The personnel exchanges would initially

be non-reciprocal, aiming to gain an understanding of US operational and tactical considerations. The exchanges could be funded by related-projects within Defence's Integrated Investment Program, such as the Integrated Air and Missile Defence Program and the Maritime Area Air Defence Weapons Program.¹⁴¹

Policy recommendation 8: The ADF should increase military exercise opportunities with US and South Korean forces

The *2016 Defence White Paper* stated that 'Australia has increased its participation in Republic of Korea-US led multilateral exercises and will maintain this commitment'.¹⁴² Although Defence's international engagement program is classified, recent actions by North Korea should provide the prompt for the ADF to join high-intensity exercises with the US and South Korea, building from force protection in the first instance. Australian forces that have the highest probability of being assigned to support the US on the Korean Peninsula need to train in a chemical-biological-nuclear-radiological (CBNR) environment, protected from such threats by US capabilities until organic capabilities are achieved.

More broadly, ADF elements should engage in exercise opportunities involving ballistic-missile defence, as a subset of a wider area air defence role; precision strike; intelligence surveillance and reconnaissance; special forces and conventional land force operations; anti-submarine warfare; and cyber operations. All these warfare areas are extremely complex and highly classified. They also require extensive planning and intelligence sharing to afford effective operational outcomes. Many extant US-Australia exercises already include South Korean forces but further opportunities should be explored.

Conclusion

This paper has argued that in order to live with a nuclear-armed North Korea, the US needs to change its policy. It argues that successive US policies, each attempting to coerce or constrain North Korea's ability to continue its nuclear and ballistic-missile programs, have failed and that North Korea seemingly now has the capability to launch a nuclear warhead via ballistic missile.

The paper accordingly proposes that Australia's policy toward North Korea needs to progress along two related themes: diplomacy, and military policy options. In the first instance, the paper argues that the focus of diplomacy needs to be the peace process, not the denuclearisation process. To that end, it asserts that the Australia should attempt to influence the US to recommence dialogue with North Korea without conditions, to gain a greater understanding of North Korea and to defuse the rapidly building tensions. It would also require

an acceptance by the international community of North Korea's status as a nuclear-weapons state, which is clearly important to North Korea in terms of its legitimacy as a nation state.

The paper also recommends that Australia should propose that the US offers to negotiate a peace treaty with North Korea to replace the armistice that has continued uneasily since the Korean War. It also suggests the US should assist North Korea to normalise its economy through increased interaction with international markets, which in turn would give the North Korean people greater exposure to the societal norms and rules-based behaviour of the international community.

The paper concludes with several military policy recommendations for Australia, as a parallel track to the diplomacy policy recommendations. They include a better understanding by the ADF of ballistic-missile defence, personnel exchanges with US ballistic-missile defence forces to increase the ADF's expertise and potential interoperability, and increased participation in high-intensity exercises with US and South Korean forces in the event that the ADF is required to assist in operations on the Korean Peninsula.

The paper also notes that while a number of these recommendations may take years to negotiate, they also carry considerable risk, both for Australia in proposing them and for the US in attempting to implement them. However, 60 years of allied policy to date has not only failed to prevent the so-called 'pariah' state from becoming increasingly belligerent but has reached a point where North Korea is on the verge of becoming a de facto nuclear-weapons state. The US and its allies need to try something new, however different or difficult it may seem.

Notes

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What are the strategic people capability challenges facing Australia and New Zealand in implementing their 2016 Defence White Papers?

Bridget Musker

New Zealand Defence Force

Abstract

This paper examines the strategic people capability challenges facing Australia and New Zealand in implementing their 2016 Defence White Papers. It analyses the implications of changing demographics of each country between 2015 and 2025, as well as the key economic drivers, the unique characteristics of the future working population, and the demands for skills in future labour markets.

The paper contends that to maintain and grow their people capability, both Australia and New Zealand need access to a very limited supply of the top talent of the future generation. However, the biggest challenge is likely to be offering competitive remuneration to a section of the labour force that is in high demand, exacerbated by the sector's lack of appeal to women and security restrictions relating to skilled migrants, which may result in both countries needing to reassess the affordability of their White Papers.

Introduction

Australia and New Zealand's 2016 Defence White Papers strategically balance policy, capability and funding over the next 10 to 15 years. Australia's 2016 *Defence White Paper* requires the growth of around 2500 permanent ADF members, to a total of 62,400. It also includes the reprioritisation of 2300 existing positions into higher priority activities by 2025-26, with further growth likely to be required into the 2030s.¹ In addition, it requires the growth in Defence of 800 Australian Public Service personnel.

The New Zealand Defence Force (NZDF) is currently undertaking further work to confirm the size of its work force.² However, New Zealand's 2016 *Defence White Paper* indicates that the NZDF needs to continue to grow and modernise its workforce to support the future capabilities described in the White Paper.

The areas of growth and reprioritisation incorporated in both White Papers primarily relate to intelligence, space and cyber security. Positions are also required for the modernisation of maritime, air and land capabilities, alongside their supporting enabling functions. Across all areas, the skill sets required will have a strong science, technology, engineering and maths (STEM) focus. These skills will also be in high demand across the wider Australian, New Zealand and global labour markets.

The development of strategic workforce plans is a key next step for both Australia and New Zealand in implementing their White Papers. These plans will work through the demand requirements of a workforce, using current force-generation techniques. The numbers, composition and competencies required to support the capabilities of each of the White Papers will be articulated. But how are both nations placed from a supply side? Will the demand for similar skill sets in global labour markets impact on their ability to attract the experience required, while still addressing affordability? And how will the future demographic characteristics of both countries impact on their ability to attract, train and retain the next generation of professional military experts?

The purpose of this paper is to examine the strategic people capability challenges that are facing Australia and New Zealand in implementing their 2016 Defence White Papers. It will focus on the implications of changing demographics of each country between 2015 and 2025; key economic drivers; the unique characteristics of the future working population; and the demands for skills in future labour markets.

It will summarise the changing demographics of each country, review the drivers of economic growth, explore the challenges of targeting a changing working population, and address the impact of the demand for similar skill sets in the

future labour market. The paper will conclude that Australia and New Zealand could face significant people capability challenges in implementing their White Papers which may result in a need to reassess affordability in line with their strategic intentions for continued economic growth and prosperity.

Changing demographics – 2015 versus 2025

The next decade will be a crucial period for both Defence Forces to grow and align their workforces to the skill sets required to implement new capabilities. As illustrated in Table 1, the population of both countries is expected to grow in the period to 2025.

Table 1: Australian and New Zealand population estimates³

Australian Population Estimates (millions of persons at 30 June)				New Zealand Population Estimates (thousands of persons at 30 June)			
Age Range	2014–15	2024–25	Movement	Age Range	2014–15	2024–25*	Movement
0–14	4.5	5.3	0.8	0–14	914	978	64
15–65	15.8	17.8	2	15–65	3007	3331	324
65+	3.6	4.9	1.3	65+	674	965	291
Total	23.9	28.0	4.1	Total	4595	5274	679
Percentage of total population				Percentage of total population			
0–14	18.8%	18.9%	0.1%	0–14	19.9%	18.5%	-1.3%
15–65	66.1%	63.6%	-2.5%	15–65	65.4%	63.2%	-2.3%
65+	15.1%	17.5%	2.4%	65+	14.7%	18.3%	3.6%

*A midpoint assuming steady annual growth between 2023 and 2028 has been used to enable a comparison at 2024–25.

Australia is projected to grow by approximately 4.1 million people and New Zealand by 679,000. By 2025, it is estimated that there will be 2 million more Australians aged 15-65, where participation in the workforce is at its highest, and 324,000 more New Zealanders. At the same time, both populations are also ageing. This demographic change means that the proportion of the predominantly dependent population (aged 65 and over) will grow by approximately 2.4 per cent in Australia and 3.6 per cent in New Zealand.

As there is steady growth in the working-age populations in both countries, the size of the workforce may not be an issue. The ADF is only looking to attract a total of 3300 more people (2500 ADF personnel and 800 Australian Public Service) from the expected working population growth over this period. The proportion of the total workforce in each country that either Defence Force employs is not projected to change significantly. However, as explored further in this paper, the gender, age, ethnicity and skill set match of this workforce may be a significant strategic people capability challenge in light of key drivers of economic growth.

Economic growth drivers – population, participation and productivity

Population structure, workforce participation and productivity are key drivers of long-term economic growth. The population structure of both countries is changing due to immigration and longer life expectancies. For at least the last 30 years, immigration has made the largest contribution to growth in the working-age population of both countries. As a result, both White Papers acknowledge that Australia and New Zealand will need to recruit from their respective ever-growing multicultural societies. The ageing population also has important implications for the tax base of each government, including their ability to provide the expected standard of services to their ageing population while funding future defence-related increases.

Participation in the workforce by all ages is expected to increase or stabilise. The most significant increase in workforce participation will be those aged 60-69.⁴ Female participation rates are also expected to continue to grow following strong growth over the past 40 years. Global figures show that women now outnumber men in tertiary education by a ratio of 108 to 100.⁵ Therefore, the female proportion of the workforce will also be more highly educated. As a result of these shifts in population and participation, both the ADF and NZDF will be targeting a workforce with a higher number of better-educated women, skilled migrants and those aged 60-69.

Productivity is the ability to innovate, create efficiencies and remain globally competitive.⁶ Australia's National Innovation and Science Agenda states that innovation and science are critical in delivering new sources of growth, obtaining higher incomes and seizing the next wave of economic growth.⁷ It also states that the talent and skills of Australians are the engine behind Australia's innovative capacity. Australia's Chief Scientist has stated that it is the knowledge and application of STEM skills that will build a stronger, more competitive economy.⁸ Both countries will need STEM skills to grow their future military capabilities and their economies, which will place a high demand on STEM skills.

However, both Defence Forces will need to compete with the private sector for their STEM-skilled workforce. They will need to offer comparable remuneration and working environments, within their unique security and cultural environments. Given the reduced productivity of an ageing population (and its increased social security demands), it is highly unlikely that either government would be in a position to provide additional funding in order for their respective Defence Force to remain competitive with the private sector.

Australia's 2016 *Defence White Paper* specifically states that the 10-year funding model will not be subject to any further adjustments as a result of changes in Australia's economic growth estimates.⁹ So both Defence Forces will need to consider the challenges of targeting a working population that will comprise higher proportions of better-educated women, skilled migrants, and people aged 60-69, complementing the next generation of younger personnel.

Challenges of targeting a changing working population

Women, skilled migrants and those aged 60-69 are a growing part of the future working population in both countries. Yet women are currently under-represented in both Defence Forces, with 15 per cent in the ADF and 16 per cent in the NZDF.¹⁰ Previous recruiting policies and initiatives have failed to increase this workforce percentage substantively, which suggests that employment and cultural aspects are preventing a change to this paradigm.

It may also be due to societal conditioning that women do not typically choose careers where they may be required to use power, influence or force. These elements may continue to deter women from joining the military over the next decade, which would result in a reduced number of potential recruits. Both Defence Forces should plan for this and set realistic goals for the number of women they will be able to attract and retain. At the same time, they will need to remain committed to removing any barriers that prevent women from joining the military, while maintaining their operational capability and war-fighting ethos.

The cultural composition of each of the populations is also changing to be more diverse as the intergenerational impact of migration filters through both countries. Skilled migrants, who will make up a greater proportion of the working populations, may not be eligible for employment due to current security vetting policies. This would also reduce the size of the pool from which both Defence Forces attract personnel.

The increased diversity from migrants is also changing the face of what a Defence Force member will look like over the next decade. It is moving even further away from the traditional, male-dominated ANZAC homogeneity into a culturally diverse workforce similar to the society it protects. A new Defence brand will be required to attract and retain personnel from this culturally diverse workforce. This brand will need to create a connection or reason for an individual to choose a Defence Force career, regardless of their cultural background, along with policies and procedures that ensure equality and inclusion for the growing number of ethnic groups and religions.

The most significant increase in participation rates in both workforces will be those aged 60-69. This is likely to result in both Defence Forces having an older workforce to ensure they can fill critical technical roles. New Zealand announced in March 2017 that it will follow Australia and a number of European governments which have responded to the economic challenge of an ageing population by raising the pension eligibility age from 65 to 67 in the anticipation that this will keep people in the workforce longer.¹¹

Having a greater participation of older workers could have the benefit of cross-generational mentoring, with a greater mix of 'baby boomers' and generations X, Y and Z in the workforce at the same time. This will be particularly valuable as both Defence Forces manage the risks of phasing out old capabilities and bringing in modernised replacements.

It is also likely to present each Defence Force with a set of unique people capability challenges, including the ability to match the skills of the older generation to those needed; deployability; medical costs; occupational health and safety; the increased potential for intergenerational conflicts, particularly where older generations are perceived to be blocking the promotion of younger generations; and the need to manage the career requirements of four very different generations, at very different stages of their lives.

Tailoring the career management needs of individuals, while maximising the value of four generations participating in the workforce, needs to be addressed by new policies and force-generation techniques that recognise the unique situation of the individual and the critical skills required by the respective Defence Forces.

Although the proportion of the total workforce in each country targeted by either Defence Force is not projected to change significantly, both Australia and New Zealand's ability to grow the required people capability will be challenged by a working population containing more women, skilled migrants and older workers.

Demand for skills in the future labour market

The areas of workforce growth and reprioritization for both the ADF and NZDF have a strong STEM requirement which will be in high demand in the global labour market. New Zealand's *2016 Defence White Paper* explicitly points out that:

One of the core challenges the Defence Force faces is balancing the modernisation of its workforce with the need to attract and retain the right people with diverse skills, many of which will be in high demand elsewhere. It must do this while remaining affordable in the long term.¹²

Australia's 2016 Defence White Paper echoes these sentiments, stating that:

All parts of the Defence workforce will need to upgrade their skills as part of being a more capable, agile and potent future force. To meet the demands of the higher-technology future force set out in this Defence White Paper, the Government will undertake the largest single rebalance of the Defence workforce in a generation.¹³

International research indicates that 75 per cent of the fastest growing occupations now require STEM skills and knowledge.¹⁴ Globally, there is a disconnect between education standards and the skill demands of organisations. The STEM and soft skills that facilitate integration into the workforce are in short supply. Some major companies are now training their own personnel to bridge the gap between education and the skills required in the workforce.¹⁵

This global trend is reflected in Australia through too few children studying science, maths and technology in schools.¹⁶ These subjects are critical in preparing for STEM jobs in the future. Both countries will have a short supply of the highly skilled workforce needed for their future military capabilities and to grow their economies.

Both Defence Forces will need to focus on hiring its next generation of younger personnel with these skill sets, because they will be unlikely to find them in older workers or even skilled migrants. To effectively compete with the private sector, each Defence Force will need to appeal to the motivation of future generations, as well as offering modern flexible working conditions and creating a varied and innovative environment that offers rapid career progression and a more liberal working regime.¹⁷

Even if these significant cultural and employment changes are made, the biggest challenge is likely to be offering competitive remuneration to a section of the labour force that is in high demand and made even smaller by the sector's lack of appeal to women, and security restrictions around the employment of skilled migrants.

Each Defence Force will need to balance its demand for future people capability with the economic reality of remaining within its indicative funding levels. The proportion of the Australian defence budget allocated to personnel will reduce from around 37 per cent to around 26 per cent in 2025–26, although this proportion is distorted by large capital investment in 2025–26.¹⁸ However, the amount of investment in personnel is projected to grow from \$12.0 billion to \$15.3 billion in 2025–26.

This represents an average annual increase of 2.75 per cent to cover the additional personnel, personnel inflation and the price of a more highly skilled workforce. Although Australia's 2016 *Defence White Paper* had around 80 per cent of the defence budget externally cost assured, the projected 2.75 per cent average annual increase may not be high enough to compete with the private sector. New Zealand is likely to face a similar challenge and will use its mid-point review between White Papers to assess the ongoing affordability of capability options.

Conclusion

Population structure, workforce participation and labour market demands in the next decade will create strategic people capability challenges for both the ADF and NZDF. Both countries are managing the implications that an ageing population has on their tax base, while striving for continued economic growth through innovation that requires the same STEM skills needed by their Defence Forces. Even though the proportion of the total workforce in each country that both Defence Forces employ is not projected to change significantly, both Australia and New Zealand's ability to grow the required people capability will be restricted due to the working population containing more woman, skilled migrants and older workers.

To enable both Australia and New Zealand to maintain and grow their people capability, they need access to a very limited supply of the top talent of the future generation, requiring them to compete more actively with the private sector. Offering modern flexible working conditions and creating a varied and innovative environment that offers rapid career progression and a more liberal working environment will be critical factors in attracting and retaining the future generation of personnel.

On their own, these are significant cultural and employment changes for each Defence Force. However, the biggest challenge is likely to be offering competitive remuneration to a section of the labour force that is in high demand and made even smaller by the sector's lack of appeal to women, and security restrictions around the employment of skilled migrants. This may result in New Zealand and Australia needing to reassess the affordability of their White Papers in line with their strategic intentions for continued economic growth and prosperity.

Notes

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Is the growing warmth in the relationship between Russia and China a threat to India in the next 10 years?

Colonel Vikas Raj Gupta

Indian Army

Abstract

This paper addresses the question of whether the growing warmth in the relationship between Russia and China presents a threat to India over the next decade. It contends that the world is witnessing a dramatic transition in the balance of power, as unipolarity seems to be giving way to other, more complex alignments, which includes Russia and China increasingly supporting each other's core interests and foreign policies on the world stage.

The paper examines the reasons for the newfound Russia-China rapprochement and analyses the real depth of their relationship. It also evaluates Indo-Russian relations and argues that India and Russia share a special friendship—not least because, in the long term, India has more to offer Russia than China. The paper concludes that the growing warmth in Sino-Russian relations is not a threat to India in the next ten years. However, it asserts that India will need to harness opportunities to progress its ties with Russia if it is to realise its aspirations in the Asia-Pacific region.

Introduction

The aspirations for power of individual nations can come into conflict with each other—and some, if not most of them, do at any particular moment in history—in two different ways ... the pattern of direct opposition and the pattern of competition.

Hans Morgenthau and Kenneth Thompson, *Politics of nations*, 1985¹

Russia is resurgent, China is assertive, India is rising, and the US is uncertain. The world is witnessing a dramatic transition in the balance of power, as unipolarity seems to be giving way to other, more complex alignments. Historically, India's relations with its neighbours, China and Pakistan, have been tumultuous. On the other hand, Russia has been a trusted friend of India and has acted as a counterbalance to possible China-Pakistan collusion.²

In the last decade, India's relations with the US have improved considerably.³ At the same time, keeping their baggage of historical mistrust aside, Russia and China are supporting each other's core interests and foreign policies on the world stage. Furthermore, Russia extended Pakistan its hand for defence and trade ties.⁴ As US forces have been drawn down in Afghanistan, a Russia-China-Pakistan axis is already emerging.⁵ These shifts have caused concern in India. India's relations with Russia have withstood 70 years of friendship. However, is Russia drifting away from India? Will the growing Sino-Russian relationship become a threat to India's national interests in the next ten years?

This paper will initially discuss the reasons for the newfound Russia-China rapprochement and analyse the real depth of their relationship. It will then evaluate Indo-Russian relations and argue that India and Russia share a special friendship—not least because, in the long term, India has more to offer Russia than China. It will conclude that the growing warmth in Sino-Russian relations is not a threat to India in the next ten years. However, India will need to harness opportunities to progress its ties with Russia if it is to realise its aspirations in the Asia-Pacific region.

The nature of Russia-China rapprochement

The warmth in the Sino-Russian relationship is borne out of economic compulsion for Russia and a strategic opportunity for China. Relations between Russia and China have been improving since the end of the Cold War, although it was not an area of focus for either.⁶ In 2014, when Russia annexed Crimea from Ukraine, the West imposed sanctions on Russia. Politically and economically isolated, Russia had no choice but to 'cosy up' to China.⁷

In this relationship, China's motivations are strategic. Yan Xuetong asserts that in the emerging US-China competition for a bipolar order, the US has many allies but China has none.⁸ Brian Carlson contends that China will need friends to redress this imbalance—and that there is no better alternative than Russia.⁹ Therefore, national interests may drive relations between Russia and China but the push comes from the current circumstances.

Apart from circumstances, there are also shared interests at play. Russia and China detest US unilateralism and oppose alleged US-led regime change efforts through so-called 'Color Revolutions'.¹⁰ Both also resist the global financial architecture based on the US dollar.¹¹ And they coalesce on multilateral organisations like the Shanghai Cooperation Organization and BRICS (the loose association of emerging economies, namely Brazil, Russia, India, China and South Africa), which are free from Western domination.¹²

At the UN Security Council, China and Russia frequently unite to block US-led resolutions, such as the one in October 2011 to punish the Syrian regime.¹³ Their relationship is thus not only an axis of convenience but may emerge as a purposeful, strategic partnership with the propensity to get even warmer with external stimuli. For instance, the US draw-down of forces from Afghanistan and the US deployment of a ballistic missile-defence system to South Korea, in response to North Korean belligerence, have only pressed them closer.¹⁴

Interestingly, Russia and China are pursuing their foreign policies independent of each other. China does not endorse Russia's actions in Crimea, perhaps seeing an analogy between its territorial disputes in the South China Sea and the situation in Crimea.¹⁵ At the same time, China did not join the US in condemning Russia at the UN, nor has it supported sanctions against Russia. Despite the Russian economic squeeze on Ukraine, China continues doing business with Ukraine including placing orders with its military industry.

Similarly, when it comes to the South China Sea dispute, Moscow does not support China's claim, although when the Permanent Court of Arbitration ruled in favour of the Philippines, Russia supported China's non-recognition of the judgment. As Samuel Charap *et al* note, Russia is true to its allies; hence it supports Vietnam's position on the South China Sea dispute—and concurrently delivers six Kilo-class submarines to Vietnam—but ignores US persuasion to take a position on China's militarisation of the disputed islands.

What seems evident is that China and Russia's support to each other's position is not unconditional. However, they do not publicly criticise the other, nor do they cease doing business with third parties to please the other.¹⁶ Some would argue this is a portent for a future clash, with Joseph Nye contending that 'for China and Russia to succeed, they will have to match words and deeds in their policies'.¹⁷

Economic salvation with Chinese characteristics

Economically, China has helped Russia to an extent. Since 2014, Chinese banks and oil corporations have made significant investments and extended big loans to Russian energy companies, many of which were under European Union sanctions.¹⁸ In May 2014, Russia and China signed a contract, worth an estimated US\$400 billion, for Russia to supply gas to China for the next 30 years, commencing in 2020.¹⁹ Importantly, Russia and China also trade in euros and renminbi to reduce their dependence on the US dollar and to avoid sanction-related risks.

However, commentators argue that beyond energy and raw materials, bilateral trade between the two has not been encouraging. They point out that while Chinese foreign investments have been growing globally, investments in Russia have stalled.²⁰ For example, Chinese service and high-tech sector companies find no incentive to invest in Russia, with Andrei Movchan highlighting that the Chinese economy demands modernisation, and that states rich in hydrocarbons and minerals, like Russia and African countries, can do little to save the Chinese economy.²¹ Hence, forced to look beyond Russia, China has left Russian expectations of economic salvation 'with Chinese characteristics' only partially fulfilled.

Russia and China—'relations through compromise'

For its part, Russia is more enthusiastic about the relationship. For instance, Russia initially looked at China's 'Belt and Road Initiative' (also known as 'One Belt, One Road') as largely being confined to what it referred to as its 'near abroad', that is, the territory beyond the Russian Federation comprising the former Soviet republics.²² However, in May 2015, Russia offered its support in exchange for China's support of the Russia-led Eurasian Economic Union, an economic union of states in northern Eurasia, comprising primarily Kazakhstan, Kyrgyzstan, Armenia, Belarus and Russia.²³

Russia no doubt made this offer in recognition of the economic benefits of the Belt and Road Initiative, and the ensuing stability it could bring, as well as its own inability to match Chinese investment in the region. On the other hand, China accepted the proposal knowing well that Moscow would otherwise block the Belt and Road Initiative using its leverage in the region.

Defence-related deals are another example of compromises between China and Russia. China was the largest buyer of Russian arms until a decade ago but now competes with Russia as the world's third-largest exporter of weapons.²⁴ Russia has been cautious of supplying sophisticated defence technology to the Chinese, not only because it enhances China's technological capabilities, but because the Chinese typically reverse-engineer and export the same equipment at cheaper rates.²⁵ However, having based its economy on financial and technical integration with the West, the sanctions regime has forced Russia to find additional sources of income.

As a result, Russia has agreed to sell its 'jewels' to China, namely its highly sophisticated S-400 air-defence system and its Su-35 fourth-generation fighters.²⁶ China has ostensibly gone out of its way to play its part in the relationship. It made advance payments for the S-400 and agreed to buy 24 Su-35 aircraft, even though it primarily only wanted the engines of the Su-35 for its J-20 fighter.²⁷ Nevertheless, it seems probable that as China grows economically stronger, Russia will be unlikely to continue getting such favourable deals. For now, however, both countries seem focused on a positive-sum relationship.

A Sino-Russian alliance?

The obvious question then remains—what is the possibility of a Sino-Russian alliance, which by definition would involve a closer or even a coalition-type military relationship? In May 2015, Russia and China conducted a joint naval exercise in the Mediterranean Sea.²⁸ However, the following month, China signed an agreement with the US to conduct joint military exercises in the future.²⁹ India and China have also held joint exercises every year since 2000.³⁰ So there are clear indications that no-one could consider itself to have an exclusive partnership with China or, indeed, that China has any interest in such an arrangement, which would likely generate unwelcome fears and criticism of its intentions.

Some Western commentators initially viewed the Shanghai Cooperation Organization as the prospective foundation for a Russia-China alliance.³¹ However, the Organization has four other member states, and its framework enshrines consensus-based decision making, leaving members free to veto any decision that is contrary to their interests. Russia and China also have somewhat competing agendas; while Russia wants the Organization to focus on security and energy cooperation, China wants to use it to leverage economic cooperation (which Russia fears would result in a flood of cheap Chinese goods into its markets).

Historically also, Sino-Russian relations have been characterised by mistrust. The potential influx of Chinese migrants into the sparsely populated Russian

Far East has always been a threat to Russia.³² On the other side, China fears the collapse of Soviet communism as a potentially dangerous precedent from which it needs to insulate.³³ China looks at Central Asia for energy, and access to Europe; it also wants stability and good security arrangements with its Central Asian neighbours, particularly given their proximity to its Muslim-dominated Xinjiang province.³⁴

On the contrary, Russia has long been wary of China's influence in Central Asia, which it considers its 'backyard'.³⁵ China's growing military power is also a concern for Russia. The missile silos in central China and the absence of a declared Chinese nuclear doctrine are a worry for Moscow, which—even as it pursues a closer strategic relationship with Beijing—actively prepares for a threat from China. In 2010, Russia's largest exercise in post-Soviet history had distinct 'anti-Chinese' features.³⁶ In 2016, Russia conducted an exercise in the Siberian region, ostensibly against China.³⁷

These may seem glaring contradictions. But they also reflect the geostrategic realities of two major powers sharing a common border and large parts of the same continent, albeit their centres of power are almost 6000 kilometres apart. Russia undoubtedly seeks greater cooperation with China but to consider it an alliance would be to misunderstand Russian thinking.³⁸ Russians would never accept being the junior partner of a coalition, even if it is increasingly lopsided in China's favour. For now, however, both seem content with the status and benefits of the existing relationship. And it suits the purposes of both to call it a 'strategic partnership'.

Indo-Russian friendship

The China-Russia partnership is obviously important in terms of Indo-Russian and Indo-Chinese relations, and the strategic space that India as a nation aspires to occupy and influence on the Asian continent. Historically, India and Russia have shared a 'special friendship', beginning with diplomatic relations with the then USSR in 1947. Following China's invasion in 1962, India turned towards Moscow to build up its military capability.³⁹

The relationship experienced its peak in 1971, when Russia thrice vetoed the UN Security Council resolution on the situation in the Indian peninsula, and supported India during its war with Pakistan which, at that time, had the support of both the US and China. The collapse of the USSR in 1991 disrupted Indo-Russian bilateral trade, and both drifted towards the West. However, this drift found a course correction in 2000, with the signing between India and Russia of the 'Declaration on Strategic Partnership', which Vladimir Putin hailed at the time as a 'truly historic step'.⁴⁰

Since then, and premised on shared views of a fair international order, Russia has supported India's candidature for a permanent seat on the UN Security Council and membership of the Nuclear Suppliers Group. China is opposed to both.⁴¹ In 2017, Russia also played a pivotal role in India's membership to the China-led Shanghai Cooperation Organization.⁴² Russia has also provided a number of niche technologies that have enabled India to develop a robust military, space and nuclear-energy capability. Since 2007, India has become the largest importer of Russian weapons, overtaking China, which has included the transfer of technology to enable India to manufacture Su-30 fighters, T-90 tanks and joint research and development of BrahMos cruise missiles.⁴³

In space, there is an extensive collaboration between India and Russia. Of particular importance are the Moon and Mars exploration project, the human space flight project, and integration of the Indian and Russian global navigation systems (GLONASS).⁴⁴ Russia is also helping India achieve energy self-sufficiency through nuclear power, with two of the four nuclear reactors set up by Russia already operational.⁴⁵ Hence, it is evident that India enjoys a special place in Russia's foreign policy.

Nevertheless, the relationship has also experienced some rough weather in recent years. For example, Russia's contract to provide India with an upgraded Kiev/Baku-class aircraft carrier, the former *Admiral Gorchkov*, was plagued by inordinate delays and cost overruns, with delivery eventually occurring in late 2013, almost six years over schedule and with the cost doubling to more than US\$2 billion.⁴⁶ Problems and delays with the supply of Akula-II submarines and the comatose state of a joint project for development of fifth-generation fighter aircraft (for several years, until recently) have similarly affected India's military modernisation.⁴⁷

Russia, on the other hand, views India's big-ticket arms and aircraft deals with the US, France and Israel as an apparent loss of its arms monopoly in India.⁴⁸ The growing bonhomie between India and US—marked by the historic Indo-US civil nuclear deal in 2008 and, more recently, a logistics exchange agreement—has also caused concern in Moscow.⁴⁹ Russia's unprecedented counter-terrorism exercise with Pakistan in September 2016 was viewed by many experts as a signal that Russia disapproved of India's growing closeness with the US.⁵⁰ However, the logistics agreement with the US, which 'will give the militaries of both countries access to each other's facilities for supplies and repairs', was arguably more about heightened Indian and US concerns at growing Chinese assertiveness in the Indian Ocean region than a loss of Russian influence.⁵¹

India and Russia—moving forward

Despite these glitches, relations between India and Russia are *sui generis*—they are unique and they stand on their own. During the 17th India-Russia Annual Summit in October 2016, Prime Minister Modi reiterated that Russia would remain India's major defence and strategic partner, while President Putin reaffirmed Russia's continued commitment to the 'special and privileged strategic partnership' with India.⁵²

At the same time, Russia signed an agreement to supply India with four units of the S-400 air-defence system, as well as approval for the joint manufacture of Ka-226 light utility helicopters. Although Russia had also agreed earlier to sell S-400 systems to China,⁵³ this deal can be construed as reassurance that Russia's relations with China will not undermine the time-tested, Indo-Russian friendship.

However, it is evident also that India should be wary of the emerging Russia-China-Pakistan triumvirate, which is being driven partly by regional security challenges following the draw-down of NATO forces from Afghanistan and partly by Russia's endeavour to expand its defence market.⁵⁴ However, Dmitriy Frolovskiy contends that the prospect of Russian arms sales to Pakistan, in particular, is overstated and that 'Russia will not partner with Pakistan ... [but] will remain closely connected to India'.⁵⁵

India is still the largest buyer of Russian weapons and, with US\$250 billion set aside in its defence budget, India's flagship 'Make in India' program offers substantial opportunities for new joint ventures between the two countries.⁵⁶

Conclusion

While Russia's leanings towards China may fall short of an alliance, the relationship has certainly progressed to at least a *détente*. At the same time, both are careful not to present an overtly anti-American axis, which could accelerate the beginning of a new Cold War for which neither Russia nor China are prepared or would want. Therefore, for the present and foreseeable future, Russia and China seem to be treading a policy path, in Dimitri Trenin's words, of 'never against each other, but not necessarily always with each other'.⁵⁷

While US relations with Russia and China under President Trump remain the subject of speculation, if China continues to grow its economic and military power, as seems inevitable, Russia will increasingly lose strategic 'clout' in their already unbalanced relationship. In the long term, therefore, it is unlikely that this *détente* will sustain. On the other hand, realism suggests that a stable balance of power in Asia cannot emerge without Russia and India working

together, as exemplified in Russia's push for India's entry into the Shanghai Cooperation Organization and the promotion of a Russia-China-India trilateral initiative, aimed at promoting and facilitating regional stability and security.⁵⁸

Sino-India relations may continue to encounter continuing 'conflicts of interest', not least because of China's ongoing support for Pakistan. However, the silver lining is that both recognise the need to avoid tension and enhance trade ties. Thus, a quiet competition is more likely between India and China. It is fair to reassert that Russia and China relations will not be a threat to India in the next ten years. The way forward for India is to increase investments in Russia and pursue a liberal, multi-vector diplomacy with the key powers of Russia, China and the US. In doing so, India in 2017 will be celebrating 70 years of Russia-India friendship.⁵⁹

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Ice dragon: a proposal to target the supply of methamphetamine from China to Australia

Commander Nigel Ryan

Australian Federal Police

Abstract

This paper addresses the issue of methamphetamine supply into Australia, aiming to identify viable options to reduce the amount of the drug and its chemical precursors that enter the country, particularly originating from China. It contends that the situation in Australia is quite drastic, exacerbated by the role and impact of organised crime groups, which are targeting Australia because of the demand for amphetamines and the high profits that can be gained as a result.

The paper makes five recommendations aimed at enhancing the detection capabilities and collaborative efforts in reducing the supply of methamphetamine and its precursors into Australia, taking account of the recommendations already made by the National Ice Taskforce. It asserts that the advocated options and recommendations should assist in reducing the supply of methamphetamine from China and, as a consequence, addressing the methamphetamine issue in Australia more generally.

The war on drugs is a war you are going to lose. You may not ever win it, but you've always got to fight it.

Prime Minister Tony Abbott, April 2014 ¹

The responsibility for tackling this very complex problem can't be left to the police alone, we cannot ... arrest our way to success we need to do a lot more.

Prime Minister Malcolm Turnbull, October 2016 ²

Introduction

This paper addresses the issue of methamphetamine supply into Australia, aiming to identify viable options to reduce the amount of the drug and its chemical precursors that enter the country, particularly originating from China. It also addresses some of the issues related to methamphetamine use in Australia. The intention is to provide an effective and efficient set of policy options that complement existing frameworks and policies, and enhance the detection capabilities and collaborative efforts in reducing the supply of methamphetamine.

The paper draws on earlier work by the author that addressed gaps in the current framework and approach toward methamphetamine supply reduction.³ It also takes account of the policy options already proposed by the National Ice Taskforce. Its 2015 report made numerous recommendations for health and support services, education and prevention, governance and strategy, along with law-enforcement options.⁴ In particular, it highlighted that existing efforts to disrupt the supply of methamphetamine into Australia need to be more targeted and coordinated, and that continuing work was needed to build the relationships between the relevant Commonwealth, State and Territory agencies.

The UN's General Assembly Special Session of April 2016 similarly highlighted the importance of a global approach to drug policy.⁵ The recommendations of its draft resolution emphasised many key aspects that are consistent with the policy initiatives proposed in this paper. Of particular note is the importance placed by the UN's General Assembly on coordination and collaborative efforts in addressing drug issues both domestically and internationally.

In proposing a number of policy options, the paper will examine and rationalise the logic for the recommendations, outline the specifics of each recommendation and, where appropriate, provide the funding implications associated with the policy proposal.

Part 1: Overview

Australia as an international market

The previous work by the author analysed the extent of Australia's methamphetamine problem. It contended that the situation in Australia is quite drastic. Even though the world-wide prevalence and use of methamphetamine is increasing, Australia stands out as having an over-representation of users per capita. This situation has exacerbated the role and impact of organised crime groups targeting Australia because of the demand for methamphetamine and the high profits that can be gained as a result.

Importantly, the earlier work highlighted the significant role that China—as a country of origin, not as a government or political entity—plays in the organised crime world, both as a key supplier of precursor chemicals for the production of methamphetamine and the finished product itself as an imported illegal substance.⁶

The impact that China plays in Australia's methamphetamine problem was shown to be aggravated by the changing dynamic of organised crime and the increased interaction between organised crime groups globally. In particular, the emergent relationship between Chinese and Mexican organised crime groups has resulted in increased interest by two of the largest methamphetamine producers in the world in Australia as a market.⁷

The earlier work highlighted that an estimated 70 per cent of the methamphetamine imported into Australia in the last five years originated from China. It also noted that China's massive pharmaceutical industry is a major part of the problem. The diversion of precursor chemicals used to manufacture methamphetamine from the Chinese pharmaceutical industry—and the corruption that facilitates it—has enabled organised crime groups to significantly increase the production and trafficking of methamphetamine both globally and into Australia.

The extent of the problem in Australia, commonly referred to as the 'ice epidemic', led the Australian Government to establish the National Ice Taskforce in April 2015.⁸ Its report, submitted to the Government in October 2015, clearly illustrated the extent of the problem, highlighting that:

Proportionally, Australia uses more methamphetamine than almost any country. More than 200,000 Australians reported using crystalline methamphetamine in 2013 compared to 100,000 in 2010.

In 2014, Australian authorities at the border seized more than 60 times as much ice by weight than in 2010. Over 5 tonnes of ice was seized at the Australian border from 2010 to 2015.

Nationally, a kilogram of ice can be worth \$265,000, which is 80 times higher than the price per kilogram in mainland China.⁹

The methamphetamine situation in Australia

The previous work by the author expanded and analysed issues relating to the expanding drug market in Australia, including the adverse effects and high prevalence and seizure of methamphetamine. In a 2015 study by Louise Degenhardt and colleagues to determine the number of methamphetamine users in Australia between 2002 and 2014, it was estimated that the rate and use of the drug is now at its highest level ever.¹⁰ The study concluded that since 2002, methamphetamine users rose from a population rate of 1.03 per cent to 2.09 per cent in 2014. This represents an estimated 268,000 regular and dependent users of methamphetamine in Australia as at the end of 2014.

The trends that are apparent in the global market for methamphetamine are also apparent in the Australian illicit drug market. According to the Australian Crime Commission (which was renamed the Australian Criminal Intelligence Commission in July 2016), Australia's use of methamphetamine—similar to the world market and consumption of illegal drugs—is second only to the consumption of cannabis.¹¹ However, while the increasing global trend in the prevalence and seizure of methamphetamine is reflected in the Australian experience, there is significant variation in the rate and volume of seizures in Australia. This was highlighted in the Australian Crime Commission's analysis that the detection of methamphetamine in Australia increased by more than 85 per cent from 2012 to 2013, while the total weight of seizures increased by almost 516 per cent.¹² But the situation is now even worse.

Up until 2009, the methamphetamine market in Australia was dominated by local manufacture. Since that time, there has been a significant increase in the amount of methamphetamine imported into Australia.¹³ In 2011-12, the number of methamphetamine detections at the border was 1077, which increased to 1379 in 2013-14. Similarly, there was a substantial increase in the total weight of seizures, with 347 kilograms seized in 2011-12, increasing to an all-time high of 3422 kilograms in 2014-15.¹⁴ The financial year 2014-15 also saw both the greatest ever number of detections and the largest ever total seizure weight of methamphetamine at the border.¹⁵

The seizure rates at the border, however, do not convey the entire extent of the problem. The figures do not include the domestic seizure of methamphetamine nor international disruptions, or the full extent of imported methamphetamine into Australia. This is clearly evident when considering Australian Federal Police (AFP) data on seizures. Between 2013 and 2015, the AFP reported that the total

number of seizures of amphetamine-type stimulants was 3351, with a total weight of almost 9 tonnes.¹⁶

Domestically, the situation for amphetamine-type stimulant seizures compounds the problem, with national seizures adding a further 10.5 tonnes in the years 2012 to 2014.¹⁷ In 2014-15, domestic seizures totalled 12.6 tonnes, more than doubling the previous three years combined.¹⁸ This record sits alongside the largest ever number of amphetamine-related arrests in Australia for a single year, which in 2014-15 exceeded 35,000.

The importation of methamphetamine into Australia is conducted through various import streams. The largest number of imports comes via the mail, while sea cargo accounts for the largest quantity, comprising almost 60 per cent by weight.¹⁹

Many transnational crime groups have shifted their focus to methamphetamine as a commodity for supply due to the fact that the illicit trade in Australia is so profitable. According to the Australian Criminal Intelligence Commission, more than 60 per cent of the highest risk criminal targets now on its National Targeting List are actively involved in the methamphetamine trade.²⁰ A more concise breakdown of the organised crime groups responsible for methamphetamine markets in Australia has also identified that approximately 45 per cent are so-called outlaw motorcycle gangs.²¹

This is a continuing trend for such gangs to have been involved both in manufacturing and distribution for the domestic methamphetamine market.²² As noted by a 2015 Parliamentary Joint Committee's inquiry into methamphetamine, the role that outlaw motorcycle gangs play in the Australian methamphetamine trade is assisted by their links to domestic and transnational crime groups; their access to precursor chemicals; their established networks for drug distribution; and the use of specialist services for money laundering.²³

The role of precursors

The ingredients used in the manufacture of methamphetamine are extremely relevant to any analysis of Australia's methamphetamine problem. The increased trend of the importation of methamphetamine into Australia is mirrored in the border detection and seizure of the key ingredients for the manufacture of methamphetamine, namely ephedrine and pseudoephedrine. Between 2012 and 2014, there were 2078 detections of precursors, with a seizure weight of over 3.2 tonnes. Notably, the majority of precursors used in the manufacture of methamphetamine are made in China, and to a lesser extent India.²⁴

The increase in border detections of both precursor chemicals and end-product methamphetamine is a major concern, as this upward trend has occurred without a reduction in domestic production of the drug.²⁵ The domestic production of methamphetamine is reliant on access to and the availability of precursor chemicals. With the increased detection and seizure of precursors and methamphetamine at the border, it could be expected that there would be a corresponding decline in domestic manufacture. However, this has not been the case. This is highlighted by the increasing number of clandestine laboratories that have been detected in Australia. In 1997-98, there were 95 domestic clandestine laboratories detected, which increased to 381 in 2004-05, and 744 in 2013-14.²⁶

Why China?

The issue relating to China's role in Australia's methamphetamine problem is highlighted by the fact that over the last five years, 70 per cent of all detections of methamphetamine into Australia were identified as being shipped from China.²⁷ However, that is not the entire extent of the problem. There are many other contributing factors that affect how China is contributing to Australia's methamphetamine problem. These include issues such as China's own methamphetamine production problem, increased globalisation, corruption, Chinese precursor chemical regulation, pull factors, and increasing interaction between Chinese organised crime groups and other transnational organised crime networks.²⁸

As an example, Australia's methamphetamine market has historically been dominated by the involvement of outlaw motorcycle gangs in the manufacture and distribution of methamphetamine. Now, there is an increased prevalence and reliance on the interaction of outlaw motorcycle gangs with Chinese-organised crime groups for both precursor chemicals and end-product methamphetamine. A decade ago, this was completely unheard of.

Part 2: Policy background

Current Australian policy

When the Australian Government established the National Ice Taskforce in April 2015, it was given the mandate to develop a nation-wide strategy to address the methamphetamine problem in a more coordinated manner, and with more targeted efforts to reduce the demand and supply of the drug.

The Council of Australian Governments, meeting in December 2015, agreed that the objectives of the strategy should be to ensure that:

- Families and communities were to have better access to information, support and tools to help respond to drug issues;
- Prevention messages were to target high-risk populations;
- Early intervention and treatment services were to be better tailored to respond to drug-related harms;
- Better evidence was to be made available to drive responses to the effects of drugs; and
- Law-enforcement efforts were to be better targeted to disrupt the supply of illicit drugs.²⁹

To achieve these objectives, the Australian Government committed in July 2016 to spending \$298.2 million over the next four years, with a particular focus on strengthening education, prevention, health treatment, support and community engagement in combating methamphetamine. The funding was broadly allocated in five main areas:

- \$241.5 million for primary health networks to commission drug and alcohol treatment services;
- \$24.9 million for communities to deliver locally-based and tailored prevention and education initiatives;
- \$13 million to introduce new Medicare benefits schedule items for use by addiction medicine specialists;
- \$10.7 million for clinical research for new treatment options, training of professionals and evaluation of the effectiveness of clinical care for methamphetamine users; and
- \$8.1 million to improve data sources on emerging methamphetamine trends, drug use patterns, treatment options and the early identification of emerging drug threats.³⁰

While the National Ice Taskforce specifically acknowledged the critical role that law enforcement plays in reducing the methamphetamine supply, it also recommended that tackling this issue must include education, training and better access to treatment and services. However, no budget was provided for law enforcement to address the issue of supply reduction outside of current allocations and arrangements.

The Taskforce made numerous recommendations to address the methamphetamine problem, most of which are encompassed in the funding allocations as described. There is general agreement that Australian law enforcement cannot arrest its way out of this issue and that there needs to be a focus on the reduction of demand for methamphetamine.³¹ However,

the recommendations from the Taskforce in relation to strengthening law enforcement need addressing in both a policy and funding sense, so that supply and demand reduction efforts are harmonised for maximum benefit. Most critically for the reduction of methamphetamine supply, this paper seeks to address the following recommendations of the Taskforce in relation to strengthening law-enforcement efforts:

- Recommendation 25—Commonwealth Government establishment of a new national platform for criminal intelligence to improve the existing information -sharing infrastructure;
- Recommendation 26—Commonwealth Government collaboration with States and Territories to operationalise joint national and jurisdictional responses to methamphetamine; and
- Recommendation 27—Commonwealth Government strengthening of international law enforcement advocacy and engagement on cooperation and information sharing between agencies.³²

It is important to note that while this paper and the preceding analysis by the author focus on the role and impact of China in Australia's methamphetamine problem, the proposed options would have significant benefits to Australia's ability to reduce the supply of methamphetamine from major global suppliers, and may have additional benefits in the detection and suppression of narcotics imported into Australia more generally.

UN General Assembly Special Session 2016

In April 2016, the UN General Assembly held a Special Session to address the world drug problem, which included the formulation of a draft resolution with operational recommendations for law-enforcement authorities on reducing the supply of methamphetamine and similar illegal substances. The draft recommendations are aimed at promoting cooperation at an international level, and reinforce the commitment to conformity with the 1988 UN Convention on Illicit Traffic in Narcotic Drugs and Psychotropic Substances.³³ They include:

- Prevention of the diversion of chemical precursors, through legislation and regulation and administrative mechanisms, in association with strengthening and the proper functioning of national control and national supply systems;
- Strengthening multidisciplinary measures nationally and internationally, promoting data collection, and the sharing of information for best practices on drug supply measures;

- Monitoring current trends and trafficking routes, and sharing the information and experiences, including initiatives aimed at countering the exploitation of freight containers for drug trafficking and precursor chemical diversion;
- Developing and strengthening mechanisms of domestic coordination, and timely and efficient information sharing between authorities involved in countering drug trafficking and the diversion of precursors; and
- Developing and strengthening bilateral and international mechanisms to share information, including cooperation with the private sector and the use of new technologies.³⁴

The proposal overview

The proposals contained in this paper are categorised into five distinct policy options associated with law-enforcement activity and methamphetamine supply reduction. The initiatives include enhancements to governance and strategy; coordination of operational and intelligence resources; collaboration with academia; diplomatic representation; and public and private enterprise partnerships. They are designed to be a comprehensive suite of options, working in conjunction with each other and enhancing the ability of authorities to reduce the supply of methamphetamine.

The recommendations could have beneficial effects as individual options, either for selective use or phased implementation. However, the recommendation of this paper is that the entirety of the options be employed for maximum benefit and collaboration.³⁵

The options also need to be considered and progressed at the highest level. The National Ice Taskforce made several recommendations in relation to collaborative efforts, intelligence collection and sharing, and the strengthening of law-enforcement efforts in Australia. However, there needs to be a clearly defined strategy and an agreed governance process to enable the relevant and key components to be successfully activated. In this regard, the establishment of an agreed and nationally unified approach is central to these policy options.

The development of a national-level disruption strategy is also crucial to this policy proposal, which will require coordination between Commonwealth law-enforcement bodies and Australia's State and Territory police forces, as well as international partners. Accordingly, increased resources for the purposes of coordination, intelligence analysis and dissemination, and operational law-enforcement activity are also included in the proposal.

However, the proposed policies are not solely a law-enforcement effort. They are designed to coordinate efforts from diplomatic, public and private sectors to enhance intelligence and detection efforts in reducing the supply of methamphetamine originating from China. They also incorporate contributions that can be made by academia in allowing access to data to enhance and assist in the analysis of intelligence which can be used to target organised crime groups involved in methamphetamine supply chains.

Despite the many challenges that are apparent in dealing with this issue, the main focus should be on ensuring a unified response. This includes, in particular, law-enforcement efforts and collaboration, and the timely exchange of intelligence both domestically and internationally. There also needs to be an enhanced focus on the supply chain, both in Australia and China. While there is currently a reasonable level of international cooperation, improvements in collaboration, cooperation and intelligence sharing offer the best opportunities to further reduce the supply of methamphetamine from China.

The resource costs

The funding of the recommendations and initiatives of this paper have been considered in the context of the financial impact that methamphetamine is having on Australian society. According to the Australian Criminal Intelligence Commission, serious and organised crime in Australia costs the national economy an estimated \$36 billion annually.³⁶ Of this, \$21 billion relates to criminal activity and \$15 billion to the costs of prevention and response.

Within the criminal activity segment, illegal drug activity is estimated to cost \$4.4 billion, with a further \$6.2 billion the result of consequential crimes, such as offences to fund and support drug purchases, and subsequent crimes such as violence, sexual assaults and property-related offences committed by people using illegal drugs. Additionally, the cost of social and health-related treatments for drug usage in Australia is estimated at \$8 billion each year. These costs, however, do not include the non-quantifiable impacts, such as damage to families and relationships, social cohesion and the loss of public confidence in the rule of law.³⁷

As a proportionate cost to the financial impact of such organised criminal activities, the proposed policy options would be a minor financial impost. Funding could also be enacted through the provisions of the *Proceeds of Crime Act 2002*, with funding allocated from the Confiscated Assets Account.³⁸ A number of initiatives could also leverage off existing frameworks and funding arrangements, such as that already provided for the National Anti-Gangs Squad and the Australian Gangs Intelligence Coordination Centre.³⁹

Part 3: Recommendations and initiatives

This part of the paper outlines the intended initiatives, provides reasoning for each initiative, and addresses the resource implications required to support the recommendations.

Governance and strategy

Recommendation 1

That a National Taskforce for Methamphetamine be established, oversighted by the Australian Criminal Intelligence Commission, for the nation-wide governance, strategic planning, coordination and direction of law-enforcement efforts in reducing the supply of methamphetamine.

Reasoning for initiative

Currently, each State and Territory in Australia largely operates as a separate law-enforcement entity in relation to methamphetamine. Accordingly, the collection of intelligence, the investigation of offences, and the application of laws in relation to methamphetamine supply reduction remain relatively separate.

There are a number of joint taskforces nationally focusing on the investigation of organised crime. However, none focuses specifically on methamphetamine as a commodity or as its own issue affecting the nation. Hence, the response to methamphetamine to this point in time has been a selective or ad hoc approach. Furthermore, the intent of the National Ice Taskforce recommendations has not been developed into a comprehensive strategy and there are no forged strategic partnerships, at the domestic level, addressing the methamphetamine issue in a unified manner.⁴⁰

Yet significant law-enforcement issues with a national impact have traditionally been addressed in a multi-agency, multi-jurisdictional manner. For example, joint counter-terrorism teams were established across Australia in response to the rising threat of terrorism. Similarly, vulnerabilities in supply chains in the waterfront industry have been addressed by the establishment of Joint Waterfront Taskforces at major Australian shipping ports. Other examples include the establishment of the National Anti-Gangs Squad, incorporating National Taskforce Morpheus, to address the issue and impact of outlaw motorcycle gangs in Australia; the Eligo Taskforce for high-risk money remittance; the Criminal Assets Confiscation Taskforce; and the Australian Cyber Online

Reporting Network.⁴¹ All these entities rely on a unified response and joint activity to combat the associated criminal activity.

The proposed initiative would establish a national governance framework to address the methamphetamine problem in a coordinated and collaborative manner, drawing on the combined resources of Australian law-enforcement bodies and relevant regulatory agencies.

Governance framework and responsibilities

Governance and strategic oversight

The existing Board of the Australian Criminal Intelligence Commission would become the senior governing body of the National Taskforce for Amphetamine, consisting of all Commissioners of Police, the Commissioner of the Australian Taxation Office, Chief Executive Officers of the Australian Criminal Intelligence Commission and the Australian Border Force, Secretary of the Attorney-General's Department and the Director General of Security of the Australian Security Intelligence Organisation, along with senior representatives of key national security and regulatory agencies.

Management

The existing Serious and Organised Crime Coordination Committee would become the senior joint management committee of the National Taskforce for Amphetamine, consisting of the Assistant Commissioners of Crime and equivalent members from respective departments and agencies. The Committee, which has already been assigned the task of establishing a National Law Enforcement Methamphetamine Strategy (as a result of recommendations from the National Ice Taskforce), would be responsible for the coordination of effort from a strategic, operational and tactical level.⁴² In particular, the Committee would be responsible for increasing collaboration across jurisdictions in order to reduce the supply of methamphetamine in Australia.

The National Methamphetamine Law Enforcement Managers Group would be established as the standing body from each jurisdiction, agency and/or department, responsible for the operationalisation of the National Law Enforcement Methamphetamine Strategy. The Group would effectively be the operational command of the National Methamphetamine Taskforce, and would prioritise the strategy against the requirements of each jurisdiction's requirements and capabilities. Membership would include representatives from each signatory agency from the Serious and Organised Crime Coordination

Committee, as well as non-traditional partners as required. The Group's responsibilities would include the development of:

- An action plan for the National Methamphetamine Strategy;
- Business rules on intelligence and information sharing and collation through a Methamphetamine Intelligence Coordination Centre;
- A jurisdictional template for reporting to the Serious and Organised Crime Coordination Committee;
- Tactical options, initiatives and opportunities for combating the supply of methamphetamine; and
- Performance measures/indicators against the above.⁴³

The governance framework would allow for the necessary processes and systems to be developed, including agreements on the timely exchange and use of information and resources. Most importantly, it would highlight the unified commitment for law-enforcement bodies nationally to address the problem in a coordinated and collaborative manner.

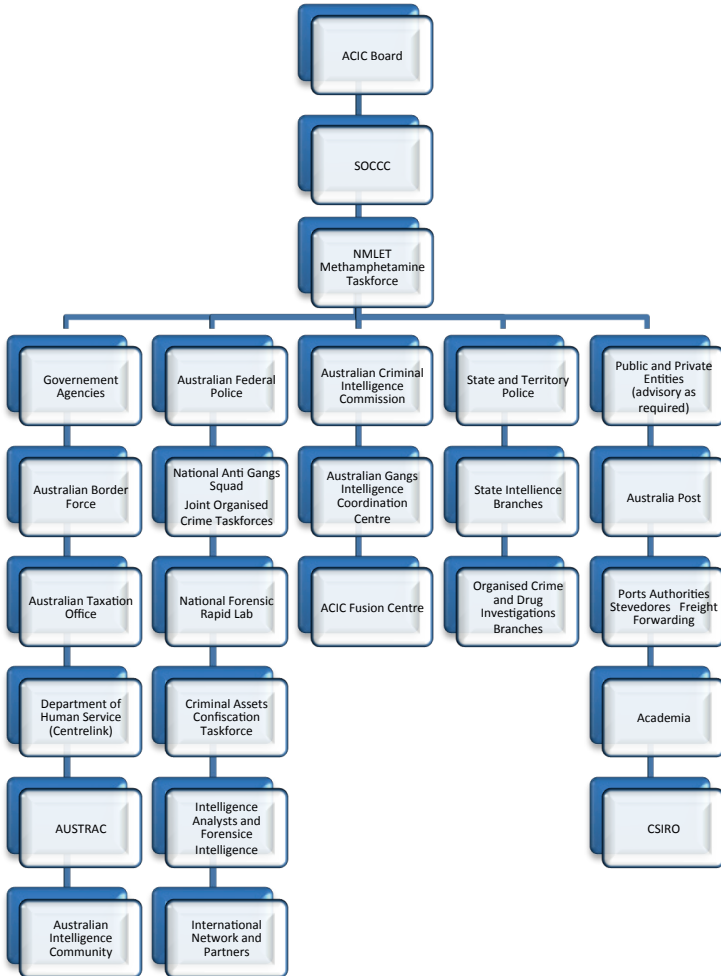


Figure 1: Proposed governance structure for a National Taskforce on Amphetamine

Funding implications

This proposal would have no associated funding requirements from government, as the establishment of a governing structure could be implemented within the existing budgets and functions of the represented parties.

Operational and intelligence resources and coordination

Recommendation 2

That additional resources be allocated for the coordination and operationalisation of actionable intelligence, aimed at reducing the supply of amphetamines into Australia.

Reasoning for initiative

The Australian Government needs to develop a network of agencies with operational, intelligence and supporting roles in the fight against methamphetamine. Currently, a coordinated response to the methamphetamine issue is yet to replicate similar approaches in Australian law enforcement that have led to successful outcomes across various crime types. Recent examples are Joint Counter Terrorism Teams, the National Anti-Gangs Squad, Waterfront Taskforces, Taskforce Eligo (targeting money laundering) and Project Wickenby (targeting tax evasion and fraud).

Each of these teams has taken the approach of incorporating both State and Federal police, other law-enforcement agencies (such as the Australian Criminal Intelligence Commission and the Australian Border Force), and other regulatory agencies such as the Australian Taxation Office.

This policy recommendation includes funding for 16 officers over two years to harness multi-jurisdictional cooperation and information flows from a local level, combining targeted intelligence nationally, through to the incorporation of international partners. The recommendation would require the embedding of selected State and Federal police and other government agency law-enforcement officers in a manner that maximises the collection and analysis efforts domestically and internationally in relation to methamphetamine and its precursors.

The strength, efficiency and impact of this initiative would be realised in a coordinated approach to a nationwide problem. The proposal also includes the development of a technological intelligence platform and a coordination intelligence cell to enable the united analysis of collated information. The proposal aims to leverage the existing framework of the National Anti-Gangs Squad and the Australian Gangs Intelligence Coordination Centre by supplementing staff in these structures for the purpose of concentrating on the coordination of methamphetamine-related intelligence, with particular

synergies given the prevalence of outlaw motorcycle gangs in the domestic methamphetamine trade.

The resource requirements include the addition of five State police intelligence analysts in the National Anti-Gangs Squad Strike Teams in Queensland, New South Wales, Victoria, South Australia and Western Australia (one in each State). It also envisages three staff—one each from the Australian Border Force, AFP and the Australian Criminal Intelligence Commission—being incorporated into the Australian Gangs Intelligence Coordination Centre to leverage off the intelligence and analytical capabilities already in existence.

In addition, two staff (one from the Australian Border Force and one from the AFP) would be attached to Taskforce Blaze in China to enhance the collection, analysis and dissemination of intelligence.⁴⁴ Two further staff would be added to the National Anti-Gangs Squad Coordination Team, specifically to coordinate the operational and administrative functions of the Methamphetamine Taskforce. The final four staff additions would be two AFP crime scene officers and two AFP forensic intelligence analysts being attached to the National Forensic Rapid Lab for enhanced and timely processing of methamphetamine seizures and intelligence dissemination.⁴⁵

The AFP's capacity for numerous crime types and its network is important because it extends overseas and can bring a range of Australian Government actors with regulatory functions or important taxation, customs, welfare and immigration information to assist with the problem. The capacity to reach both broadly and deeply for information can also be used in ways that would help State police address the domestic methamphetamine problem if the coordination mechanisms and intelligence picture are a collaborative effort.⁴⁶

In particular, leveraging from and enhancing the Australian Gangs Intelligence Coordination Centre with additional officers with a methamphetamine-specific focus would benefit the proposal by delivering analysed and fused data from national and international sources, and creating fewer steps in the intelligence chain.

The initiative is designed to bring enhanced Commonwealth investigative, intelligence and technical capabilities and coordination to support State and Territories in their response to the methamphetamine problem. It aims to deliver enhanced national and international intelligence-led policing and to support, facilitate and enhance the development of national prevention and disruption activities at a jurisdictional and Commonwealth level by collaborative coordination of participating agencies.

Additional resources to coordinate and operationalise methamphetamine-specific intelligence would enhance the national and international capacity to deal with the issue of methamphetamine in Australia. The intention of this initiative would be to action agreed strategies in a unified and coordinated fashion, with the incorporation of information flow from localised domestic policing, national coordination and analysis, and international connectivity and collaboration to better develop the intelligence picture nationally and internationally.

In practice, the initiative would create a new intelligence structure and process that enables the inflow of intelligence from a variety of sources from domestic-level policing up to intelligence from international partners. It would also incorporate a broad spectrum of law-enforcement agencies that are able to provide intelligence product that supports and enhances the targeting methodologies of the methamphetamine strategy.

The proposal also seeks to tighten existing capabilities and intelligence frameworks to enhance the value of the information currently being obtained so that it would be utilised in a more effective manner. It would also aim to leverage off existing capabilities and frameworks to enable an expedited response. The integration of resources into existing capabilities would also mean that assimilation and communication connectivity would not provide significant issues for implementation of this element of the proposal.

The National Forensic Rapid Lab is a key resource that has been developed over the last few years. It is an AFP-led resource that identifies methodologies and key intelligence in relation to the importation of illicit goods. It has the potential to provide a significant link between agencies, as well as providing an invaluable capability to coordinate intelligence both nationally and internationally. Since 2013, the Lab has detected almost two tonnes of illicit drugs through the international mail system, along with other psychoactive substances that potentially could be used to create precursor chemicals.⁴⁷

The value of the Lab in combating methamphetamine supply is in its ability to establish forensic intelligence links between serial drug importations. This forensic intelligence picture, however, needs a coordinated effort, not just from the AFP but also from State and Territory police, as well as other law-enforcement agencies, to enhance the capability to its full potential. This also includes the international intelligence aspects, whereby information sharing of this nature may prove extremely useful for disruption efforts abroad.

To enable this national coordination of information, there is also a requirement in this proposal to include an intelligence platform to consolidate and allow for the dissemination of actionable intelligence via a nationally accessible

database. This proposal includes the recommendation that a national methamphetamine database be developed and maintained by the Australian Criminal Intelligence Commission. This technological initiative would be modelled on the National Gangs List and the Gangs Intelligence Hub, which were specifically developed to strengthen the ability to share information about gangs domestically and overseas. The system would be tailored for methamphetamine-related intelligence and would be accessible for relevant State, Territory and Commonwealth partners for national coordination and strengthened information sharing.

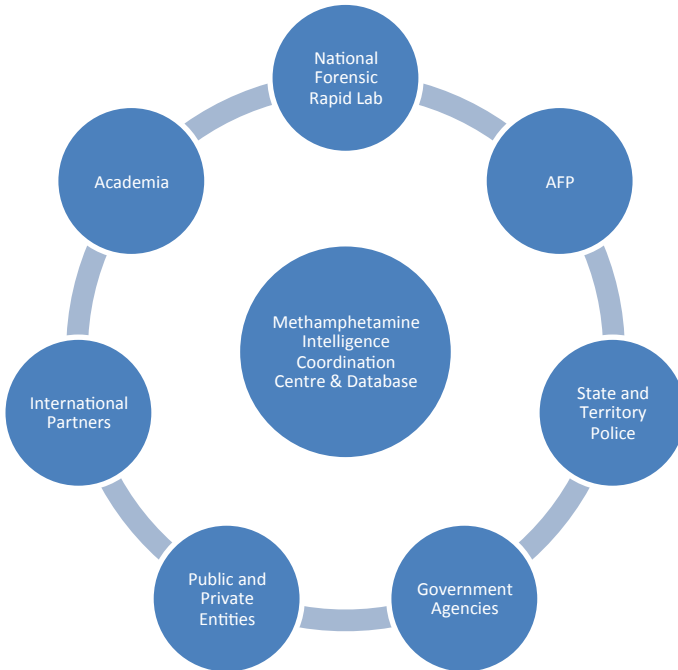


Figure 2: Representation of the intelligence sources and framework for the proposed Methamphetamine Intelligence Coordination Centre

Funding implications

The funding requirements for this proposal include 16 staff costing at \$120,000 per annum over two years. The two offshore staff are costing at \$240,000 a year each. There would also be an additional \$0.5 million in capital costs for infrastructure requirements associated with the embedding of staff into existing National Anti-Gangs Squads nationally.

A further \$0.5 million would also be required for the development of the enhanced intelligence platform for national coordination of intelligence, modelled on the existing frameworks of the National Gangs List and the Gangs Intelligence Hub.

The total funding requirement for this recommendation would be \$5.48 million over two years.

Academic research and collaboraton

Recommendation 3

That funding be provided for academic research to enhance current intelligence collection and investigative methodologies that focus on the origins and networks of the supply of methamphetamine to Australia.

Reasoning for initiative

Previous work by the author highlighted that organised crime groups have shown an escalating degree of interaction and cooperation with crime groups globally, particularly in relation to the manufacture and trafficking of methamphetamine. This is evidenced by the linkages between Mexican Sinaloa cartels and methamphetamine manufacturing groups in China, as well as triads operating out of the south of China actively involved in the trafficking of precursor chemicals to Sinaloa cartels.⁴⁸ With Mexico being one of the top producers of methamphetamine in the world, and with already established illicit trade routes to Australia through the Pacific, the China-Mexico 'dark network' relationship exacerbates the impact of methamphetamine importation into Australia.⁴⁹

The situation is further compounded by the increased interaction between Sinaloa cartels and Australian-based organised crime groups, often involving diaspora Chinese and outlaw motorcycle gangs.⁵⁰ In April 2016, Anthea McCarthy-Jones reported a mounting correlation between the activities of criminal Mexican cartels and Chinese-organised crime groups, which together are responsible for the overwhelming bulk of the world's methamphetamine production and distribution. As a criminal network, they are involved both in the importation of precursor chemicals from China to Mexico, and the importation of the finished product from Mexico back to China.⁵¹

The aim of this initiative would be to allow academic researchers partial access to restricted police intelligence, information and data to facilitate a more comprehensive analysis of criminal structures and networks. This would

enhance the current police intelligence picture in relation to criminal networks involved in methamphetamine and precursor importations, and allow for prioritised targeting opportunities.

McCarthy-Jones contends that analysis of this data would be an extremely beneficial tool for law-enforcement analysis of various crimes.⁵² In order to map the network, an initial analysis would need to be undertaken of both open- and closed-source intelligence. The objective would be to identify critical junctures or nodes across the network. This would then allow law-enforcement agencies to focus on parts of the network that could be disrupted through kinetic and non-kinetic actions. By utilising network analysis, law-enforcement agencies would be able to identify critical regional nodes, which are the organisations and resources relied on by these networks to function effectively. From a longer-term perspective, this analysis would support decision makers to develop longitudinal planning prescriptions rather than fixating on immediate law-enforcement actions.⁵³

This initiative would also include collaboration with academia to develop a prototype software package that would allow law-enforcement agencies to continually feed intelligence into the program in order to generate real-time maps of the network.⁵⁴ This would enable law-enforcement agencies to map changes in the network and identify changing hubs of activity, as well as the power distribution between actors in the network. The findings could then be used as a policy-framing instrument for interdiction strategies and operational activities. The program would need to have the capacity to map the network in a number of ways. For example, it could map the connections between organised crime groups in the network, it could map where the majority of seizures are taking place in relation to quantity and frequency, and it could generate a map of how the network operates across the Asia-Pacific region.

The intelligence and mapping outcomes of this proposal would be directed into the Methamphetamine Intelligence Coordination Centre for prioritisation and enhancement of traditional law-enforcement intelligence collection and analysis.

Funding implications

This proposal could likely be completed in a two-year project involving a small team of academic researchers and a software developer, working in conjunction with the AFP's National Coordination Team.

The total funding is estimated at \$1million over two years, comprising \$0.25 million each year in 2017-18 and 2018-19 for funding of the research team, and \$0.5 million in 2018-19 for software development.

Diplomatic representations

Recommendation 4

That diplomatic representations be made by the Australian Government to the Chinese Government, seeking to curb the supply into Australia of methamphetamine precursors from Chinese chemical companies.

Reasoning for initiative

With an estimated 160,000 chemical companies, China is one of the world's most prominent sources of pharmaceutical chemicals. Much of the output is intended for legitimate domestic use, with China being the single largest pharmaceutical market in the world. In addition, pharmaceutical companies worldwide rely on China for the supply of chemicals for their own legitimate business interests, with more than 65,000 kilograms of various products being exported annually.⁵⁵

However, some of the chemicals produced in China are also precursor chemicals in the manufacture of methamphetamine, notably ephedrine and pseudoephedrine (which are also legitimate chemicals used in the manufacture of cold and flu medications). The concern is that significant quantities of these precursors are being illegally trafficked from China to other countries, including Australia, for use in manufacturing methamphetamine in the target country.⁵⁶

In March 2015, the International Narcotics Control Board reported that during the previous six years, more than half the precursor chemical seizures made by law-enforcement authorities in East and Southeast Asia originated within the region—and that almost half of all precursor chemical seizures in Australia and New Zealand had originated in East or Southeast Asia.⁵⁷

In China, the regulation of these precursors is governed by the stipulated controls included in the 1998 UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.⁵⁸ Additionally, Chinese authorities have made stricter controls enforceable in provinces that have displayed a tendency to be involved in illegal exporting activities associated with chemical diversion.

Despite these efforts, it is generally accepted by law-enforcement authorities worldwide that China is the major supplier of precursor chemicals to 'super labs' in Asia and Mexico, designed for the large-scale manufacture of methamphetamine.⁵⁹ There has also been open criticism by senior UN drug officials of the regulation of the Chinese pharmaceutical industry, citing the

seeming ease with which chemicals are being diverted from companies by corrupt officials.⁶⁰

With more than 6000 manufacturers of chemicals and another 14,000 distributors involved in the legal Chinese pharmaceutical industry, regulation poses many issues for authorities.⁶¹ The efforts to date by Chinese authorities to curb chemical diversion have not been greatly successful. This is complicated by the lack of regulation of the industry itself, with the number of unregistered or unlawful precursor chemical factories operating in China currently unknown to authorities.⁶²

It is important to note, however, that although China has the second largest pharmaceutical industry in the world—and has significant issues with its regulation—there are a number of other countries impacted by precursors emanating from China. As an example, Mexican cartels produce approximately 90 per cent of the methamphetamine seized in the US, with 80 per cent of the chemicals sourced from China.⁶³

Diplomatically, efforts need to be made to encourage China to resolve this issue, particularly since it is in China's interests to do so, given its own large-scale methamphetamine use and dependency.⁶⁴ Half of China's estimated 13 million drug addicts are thought to be using methamphetamine. While data about users is difficult to verify, drug seizure data is clear. Over the last decade, China's methamphetamine seizures have risen 437 per cent to 26,000 kilograms in 2014.⁶⁵ The main reason Chinese manufacturers of methamphetamine precursors have been able to flourish is because the industry continues to be poorly monitored and has weak regulation.

The aim of this initiative is to enhance diplomatic efforts, both bilaterally and multilaterally, to assist China with its own methamphetamine and precursor problems, as well as reducing supply to affected nations such as Australia, Mexico and the US. This initiative is consistent with Australia's advocacy and support for global, regional and bilateral security frameworks and norms based on the UN Charter, including international security and accountability for international crimes.⁶⁶

It also accords with Australia's commitment to international drug control efforts based on the policy foundations of three UN treaties, namely, the 1961 Single Convention on Narcotic Drugs; the 1971 Convention on Psychotropic Substances; and the 1988 Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. More than 95 per cent of UN member states, including China, Australia, Mexico and the US, are parties to these treaties.⁶⁷

The treaties have been designed to limit the international production and trade of a defined set of narcotic drugs, psychotropic substances and the precursor chemicals used to make these substances. The treaties also establish international mechanisms, through the International Narcotics Control Board, to monitor treaty adherence and for the collection of data related to the illicit production and manufacture of proscribed drugs.

From a global policy perspective, the UN Commission on Narcotic Drugs monitors global drug trends, develops strategies for international drug control, and recommends measures to combat the world drug problem. Similarly the UN Office on Drugs and Crime is mandated to assist UN member states in combating transnational organised crime, including drug trafficking. Australia has consistently provided funding assistance to aid programs supported by the UN Office on Drugs and Crime.⁶⁸

Outside of the UN framework, there are a number of regional counter-drug organisations that assist in supplementing global drug efforts. Such groups include the Inter-American Drug Abuse Control Commission,⁶⁹ which is the drug control aspect of the Organization of American States. It is the regional policy forum for all aspects of western hemisphere illegal drug issues, including drug demand reduction, treatment, and rehabilitation in the Asia and Pacific regions. The US also has a direct US-Sino Joint Liaison Group on Law Enforcement Cooperation. While Australia is engaged with China in a law-enforcement sense, such as Taskforce Blaze and the AFP's international network, any further opportunities to engage with like-minded countries such as the US and Mexico in relation to methamphetamine and precursor issues should be a priority.

The Australian Government needs to identify and prioritise opportunities from senior levels of government through to law-enforcement liaison. This would highlight the issue with both the Chinese Government and its law-enforcement agencies, along with other countries experiencing similar issues on account of methamphetamine and its precursors originating from China. As international agreements define the minimum standards or levels of control that signatory countries need to apply to the issue of methamphetamine and its precursors, more dialogue is needed to encourage conformity to the standards. Countries such as China also need stricter enactment of legislation, and regulatory and administrative systems to control the manufacture, distribution of drugs and precursors.

In this regard, the policy recommendation includes the formation of an Australian Inter-Departmental Working Group across government agencies such as the Attorney-General's Department, the Department of Foreign Affairs and Trade, the Department of Health, and the AFP. Such a group would

identify and prioritise opportunities and strategies to raise the level of urgency in respect to the need for more concerted efforts to increase the standard of regulation and monitoring of the Chinese pharmaceutical and chemical industry.

This proposal also advocates greater multilateral engagement with law-enforcement partners regionally and of interest to this issue. Agencies such as the AFP and the US Drug Enforcement Administration, along with Chinese and Mexican authorities and the International Narcotics Control Board, should be actively and frequently engaging on the issue to highlight the problem and to seek opportunities to exchange information and expertise on how best to approach the problem collaboratively.

Funding implications

There is no requirement for specific funding for this policy proposal. Diplomatic efforts, along with the formation of an Inter-Departmental Working group to strategise the issue, could be progressed within existing frameworks and budget allocations.

Private and public partnerships

Recommendation 5

That law-enforcement agencies implement a collaborative pilot partnership with public and private entities to enhance the border detection of methamphetamine, with a particular focus on the phased integration and use of innovative technology and methodologies.

Reasoning for initiative

Since the terrorist attacks of September 2001, there has been increased focus on the importance of cooperation and partnerships between law-enforcement agencies and private and public enterprises. These partnerships have recognised the benefits of working together and the improved ability to share timely information and to leverage from capabilities. The partnerships have also developed at a time when there is an increasing sense of 'corporate citizenship', with industries accepting a sense of responsibility to share resources and expertise for the benefit of national security.⁷⁰

Partnerships between law enforcement and private industries allow communities to leverage scarce resources and apply a 'force multiplier' effect in public safety and national security. This type of force multiplier combines

the resources, expertise, information and technology of law enforcement and business. By working closely with private enterprises, there is a great deal of information sharing and technology that can be utilised to maximise public safety.⁷¹

Government agencies and industry have a shared responsibility for border security. An example of this type of approach is the Border Watch initiative that enables anonymous information to be passed to law-enforcement agencies regarding illegal activities in respect of cargo and logistics. However, more needs to be done. With emerging technologies, global customs reforms and the streamlining of cargo reporting, there has been movement in the stevedoring industry towards the automation of terminals. This has limited human involvement in the handling of containers which, in turn, has reduced the risk of corrupt interference with cargo. The next step would be to implement technologies to provide an ongoing x-ray system on the docks rather than just the examination of 'high-risk' shipments.⁷²

This initiative would provide funding for a pilot project to incorporate automated scanning technologies of shipping containers for an enhanced detection capability at Australian ports. The use of technology, particularly advanced x-ray technology, has been the subject of joint collaboration between Chinese authorities and the CSIRO in recent years. In 2008, the CSIRO collaborated with the Chinese company Nuctech to develop an advanced scanning capability that combines high-energy neutrons with gamma-rays.⁷³

Traditional x-ray technology is capable of producing images that show the shape of objects, whereas this new technology is capable of identifying the composition of an object, which includes narcotics. The added benefits of this technology are that it allows for the rapid identification of drugs such as methamphetamine (and other contraband) and can also be adapted for use in scanning air, sea and truck cargo.⁷⁴ The more extensive use of this type of technology could potentially provide a much greater rate of detection of methamphetamine being imported into Australia and could assist in attacking the supply chain.

Currently available technologies enable the rapid scanning of closed shipping containers using x-ray and radiation scanning equipment in a manner that does not impede economic considerations such as time delays in cargo movement. Technologies such as the SAIC integrated container inspection system and the Rapidsan Eagle allow for truck-mounted containers to pass through inspection infrastructure, enabling the scanning of the container contents in less than 30 seconds. Other options include radiation technology, such as the VeriTainer container crane-mounted detection system that

performs a scanning procedure as each container is unloaded from the ship. This system is integrated into existing infrastructure at container terminals and does not impact on the efficiency of cargo movement.⁷⁵

The recommendation to fund a pilot program utilising an emergent technology at an Australian port would be conducted in partnership between the Australian Government and a selected private port entity, in conjunction with law-enforcement representatives. This would enable the full range of resources, information and expertise to be considered in the process.

Once the pilot program was completed, any beneficial methodology identified could be expanded throughout the Australian stevedoring industry, with negotiation between government and industry in relation to funding arrangements. Any such expansion may also require regulatory or legislative enactment or amendment.

As the flow of methamphetamine into Australia, by volume, is most significant in the mail stream, this initiative also includes the establishment of new x-ray and radiation detection technologies in the International Mail Centre to enhance the detection capabilities of the postal service, to be implemented in collaboration with Australia Post.

Funding requirements

The funding requirement for this initiative would total \$12.5 million over two years. The port-based scanning technology would likely cost \$7 million in total (with expenditure of \$6.5 million in 2017-18 and \$0.5 million in 2018-19). The postal scanning technology would likely cost \$5.5 million (with expenditure of \$5 million in 2017-18 and \$0.5 million in 2018-19).

Total policy proposal funding requirements

The total funding for the entirety of this proposal would be \$18.98 million over two years.

Conclusion

The aim of this paper has been to address the methamphetamine issue in Australia by recommending a number of options to reduce the amount of the drug and its chemical precursors from entering Australia, in particular from China.

In 2015, the National Ice Taskforce proposed a number of options relating to identifiable gaps in services, systems and approaches to the methamphetamine problem in Australia. The Taskforce's final report included recommendations

relating to improvements to health and support services, education and prevention, governance and strategy, as well as law-enforcement options, together costing almost \$300 million.

The recommendations of the National Ice Taskforce highlighted the importance of disrupting the supply of methamphetamine into Australia and recommended that effort by law-enforcement agencies needed to be more targeted and coordinated. However, the recommendations did not include strengthening law enforcement. Moreover, the current arrangements are neither a coordinated nor collaborative response to disrupting methamphetamine supply between Commonwealth and State and Territory agencies.

This paper has made five recommendations to address the detrimental effect that amphetamine and its precursors are having across the nation. The initiatives include enhancements to governance and strategy; coordination of operational and intelligence resources; collaboration with academia; diplomatic representation; and public and private enterprise partnerships. The initiatives are designed to be a comprehensive suite of options, working in conjunction with each other and enhancing the ability to reduce the supply of methamphetamine.

The funding of the recommendations has been considered in light of the huge financial burdens that have been created by the impact of methamphetamine in Australia. By any measure, the funding implications recommended in this paper are very minor in contrast to the related costs and harms that are being borne by Australian society today. In combination, the options and recommendations advocated in this paper should assist in reducing the supply of methamphetamine from China and, as a consequence, addressing the methamphetamine issue more generally.

Notes

- 1 Quoted in Keith Moor, 'Australia warned its ice problem is reaching pandemic proportions', *Herald Sun* [website], 30 April 2014, available at <www.heraldsun.com.au/news/law-order/australia-warned-its-ice-problem-is-reaching-pandemic-proportions/story-fni0fee2-1226898535547> accessed 8 October 2016.
- 2 Malcolm Turnbull, 'Joint doorstep interview with Minister Keenan and Minister Nash, Sydney', *Malcolm Turnbull* [website], 6 December 2015, available at <<http://www.malcolmturnbull.com.au/media/joint-doorstop-interview-with-minister-keenan-and-minister-nash-sydney>> accessed 4 January 2017.
- 3 Nigel Ryan, 'Ice dragon: the role and impact of China on Australia's methamphetamine problem', unpublished paper, Centre for Defence Strategic Studies, Australian Defence College: Canberra, August 2016, p. 29.
- 4 Department of the Prime Minister and Cabinet (DPMC), *Final report of the National Ice Taskforce*, Commonwealth of Australia: Canberra, 2015, p. 7, available at <https://www.dPMC.gov.au/sites/default/files/publications/national_ice_taskforce_final_report.pdf> accessed 4 January 2017.
- 5 UN General Assembly, 'Draft resolution: our joint commitment to effectively addressing and countering the world drug problem', *UN* [website], 14 April 2016, p. 8, available at <<https://documents-dds-ny.un.org/UNDOC/GEN/N16/105/72/PDF/N1610572.pdf>> accessed 21 September 2016.
- 6 There is no indication that the Government of the People's Republic of China is officially involved in or encouraging the methamphetamine trade, either domestically or globally.
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A decade of uncertainty: what impact will the security environment in the South China Sea have on Singapore over the next 10 years?

Colonel Lim Chin Yew

Republic of Singapore Air Force

Abstract

This paper examines the impact that the security environment in the South China Sea will have on Singapore over the next ten years. It contends that maritime disputes across the region have intensified in recent decades to the point where the risk of future armed conflicts has increased dramatically, and that the South China Sea will likely be plagued by increasing tensions over territorial claims, complicated by ambiguities over US strategic policy towards Asia.

To sustain regional peace and security, the paper argues that Singapore should explore new partnerships with like-minded middle powers to advance a shared security agenda, which could include a role in mediating heightened competition between the US and China. It also argues that Singapore is well positioned to assist in the expansion of the Code for Unplanned Encounters at Sea initiative, and facilitate the conduct of joint exercises to enhance overall stability in the region.

Introduction

The ongoing territorial disputes in the South China Sea are a serious threat to regional security and stability. Over recent decades, maritime disputes across that region have intensified to the point where the risk of future armed conflicts has increased dramatically.¹ Despite international disapproval of its large-scale reclamation works and construction of artificial islands in the disputed areas, China has remained defiant and embarked on the installation of weapons and military-length airstrips on several of these islands. In response, US Secretary of State Rex Tillerson has warned:

We're going to have to send China a clear signal that, first, the island-building stops and, second, your access to those islands also is not going to be allowed.²

Such instabilities will impact Singapore's open and outward-oriented economy, which relies on strong trade ties with the US, China and Southeast Asian countries. If left unchecked, territorial disputes could spiral into a full-blown maritime conflict and affect Singapore's diplomatic relations and economy. In view of the heightened regional tensions, how should the city-state navigate through the uncertainties, and sustain strong ties to protect its economic interests and promote peace in the region?

This paper will argue that the security environment in the South China Sea over the next decade will be plagued by increasing tension over territorial claims, complicated by ambiguities over US strategic policy towards Asia. This will impact on Singapore. To sustain regional peace and security, Singapore should explore new partnerships with like-minded middle powers to advance a shared security agenda.³ To mitigate against unintended maritime incidents in the disputed waters, Singapore should also contribute towards the implementation of the Code for Unplanned Encounters at Sea (CUES) and propose expansions to the procedures.⁴

China's strategic fortifications

Since 2013, China's reclamation works and construction of artificial islands in the disputed areas have progressed at astonishing speed, creating some 2000 acres of landmass on Chinese-occupied reefs (see Figure 1).⁵ In June 2015, China announced the near completion of reclamation work and commencement of critical facilities construction on the artificial islands.⁶ Based on analysis of satellite pictures released by the Asia Maritime Transparency Initiative in December 2016, these installations appear to be surface-to-air defence systems equipped with anti-aircraft and anti-missile capabilities.⁷

Several military-length airstrips have also been built on these islands, which could support the forward deployment of fighters. The militarisation of these islands has provided China with the strategic depth it has long sought, and

the capability to enforce its interests several hundred miles south of mainland China.⁸ It is a concept that focuses on defence-in-depth beyond the nation's boundary, explained by M. Taylor Fravel as:

[P]ushing the first line [of defence] away from China's borders and coasts to ensure that combat occurs beyond China's homeland territory, not on or within it. In this way, China's borders and coasts are now viewed as interior lines in a conflict, not exterior ones.⁹



Figure 1: Disputed areas in the South China Sea, within China's so-called 'nine-dash claim'¹⁰

Failed diplomacy and flashpoints

Predictably, China has repeatedly refused to submit to the scrutiny of international law fora that would curtail its expansion of strategic influence beyond its shores. The US also failed to seize the opportunity and put pressure on China when the Permanent Court of Arbitration Tribunal in The Hague in June 2016 ruled in favour of the Philippines in its case against China's claim of the disputed areas. Instead, the Obama administration encouraged both China and the Philippines to resolve the matter themselves. Then US Secretary of State John Kerry told reporters that:

[The US was not interested in] fanning the flames of conflict, but rather trying to encourage the parties to resolve their disputes and claims through the legal process and diplomacy.¹¹

This inaction may have driven the Philippines' President Rodrigo Duterte to subsequently embrace China and condemn the US. The US and the region's disjointed (and often divergent) approaches in confronting China's fortification of the artificial islands have continued to embolden China and nullify any concerted diplomatic solution to Beijing's assertiveness over the disputed territories.¹² China

has managed to divide ASEAN and prevent multilateral approaches from making any substantive headway in the disputes.¹³ The failure in 2012 by ASEAN states to agree on a code of conduct for the South China Sea, as well as their inability to reach consensus on a joint communique in June 2016, reflected this.¹⁴

The fragility of the security situation in the region has been highlighted by a series of flashpoints involving China and some other claimant states, as well as the US. In 2012, for example, China clashed in a lengthy maritime standoff with the Philippines, each accusing the other of intrusions in the vicinity of Scarborough Shoal. Multiple collisions between Vietnamese and Chinese ships also occurred when China introduced a drilling rig into the waters near the Paracel Islands in May 2014.¹⁵ In December 2016, the seizure of a US drone by a Chinese submarine was another incident that exemplified the power struggle and contest of naval supremacy in the region.¹⁶

The US Navy resumed so-called freedom of navigation operations (FONOPs) in October 2015 to contest China's growing naval power, despite warnings from China's Foreign Ministry that Washington should not challenge China's sovereignty in the disputed region.¹⁷ Soon after the inauguration of President Trump in January 2017, the USS *Carl Vinson* began patrolling the disputed waters, seemingly demonstrating the firm commitment of his administration to challenge China's domination of the artificial islands.¹⁸ Strategic competition between the US and China will be heightened by the further conduct of FONOPs, especially within 12 nautical miles of the weaponised islands.

The impact on Singapore

Singapore, with a surface area of approximately 700 square kilometres, and a lack of arable land and natural resources, is heavily dependent on trade and commerce. The prosperity of the city-state has grown due to its strategic geography, strong governance, social cohesion, a relatively stable region and strong international ties with friendly nations. As a global hub of free trade, finance and transportation, Singapore's primary revenues come from transportation, travel and financial services with Asian countries.¹⁹

These factors have intensified the economic interdependence of Asian countries and are a key stimulus to booming economies in the Asia-Pacific region. Economic forums and institutions formed to foster a stable environment have also contributed to regional security. Hence, any escalation of conflict or disruption to the security equilibrium in the region will stifle Singapore's economy and lead to increased unemployment, social upheaval and place greater pressure on the ruling government.

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Situated between the Indian and Pacific Oceans and near the Strait of Malacca, Singapore is Asia's major petrochemical-refining centre and key oil-trading hub (see Figure 2 below). Singapore's maritime industry contributes approximately 7 per cent of Singapore's GDP, and Singapore is home to one of the world's busiest container ports, with more than 120,000 vessels calling annually, moving some 34 million containers.²⁰ Clashes or blockades between opposing maritime forces would affect commercial shipping firms, lower confidence in freight security, and drive up overall operating costs.



Figure 2: Map of crude oil trade flow, showing Singapore at the transit chokepoint²¹

So a stable region is critical to sustaining the economic development on which the security of the city-state depends. A strong economy provides the geo-economic and geo-political clout Singapore needs to negotiate in regional fora in support of its national interests. Consequently, Singapore's strategy has been to safeguard national security through free-trade agreements via multilateral, bilateral and regional arrangements. The general stability of the free-trading system achieved through economic diplomacy, such as the Trans-Pacific Partnership and Regional Comprehensive Economic Partnership, have provided crucial leverage for Singapore to negotiate for mutual benefits.²²

Sustaining strong bilateral ties with China and playing constructive roles

Singapore's dependence on China has grown in tandem with the rise of the economic giant. Strong business ties with China have made Singapore the largest foreign investor country, with total trade amounting to S\$115.2 billion in 2013.²³ Despite the strong economic relations, China has no qualms in flexing its political muscle to remind Singapore of its expectation of strict adherence to the 'One-China principle'. In November 2016, nine of Singapore's armoured vehicles that had been training in Taiwan were seized by the Hong Kong Customs Service during their transit by commercial shipping back to Singapore.²⁴

Beijing's rhetoric towards Singapore also arises from the perception of the city-state's alignment with the US over the South China Sea disputes. China perceives Singapore's participation in the Trans-Pacific Partnership as supporting the US pivot to Asia as part of a containment strategy.²⁵ US P-8A Poseidon maritime aircraft and littoral combat ships often utilise Singapore as a staging point to conduct routine patrols in the region.²⁶ Singapore's continued military engagements and support of the US military presence in Southeast Asia have become a perennial concern to China.

As the chair of ASEAN-China engagement, Singapore's active involvement in garnering a multilateral approach to defuse the tensions in the region runs contrary to China's preference for dealing individually with the claimants. In spite of the differences in opinions, bilateral ties between Singapore and China remain deep and resilient.²⁷ The cordial partnership between China and Singapore was seen in the resumption of the Joint Council for Bilateral Cooperation in February 2017, with the signing of four cooperation pacts worth approximately S\$1.97 billion.²⁸

The regular meetings of government leaders, business executives and people from both countries over recent decades have also served to enhance communications, and build greater trust and understanding. Such meetings can also provide the opportunity to clarify and converse privately with Chinese officials and leaders on the security of the region. Proposals for regional stability mechanisms, such as a code of conduct, can be discussed and mediated through Singapore at the ASEAN forum.

As a non-claimant to the islands in the South China Sea, Singapore adopts a neutral view and can play a constructive role to promote commonality and iron out differences over the contested territories. Known for its determination and skilful diplomacy, Singapore is well equipped to contribute constructively through dialogues, and foster security consensus in the region.²⁹

Look beyond ASEAN—partnership of like-minded middle powers

The security and destiny of Singapore depends on the utilisation of free trade and collaboration with different partner-nations to diversify and hedge against uncertainties. To quote the late Lee Kuan Yew:

A small country must seek a maximum number of friends while maintaining the freedom to be itself as a sovereign and independent nation.³⁰

It is under this principle that Singapore should explore partnerships with like-minded middle powers that share the same balanced and neutral views on the South China Sea dispute. Partnerships with and between countries such as Australia, Indonesia, South Korea and Singapore can provide unbiased views and serve as mediators for the claimants. As non-claimants, these middle powers have a keen interest in Southeast Asia and, in many respects, share a coherent view of achieving peaceful resolution via a non-confrontational approach.³¹ During the recent visit by Indonesia's President Widodo to Australia, Prime Minister Turnbull said:

We [Australia and Indonesia] have a vested interest in the peace and stability for our regions, seas and oceans.... So, we both strongly encourage countries in our region to resolve disputes in accordance with the international law, which is the foundation for stability and prosperity.³²

The key focus of such partnerships should be on ensuring the freedom of navigation and safety of maritime activities in the South China Sea. Hence, to stem any further escalation of tensions in the region, joint diplomatic engagements by the middle powers with China at the various multilateral fora—such as the ASEAN Regional Forum, ASEAN+6, expanded East Asian Summit and Shangri-La Dialogue—could facilitate the discussions and realise a code of conduct mechanism. However, to be credible and effective, joint partnerships would need to be consistent in their engagements with China to reaffirm the importance of freedom of navigation and prevent unintended incidents in the disputed areas.

The message to China should be that coercive policies are counter-productive and that China may risk estrangement from friendly nations in the region. As Tim Huxley and Ben Schreer have asserted:

The more strongly China asserts itself in a way that regional states find threatening, the more likely it is that Beijing's worst-case scenario of encirclement by the US and its allies could become a reality.³³

Diplomatic efforts should also seek to deter China from further militarising more artificial islands, and encourage it to abide by the provisions of UNCLOS (the UN Convention on the Law of the Sea, to which it is a signatory) in the defence of its maritime zones and in pursuit of its territorial claims in the region. Finally, a partnership of middle powers could discourage the US from adopting an aggressive or confrontational approach to the South China Sea, which would likely further heighten tensions in the region.

The expansion and implementation of the Code for Unplanned Encounters at Sea

The CUES agreement was promulgated in September 2016 to improve the operational safety of naval aircraft and naval ships operating in the South China Sea.³⁴ The measures also mitigate uncertainty and improve real-time communications during unplanned encounters of military assets in the region. Nonetheless, there are two areas that could be enhanced to improve the robustness of CUES.

First, the current procedures do not include non-military entities such as coast guard vessels and fishery patrol boats.³⁵ The possibility of the US Coast Guard patrolling the region in the future, coupled with the instances of past clashes between Chinese Coast Guard vessels and fishing boats from the claimant states, lend emphasis to the inclusion of non-military assets.³⁶ The suggestion by Singapore's Foreign Affairs Minister, Vivian Balakrishnan, in early 2016 to expand the scope of CUES is timely, considering the possibility of increased maritime entities operating in the disputed areas.³⁷

Next, China's proposal to conduct joint exercises to familiarise the protocols and reduce linguistic misinterpretation is a positive sign. In this aspect, Singapore's experience in regional maritime exercises (notably the Five Power Defence Arrangement) and in the inter-governmental Regional Co-operation Agreement on Combating Piracy and Armed Robbery (ReCAAP) against ships in Asia makes it well equipped to coordinate any such joint training.³⁸

The Information Fusion Centre, located in Singapore's Changi Naval Base and which serves the ReCAAP, is equipped with the database, maritime expertise and experience to conduct joint exercises for CUES.³⁹ Singapore's Chinese-educated naval officers could also assist in the linguistic challenge faced by the Chinese in the conduct of joint exercises. The nature of such joint training would promote mutual understanding and trust, which is a crucial confidence-building mechanism towards achieving safer and more secure maritime operations in the region.

Conclusion

The empirical evidence of past flashpoints in the South China Sea, coupled with China's relentless pursuit to expand its strategic influence in the region and militarise the artificial islands, have injected uncertainties into the security environment in the South China Sea. An ambiguous US strategic policy, categorised by its withdrawal from the Trans-Pacific Partnership and seemingly increased military assertiveness in contesting China, has the potential to destabilise the region rapidly.

Unless ASEAN states can converge their national interests to assist in resolving the territorial claims with China, it is possible that the fragile stability in the region will become unsustainable. Like the non-claimant states that depend on the South China Sea for free trade and energy supplies, Singapore must safeguard its interests and contribute to sustaining peace and prosperity. Singapore's strong economic cooperation and longstanding ties with China put the city-state in a good position to engage China and convince it to play a constructive role in regional security.

Beyond ASEAN, it has been argued in this paper that Singapore should also explore new partnerships with like-minded middle powers that share the same balanced and neutral view of regional security. As non-claimants, these middle powers can leverage on diplomacy to sustain freedom of navigation and deter China from adopting a coercive policy in the South China Sea. To prevent an escalation of tension in the disputed waters, the partner nations could also mediate and restrain any confrontation that may arise between the US and China. To minimise incidents arising from unplanned maritime encounters in the region, Singapore is well positioned to assist in the expansion of the CUES initiative, and facilitate the conduct of joint exercises to enhance overall stability in the region.

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How will the fragility of the global financial system impact on the balance of power between China and the US over the next ten years?

Group Captain Stephen Chappell, DSC, CSC, OAM

Royal Australian Air Force

Abstract

This paper examines the extent to which the fragility of the global financial system will likely impact on the balance of power between China and the US over the next ten years. It contends that the reserve currency at the heart of the global financial system is fragile, and that while the exact cause of a catastrophic financial collapse cannot be identified, its effects on the world's two greatest powers would be significant.

The paper speculates that confronted with a global financial failure, the US would withdraw into itself, while China may aggressively expand to seize vital resources. The paper concludes that countries in the Indo-Pacific region need first to acknowledge the possibility of such an event. They would then need to build capacity in security, energy, food and currency. Only then could they turn outwards to address the potential threat of an expansionist regional power.

Introduction

The current global financial system emerged from the ashes of the Second World War. Initially based on a relationship to gold, the closing of that relationship by President Nixon in 1971 has meant the world operates on a 'fiat' currency system, that is, a currency established by government regulation or law. Noting that no fiat system in history has survived the test of time—and further noting the unhindered explosion of credit before and after the 2008 global financial crisis—it will be argued that the global financial system has become increasingly fragile.¹

With the fragility of the financial system demonstrated, this paper will explore key macro identity and economic elements of the diplomatic/identity/military/economic framework of national power.² These discrete elements will be examined to assess the impact the fragile financial system may have on the balance of power between China and the US over the next ten years. The paper will argue that the fragility of the global financial system—and the possible effect this may have on the balance of power between the world's two greatest powers—has potentially precarious implications for the Indo-Pacific region.

Background

In 1944, with the tide of the Second World War turning in favour of the Allies, a conference involving all 44 allied nations (but dominated by the US and Great Britain) was held to determine the character of the post-war global financial system. The Bretton Woods system, as it became universally known, nominated the US dollar as the global reserve currency. It was pegged and made convertible to physical gold at the fixed price of US\$35 an ounce. All other currencies were then pegged at different values against the US\$, in a flexible process overseen by the International Monetary Fund, one of several international institutions established by Bretton Woods to manage and stabilise the new financial system.³

The following two decades saw the system perform well. This was aided considerably by the US possessing over 20,000 tonnes (some three-quarters) of the world's gold, largely a result of acting as debtor to much of the world over the course of two world wars.⁴ However, by the mid-1960s, growing US deficit expenditure as a result of the Vietnam War and President Johnson's 'Great Society' programs, resulted in increasing outflows of physical gold from America as predominantly European nations lost confidence in the US\$ and converted their reserve currency holdings into bullion.⁵

By 1971, US gold reserves had fallen to 8000 tonnes, prompting President Nixon to unilaterally discard the convertibility of the US\$ into gold in order to protect his country's hegemonic financial position. This act cut the financial system's anchor and allowed it to float on the integrity of the US\$—in what some would perceive as a sea of blind faith. The institution whose hands oversee control of the volume of this sea is the US Federal Reserve.⁶

The current situation

Since losing the anchor of gold in 1971, the current system's debt has exploded exponentially in the hands of its elite overseer.⁷ Data from the institutions of the Bretton Woods agreement, including the US Federal Reserve, clearly show this phenomenon. World debt totalled US\$5 trillion when it began this unanchored phase, representing 100 per cent of world GDP. By the time the global financial crisis hit in 2008, world debt was at a staggering US\$165 trillion or 300 per cent of world GDP.⁸

Despite deleveraging and austerity rhetoric to the contrary, world debt has continued to increase, and now approaches US\$220 trillion or 325 per cent of GDP.⁹ While arguably frightening at face value, it is the implications that this debt-to-GDP ratio has for the health of the global financial system that are of utmost importance.

Since the 1990s, the Federal Reserve Bank has actively used monetary policy in an attempt to avoid any short-term recessionary pain in the US economy.¹⁰ This unidirectional largesse in monetary policy has manipulated the growth of major asset classes, such as stocks and real estate. This has led to several asset bubbles and subsequent crashes. Each endogenous shock has been more significant than the last, culminating to date in the infamous global financial crisis of 2008.¹¹ Since then, the world's central bankers have not abandoned their application of homogenous academic theories.

Rather, they have sailed further into uncharted waters with hyper-aggressive monetary policies—including forcing official interest rates into unprecedentedly low values and, at times, pumping US\$85 billion per month into the system to avoid a sudden collapse—that have led to the unimpeded increase of crippling private and public debt.¹² The combination of the unprecedented accumulation of enormous debt; the increasingly obvious devaluation of currencies through massive money printing; and the maintenance of near-zero to negative official interest rates to keep the astronomical debt affordable stretches the system's capacity and undermines the legitimacy that the fiat system relies on for its existence.¹³

Noting the three pillars required to avoid a fragile entity—namely, acknowledged authority, sufficient capacity and widespread legitimacy—it seems reasonable to conclude that while the core of the global financial system may retain its formal authority, its capacity and legitimacy have been significantly undermined.¹⁴ This leaves the financial system fragile and vulnerable to both endogenous and exogenous shocks from an increasingly unstable world.

The potential impact of fragility

To understand the risks posed by the fragility of the global financial system, it is worth examining how this fragility may affect the world's two greatest powers—the US and China. Using the diplomatic/identity/military/economic framework, this examination will focus on several macro factors involving the identity and economic elements of national power.

These elements have been chosen as they represent the bedrock of national power, which then guide and direct the use of the diplomatic and military elements. The macro factors chosen endeavour to shed light on key internal and external dynamics of the two powers, examining their interplay if a catastrophic collapse of the financial system were to occur. With that achieved, the implications for the Indo-Pacific region will be examined.

Arguably, a conventional view of the identity element of US power is that of the pre-eminent Western liberal democracy, owner of the world's reserve currency, and the global hegemon intent on the maintenance of the current international rules and norms.¹⁵ While it possesses robust democratic institutions, a less publicised and less favourable aspect of US identity is the significant inequality of wealth distribution, which is viewed by many commentators to be a direct result of the unanchored financial system and associated powerful financial elite.¹⁶

Turning to the economic element of power, it is readily apparent that the US possesses unparalleled strength—from the unmatched position of reserve currency, which allows it to accumulate endless debt (unless an intangible point is met where the world loses confidence in the fiat currency); dominant GDP of US\$18 trillion; the world's largest gold reserves at 8133 tonnes; an enormous and incredibly liquid bond market (which is a pre-requisite for holding the global reserve currency); broad energy and food self-sufficiency; and renowned dynamic economic agility—and that US economic power has no equal.¹⁷

In comparison to the consistency of US national power, the emergent 'China story' has been little short of miraculous. Since Chairman Deng Xiaoping began opening China to the world in 1978, a careful look at the identity and economic

elements of national power raises concerns incongruent with the conventional narrative.¹⁸ The Chinese identity appears at face value to be simultaneously inscrutable and homogenous. However, deeper scrutiny reveals interesting observations and statistics.

While Chinese Communist Party rule has arguably relaxed since the 1989 Tiananmen Square massacre, recent observers note that President Xi Jinping has consolidated his rule in a manner not witnessed since the oppressive days of Chairman Mao.¹⁹ Many of these commentators attribute this increasingly authoritarian rule to other identity and economic factors. For example, although Han Chinese are the dominant ethnic group within China, there are a number of large minority ethnicities, all of whom experience varying degrees of disadvantage and oppression at the hands of the Han. This, perhaps unsurprisingly, coincides with a jarring inequality in wealth distribution between the coastal and urban Han, and the interior and rural Han and minorities.²⁰

The social discord resulting from massive and growing wealth inequality in China, combined increasingly with frustration in the domestic economic downturn and autocratic political environment, is significant. The number of protests continues to increase yearly in China, with 2015 reportedly witnessing in excess of 130,000, two-thirds of which related to wage disputes.²¹ To counter this trend, President Xi's consolidation of personal power is manifesting in a crackdown on rampant corruption within the ubiquitous Chinese Communist Party, increased nationalistic rhetoric, and challenges to the extant international norms, rules and institutions—all arguably aimed at strengthening the vital pillars of authority and legitimacy of the Party in the eyes of the population it rules.²²

As the ruling Chinese elite work hard to maintain the pillars underpinning the identity power element, their economic element is also not without its challenges. In simple terms, since the 2008 global financial crisis, China's GDP growth has halved while its total debt has doubled.²³ Unlike the Americans, the Chinese are unable to resort to printing currency without consuming prodigious amounts of their foreign reserves.²⁴ The lack of an enormous and liquid bond market, combined with opaque economic governance structures, means that claims the Chinese Yuan could replace the US\$ as the global reserve currency are fallacious.²⁵

Finally, unlike the US, China is dependent on energy imports and is not considered self-sufficient in food.²⁶ The one area of strength in this power element is China's gold holdings, which is a story in itself. While official Chinese gold holdings as of 2015 were 1658 tonnes, some experts believe China may have secretly accrued in the vicinity of 4200 tonnes of gold—which would give it strategic parity in gold reserves with the US, Russia and the Eurozone.²⁷

It can be argued, therefore, that while numerous challenges face the Chinese economy, China has gained strategic parity inside the global financial system. To understand the implications of the fragile global financial system—and the impact a catastrophic collapse would have on the two great powers and the Indo-Pacific region—a sensitivity assessment needs to be undertaken.

The potential for collapse

In examining how a catastrophic collapse may occur, it readily becomes apparent that expert commentators are unanimous in declaring that they are unable to predict the exact how, when or why.²⁸ What is broadly agreed, and will be used as the basis of this assessment, is that there are a number of scenarios. One possibility is that the US Federal Reserve and other central bankers, attempting to inflate away the massive global debt loads, unintentionally triggers hyperinflation.²⁹ This would likely see societal and economic conditions analogous to those present during the terminal months of Germany's Weimar Republic in the early 1930s, where a wheelbarrow of printed currency was needed to purchase a loaf of bread.

A second possibility is that the unprecedented monetary policies described earlier produce a hyper deflationary period, where individual currency values gain greater purchasing power. This may sound positive at an individual level. However, it would quickly be followed by contagious debt defaults occurring globally due to the combination of a marked reduction in tax revenues and the unbearable weight of the increased value of global debts. Other possibilities include exogenous shocks—such as a spectacular terrorist attack, mass migration events, a stock market or localised bank collapse, or an act of aggression from a rogue state actor—triggering a catastrophic collapse of the financial system.³⁰

However it commenced, each country would face significant societal disruption likely requiring martial law controls to be implemented over the short to medium term, and would be unable to rely on globalisation to provide the essentials. How would the two greatest powers fare? What could this mean for the Indo-Pacific region?

In the case of the US, there would undoubtedly be many challenges. Chief among these would be the simmering discontent caused by wealth inequality impacting negatively on the identity element of national power. That aside, the US possesses the authority vested to it by the strength of robust democratic institutions and customs; the capacity to maintain internal and external security for itself, and thus provide the essentials of food and energy to its people; and the legitimacy that comes from both the provision of essential needs to the population (the potential to strengthen legitimacy exists if the essentials are provided in a truly egalitarian

way) and the gold reserves to rapidly establish for itself a new monetary currency. This would, however, likely entail the use of the majority of the US' capacity. Therefore, it is arguable that supporting the international rules and norms would not be prioritised, leaving a vacuum surrounding the global commons, with obvious implications for regions such as the Indo-Pacific.

In contrast is China. The numerous challenges discussed in the elements of Chinese national power would create a potentially vicious positive feedback loop. The Chinese Communist Party has the capacity to enforce a reasonable degree of external and, more importantly, internal security. Similarly to the US, it is likely that it has the gold reserves to back its currency sufficiently to allow it to function within China. It does not, however, possess the capacity to feed itself or provide for its energy needs. This lack of capacity would quickly undermine legitimacy, and ultimately result in authority being wrested from the Party's grip—unless it could act rapidly to gain control of food and energy sources.

Potential solutions

For China, additional food exists in the East and South China Seas, and the lands to its south hold the likely irresistible temptation of cheap and abundant rice.³¹ Additional energy exists in the lands to China's north and west, and potentially under the South China Sea.³² In morbid resonance to 1941, the Indo-Pacific could face a desperately expansionist great power. This time, however, it would do so carrying grievous individual and collective wounds from the catastrophic global financial collapse, and probably without the expected support of the world's hegemon.

Countries of the Indo-Pacific would be prudent to prepare for such an eventuality using the diplomatic/ identity/military/economic framework—focusing on the three pillars of authority, capacity and legitimacy—to assess the strength and resilience of their identity and economic elements of national power in light of a possible catastrophic failure of the global financial system. Of paramount importance would be the consideration of how to provide security, food and energy self-sufficiency, as well as stabilising their currency through strategies such as anchoring to gold.

Without resilient capacity in these areas, the legitimacy of the state would likely crumble in the aftermath of a financial catastrophe. Conversely, resilient internal elements of national power would allow each country in the Indo-Pacific to survive long enough to consider the external threat—that of a potentially desperate expansionist power in the region. Those considerations would differ depending on each country's geostrategic position in the region, and is an area worthy of further study.

Conclusion

An examination of the current global financial system, from its birth in the ashes of the Second World War, through the cutting of its gold anchor, the subsequent explosion of global debt, and unprecedented monetary policies exposes a stark finding. Despite maintaining the formal authority invested in it at Bretton Woods, the reserve currency at the heart of the global financial system is exquisitely fragile due to the self-sown seeds undermining both its capacity and legitimacy.

While the exact cause of a catastrophic financial collapse cannot be known, the effects such a catastrophe may have on the world's two greatest powers is significant. It seems quite possible that today's hegemon, the US, would necessarily withdraw into itself. It seems similarly possible that China may aggressively expand to seize vital food and energy sources to ensure the Chinese Communist Party survives.

This leaves countries in the Indo-Pacific in potentially precarious circumstances. To address this, these countries need to first acknowledge the possibility of catastrophic global financial failure. They must then build capacity in security, energy, food and currency. Only then could they turn outwards to address the potential threat of a desperate, expansionist regional power. Much work needs doing, and some would likely argue that the hour is already too late.

Notes

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- 7 The global financial system has changed character several times over the last 100 years. For several centuries prior to 1914, the international system was anchored by a gold standard, which ensured every unit of issued currency was backed by physical gold held in reserves. Of significant relevance to today's financial environment is that the Great Depression of the early 1930s was attributed for many decades to the gold standard leading to excesses in the stock market being purged by the Wall Street crash of 1929. The consequent economic and social trauma helped fuel the rise of fascism in Europe, which precipitated the human tragedy of the Second World War.
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Is food security a contemporary national security issue for Japan?

Group Captain Simon Hindmarsh

Royal Air Force

Abstract

This paper addresses the question of whether food security is a contemporary national security issue for Japan. It notes that while Japan is one of the most secure countries in the world, it is and will likely remain highly dependent on food imports because government policies have both actively and unwittingly created the conditions for the failure of its domestic agriculture sector.

The paper acknowledges Japan's enormous economic resilience. However, it argues that Japan's dependency on food imports would leave it critically exposed in the event of a food crisis caused by export bans, crop failures, turmoil in supplier countries, or economic sanctions. It concludes that Japan's over-reliance on international food imports, against the backdrop of declining self-sufficiency, represents a potentially virulent threat to its national security.

Introduction

Japan is one of the most secure countries in the world. It has a modern history of politically stable governments, its military is well-equipped and effective, and its society is well-ordered.¹ Therefore, Japan is ably configured to counter traditional threats to its national security. But contemporary Japan is now being confronted with non-traditional security threats that compromise its wider national security interests.² This includes the 'shifting tectonics' of food security, which are of paramount importance to Japan despite an evident absence of the traditional linkage between national poverty and access to food.³

The Indo-Pacific is one of the most important regions for the world food economy, and while Japan practises protectionism of its domestic agriculture sector, it also actively fuels this economy as a major importer of food from across the region.⁴ Currently, more than 60 per cent of food calories consumed by the Japanese people come from overseas markets and, despite protectionist measures, Japan's domestic agriculture sector is declining rapidly.⁵

After contextualising what is meant by 'food security' in Japan, this paper will first examine Japan's capacity for nutritional self-sufficiency. It will analyse the effect of Japanese government policies on the domestic agriculture sector, highlight considerable limitations within the Japanese agriculture industry, and reveal changing contemporary consumer behaviour as being a contributory factor towards a critical decline in self-sufficiency. The paper will then analyse Japan's over-reliance on international food imports and assess Japan's attendant resilience to global economic crises, during which stable, high-volume supply could be compromised. It will conclude that food security is not a standard policy problem for the Japanese Government to address; it is a clear and present national security issue.

Food security in the world's third-largest economy

Food security is not an unfamiliar issue on Japan's national political agenda. The foremost task that the post-World War 2 government of Japan had to contend with was the management of risk regarding food supply.⁶ Japan has since developed into a stable and prosperous state that does not fit the stereotype of a nation that has contemporary food security concerns. The economy is strong, the country has an established domestic agriculture sector, and Japan is the world's largest net importer of food. Instances of undernourished people in Japan are few.

According to the UN Food and Agriculture Organization, Japan has a global food security index score of 77.9, which means that it has a highly adaptive capacity to change, and is resilient towards nutritional pressures in general.⁷ However, global food price shocks in 2007-08 resulted in food commodities such as corn, wheat, rice and soybeans peaking at historically high prices, and demonstrated a pressing requirement to address food security in Southeast Asia.⁸ The Japanese government led the resultant discussion at the 2008 G8 leaders' forum on global food security, where it became clear that food security was a major national concern for Japan due both to its high cereal import dependency and low self-sufficiency rates.⁹

At the World Food Summit of 2009, food security was defined as 'a situation that exists when all people, at all times, have physical, social and economic access to sufficient safe and nutritious food to meet their dietary need and food preferences for an active and healthy life'.¹⁰ Most nations with poor food security tend to be impoverished, and access to food is limited both by availability of domestic supply and affordability of imports. However, the Japanese Ministry of Agriculture, Forestry and Fisheries defines food security as 'preparation for ensuring food supply measures, and swift action in case that food supply is subject to a negative effect from unexpected factors'.¹¹

Japan is not concerned about affordability but is acutely concerned by food 'availability' and the stability of sufficient physical supply.¹² Accordingly, the Ministry of Agriculture, Forestry and Fisheries promotes a strategy to assure capacity to feed the people and become less dependent on an uncertain global market. The attendant policy measures include increasing the quantity of food produced domestically; national food education programs to promote the traditional Japanese diet, rich in fish, rice and vegetables; and securing a stable import base through greater diversification.¹³ However, there are problems associated with the application of these measures.

An industry in terminal decline: Japan's domestic agriculture sector

Over the past half century, a blend of government developmental policies has catalysed and then perpetuated decline across the Japanese agriculture sector. Industrial development post-World War 2 necessarily reorganised the use of land across Japan, with one consequence being the reduction in the total area available for farming.¹⁴ The effect was to denude domestic food supply capacity. In the 1970s, the government introduced further policies to reduce rice acreage in order to control rice prices and reduce the costs associated with the management of surplus stock.

The Rome Summit on World Food Security in June 2008, initiated in response to food price increases, galvanised food security's geopolitical status. The subsequent OECD 2009 Annual Report emphasised the need for improved competitiveness within the farming sector through trade and efficiency measures, rather than by propagating support subsidies.¹⁵ This influenced the Japanese government to introduce interventionist policies that ran contrary to Japan's traditional policy of agricultural protectionism. These included tariff protection and price supports for imported foodstuffs, which disadvantaged the Japanese farming community by depreciating the saleable value of their home produce and limiting their output.

The agriculture sector's resultant contribution to GDP is now only 1 per cent (compared to China's 10 per cent), and less than 4 per cent of the population is employed within the sector, compared to 35 per cent as a worldwide average.¹⁶ Japan currently produces only 39 per cent of the food it consumes. This is a decrease from 79 per cent in 1960, and represents the lowest self-sufficiency rate among all major developed countries. By comparison, the UK produces 61 per cent of the food it consumes, and France produces a surplus of 121 per cent.¹⁷

In recognition of the impact of these policies, the Japanese Government is now seeking to increase the food self-sufficiency ratio to 50 per cent by 2020, and there are several protectionist policy responses to energise the declining domestic agriculture market.¹⁸ These measures include subsidies, such as cutting the price at which the government sells imported wheat to domestic flour millers by 23 per cent, and the application of tariffs on imported foodstuffs such as frozen vegetables from China, which constitute over half the vegetables consumed in Japan.¹⁹

But these measures alone are insufficient, and attainment of any real increase in self-sufficiency is restricted by the physical structure of the agriculture sector. Modern farming involves exploitation of large rural space, such as the plains of Brazil.²⁰ But mini-farms, limited by topography, dominate the Japanese agricultural sector, with each farm shouldering its own growing operating and logistics costs due to government tax legislation and lease rights restrictions which prohibit the clumping up of ownership shares into larger areas of shared farmland. This legislation has forced many farmers out of business and has left the landscape peppered with abandoned farms that are no longer economically viable.

Demographic change is also exacerbating food security concerns for Japan, with the population both ageing and decreasing.²¹ Japan's rural farming community is dominated by over 65-year olds, and their farmlands

are accordingly recognised by the government as 'communities living on the edge of extinction through depopulation', because people aged 65 and over constitute more than half the total population within these areas. This results in a policy-driven lack of central investment and infrastructure development, which impacts directly on the extant farming communities and serves as a disincentive to the creation of a next generation of farmers. Ironically, this long-term downward trend is aligned with contemporary dietary requirements.

Since the end of World War 2, the Japanese people have markedly increased their consumption of meat and fat, resulting in a decrease in the requirement for traditional agricultural produce.²² For example, rice represented 48.4 per cent of the Japanese diet in 1960; by 2005, this had reduced to 23.3 per cent, supplanted by farm products and vegetables imported from overseas markets. Changes in popular eating habits and lifestyle choices, in particular the 'Westernisation' of a broad range of diverse foodstuffs now widely available in supermarkets and difficult to grow in Japan, are a major contributor to Japan's uniquely low self-sufficiency levels.²³

This 'nutritional transition' is culturally perceived by the Japanese consumer as replacing inferior food products with those considered superior. It is a novel cultural paradigm in the making; one which has undermined attempts by the Ministry of Agriculture, Forestry and Fisheries to promote historic dietary values. The implication of the situation is a heavy and growing dependency on foreign imports.²⁴

Over-reliance on imports in an unstable world

Japan depends on a comparatively small number of countries for the majority of its food imports.²⁵ Grain and legume imports from the US represent more than 25 per cent of Japan's total agricultural imports. ASEAN, China and the EU are the next largest supplier group, with a combined share of over 39 per cent. Meats are the largest agricultural imports and, based on the value of those imports, Japan is the largest meat importer in the world.

Japan's high dependency on food imports has stemmed from US pressure in the course of globalisation and liberalisation of world trade, as well as the Japanese government's own import liberalisation policies.²⁶ The state is under continued pressure to completely open its agricultural market and deregulate agricultural policy through mechanisms such as the evolving Trans Pacific Partnership and other free trade agreements.²⁷ While Japan has made it a top priority to try and keep many of its own agricultural products exempt from trade-dependent tariffs and price reductions, such a strong defensive stance

has made it difficult for Japan to elicit compromises from other potential and actual trade partners, in particular the US.²⁸

Japan's dependence on such a narrow trading base is a vulnerability. Legacy trade with countries and blocs cannot be assured in a constantly changing political landscape. Uncertain future strategic direction from a Trump-led US, or from the EU whose free-trade outlook is being re-examined as a result of the UK's decision to leave the European trading framework, could result in a stagnation or reduction in food imports available to Japan.²⁹ Therefore, Japan has sensibly sought a mutual deepening of its stable strategic relationship with Australia.³⁰ Australia is Japan's third biggest import trading partner and, in terms of food availability, Australia is a major supplier of beef. Notwithstanding, this trade relationship affords minor mitigation against wider availability dependencies and concerns.³¹

The economic development of the Indo-Pacific region's two most populous countries, China and India, will entail a huge increase in food demand and it is far from certain that the international food market will be able to cope with it.³² Moreover, the nature of markets is such that this will result in significant global food price inflation. Japan can afford to buy food during a sustained price hike. Even during the 2008 food crisis, when the price of grain quadrupled, Japan's food consumer price index only increased by 2.6 per cent.³³

For Japan, therefore, availability of supply of its considerable food imports is crucial, as it could not feed its people without these imports. As a regional partner, whose supply base is largely free from the potential of industrial dispute and unstable internal politics, Japan's dependence on China could, and arguably should, increase substantially. With respect to food security alone, it would be in Japan's national security interests to promote greater regional cooperation with China, and to blend out competing national agendas.

But to do so, Japan's government would have to grant political concessions regarding ongoing territorial disputes if it were to overcome the mutual antipathy that undermines the attendant diplomatic relations between these historic rivals.³⁴ In reality, only a paradigm shift or 'critical juncture' in food security issues caused by crop plagues, environmental disaster or large-scale bioterrorism might catalyse the emergence of more effective cooperation in this area of global security.³⁵ Until it does, Japan's uniquely high dependence on agricultural imports will remain a vulnerability that threatens the security of the state.

Conclusion

Food security is a pressing global challenge. Failing to secure a stable supply of sufficient food to feed the population threatens more than just the national security of individual states; it could create the conditions for national, regional or international conflicts.³⁶ Unlike all other developed countries, Japan is highly dependent on food imports because government policies have both actively and unwittingly created the conditions for the failure of its domestic agriculture sector.

Irreversible demographic trends within farming communities, physical limitations of the Japanese rural landscape, and contemporary globalised tastes among the Japanese people all contribute to the irreversible decline of the domestic supply base. No change in policy could now mitigate this demise. And despite Japan's reducing population, the decreasing capacity for self-sufficiency diminishes projections of Japan's future societal size.

Therefore, Japan will remain heavily dependent on imports to sustain its population. Of course, concerns regarding the cost of importing the majority of Japan's nutritional requirements must be contextualised by recognising the enormous economic resilience of the country. However, this dependency would leave Japan critically exposed in the event of a food crisis caused by export bans, crop failures, unrest or even wars in supplier countries, or economic sanctions against the Japanese state. This eventuality, when considered against the backdrop of declining food self-sufficiency rates, represents a potentially virulent threat to Japan's national security.

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The Permanent Court of Arbitration's role in clarifying the South China Sea disputes

Commodore Peter Leavy, CSM

Royal Australian Navy

Abstract

This paper examines the Permanent Court of Arbitration's role in clarifying disputes in the South China Sea, contending that the ramifications of the case between the Philippines and China are critical in understanding how ongoing disputes and concerns are likely to evolve. It notes that while claimant states cannot be allowed to disregard the rule-of-law, as embodied in the UN Convention on the Law of the Sea, none of them, nor the international community, will benefit from conflict in this vital part of the world.

The paper argues that in the years ahead, it will be more important than ever for all parties, and their respective navies, to be open, transparent and cooperative as political events unfold. It contends that nations must continue to use the South China Sea to maintain customary international law, although extra-regional nations must be mindful of the legitimate rise in China's power. However, it also argues that nations must be prepared to act, if necessary, as the value of open sea lines of communication, and freedom of navigation, are too important not to be defended.

Introduction

On 12 July 2016, the Permanent Court of Arbitration handed down arguably the most significant legal determination relating to the practical application of the UN Convention on the Law of the Sea (UNCLOS) in its 'South China Sea arbitration'.¹

This case was initiated by the Philippines in 2013, which sought a ruling on the legality of China's historic claim to its so-called 'nine-dash line' that encompasses over 80 per cent of the South China Sea, along with clarification of the legal status of key features in the Spratly Islands. The Philippines also sought a finding that China had acted detrimentally to the Philippines' interests through island building and consequent environmental damage within the Philippines' exclusive economic zone (EEZ).

The eventual decision of the Court was heavily in favour of the Philippines' position, and included the critical findings that there was no legal basis for the nine-dash line and that none of the Spratly Islands' features listed in the claim met the legal threshold to generate an EEZ. The Court was also highly critical of the environmental impact of Chinese island-building activities.

Predictably, China's reaction to the findings was strident and immediate, refusing to accept or abide by the rulings. China had consistently refused to recognise or participate in the proceedings but had pursued a robust diplomatic and media effort to undermine both the Philippines' claims and the authority of the Permanent Court of Arbitration to hear the case, most notably publishing a 'Position paper ... on the matter of jurisdiction in the South China Sea arbitration' in 2014.²

The ramifications of this case are critical in understanding how the range of territorial disputes and concerns over excessive Chinese claims and island building are likely to progress. In time, this ruling—and how the international community responds—will likely be seen as watershed events in the evolution of UNCLOS, and may even have consequences for the wider concept of the rule-of-law itself. This article seeks to explore the basis of this dispute and the subsequent Permanent Court of Arbitration decisions in order to better understand the consequences going forward.

The significance of the South China Sea

The South China Sea is one of the most strategically important stretches of water in the world, encompassing 3.5 million square kilometres from Singapore to the Straits of Taiwan. There are numerous maritime disputes throughout the region, with seven claimant states pursuing disputed jurisdiction over various

areas. While Australia does not take a position on the outcome of any of the territorial disputes, it is in everyone's interests for those disputes to be resolved peacefully and, most importantly, within the framework of international law.

Many of the South China Sea claims are overlapping and go back decades but there are three contentious aspects that underpin them all: competing territorial claims, competing maritime claims, and excessive maritime claims asserted by some states.³ The intractable nature of these disputes is symptomatic of the differing views held by nations regarding the practical application of their rights under UNCLOS. While this article explores one particular dispute, the legal decisions and precedents set by this case will have far-reaching ramifications.

The Philippines' case was focused around the Spratly Islands, a grouping of 12 main islands and 390 islets, banks and reefs dispersed across an area 400 nautical miles east-to-west and 500 nautical miles north-to-south between the coasts of the Philippines, Malaysia and southern Vietnam. The islands sit astride one of the busiest sea routes in the world and cover rich fishing grounds and potentially significant oil and gas reserves. China, Taiwan, Vietnam, the Philippines and Malaysia have all engaged in island construction or enhancement in the Spratly Islands, with manmade facilities on 45 features within the group. Brunei has a small claim in the south but no physical occupation.

Another relevant feature is Scarborough Shoal, which lies 130 nautical miles west of Subic Bay in the Philippines. Although it has no indigenous inhabitants, the Philippines issued presidential decrees in 1978 formally claiming sovereignty over the offshore islands adjacent to the Philippine coast and establishing an EEZ encompassing Scarborough Shoal.⁴ However, the area is also claimed by China (and Taiwan) and is explicitly stated in Chinese domestic law as being part of Chinese territory, which was reaffirmed in China's declaration at the time of ratifying UNCLOS.

UN Convention on the Law of the Sea

Before exploring the specifics of the dispute, it is worth reviewing relevant aspects of UNCLOS, the key international legal agreement that governs the world's oceans. It entered into force on 16 November 1994 and is arguably the world's most expansive international convention, with 167 states having ratified it to date. It is worth noting that the US remains one of the few nations not to have ratified the convention, although it does abide by its provisions.

UNCLOS negotiations balanced the desire of coastal states seeking greater control over the waters adjacent to their coasts and those seeking to protect the longstanding principles of freedom of navigation, who therefore preferred minimal jurisdiction of the seas. The compromise position resulted in an

extension of the 'territorial sea' from 3 nautical miles to 12, the introduction of a 'contiguous zone' out to 24 nautical miles in which the coastal state could enforce customs, fiscal, sanitation and immigration laws, plus the new concept of an EEZ extending 200 nautical miles from the coastal state.⁵

Within their 12-mile territorial sea, coastal states have jurisdiction but must allow other states the right of 'innocent passage' for their ships. As the name suggests, innocent passage allows a direct and expeditious transit through a territorial sea 'so long as it is not prejudicial to the peace, good order or security of the coastal state'.⁶ Warships may exercise innocent passage but may not engage in any military activities, such as weapon drills, exercises or flying operations. Submarines must be surfaced and fly their national flag.⁷ There is no equivalent of innocent passage for aircraft, as the provision only applies to ships.

The EEZ was a new concept in which the coastal state has exclusive rights to the economic resources within that zone, however, the traditional high-seas freedom of navigation and overflight for other nations are maintained outside the territorial sea limit. In addition to a standard 200-nautical mile EEZ, states were also permitted to claim an 'extended continental shelf' to a maximum distance of 350 nautical miles, where they could show that the natural limit of the continental shelf extends that far. It was the lodging of extended EEZ claims by Vietnam and Malaysia in 2009 that prompted a major Chinese response, using both hard and soft power, to build their case for the legitimacy of the nine-dash line which, in turn, heightened tensions and actions throughout the South China Sea.

The Philippines' case

A key aspect of the Philippines' case relates to offshore territory. The three classes of offshore features defined within UNCLOS are 'islands', 'rocks' and 'low tide elevations'. All three are relevant in this dispute.

Article 121 defines an island as a 'naturally formed area of land, surrounded by water, which is above water at high tide'. It further states that an island will generate a territorial sea, EEZ and continental shelf, with the exception that 'rocks which cannot sustain human habitation or economic life of their own shall have no exclusive economic zone or continental shelf'.⁸ By this definition, an offshore land mass that is always above sea level falls into one of two categories: 'islands' which can support human habitation and economic life and which generate a 200-nautical mile EEZ, and 'rocks' which cannot support life and only generate a 12-nautical mile territorial sea.

The determination as to whether an island can sustain human habitation or economic life is subjective but this is not a new issue. Both Australia and

France have had claims to islands in the Southern Ocean—notably Heard and McDonald Islands, and the Kerguelen Islands—challenged on the basis that they have no permanent human inhabitants.⁹ The generally held view, however, is that naturally formed islands with vegetation (as distinct from simple rocks that sit above sea level) do generate the full range of maritime zones, regardless of whether they are actually inhabited or not.¹⁰

The third category of offshore features is 'low tide elevations' which are exposed at low tide but submerged at high tide. Low tide elevations do not generate any maritime zones by themselves but, if they are within a coastal state's territorial waters, they may be used as the baseline from which the breadth of the territorial sea is measured. If a low tide elevation is outside the territorial sea, it generates no advantage for the coastal state.¹¹

A key aspect of islands, rocks and low tide elevations is that they are defined as they exist in their natural state; any island building or artificial modifications have no subsequent bearing on how a feature is defined.

The final aspect relevant to the Philippines' case are the provisions for dispute resolution. A range of options are provided within the Convention but the key points relevant to this case are:

- a. States that have another forum they can use to resolve a dispute should use that mechanism first, and resort to UNCLOS procedures only if that resolution mechanism fails.¹²
- b. States are able to declare that they do not accept some or all of the compulsory dispute resolution mechanisms in UNCLOS for certain types of disputes but these are limited in scope. Relevant to this case, China (and Australia) have declared that they do not accept the compulsory dispute resolution mechanisms in disputes over maritime boundaries, including historic bays and titles.¹³ States cannot, however, opt out of disputes over the application or interpretation of UNCLOS. This distinction is important in the Philippines' case.
- c. One party refusing to participate in resolution does not constitute a bar to proceedings, providing the Court satisfies itself that it has jurisdiction and that the claim is well founded in fact and law.¹⁴

China's position

China ratified UNCLOS on 7 June 1996 and did so with a number of declarations.¹⁵ China specifically stated that 'the People's Republic of China shall enjoy sovereign rights and jurisdiction over an exclusive economic zone of 200 nautical miles and the continental shelf' but left open what 'sovereign rights

and jurisdiction' actually entail. As outlined earlier, the accepted interpretation of the EEZ is that a state controls economic activity within its EEZ but does not have jurisdiction over navigation, overflight or military activities.

While China has not overtly stated that it seeks control over any of these activities, its actions show increasing concerns about foreign military activity within its EEZ, and even in areas within the nine-dash line that are more than 200 nautical miles from Chinese territory. Contrasting the ambiguity over what rights and jurisdiction China claims within its EEZ is the clear position of the US, which proclaimed a 200-nautical mile EEZ in 1982, specifically stating that the claim did not impact the lawful use of that zone by other nations, including the rights of overflight and freedom of navigation.¹⁶

China's declaration also reaffirmed its sovereignty over all its archipelagos and islands as listed in Article 2 of China's *Law of the People's Republic of China on the Territorial Sea and the Contiguous Zone*, which was promulgated on 25 February 1992. The islands listed in this domestic legislation, which predates UNCLOS but was enacted in preparation for it, include Taiwan, the Diaoyu (Senkaku) Islands, the Xisha (Paracel) Islands, the Zhongsha Islands (which include Scarborough Shoal), the Nansha (Spratly) Islands and 'all other islands belonging to the People's Republic of China'.¹⁷ China also stated that it will consult with the states with coasts opposite or adjacent to China on maritime boundary delimitation, to be done on 'the basis of international law and in accordance with the principle of equitability'.

The final caveat that China placed on its ratification of UNCLOS was to reaffirm its position, originally stated in Article 6 of the *Law of the People's Republic of China on the Territorial Sea and the Contiguous Zone*, that foreign warships require the approval of the Chinese government before entering Chinese territorial seas. This declaration does not mention the EEZ but history has shown that China is taking an increasingly robust stance against foreign military activity in what it claims as its waters. While the generally accepted interpretation of innocent passage allows for all ships, including warships, to transit a state's territorial sea without prior notification, China takes a different view, regularly challenging foreign naval vessels.

Notwithstanding specific aspects of each of the South China Sea disputes, the most significant factor that underpins them is China's so-called 'dash line' delineation of its claim to islands and features in the South China Sea (see Map 1).



Map 1: China's 'dash-line' delineation of its claims in the South China Sea¹⁸

This officially-endorsed map, published in 2014, shows ten dashes, with the tenth being a new addition to include Taiwan.¹⁹ The first map, published in 1947, showed an 11-dash line.²⁰ However, two dashes were removed when the communists came to power in 1949.²¹ China did not, however, formally submit any claim or documentation to the UN regarding the nine-dash line until May 2009, when it did so in response to Malaysia and Vietnam submitting claims for an extended continental shelf.²²

Chinese academics Zhiguo Gao and Bing Bing Jia have argued that the nine dash-line has always had a foundation in international law based on 'discovery,

occupation and historic title'; a foundation that is consistent, in their view, with UNCLOS.²³ This line of reasoning is regularly presented by Chinese academics, media and government in discussions around the South China Sea and forms the backbone of the Chinese position on all its disputes.²⁴ However, it remains unclear exactly what is being claimed, as Chinese officials have used carefully worded and often ambiguous language to describe their jurisdiction, interests and security-related issues.

The competing arguments

The substance behind the Permanent Court of Arbitration's findings dates back to 1995 when China seized Mischief Reef, a previously unoccupied feature lying 126 nautical miles from the Philippine coast and over 600 nautical miles from Hainan Island, the nearest Chinese territory. After a decade of protracted negotiations, during which China continued island building and the militarisation of a number of its newly-developed features, the Philippines in January 2013 served China with a 'Notification and statement ... with respect to the dispute with China over the maritime jurisdiction of the Philippines in the West Philippine Sea'.²⁵

The Philippines sought a legal determination on the validity of China's nine-dash line, arguing the concept is inconsistent with UNCLOS, and asked the Court to judge whether a number of features claimed by both China and the Philippines were legally islands, rocks or low tide elevations. It also sought a declaration that China had interfered with the Philippines' rights under UNCLOS through its fishing and island-construction activities within the Philippines' EEZ.

It is important to appreciate that UNCLOS only deals with maritime disputes and not jurisdiction over land. Accordingly, the Philippines deliberately did not ask the Permanent Court of Arbitration to adjudicate on any of the features, nor delineate any maritime boundaries resulting from those features, but only to determine if they qualified as islands, rocks or low tide elevations. From the Philippines' perspective, if a feature within 200 nautical miles of the Philippines' mainland was determined to be an island—and consequently generated a 200-nautical mile EEZ—there is the potential for overlapping EEZs should another country gain jurisdiction over that feature.

If, however, it was deemed to be a rock or low tide elevation, and therefore not generating an EEZ, a logical consequence would be that if the feature lies within the 200-nautical mile EEZ from the Philippines' coast, the Philippines' claim to jurisdiction would be strengthened. The Philippines was also mindful that China had withdrawn from the compulsory dispute resolution mechanisms of UNCLOS for disputes involving maritime claims, which was another reason to avoid discussion over ownership.

China was quick to react, rejecting the Philippines' notice and returning it on 19 February 2013. Since then, China has repeatedly stated that it does not accept the legality of the proceedings and refused to either participate in deliberations or accept the Court's findings. Despite this, China wrote to the Tribunal and issued numerous diplomatic notes and public statements regarding the case, including the previously mentioned 'Position paper' released in December 2014.²⁶

China placed great emphasis on the concept that sovereignty over land territory is the basis for determining maritime rights and consequently argued that no maritime-based determinations can be made until sovereignty issues are first resolved.²⁷ Its rejection of the case was based on the argument that, despite the Philippines' wording that the case is not linked to ownership of the maritime features in question, the essence of the claim is one of territorial sovereignty and consequently falls outside the scope of UNCLOS.²⁸

China also reinforced that it had opted out of the compulsory dispute mechanisms in UNCLOS related to maritime boundaries, which China has repeatedly claimed is what the Philippines' arbitration was ultimately about. China further argued that as the two countries have signed the ASEAN-endorsed 'Declaration on the Conduct of Parties in the South China Sea'—which has a dispute resolution mechanism—the procedures in that agreement should be used.²⁹ Further, China consequently argued that by initiating arbitration through the Permanent Court of Arbitration, the Philippines has breached international law.³⁰

As part of its submission to the UN, the Philippines outlined the progression of its dispute with China and the efforts since 1995 to resolve the issues both bilaterally and through ASEAN.³¹ The Permanent Court of Arbitration approach, from the Philippines' perspective, was therefore the culmination of over 10 years of negotiations and dialogue which had become increasingly polarised and intractable. During that period, while the two sides were engaged in diplomatic dialogue, China consolidated its control of the disputed Mischief Reef, while also continuing island building and consolidating its physical control over other features in the region.

This approach has been widely used by China throughout the South China Sea, with a senior Chinese military officer referring to it as the 'cabbage strategy', whereby a layered approach of assets either protects a Chinese-occupied feature or slowly strangles the lifelines supporting another nation's outposts.³² Accordingly, it is hard to sustain an argument against the Philippines' position that, having tried other resolution processes to no avail, it had no choice but to resort to the resolution provisions of UNCLOS.

The Permanent Court of Arbitration's findings

As China refused to recognise or participate in the proceedings of the Permanent Court of Arbitration, the Court held a hearing in July 2015 to determine its jurisdiction to hear the case, using China's 'Position paper' and other public statements as the basis of China's position. The Court decided it did have jurisdiction, ruling the dispute was not one of maritime boundaries, for which China had an exception, but of interpretation and applicability of UNCLOS, for which there is no exception.³³

Having determined that it had jurisdiction, the Court commenced deliberations on the substance of the Philippines' case, again using China's 'Position paper' together with diplomatic and media statements to form the Chinese case. The findings were released on 12 July 2016 and were more strongly worded and supportive of the Philippines' position than most commentators expected.³⁴ The Court found that there was no legal basis for the nine-dash line concept and that none of the features in the Spratly Islands group met the threshold to be classed as an island.³⁵

The Court was also very critical of China's impact on the environment through island building and destructive fishing practices and of China's breaches of 'international rules of the road' during skirmishes between Chinese and Philippine vessels around some of the disputed areas.³⁶ The findings on the validity of the nine-dash line are the most consequential as they underpin Chinese activities throughout the entire South China Sea.

The implications

So what does the Permanent Court of Arbitration ruling mean for the wider suite of issues throughout the South China Sea? Since the findings were released, matters have become potentially more complicated with incoming Philippine President Rodrigo Duterte threatening to withdraw the Philippines from the UN and asserting during a visit to China that he was 'separating from the United States and [that] ... I've realigned myself to your ideological flow'.³⁷

It is not clear how serious his comments were, nor how successful he will be in re-shaping relations with China, given the strong support from the majority of the Philippine people for the US. Duterte does, however, seem more willing to work with China than his predecessors, and his tone to date has been at odds with the sentiment behind the original Philippines' claim.

Duterte's apparent shift in loyalty may initially ease tensions between the Philippines and China and could potentially result in an interim solution where economic benefits are shared and further militarisation of islands in the

Philippines' EEZ is halted. If such an outcome did eventuate (which is far from certain), many of the UNCLOS-related aspects that were legally clarified under the Permanent Court of Arbitration's decision—and which have consequences throughout the South China Sea (for example, the validity of the nine-dash line and the distinction between islands and rocks)—may not be tested in practice.

Indeed, the dilemma facing the international community is what to do if China (or any other nation) continues to build and fortify islands and conduct resource exploitation contrary to the Permanent Court of Arbitration ruling. Should the international community do nothing under these circumstances, the ruling would be rendered irrelevant and both the credibility of UNCLOS and the wider concept of rule-of-law in international relations would be significantly damaged.

The realities of international law mean that there are no overarching enforcement bodies or mandatory dispute-resolution mechanisms, as states enter into conventions and agreements by choice, and can withdraw if they no longer suit their interests. Legal instruments such as the International Court of Justice and the International Tribunal of the Law of the Sea are maturing as mechanisms to resolve disputes but their acceptance is far from universal, as this Permanent Court of Arbitration ruling shows. Consequently, the way forward in the South China Sea is very fragile.

International law evolves in response to accepted norms that evolve over time. It has been a longstanding practice for navies to transit areas to build precedents in support of their government's position on an issue. The most prominent program is the so-called freedom of navigation operations conducted by the US Navy, although many nations use their navies in similar ways. During such operations, the state opposing an activity must protest the action or be seen to partly acquiesce their position, while the state undertaking the transit must be seen to overtly exercise what it sees as its right. It is important to appreciate that the US freedom of navigation program is not new, nor targeted against China. The US has a long history of challenging maritime claims that it sees as unreasonable, including against Australia when restrictions were placed on pilotage through the Torres Strait, between Australia and Papua New Guinea.³⁸

While building a record of precedents helps consolidate a nation's position on an issue, the greatest level of clarity and legitimacy around the practical interpretation of international conventions and agreements stems from international legal determinations. In this context, the Permanent Court of Arbitration ruling has clarified aspects such as the nine-dash line concept and the maritime zones generated by features in the Spratly Islands, even if ownership of those features and maritime zones remains in dispute.

In theory, in order to consolidate the practical application of the Permanent Court of Arbitration's ruling and to exercise the high seas freedoms permitted under UNCLOS in light of these determinations, the international community should continue operating throughout the region, including conducting the full range of activities, including military exercises, up to 12 nautical miles from the features determined to be 'rocks' (which generate a territorial sea) and up to a 500-metres safety distance from those determined to be 'low tide elevations' (which do not generate a territorial sea) regardless of who claims ownership of those features. Only by doing this can the international community consolidate the Permanent Court of Arbitration's findings in practice.

There has been much media interest in US ships sailing within 12 nautical miles of disputed features in the South China Sea, and calls for Australian warships to do the same.³⁹ However, unless the vessels engage in non-innocent activities, such as manoeuvring and conducting replenishment operations within 12 nautical miles of a low tide elevation, the claim of a territorial sea is not being challenged. Indeed, it could be argued that if the passage is 'innocent' within 12 nautical miles of a low tide elevation, then a territorial sea is being partly recognised.

Reality is different to theory, however. The US Navy has been present in Asia for over 70 years and has underwritten the stability and prosperity of the region since World War 2. No nation has benefited from this more than China. But as China has grown economically, it has become both more reliant on overseas trade and more nationalistic as it sees itself emerging from its 'century of humiliation' to take its rightful place on the world stage.

As China has developed longer-range weapons and undertaken major island-building activities throughout the South China Sea—with deliberately ambiguous and contradictory messaging—the US has seen an increased need for surveillance and monitoring to better understand Chinese intent. This in turn drives Chinese concerns that the US is seeking to contain China, leading to increasing tension between China's desire for greater control throughout the region and the US-led desire to maintain high-seas' freedoms. This tension has been growing regardless of the Philippines' arbitration case but the Court's outcomes have the potential to be a major factor in how relations evolve into the future as the findings have effectively undermined the Chinese position and reaffirmed the primacy of the rule-of-law and UNCLOS.

Practical activities in support of each position must be carefully thought through and nuanced, as tensions could easily rise quickly and miscalculations result. But doing nothing is not a viable long-term solution either, lest China changes the reality on the water permanently and undermines the foundations of freedom of the seas and the rule-of-law despite the Court's ruling.

Suisheng Zhao has highlighted that future peace and stability in the Asia Pacific will require accommodation from both the US and China.⁴⁰ Any thoughts of containing China's rise (in the Cold War context) will be problematic. Comparisons with the containment strategy employed against the USSR are flawed for a number of reasons. The Soviet economy was largely closed whereas the US, like most nations, is now inextricably linked economically to China and vice versa. Of course, a similar situation was argued prior to World War 1, so economic integration in itself is not a guarantee of peace. However, the unprecedented level and global nature of mutual economic dependence should give cause for concern over commencing conflict.

The US is also under pressure internally, with a significant budget deficit and sequestration provisions that have limited funding for the military. Coupled with global commitments, the relative power of the US military in the Asia Pacific looks likely to continue to decline, even as the US maintains its position as the world's most powerful military in absolute terms. The role of regional nations will also be important. Most welcome continued US presence in the region as a stabilising influence but will also be mindful of their own relationship with China as Chinese power expands.

China also has problems that will prevent it becoming the sole hegemonic power in the region, not the least of which is increasing internal pressures that are inevitable with a large population becoming accustomed to continual economic growth. The stellar growth rates of the last two decades cannot continue and the key Chinese priority is the continued success of the Communist Party which relies on internal stability.

As the population deals with the down-sides of rapid economic progress, such as mass urbanisation, environmental degradation, pollution and growing wealth disparity, internal issues will become a greater focus for Chinese leaders. Furthermore, the more belligerent China becomes, the more other Asian nations can be expected to turn towards the US, although China has a very well established soft power and diplomatic program to help counter this trend. Hence, both China and the US are, and will likely continue, travelling a fine path towards ultimate compromise. It is important, however, that such compromise is reached with due respect for international law and not by the rule of force.

Conclusion

The future of the South China Sea is far from clear but the Permanent Court of Arbitration ruling in the Philippines case has provided at least the opportunity for many of the ambiguous aspects under UNCLOS to be clarified. While the findings are not accepted by China, it is in everyone's interests to keep an open dialogue and spirit of cooperation. What cannot be allowed is blatant disregard of the rule-of-law as embodied in UNCLOS, and which had specific aspects relating to the South China Sea clarified in the Permanent Court of Arbitration ruling. None of the claimant states, nor the wider international community, will benefit from conflict in this vital part of the world. The value of open and free sea lines of communication and high-seas' freedoms are too important not to be defended.

Nations must continue to use the South China Sea as they always have to ensure customary international law is maintained, albeit extra-regional nations, including the US and Australia, must be mindful of the legitimate rise in Chinese naval power. The navies of the world have always been tremendous ambassadors for their countries and, in the years ahead, it will be more important than ever for all navies to be open, transparent and cooperative as political events unfold. But they must also be ready to act. President Roosevelt's saying that one should 'speak softly but carry a big stick' is just as important today as it has ever been.

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Regional security implications of climate change and natural disasters in the South Pacific

Greg MacPherson

Australian Department of Defence

Abstract

This paper examines the regional security implications of climate change and natural disasters in the South Pacific. It contends that over the next decade, natural disasters and the emerging impacts of climate change could threaten the regional security environment in the South Pacific, as well as eroding the capacity of Pacific Island Countries to maintain domestic security and contribute to regional security arrangements.

The paper asserts, however, that climate change threats could provide an opportunity for strengthening regional security forums and engagement between Australia and other partners in the region. It concludes that humanitarian aid and disaster-relief operations, in particular, provide opportunities for Australia in military engagement on activities that can build trust and confidence, and develop the capability to interoperate in the provision of support- and security-related activities in the region and elsewhere.

Introduction

Climate change is an existential threat to the survival and viability of many small Pacific island countries (PICs).¹ By 2100, sea-level rise could inundate some low-lying atoll nations.² Climate change is already affecting the environment and increasing the impacts of natural disasters in the Pacific.³

Pacific islander communities have been adapting to harsh and changing environmental conditions for centuries, and environmental hazards are generally not the direct cause of conflict. However, climate change is a threat and stress multiplier that can exacerbate existing vulnerabilities and instability.⁴

This paper argues that over the next decade, natural disasters and the emerging impacts of climate change could threaten the regional security environment in the South Pacific. It contends that the social and economic impacts on PICs of dealing with environmental hazards could erode their capacity to maintain domestic security and contribute to regional security arrangements.

The paper will consider the relationship between climate change and security, and its implications for the region. It will outline issues relating to the challenges of environmental hazards, and conclude by identifying a number of opportunities to strengthen regional engagement and enhance cooperation between security partners through humanitarian and disaster-relief activities.

Environmental impacts

The South Pacific is one of the most exposed regions in the world to natural hazards and disasters.⁵ Between 1970 and 2014, there were 539 'disasters' in the Pacific, which included cyclones, droughts, earthquakes, electrical storms, extreme winds, floods, landslides, storm surges, tsunamis and volcanic eruptions. Recent major disasters have included Cyclones Pam in Vanuatu (2015) and Winston in Fiji (2016), and droughts in Tuvalu (2011), Micronesia (2015-16) and PNG (2015-16).

In its Fifth Assessment Report in 2015, the Intergovernmental Panel on Climate Change assessed that warming of the climate system is unequivocal and that impacts on natural and human systems globally are already occurring, including sea-level rise and longer and more intense heat waves.⁶ In addition to the immediate impacts of disasters and extreme weather events, climate change is likely to affect food security, water scarcity, the frequency of disasters, sea-level rise and energy security.⁷

Exacerbating the effects of climate change in the Pacific are naturally occurring weather patterns, especially the southern oscillation, which affects

winds and sea-surface temperatures in the Pacific Ocean.⁸ During the warming phase (El Nino), the climate is drier in the South Pacific, while in its cooling phase (La Nina), it is normally wetter. However, the impact of these events varies depending on location. For example, in Kiribati and Tuvalu, droughts are usually associated with La Nina events, whereas droughts in Fiji and Micronesia have been caused by El Nino events.⁹

Security challenges

Climate change is often referred to as a 'threat multiplier' and stressor on state capacities, communities and existing conflict dynamics. It can exacerbate threats caused by poverty, weak institutions, mistrust between communities, and inadequate access to information or resources.¹⁰ Australia's 2016 *Defence White Paper* highlighted climate change as a contributor to state fragility in the South Pacific (along with uneven economic growth, crime, and social and governance challenges).¹¹ The overall vulnerability of the region is reflected in the ranking of most PICs in the lower half of the UN's Human Development Index.¹²

The 2008 *Garnaut Climate Change Review* outlined the potential for climate change outcomes to destabilise domestic and international political systems in parts of Asia and the Southwest Pacific.¹³ In a 2008 report, Alan Dupont noted that an increasing number of influential policy-makers and practitioners accept that unmitigated climate change will have profound consequences for global security.¹⁴ In 2015, former Chief of Defence Force Chris Barrie *et al* similarly noted that climate change can exacerbate a range of interacting, non-climate threats to security and drivers of conflict, such as poverty and economic shocks, and increase the risks of conflict.¹⁵ Conflict can also increase vulnerability to disasters and climate change impacts by damaging infrastructure, institutions, resources and livelihoods.¹⁶

Environmental degradation, depletion of resources and rapid population growth do not tend to produce conflict in PICs on their own.¹⁷ Traditional communities in the South Pacific have survived environmental hardships and have a high degree of local resilience. However, climate change could exaggerate the effects of pre-existing hazards and social problems, exacerbate existing factors causing violence, undermine the resilience of communities and make it more difficult for communities and governments to recover from disasters and resolve issues.¹⁸

Understanding the nature of pre-existing social stressors is important in identifying which PICs and communities might be more vulnerable to the impacts of environmental hazards and most at risk of violence and instability in the event of an environmental shock. The vulnerability of PIC communities to hazards

is influenced by a range of social, economic, political and environmental factors that make it difficult to generalise the relationship between climate change and security.¹⁹ However, impacts will be most felt by communities lacking essential infrastructure and services, and living in exposed areas. PICs are also vulnerable to the global impacts of climate change, such as food-price inflation.²⁰

The relative vulnerability to and impacts of hazards for small atoll-states may differ to PICs with larger and more ethnically-diverse populations, and between rural and urban communities. The resilience and self-reliance of PIC communities can counteract deficiencies of governments, which often have a limited presence and ability to supply services for rural communities.²¹

Implications for regional security

Climate change could affect security in the South Pacific region by weakening the capacity of governments to maintain security capabilities, and through the potential impacts of migration. Most PICs require international assistance to respond to disasters and support adaptation measures, which could increase as disasters become more frequent and intense.

The World Bank notes that between 1950 and 2011, extreme weather-related events in the region affected approximately 9.2 million people, with approximately 10,000 reported deaths and damage estimated at US\$3.2 billion.²² It asserts that in Vanuatu, the impact of natural disasters has been equivalent to an annualised loss of 6.6 per cent of GDP; in Tonga, it is estimated to be 4.3 per cent. Adaptation measures can increase the long-term costs to PICs, with the World Bank estimating that it will cost US\$10-40 million per year per atoll nation by 2040 to protect against sea-level rise (which is unlikely to be affordable by the atoll nations).

Climate change and disasters could erode the national capacity of affected PICs through economic disruptions, negative impacts on growth, erosion of national revenue bases and undermining of governance capacities. Dupont contends that such impacts could undermine institutional capacities, the provision of core public services, and state authority. Affected PICs could therefore have reduced capacity to maintain domestic security and support regional arrangements, such as policing and maritime surveillance.

Most PICs are susceptible to or already dealing with some level of state fragility, which could exacerbate their vulnerability to environmental hazard impacts.²³ If PICs are unable to effectively govern their territories, areas of the Pacific could become under-governed spaces, vulnerable to malicious actors, transnational crime, trafficking and illegal fishing.²⁴ Prior to the deployment of

the Regional Assistance Mission to the Solomon Islands in 2003, concerns were raised that it could become a 'failed state', with serious implications in terms of the emergence of transnational or non-state security threats.²⁵

Climate change can also affect the abundance and spatial distribution of fish stocks and damage the environment for coastal fisheries, which are relied on by local communities for employment and nutrition.²⁶ The total catch value of tuna in the Pacific islands region is around US\$4 billion per year, and returns to a number of PICs are around US\$350-400 million per year.²⁷

Temporary displacement of populations can occur in response to disasters. However, ongoing environmental degradation could require more permanent migration. For example, larger-scale migration could be required for low-lying islands and states, such as Kiribati and Tuvalu, due to the impacts of sea-level rise.

Pacific islanders have used migration in the past to deal with environmental change.²⁸ However, decisions about whether, when and where communities might migrate depend on socio-political as well as environmental conditions. For example, in Tuvalu, climate-driven migration is resisted and only regarded as a last resort due to the impact migration would have on the identity, culture and wellbeing both of those migrating and the recipient community.²⁹ However, Kiribati recognises the long-term need for migration options and purchased land in Fiji in 2014 that could support future migration.³⁰

Responses

Mitigating the prospects for instability caused by environmental hazards requires efforts to strengthen institutions, support adaptation measures, and provide security and humanitarian and disaster-relief assistance if required. 'Threat minimisers', which are the conditions, policies, institutions and actions that can relieve and manage stresses effectively, can be identified by understanding the regional environment and drawing on local knowledge and experiences of dealing with environmental hazards.

The UN has identified adaptation, economic development, governance, mitigation and conflict prevention as key threat minimisers.³¹ It also acknowledges that multilateral approaches are necessary due to the transboundary effects of climate change, and that increased resilience should be the long-term goal of defence, aid and development programming.

Australia takes a leading role in providing humanitarian and disaster-relief responses in the Pacific, and supports climate change initiatives through its bilateral aid programs and contributions to multilateral funds. It also works with PICs and regional organisations to support sustainable economic growth and

build resilience to the impacts of climate change, including funding to sectors affected by climate change, such as fisheries, and disaster preparedness.³² The budget estimate for Australian aid for the Pacific in 2016–17 is A\$1 138.4 million. At the Paris Conference in 2015, Prime Minister Turnbull also announced that Australia would provide at least A\$1 billion to build climate change resilience and reduce emissions in developing countries over the next five years.

Australia also provides patrol boats to PICs for maritime surveillance through the Pacific Patrol Boat Program and its successor, the Pacific Maritime Security Program.³³ Australia also works with New Zealand, the US, France and regional partners in providing assistance to the region, including support for maritime surveillance and patrol operations through Operation SOLANIA.³⁴ Although Defence does not lead Australia's efforts on climate change, the ADF is generally at the forefront of Australian responses to disasters in the region, along with the Australian Federal Police.

A challenge for Australia is to maintain effective capabilities to support security and disaster responses in the region. The securitisation of climate change has varied between Australian governments, which may have influenced the focus and investment in the security challenges of climate change.³⁵ Climate change presents geostrategic and capability risks for the ADF, including its ability to maintain capabilities and operate in more environmentally-hazardous environments.³⁶

The *2016 Defence White Paper* notes that Australia will continue to play an important leadership role in responding to instability and disasters, and that climate change will mean this happens more often. However, some commentators have argued that the ADF is not adequately prepared for the challenges of climate change and lags behind the US, UK and New Zealand; it has also been contended that the *2016 Defence White Paper* does not really engage with the ways that climate change is transforming geopolitics in the region and the unique challenges faced in the South Pacific.³⁷

There are a range of measures Australia could take to improve ADF preparedness and support climate change efforts and humanitarian and disaster-relief contingencies. For example, the introduction of the Canberra-class ships provides Australia with an opportunity to assist with regional humanitarian and disaster-relief support and cooperation activities, as well as with diplomacy, noting the goodwill achieved by the US Navy's routine humanitarian assistance missions to places such as Timor-Leste.³⁸ Other measures could include developing strategic partnerships with regional defence forces and other partners to support capacity building and response, and preparing for changes to the operational environment as a result of climate change.³⁹

The growing international engagement with the South Pacific, and the presence of newer trade and aid partners in the region, such as China, could provide opportunities for increased support for climate change adaptation initiatives and confidence-building in the security sector through cooperation on humanitarian and disaster-relief activities. China has a growing aid, trade and investment presence in the region, albeit it has driven concerns about Chinese geostrategic competition in the Pacific.⁴⁰

China provided approximately US\$1800 million in bilateral aid across 218 projects between 2006 and 2014 to PICs that recognised the 'one-China policy' of the People's Republic of China.⁴¹ China has been increasing its support for global humanitarian activities since 2000, including in the aftermath of an earthquake in Nepal, the Indian Ocean tsunami, and droughts and the Ebola outbreak in Africa, mostly involving material and food aid and rescue and medical teams.⁴²

Jenny Hayward-Jones has argued that Australia should engage and cooperate with China on the development challenges faced in the region, and that China would benefit from Australia's experience.⁴³ This has been difficult due to a lack of transparency and cooperation by China on aid, although China seems to be increasingly willing to cooperate more closely with other donors and governments.⁴⁴

In addition to the benefits of addressing the major challenges of climate change and disasters, engaging with China on humanitarian and disaster-relief projects in the South Pacific could be a positive means to build trust and confidence in both the delivery of aid and military-to-military cooperation. For example, China's hospital ship, the *Pacific Ark*, visited the South Pacific in 2015 as part of a goodwill visit, which included the provision of medical assistance to local communities. Such visits provide an opportunity for Australia to foster cooperation and normalise international engagement by the People's Liberation Army in a 'weapons-free and non-zero sum environment'.⁴⁵

Conclusion

Climate change is a long-term issue that will challenge the viability and possible sovereignty of some PICs as the impacts of sea-level rise and global warming increase. However, major disasters over the next decade could degrade environments to the extent that some communities may need to migrate from affected areas, possibly sooner than expected. The impact of major disasters and the emerging impacts of climate change could exacerbate underlying social issues in PICs and amplify the drivers of violence, which could cause social disruption and increase the prospects for instability and violence in the region.

PICs will require the support of Australia and other international partners to cope with disasters and to adapt to the increasing impacts of climate change, as well as assistance, if required, in addressing limited security capabilities and outbreaks of violence. Support for regional security arrangements, such as maritime surveillance capabilities, will be important in mitigating the prospects for under-governed spaces.

Although the outcomes of global mitigation measures will determine the severity of climate change impacts over the next century, such as the extent of sea-level rise, a concerted effort to develop and coordinate adaptation initiatives over the next decade will help PICs build the resilience and capabilities needed to reduce their vulnerability to future environmental hazards.

Climate change threats could provide an opportunity for strengthening regional security forums and engagement between Australia and newer partners in the region. Australia and other actors involved in the provision of humanitarian and disaster-relief support in the South Pacific need to ensure they have the capabilities and coordination to operate effectively in a potentially more complex and crowded environment.

Such efforts should have the practical objective of coordinating such activities and building national capacities to respond and adapt to environmental hazards. Humanitarian and disaster-relief operations also provide opportunities for military engagement on activities that can build trust and confidence, and to develop the capability to interoperate in support of future humanitarian and disaster-relief and security-related activities in the region and elsewhere.

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Hacktivism: will it pose a threat to Southeast Asia and, if so, what are the implications for Australia?

Colonel Penny Cumming

Australian Army

Abstract

This paper examines the threat posed to Southeast Asia by 'hacktivism', as well as its implications for Australia. It explores the concept of 'hacktivism'—actions by individuals or groups whose hacking activities are issue-motivated—with a particular focus on recent events in Southeast Asia, often arising in response to a physical event, such as actions relating to territorial claims in the South China Sea.

The paper contends that the recent increase in hacktivism in the region is likely to continue over the next decade. It asserts that the trend presents an even greater challenge when contrasted against the rapid growth in information technology, unsupported by sound cyber security. The paper concludes that while these developments provide a unique opportunity for Australia to engage in cyber-capacity building within the region, the opportunity has not gone unnoticed by others and that, unless Australia acts promptly, it risks regional isolation on cyber-security issues.

Introduction

Hacking is not a new threat. States appear to have accepted that global interconnectedness through cyberspace comes at the cost of potential cyber attacks, resulting in increasing importance for cyber security. But for cyber defences to be effective, the nature of the threat must be understood. While there is a multitude of hacker entities in cyberspace, a concerning trend is emerging in the Southeast Asian region of hacking activities against states in the aftermath of physical events that have challenged another state's sovereignty.

Popular media almost inevitably attributes such actions to Chinese or Russian state-sponsored hackers. However, research reveals that many of these actions are conducted by a different cyber entity, namely 'hacktivists'. This paper will explore the concept of 'hacktivism', with a particular focus on recent events in the Southeast Asian region, to determine whether hacktivists pose a threat to states in the region and, if so, the implications for Australia.

What is 'hacktivism'?

Cyberspace has a unique language, with many terms having multiple meanings. The term 'hackers' can be used to refer to state-sponsored entities acting at the direction and control of their government; criminal groups seeking access to online information for profit; or protestors taking cyber action in response to an issue of concern. This paper will focus on the last category and, for clarity, the term 'hacktivist' will be used to refer to those individuals or groups whose hacking activities are issue-motivated—in other words, hackers who are activists.

The category 'hacktivist' can be divided into further sub-categories, based both on their motivation—for example, political, social or nationalistic motives—and their target.¹ Hacktivists who are motivated by nationalism or patriotism tend to target government websites within the state offending their patriotic sentiments and will be referred to as 'hacktriots'—patriotic hackers. However, any categorisation of hacktivist groups based on target and motivation must be very elastic in concept as, in some cases, groups will flow across the spectrum of categorisation.²

The structure of hacktivist groups is equally dynamic. Many are self-described as 'do-ocracies', where individuals are bonded by the desire to take action in support of a common cause, and membership of the 'group' exists only for the duration of an individual's willingness to support the current objective of the group. This means that at any given time, group membership could comprise a few or a few hundred thousand.

The power of hacktivists

Typically, hacktivist cyber action will comprise defacing websites or distributed denial of service (DDoS) attacks, although it appears increasingly to be extending to the seizure and public disclosure of information from target systems.³ These actions generally cause inconvenience and embarrassment but not physical damage. With the rapid expansion in technology and the technique-sharing that occurs between individuals and groups across the internet, the ability of hacktivists to take more substantive cyber actions in support of their cause will increase over the coming years. The latent power of these groups and the impact they can have both on individuals and states is demonstrated by the following two examples.

In early February 2011, Aaron Barr, CEO of the cyber-security company HBGary Federal publicly announced he had uncovered the identity of 30 members of 'Anonymous' (a loosely associated inter-national network of activist and hacktivist entities) and that he would disclose them at an upcoming cyber-security conference. Within 48 hours, all data from the email servers of HBGary was posted online and the company's websites defaced. Barr's Twitter account was seized and his presentation on Anonymous was posted on the internet and ridiculed for its supposed inaccuracies.⁴ Within a month, Barr had resigned, with the company later estimating the 'hack' had cost millions in lost revenue. Whether rhetorical or substantive, Barr's threat was perceived by Anonymous as a threat to a fundamental value of the group and the anonymity of the internet, and it responded with speed and career-ending action to protect itself.

The power possessed by such groups can also be used against states, as demonstrated by the involvement of Anonymous in Tunisia. During the Arab Spring, the Tunisian dictator Zine el-Abidine Ben Ali began blocking Tunisian web access to Wikileaks posts related to his and other Arab nations. This action prompted members of Anonymous, motivated by their principle of freedom of access to information, to launch #OpTunisia.

Over the ensuing weeks, Anonymous members crashed the Tunisian stock exchange website, distributed media reports about Tunisian uprisings both in and outside the country, and distributed internet 'care packages' to individuals inside Tunisia containing instructions on how to negate the internet restrictions in place and avoid government electronic surveillance.⁵ While the precise impact of #OpTunisia on the subsequent downfall of the Tunisian government will never be known, it is clear that it was influential in disrupting government actions and enabling citizens to maintain communications outside the country.

These examples provide a glimpse of the potential power that hacktivist groups can harness when acting against states or individuals.⁶ But they have also demonstrated a willingness to engage in cyber actions against other significant non-state actors, such as ISIS in the aftermath of the Paris attacks and a Mexican drug gang.⁷ Hacktivists' power to disrupt by cyber means is only likely to expand in the future given the increasing societal reliance on the 'Internet of Things'.⁸

By way of recent example, in October 2016, a DDoS attack was conducted against major internet entities in the US and Europe, such as CNN, Twitter and Spotify, by utilising the source code for malware that had been released a few weeks earlier by other hackers. The DDoS attack was alleged to have harnessed almost 500,000 devices, primarily webcams and digital recorders connected to the internet, as 'botnets' to conduct the attack.⁹

Cyber clashes between powerful non-state actors, both virtual and physical, using a weaponised Internet of Things, provides only a hint of the potential chaos for states that could ensue in the future, given the mutual lack of adherence of such groups to the rule of law and the likelihood of cyber actions being conducted across the globe. But is hacktivism likely to be an issue in Southeast Asia?

Hacktivism in Southeast Asia

Recent reports are demonstrating that hacktivism is occurring in this region, with a noticeable trend in actions by hacktriots. The most significant example in the region is related to competing maritime claims in the South China Sea, with a distinct trend for cyber activities to occur between hacktriots immediately after physical events. The first instance of this occurring is alleged to have commenced in 2012, after an incident between Chinese and Filipino naval vessels in the vicinity of Scarborough Shoal, triggering cyber attacks against government websites in the Philippines.¹⁰ Other examples include events in July 2016, where immediately after the decision of the Permanent Court of Arbitration regarding a claim by the Philippines against China, there was a rise in the number of cyber actions against the Filipino government, with over 68 government sites disrupted by DDoS attacks.¹¹

Also in July 2016, reportedly in response to Vietnam's relocation of missile launchers to disputed islands in the South China Sea, cyber attacks occurred against Vietnamese airports and its national airline.¹² Flight screens at Vietnam's major airports displayed messages critical of Vietnam's claims in the South China Sea, accompanied by equally critical public-speaker broadcasts.

Simultaneously, the national airline's website was attacked and the data of more than 400,000 passengers was 'dumped' online.

While many media reports at the time criticised the Chinese government for these actions, such allegations underestimate or overlook the active hacktivist culture within China and the effects suffered by China in the ongoing cybergame in the South China Sea. For example, in 2015, Anonymous launched #Op\$topReclamation against the Chinese government in protest at its reclamation work on reefs and shoals in disputed areas in the South China Sea, attacking 84 Chinese government and industry websites.¹³ This resulted in a hacktivist group, 'China Hacker Army', threatening to destroy Anonymous and launching attacks against Vietnamese and Philippine government websites. Chinese hacktivist groups such as the Red Hacker Alliance and the Honker Union, at times numbering in the tens of thousands, have both been linked to cyber actions in response to perceived slights against Chinese interests.¹⁴

Away from the South China Sea, other regional examples of hacktivist actions include the cyber attacks by Indonesian groups against Australian government websites in 2013 in response to allegations of spying by Australian authorities on Indonesian officials. In November 2013, media outlets reported that Australian intelligence agencies had been spying on Indonesia authorities, primarily through telephone interception of the mobile telephone belonging to the wife of the then Indonesian President.

This allegation triggered a series of cyber actions against Australian government websites and, specifically, the Australian Secret Intelligence Service. Allegedly, as other Australian government website were proving too difficult to hack, hacktivists turned to other websites in Australia, prompting a warning by Anonymous Australia to Indonesian hackers to focus only on government websites rather than the Australian people or they would respond with a counter-attack.¹⁵ In the same year, Malaysian hacktivists attacked Filipino government websites in response to a border incursion by a Filipino group on the island of Sabah.¹⁶

These and other examples demonstrate a growing trend both of hacktivism in the region but also, and perhaps of more concern to states, of ongoing cyber skirmishes between hacktivist groups. It is highly likely that both hacktivism and cyber conflicts between groups will increase in the future, fueled by the anonymity offered by the internet. In order to assess the impact this may have on states in the coming years, it is important to understand the region's cyber environment.

The Southeast Asian cyber environment

Consistent with its rapidly growing economic power, the cyber environment of Southeast Asia is also undergoing rapid expansion. But rapid expansion without solid foundations can leave open critical vulnerabilities, as noted by Lee Mihyun:

Southeast Asia has the world's fourth-largest internet population, and smartphone usage is also surging. However, it has an underdeveloped system of data protection laws and weak adoption of cyber security best practices. Besides, illegal software is rampant, making it easier to infect systems with malware.¹⁷

This rapid growth in information technology, coupled with a lack of robust cyber security, is enabling a marked increase in adverse cyber actions in the region.¹⁸ For example, Indonesia reportedly has the sixth highest number of internet users in the world (over 80 million) yet was subject to an estimated 3.9 million cyber attacks over the period 2010-13, including a ten-month period in 2012 where the prevalence of attacks were against government websites.¹⁹

The cyber environment in Southeast Asia can therefore be described as one of rapid expansion, inadequate cyber security and increasing levels of cyber attack. This, coupled with increasing societal reliance on networked technology and the presence of active and potentially powerful hacktivists groups, has all the makings of a perfect storm in the next 5-10 years.

At best, it requires states in the region to be cognisant of the presence of chaotic actors with latent power and a propensity to react to physical events in the region; at worst, an event in the real world will trigger a significant cyber response from hacktivists with damaging consequences to a state. With a number of fragile states in the region, this could have ramifications on regional stability. As noted by Alan Chong:

What is of more concern in the Southeast Asian cyber conflict arena is the pattern of nationalistic and inward-oriented possibilities for causing bilateral and domestic mischief against a developing nation's social harmony.²⁰

Implications for Australia

The implications for Australia over the next 5-10 years should not be underestimated, as it presents both challenges and opportunities. Given the substantial economic interests that Australia has in the region, it is in Australia's interests to work towards a secure and networked regional environment. As one of the most mature cyber nations in the region, Australia is well placed to take advantage of the opportunity to assist in the development of regional and individual national cyber-security capacity.

Detailed solutions for states to address the threat posed by hacktivism are beyond the scope of this paper. However, obvious measures include enhanced cyber security, improved domestic and transnational law enforcement frameworks for cybercrime, and greater engagement between states to address the transnational nature of the threat. While most states in the region are working towards improving their cyber security, the effectiveness of their actions, particularly in less developed states, is questionable. These factors, coupled with the ongoing threat, generate a pressing need for inter-state engagement on the issue.

Australia appears to have recognised the need for closer regional engagement, cooperation and capacity building in its current Cyber Security Strategy, albeit not specifically in response to the threat of hacktivism.²¹ The strategy foreshadowed a forthcoming international cyber engagement policy and the appointment of a Cyber Security Ambassador. It is understood that both will focus on greater regional engagement on cyber-security related issues. This is a positive development when viewed alongside other states' approaches, which echo the need for increased engagement between states.²²

A failure to act promptly will risk Australia not only losing a key opportunity to shape and influence the regional cyber environment but also to take proactive steps to seek to reinforce the region's stability. Australia should not assume its proximity to Southeast Asia offers it an advantage over any other state when engaging in the region on cyber issues. In 2016, Indonesia and Russia reached an agreement to cooperate in cyber security, as did India and Vietnam.²³ Singapore also recently announced a program aimed at aiding ASEAN states improve their cyber defences.²⁴ A failure to engage regional counterparts risks leaving open opportunities for other states, whose interests may not align with Australia.

It is also assessed that over the next 5-10 years, less-developed states in the region will become increasing cyber dependent as they seek to improve their economies. A failure by Australia to assist with cyber-capacity building leaves developing states in the region vulnerable to destabilising actions, not only by hacktivists but also by other nefarious entities such as cyber criminals or subversive state-sponsored hackers. Such regional instability potentially holds consequential effects for Australia both in terms of its own security and economic interests.

There is no easy solution to the challenge of hacktivism. Recent years have demonstrated an increase in hacktivist activities which is likely to increase in volume and effect over the next decade. Hacktivism in the

Southeast Asian region presents an even greater challenge when contrasted against the rapid growth in information technology, unsupported by sound cyber security. It does, however, provide a unique opportunity for Australia to engage in cyber-capacity building within the region while concurrently exploring measures that states can collectively take to address the threat of hacktivism. However, this opportunity has not gone unnoticed by other cyber-developed states and, unless Australia acts promptly, it risks regional isolation on cyber-security issues.

Notes

- 1 For example, the actions of the hacktivist group Anonymous against the Church of Scientology and the Motion Picture Association of America were clear demonstrations of social motives, namely opposition to the perceived repression of freedom of access to information, whereas the actions of the Red Hacker Alliance, a Chinese hacker group, consistently demonstrate motivation by nationalistic ideals as demonstrated by their cyber actions against the Japanese government in 2004 arising from disputes over the Diaoyu Islands. For further information on the actions of Anonymous against the above entities, see Quinn Norton, 'How Anonymous picks targets, launches attacks, and takes powerful organisations down', *Wired* [website], 7 March 2013, available at <https://www.wired.com/2012/07/ff_anonymous/> accessed 20 February 2017. For further information on the actions of the Red Hacker Alliance, see William Howlett, 'The rise of China's hacking culture: defining Chinese hackers', *ScholarWorks* [website], June 2016, p. 94, available at <<http://scholarworks.lib.csusb.edu/etd/383/>> accessed 13 February 2017.
- 2 For example, the hacktivist group Anonymous has taken a number of cyber actions in response to actions by states, such as OpRussia and OpUkraine in 2014 in response to Russian action in the Crimea.
- 3 A DDoS attack is where multiple computers are used to attack a target computer system with a flood of incoming messages or incoming connection requests, overwhelming the target system and forcing it to slow down or crash, thus denying service to legitimate users.
- 4 The notice left on HBGary Federal's website read: 'This domain has been seized by Anonymous under section #14 of the rules of the Internet'. The rules referenced originate from a website linked with the origins of Anonymous, with Rule 14 reading as follows: 'Do not argue with trolls – it means that they win'. See Norton, 'How Anonymous picks targets'.
- 5 Norton, 'How Anonymous picks targets'.
- 6 In its report 'Security predictions for 2016 and beyond', Trend Micro, a corporation specialising in cyber security, identified that hacktivists would seek to use increasingly destructive actions beyond DDoS and webpage defacement. The report is available at <<http://www.trendmicro.com.au/vinfo/au/security/research-and-analysis/predictions/2016>> accessed 14 February 2017.

- 7 Andrew Colarik and Rhys Ball, 'Anonymous versus ISIS: the role of non-state actors in self-defense', *Global Security and Intelligence Studies*, Vol. 2, No. 1, Fall 2016, available at <<http://digitalcommons.apus.edu/gsis/vol2/iss1/4>> accessed 21 February 2017; and Paul Rexton Kan, 'Cyberwar in the underworld: Anonymous versus Los Zetas in Mexico', *Yale Journal of International Relations*, 26 February 2013, available at <http://yalejournal.org/article_post/cyberwar-in-the-underworld-anonymous-versus-los-zetas-in-mexico/> accessed 21 February 2017.
- 8 The 'Internet of Things' is a phrase increasingly used to describe computer systems and machines used in everyday life that are networked and connected to the internet; for example, 'smart' televisions.
- 9 Sam Thielman and Elle Hunt, 'Major cyber attack disrupts internet service across Europe and US', *The Guardian* [website], 21 October 2016, available at <<https://www.theguardian.com/technology/2016/oct021/ddos-attack-dyn-internet-denial-service>> accessed 20 February 2017.
- 10 See, for example, Anni Piiparinen, 'China's secret weapon in the South China Sea: cyber attacks', *The Diplomat* [website], 22 July 2016, available at <<http://thediplomat.com/2016/07/chinas-secret-weapon-in-the-south-china-sea-cyber-attacks/>> accessed 23 May 2017.
- 11 Piiparinen, 'China's secret weapon in the South China Sea'.
- 12 Anuj Goel, 'The great cyber game in the South China Sea', *Cyware* [website], 12 August 2016 available at <<https://cyware.com/news/the-great-cyber-game-in-south-china-sea-883f7f39?PageSpeed=noscript>> accessed 20 February 2017.
- 13 Joshua Philipp, 'Hacker war erupts over South China Sea conflict', *Epoch Times* [website], 1 June 2015, available at <<http://www.theepochtimes.com/n3/1376246-hacker-war-erupts-over-south-china-sea-conflict/>> accessed 20 February 2017.
- 14 The nature and actions of Chinese hacktivist groups are beyond the scope of this paper but, for further information, see Howlett, 'The rise of China's hacking culture'.
- 15 The rather chilling warning message from Anonymous Australia is available at <<https://www.techinasia.com/indonesian-hackers-attacking-nongovernment-australian-sites-final-warning-anonymous-australia>> accessed 11 March 2017. See also Tom Minear, 'Indonesian hackers believed to be responsible for bringing down Australian Secret Intelligence Service website', *Herald Sun* [website], 11 November 2013, available at <<http://www.heraldsun.com.au/news/law-order/indonesian-hackers-believed-to-be-responsible-for-bringing-down-australian-secret-intelligence-service-website/news-story/bd57aa5b075fe6485700244a9bef7e7f>> accessed 11 March 2017; and Enricko Lukman, 'Indonesian hackers still attacking civilian Australian sites, gets final warning from Anonymous Australia', *Techinasia* [website], 11 November 2013, available at <<https://www.techinasia.com/indonesian-hackers-attacking-nongovernment-australian-sites-final-warning-anonymous-australia>> accessed 11 March 2013.
- 16 Charlie Campbell, 'Malaysia: at least 26 dead as police raid Sabah siege', *World Time* [website], 4 March 2013, available at <<http://world.time.com/2013/03/04/malaysia-at-least-26-dead-in-ongoing-sabah-siege/>> accessed 11 March 2017.
- 17 Lee Mihyun, 'Southeast Asia begins to prepare for cyber war: India turns to AI', *Huffington Post* [website], 23 January 2017, available at <http://www.huffingtonpost.com/asiatoday/southeast-asia-begins-to_b_14334812.html> accessed 12 February 2017.
- 18 The Philippines was rated as the 33rd country most prone to cyber threats out of 233 nations in 2105. In the same year, Indonesia reported a 33 per cent increase in cyber-

- attacks while, in 2016, politically motivated cyber-attacks in the region increased by 58 per cent. See, for example, Paul Baka, 'Southeast Asia still has weak information security against cyber threats' *The Diplomat* [website], 12 October 2016, available at <<http://thediplomat.com/2016/10/southeast-asia-still-has-weak-information-security-against-cyber-threats/>> accessed 19 February 2017; Control Risks, 'Cyber threat in South East Asia – who is being targeted and why', *Control Risks* [website], December 2016, available at <https://www.controlrisks.co/en/our-thinging/analysis-cyber-threats-actors-and-targets_sga-2016> accessed 19 February 2017; and Fire Eye, 'Southeast Asia: an evolving cyber threat landscape', *Fire Eye* [website], March 2105 available at <<https://www.fireeye.com/content/dam/fireeye-www/current-threats/pdfs/rpt-southeast-asia-threat-landscape.pdf>> accessed 13 February 2017.
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 - 21 Department of the Prime Minister and Cabinet, *Australia's Cyber Security Strategy*, Commonwealth of Australia: Canberra, April 2016, Chapter 4.
 - 22 See, for example, Cyber Security Agency of Singapore, *Singapore's Cybersecurity Strategy*, October 2016, available at <<https://www.csa.gov.sg/news/publications/singapore-cybersecurity-strategy>> accessed 13 February 2017; and Government of China, *International Strategy of Cooperation on Cyberspace*, 1 March 2017, available at <http://news.xinhuanet.com/english/china/2017-03/01/c_136094371.htm> accessed 9 March 2017.
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The future of the security relationship between Singapore and Australia

Colonel Daryl Tam

Singapore Armed Forces

Abstract

This paper addresses the future of the security relationship between Singapore and Australia. It notes that while there are obvious differences in physical geography, as well as identity and culture, the strategic partnership between the two countries—based on a shared history, common interests in politics, economics and regional security, and consistency in relations—has created opportunities for both to gravitate closer together, particularly over the past decade or so.

The paper asserts that Singapore's current and planned level of military training in Australia is indicative of the close relationship. However, it contends that bilateral policy options in humanitarian disaster-relief, the Middle East and the South China Sea have the potential not only to develop a broader and deeper partnership for mutual benefit but could also nurture confidence-building behaviour with China and the US that could usefully build and sustain regional security and stability.

Introduction

On 18 August 1965, nine days after Singapore became independent from the Federation of Malaysia, Australia's Prime Minister Robert Menzies released a press statement recognising the state of Singapore.¹ In doing so, Australia became the first country to establish diplomatic relations with the island nation-state. Moving forward almost 50 years, Prime Ministers Lee Hsien Loong and Tony Abbott on 29 June 2015 agreed to a Comprehensive Strategic Partnership between Singapore and Australia.² Less than a year later, both governments continued the momentum with an announcement in early May 2016 outlining a swathe of diplomatic, cultural, military and economic agreements.³

Prime Minister Lee highlighted that the May 2016 announcement was a 'landmark agreement' that would 'cement relations and benefit Australians and Singaporeans for years to come'.⁴ In parallel, Lee's new counterpart, Prime Minister Malcolm Turnbull, described the partnership as a 'massive upgrading' in relations and added that he intended to enhance the relationship to a level similar to that which Australia enjoys with New Zealand.⁵ This series of negotiations culminated in Prime Minister Lee's visit to Canberra in October 2016 to finalise four important agreements, signalling the start of the first tranche of initiatives under the Comprehensive Strategic Partnership.⁶

During the announcement of the Comprehensive Strategic Partnership in 2015, Prime Minister Abbott had asserted that Australia and Singapore were natural and complementary partners, commenting that both countries share characteristics such as 'the English language, the rule of law, a high and rising standard of living, and support for the US-backed global order' and that Singapore's desire to expand globally matched Australia's need for investment from Asia.⁷ When Prime Minister Lee announced the partnership in 2016, he remarked that:

[O]ur two countries are politically like-minded, strategically-aligned and economically complementary. We have much to gain by working closely together. The Comprehensive Strategic Partnership will draw our two countries closer, economically, politically and at the people-to-people level.⁸

Besides those similarities, Australia and Singapore share a British colonial heritage and a shared history exemplified by the sacrifice of Australian soldiers in defence of Singapore during World War 2. After recognising Singapore in 1965, Australia agreed to be part of the Five Powers Defence Arrangements (FPDA) in 1971. Canberra provided military aid under the Defence Cooperation Program, acting as a quasi-guarantor for the nascent nation-state's security, buttressing it after *Konfrontasi* with Indonesia between 1962 and 1966, and after

the British withdrew east of Suez in 1968.⁹ The British withdrawal was traumatising for Singapore and ingrained into the national psyche the need to establish 'self-reliant armed forces capable of independent deterrence'.¹⁰

Formal defence relations were initiated between Australia and Singapore when the two countries agreed to a status-of-forces agreement in February 1988.¹¹ Exercise WALLABY was first conducted by 1200 Singapore Armed Forces (SAF) personnel at the Shoalwater Bay training area in October 1990. In August 2005, a memorandum of agreement was signed at the Defence Minister-level to increase the SAF's footprint in Australia to 6600 troops.¹² In March 1993, the Republic of Singapore Air Force (RSAF) signed a memorandum of understanding with the Royal Australian Air Force (RAAF) to establish the No. 130 Squadron flying training detachment at RAAF Base Pearce.¹³

Since 1993, this has expanded to flying training at the Air Grading Centre in Tamworth, a KC-135 detachment at Amberley, regular training for F-16s and F-15s at Tindal and Williamstown, a Super Puma helicopter detachment at the Oakey Training Centre in Queensland, and joint exercises such as Exercise PITCH BLACK.¹⁴ Similarly, the Royal Australian Navy (RAN) and Republic of Singapore Navy (RSN) train and operate regularly together, such as the biannual Exercise KAKADU in Darwin and Combined Task Force 151, a multinational counter-piracy task force in the Gulf of Aden.

At the joint level, both the SAF and Australian Defence Force (ADF) train together as part of Exercise TRIDENT, an amphibious drill conducted in Queensland.¹⁵ The ADF has also deployed an officer from the RAN to operate as an international liaison officer at the Information Fusion Centre in Changi Naval Base in Singapore.¹⁶ In addition to their participation in Combined Task Force 151, both armed forces regularly cooperate in other operational-level areas such as multinational reconstruction efforts in Afghanistan and Iraq.

In August 2008, Australia and Singapore reinforced their security relationship when both countries agreed to a memorandum of understanding on defence cooperation at the Prime Minister-level.¹⁷ Building on the already strong military relationship, it outlined policy dialogues, military cooperation and defence technology cooperation as three critical areas to reinforce the strength and depth of the existing security policy cooperation. Presently, Australia and Singapore work together regularly at multilateral forums such as the Shangri-La Dialogue, ASEAN Regional Forum and the ASEAN Defence Ministers' Meeting-Plus. Both countries are also working together as the current co-chairs of ASEAN's Counter-Terrorism Experts' Working Group.

The uniquely broad spectrum of large-scale unilateral training of the SAF within Australia reflects the trust and understanding underpinning the close relationship

between Canberra and Singapore. The complexity of sophisticated combined training, operational cooperation in the Middle East, and a broad spectrum of dialogue and defence technology cooperation is a reflection of the high level of integration and partnership between the respective Defence institutions and, in particular, between the ADF and SAF.

This blossoming security partnership is growing as China-US rivalry becomes more tense, particularly in the South China Sea, with Southeast Asia becoming a proxy for the global rivalry between China and the US. This rivalry presents a conundrum for Australia and Singapore. As economic powers in the Asia-Pacific region, with a common desire for a rules-based global order, Australia and Singapore strongly support the US as guarantor of security within the region, a system which has consistently fostered regional peace and prosperity since World War 2.¹⁸ However, both countries will need to manage a delicate balancing act in supporting the US while maintaining a dependence on China as their biggest trading partner.

Given the context of the increasingly close relationship between Australia and Singapore, this paper will analyse the future of the partnership beyond the Comprehensive Strategic Partnership, examining the security relationship in light of increased China-US rivalry in Southeast Asia. It will be presented in seven parts. Following the introduction, the second part examines the strategic importance of Southeast Asia to Australia, Singapore, China and the US. The third part outlines the nature of China-US rivalry within Southeast Asia and its impact on Australia and Singapore. The next will explore the Comprehensive Strategic Partnership blueprint, articulating the agreement's broad range of initiatives with a focus on defence and security.

Part 5 of the paper will explore the post-Comprehensive Strategic Partnership security relationship for Australia and Singapore, and present possible policy options within the context of the regional rivalry between China and the US. Before concluding, the paper will articulate future challenges that can potentially impact on relations between both countries. Finally, it will argue that given similarities in the strategic calculus of both countries, reinforced with the introduction of several policy options, the partnership will continue to be resilient over the next decade.

Part 1: Strategic context

Southeast Asia is situated east of the Indian subcontinent, south of China and north of Australia, between the Indian and Pacific Oceans. Based on the definition articulated by the Bangkok Treaty for a Southeast Asian nuclear-weapon free zone, the region consists of two different geographic regions, namely mainland and maritime Southeast Asia, the latter covering the continental shelves and exclusive economic zones of countries within the zone (See Figure 1).¹⁹ Mainland Southeast Asia comprises Cambodia, Laos, Myanmar, Thailand, Vietnam, and peninsular Malaysia. Maritime Southeast Asia includes Indonesia, East Malaysia, Singapore, the Philippines, Timor-Leste and Brunei. Except for Timor-Leste, the other ten countries of Southeast Asia are members of ASEAN.



Figure 1: Map of Southeast Asia (showing both land and sea territories)

Singapore sits at the nexus of mainland and maritime Southeast Asia. It is a tiny island nation-state of about 720 square kilometres, situated between the Straits of Malacca and the South China Sea. Since its founding in 1819, the island has leveraged its geography at the heart of Southeast Asia and astride vital sea lines of communication. As a market economy heavily dependent on regional trade, the peace and security of the Straits of Malacca, South China Sea and Southeast Asia have been key to Singapore's survival and prosperity.

In a similar vein, China and the US have also recognised and valued Singapore's geostrategic location throughout the island's history. In 2013, the value of US foreign direct investment in Singapore was US\$138.6 billion, constituting almost 70 per cent of total US investment in ASEAN.²¹ China's foreign direct investment in Singapore was about US\$12.0 billion in 2013 (8.5 per cent of US investment in Singapore) but projected to grow significantly over the next decade.²²

Prized and competed over since the 15th century, both the Straits of Malacca and the South China Sea will remain a major focus of regional powers for the foreseeable future. The confluence of the Straits of Malacca, Singapore and the South China Sea forms the shortest shipping channel between the Indian and Pacific Oceans, linking Europe, the Middle East and South Asia to the Asia-Pacific. This geostrategic chokepoint has become one of the most important trading routes in the world from both an economic and a strategic perspective. More than 50 per cent of the world's annual merchant fleet tonnage traverses these waterways, as does 30 per cent of international maritime traffic.²³

In 2013, about 15.2 million barrels of oil a day passed through the Straits of Malacca to the South China Sea, a figure that was second only to the volume of oil transiting the Straits of Hormuz (at the head of the Persian Gulf). However, in terms of the total volume of goods and hydrocarbons, the Straits of Malacca would be regarded as the world's busiest and most vital waterway. In particular, approximately 80 per cent of China's crude oil imports and over 90 per cent of Australia's refined petroleum products traverse this route.²⁴ Also, the South China Sea has been assessed to contain natural gas and oil reserves forecast at an estimated 900 trillion cubic feet and seven billion barrels respectively.²⁵ Besides hydrocarbons, the area contains critically important fishing grounds.

Australia's 2016 *Defence White Paper* mentions Southeast Asia 43 times and identifies it as a 'strategic defence interest in a secure nearer region'.²⁶ As its second strategic defence objective, the paper outlines the need to support the security of maritime Southeast Asia.²⁷ Since the end of World War 2—and particularly following the withdrawal of UK forces east of Suez from 1968—the region has increasingly become more important to Australia's defence and economic security, especially since Canberra has assessed that this is the possible area through which any contemporary military or terrorist threat would emanate.²⁸

Euan Graham contends that particularly within the context of Australia's continued participation in FPDA, there has been an implicit understanding that Canberra would directly support the defence of peninsular Malaysia and Singapore, in alignment with a forward defence strategy of 'holding the Malay

barrier'.²⁹ However, the geographical restrictions of FPDA limit the agreement to peninsular Malaysia and do not include East Malaysia, which is the territorial basis for Kuala Lumpur's claims in the South China Sea. However, all five FPDA members continue to conduct major exercises in the South China Sea, such as Exercise BERSAMA SHIELD 2016.³⁰

The 2016 *Defence White Paper* also recommends sustaining cooperation with Australia's neighbours, notably with Singapore as its 'most advanced partner in Southeast Asia', to maintain a secure maritime trading environment.³¹ Reinforcing the importance of the region, Australia's total trade with ASEAN countries was over A\$100 billion in 2014.³² Almost two-thirds of Australia's exports pass through Southeast Asia, heading to its three largest export markets in China, Japan and South Korea.³³ ASEAN and by extension Southeast Asia have also been key to Singapore's economy and security.

In 2013, Singapore's total intra- and extra-ASEAN trade in 2013 amounted to US\$783.27 billion, more than double its GDP in that year.³⁴ Almost one-third or 31.4 per cent of total exports and 21 per cent of imports in 2013 were from countries in ASEAN. Singapore's immediate region has also been described by its government as 'increasingly complex and volatile', with tensions in the South China Sea, terrorism and cyber attacks identified as the main threats to the nation's security.³⁵

However, Singapore's geostrategic location within Southeast Asia is a double-edged sword, as it also provides a convenient transit hub for militants between countries within ASEAN and other parts of the world.³⁶ As outlined in the 2016 *Defence White Paper*, Australia appears aligned with Singapore's regional threat perceptions, identifying the South China Sea, terrorism, cyber and space as 'points of friction within the region'.³⁷

Part 2: Regional China-US rivalry

Malcolm Cook argues that the current Asia-Pacific security environment appears strikingly similar to one before World War 2, where a US-dominated regional order is coming under increasing pressure from a rising Asian power.³⁸ After more than 70 years, it is again a rising Asian power from Northeast Asia that is seeking to reorder the balance of power within the Asia-Pacific. The implication for Southeast Asia is that it is now entering into a new era of strategic rivalry, transiting from a World War 2 divide between Japan and the US to a Cold War polarity between the Soviet Union and the US, to one which increasingly appears to position a rising China against the US.

In 2011, the US initiated a multifaceted diplomatic, economic and military 'pivot' to enhance its commitment to Asia and to adjust to the rise of China. As outlined by then Secretary of State Hillary Clinton in October 2011:

As the war in Iraq winds down and America begins to withdraw its forces from Afghanistan, the United States stands at a pivot point. Over the last ten years, we have allocated immense resources to those two theaters. In the next ten years, we need to be smart and systematic about where we invest time and energy so that we put ourselves in the best position to sustain our leadership, secure our interests, and advance our values. One of the most important tasks of American statecraft over the next decade will, therefore, be to lock in a substantially increased investment—diplomatic, economic, strategic, and otherwise—in the Asia-Pacific region.³⁹

However, from a Chinese lens, the pivot was orchestrated to constrain China, limit its ability to project power, and preserve US hegemony and influence within the region. Beijing views Washington's pivot as an aggressive rebalance to thwart China's growing aspirations in Asia and, in particular, in the South China Sea.⁴⁰ Since 2010, the territorial, maritime boundary and jurisdictional disputes between China and competing claimants to the Spratly and Paracel Islands, as well as Scarborough Shoal, in the South China Sea have escalated. On the basis of a 'nine-dash-line' map from 1947 produced by the Kuomintang government, China has staked the largest overall claim to geographic features within the South China Sea.⁴¹ Taiwan, Vietnam, the Philippines, Brunei, China and Malaysia are contesting the approximately 740 reefs, islets, atolls and islands of the Spratlys.⁴²

All these countries, except Brunei, have established outposts on more than 60 geographic features in the Spratlys. China, Vietnam and Taiwan contest the Paracel Islands, and Manila is challenging Beijing's claims to Scarborough Shoal. Other claimants, four of which are ASEAN member countries, including one which a treaty ally of the US (the Philippines), dispute Beijing's basis of historical usage for these claims. The other claimants also argue that Beijing's assertions lack a legal foundation under the UN Convention on the Law of the Sea (UNCLOS).

The US, for its part, acknowledges China's ambitions and sees Beijing's efforts as a challenge to its influence within the Asia-Pacific, defined as the region covering Asia, Oceania and the South Pacific.⁴³ Although it is not a claimant, the US has contested the legality of this historical claim and China's aggressive pre-emptive approach to securing its interests in the South China Sea. Since October 2015, the US has conducted four so-called 'freedom of navigation operations' with US Navy ships in a direct challenge to China's territorial claims, manoeuvring within 12 nautical miles of Chinese-occupied geographical features in the South China Sea.⁴⁴

These disputes seem likely to escalate further after China refused to accept the ruling of an arbitration tribunal at The Hague in July 2016, which found that China's 'historic rights' claim to resources within the nine-dash line were not compatible with UNCLOS. Also, Beijing stated that it would ignore the legally binding ruling and instead seek to defend its interests. Concurrently, Beijing has also threatened to declare an air defence identification zone (ADIZ) above the South China Sea, as it has already done in the East China Sea.⁴⁵

From a Chinese viewpoint, given its growing global military and economic stature, it appears that other great powers are impeding and frustrating its attempts to achieve its national objectives. Michael Swaine and Ashley Tellis define China's three inter-related national objectives as being to control the periphery and ward off threats to the ruling regime; to preserve domestic order and well-being in the face of different forms of social strife; and to attain or maintain geopolitical influence as a major, or even primary, state.⁴⁶ They assess that these national objectives are part of a calculative strategy to secure China and its immediate region to sustain economic prosperity, maintain regime legitimacy and enhance its international standing.

By extension, this nationalist strategy to secure China's nearer region would include Beijing's claims to the South China Sea. From a strategic military perspective, China understands the critical need to secure the South China Sea to facilitate power projection of its armed forces and to act as a sanctuary for its undersea nuclear arm. Located at the south-eastern tip of Hainan Island, China's new Longpo naval base for its nuclear-strike capable ballistic-missile submarines is strategically positioned to facilitate the exit of these high-value assets directly into sanctuaries within the South China Sea.⁴⁷ Reclamation of island features and the establishment of runways, logistical support facilities and air defences strengthen China's control of this zone and enhance the survivability of its submarine-based retaliatory nuclear-strike capability.⁴⁸

Besides the US, Beijing has also stymied diplomatic efforts by ASEAN to conflict manage the South China Sea dispute multilaterally through dialogue and consultation, where there are overlapping claims to features between China and three ASEAN members; the Philippines, Malaysia and Vietnam.⁴⁹ In early September 2016, ASEAN leaders met in Laos for the first time since the Permanent Court of Arbitration ruling, with the summit's closing statement making no mention of China or the regional territorial dispute, only stating that ASEAN continued to be 'seriously concerned over recent and ongoing developments and took note of the concerns expressed by some leaders'.⁵⁰

The relatively mild statement by ASEAN is an indication of the challenge that it faces in achieving its characteristic consensus in decision making, a

vulnerability that China has exploited. Laos, the ASEAN chair during the summit, and Cambodia have close relations with China, with Cambodia coincidentally announcing that it would be receiving more than half a billion dollars in aid from China.⁵¹

Impact on Australia and Singapore

Australia and Singapore have been drawn into the South China Sea dispute between Beijing and Washington even though they have no territorial claims to the region. As it attempts to balance the two competing interests of their first- and third-largest trading partners, being China and US respectively, Australia as a treaty ally of the US and Singapore will have to manoeuvre between the competing interests of Beijing and Washington.

Australia's foreign policy approach with China has been and is likely to continue to be influenced and constrained by the Australia-New Zealand-US (ANZUS) alliance. The late former Australian Prime Minister Malcolm Fraser described the alliance and 'strategic dependence' on the US as a burden.⁵² Australia's close association with the US has also earned Canberra the moniker within the region of 'deputy sheriff' to the US.⁵³

Hugh White describes the situation for Australia as 'the first time in our history where our biggest trading partner is a strategic rival of our principal ally, so this introduces a whole level of complexity into our strategic situation we have never known as a country before'.⁵⁴ As Peter Greste notes, 'the problem for us is the historical forces driving each of them are far greater than anything we can control, so we need to find out how those forces might play out'.⁵⁵ The situation for Australia is complicated by competing demands from the US to support freedom of navigation operations and what appear to be warnings by China to 'act appropriately' in the South China Sea.⁵⁶

For example, in February 2016, Commander US 7th Fleet, Vice Admiral Aucoin, said it would be 'valuable' for Australia to conduct freedom of navigation operations within the 12 nautical mile limits around contested features in the South China Sea.⁵⁷ This statement was significant as it was assessed to be the first time that a senior US official had publicly advanced such an escalatory course of action for Australia.⁵⁸ In the Australian Parliament, where the Turnbull Government has a razor-thin majority of one seat, the opposition supports the US position and has called for efforts to 'challenge bullying China', including by conducting freedom of navigation operations in and over contested waters.⁵⁹

In October 2016, Australian Foreign Minister Julie Bishop articulated the Government's position and attempted a delicate manoeuvre between Beijing and Washington, stating that:

[T]he US had never asked Australia to take part in exercises that would go within disputed territorial waters ... and we will continue to do what we have always done, and that is traverse the South China Sea, exercising our rights of passage over water, [and] through the skies.... Australia has been carrying out operations in the South China Sea for many years and will continue to do so.⁶⁰

By asserting that Australia's behaviour has been consistent 'for many years' and by caveating that it will 'continue to do so' but without necessarily venturing into disputed territory, Bishop has outlined actions that reflect an independent course of foreign policy action while cognisant that Canberra has to tread carefully with both Beijing and Washington. However, this has not prevented Australia from being cautioned by Beijing on conducting surveillance missions within the contested region and allegedly supporting US freedom of navigation operations.⁶¹

The *Global Times*, a subsidiary of the *People's Daily*, the main propaganda media outlet for the Chinese Communist Party, stated that China should fire on any Australian vessel participating in freedom of navigation operations in the South China Sea, warning that 'if Australia steps into the South China Sea waters, it will be an ideal target for China to warn and strike'.⁶² It added that Australia is demonstrating 'double standards' in seeking to claim territory in the Antarctic but challenging China's territorial claims in the South China Sea. In October 2016, the Vice-Chairman of China's Central Military Commission, Fan Changlong, told Australia's Chief of the Defence Force that China 'hopes that on the South China Sea issue, the Australian side can speak and act cautiously and that its words and deeds match'.⁶³

Since independence, Singapore's perception of its vulnerability as a small island nation-state has necessitated the adoption of an omnidirectional approach to international relations, engaging all the great powers without committing to any alliance, other than FPDA (which is only a commitment by the other member states to consult in the event of an armed attack on Singapore or Malaysia).⁶⁴ This policy approach enables Singapore to preserve autonomy in international relations while maintaining the best possible relations with all the major powers, at the same time engaging all interested parties to invest and commit to a share in its prosperity.

For example, Singapore maintains close security ties with the US and other countries as diverse as Australia, Brunei, France, Germany, India, Israel, South Africa, Sweden, Taiwan, Thailand and the UK. Graham explains that these close defence ties have the effect of buttressing the security of a small state by anchoring a web of friendly powers to Singapore, which would complicate the strategic calculus of potential aggressors:

Those countries that host Singapore defence assets provide strategic depth, in a physical sense, given Singapore's space constraints. Others lend diplomatic diversity, if not redundancy, designed to maximise Singapore's options, thus avoiding the patron-client trap of less proactive small states.⁶⁵

The situation in the region facing Singapore mirrors the challenges in the relationship between Australia, China and the US. Singapore also does not have any claim to features in the South China Sea and, like Australia, does not take any sides on the territorial claims. At the same time, like Australia, Singapore shares close ties with the US although it is not a treaty ally. Ties between Singapore and the US have grown since the signing of a memorandum of understanding in 1990, with the conduct of annual strategic partnership dialogues and the forward deployment of US Navy littoral combat ships at Changi naval base.⁶⁶

In August 2016, Prime Minister Lee stated that although Singapore is not a claimant, 'in other ways, we do have a lot at stake and three things matter to us, international law, freedom of navigation and a united ASEAN'.⁶⁷ Respect and adherence to international law by all countries and a rules-based global order are of critical interest to small countries like Singapore. Within an environment where there are modern examples of bigger powers not complying with global norms of state behaviour, such as Russian actions against Crimea and Eastern Ukraine, Lee made clear that Singapore cannot 'cannot afford to have international relations work on the basis that might is right. If rules do not matter, then small countries like Singapore have no chance of survival'.⁶⁸

The second concern is that the two vital lifelines through the South China Sea and the Straits of Malacca are fundamental to the survival of the island state. Since its founding, it has been in Singapore's existential interest that freedom of navigation of commerce through these two sea lines of communication remains unaffected by disputes within the region, including the South China Sea. Finally, it is in Singapore's interest to sustain a cohesive ASEAN; one that continues to be an effective multilateral platform representing a population of 625 million through which it can better engage international actors in conflict management, in particular China and the US.

From August 2015 to August 2018, Singapore will function as the coordinator for ASEAN-China relations. Within this role, Singapore's Ambassador Tommy Koh has identified the challenges faced by Singapore as the 'South China Sea disputes, disunity in the ASEAN family, intense competition for influence between the major powers, and the deficit of trust between China and some ASEAN member states'.⁶⁹ In August 2016, China's Vice-Minister for Foreign Affairs, Liu Zhenmin, declared that Singapore 'should butt out' and added that Singapore should do better in facilitating dialogue between China and

ASEAN.⁷⁰ As the appointed intermediary, there is also the challenge and resultant complications of distinguishing between Singapore's position and when the island nation is conveying ASEAN's official position.⁷¹

As Du Jifeng reasons, 'Singapore thinks it's speaking for ASEAN rather than itself, but Beijing sometimes thinks it's Singapore's stance, and that makes the bilateral relations complicated'.⁷² For example, after the tribunal rejected China's claims in July 2016, Singapore requested 'all parties to fully respect legal and diplomatic processes', a statement widely interpreted as supporting the verdict reached by the Permanent Court of Arbitration—and a more forceful position than the statement issued at the end of the ASEAN summit in September 2016, which made no reference to China, the tribunal's decision or the dispute itself.⁷³

Part 3: The Comprehensive Strategic Partnership

The Comprehensive Strategic Partnership between Singapore and Australia, launched by the respective prime ministers in June 2015, sets out a long-term vision and roadmap aimed at enhancing relations across a range of areas of interest. Broadly, the agreement enhances economic integration; expands defence cooperation; promotes innovation and entrepreneurship; and strengthens 'people-to-people ties by facilitating tourism, cultural exchanges, and educational opportunities'.⁷⁴

The partnership brings together the national interests of Australia and Singapore for mutual benefit through a strategic *quid pro quo*. Both countries leverage a natural, historical and complementary partnership to offer each other strategic depth and, by extension, security, albeit in different areas. Underlining the belief that growth and prosperity for both countries and the region will inspire security, stability and peace, Australia's Minister for Foreign Affairs Julie Bishop remarked in March 2014 that 'if the goal of traditional diplomacy is peace, then the goal of economic diplomacy is prosperity'.⁷⁵

As part of the Comprehensive Strategic Partnership, both countries have strengthened diplomatic relations through agreements to conduct annual leaders' meetings and cooperate with and within ASEAN, the ASEAN Regional Forum and the East Asia Summit. In doing so, both countries have indicated their continued support for regional multilateral institutions that promote a rules-based order where there is the preservation of autonomy, stability, continuous growth and an antipathy to the use of force to settle disputes. A mix of regional and extra-regional members participate in these forums, which

are not aligned to any formal alliance and have a proven adaptability to talk about sensitive regional issues, such as China-US rivalry within Southeast Asia.

Despite being regularly dismissed as weak, these forums have proven to be robust enough to encourage the development of confidence-building processes and provide an avenue to admonish overly aggressive behaviour, while retaining the flexibility for members to seek parallel arrangements for their security. As Singapore's Defence Minister Ng Eng Hen describes it, quoting Churchill, 'jaw-jaw is better than war-war'.⁷⁶ Forums such as ASEAN, the ASEAN Regional Forum and the East Asia Summit are also mechanisms that provide a non-provocative form of hedging within what G. John Ikenberry defines as a 'dual hierarchy' in the Asia-Pacific, that is, a security hierarchy with the US at the apex, and an economic hierarchy dominated by China.⁷⁷

Andrew O'Neil argues that hedging appears to be the foreign policy that regional states have adopted where they recognise the need to balance between Beijing and Washington, wherein 'China provides the economic goodies in the form of trade and investment, while the US furnishes security protection that provides the insurance should things turn bad with Beijing'.⁷⁸ With the signing of the Comprehensive Strategic Partnership, there is a shared recognition by Australia and Singapore that they should leverage their closer partnership to engage Beijing and Washington through these multilateral institutions and nurture confidence-building mechanisms between the two dominant powers.

Given its location at the southern end of the Asia-Pacific, Australia seeks to extend strategic depth by expanding its hinterland into ASEAN and Asia-Pacific economies through Singapore. Within the economic sphere, Australia and Singapore are again complementary partners. The strengths of each country's economy complement the other in a symbiotic relationship where a global hub with its networks (Singapore) matches the needs of a key exporter (Australia). Also, economic relations work well because both countries believe in the liberalisation of trade and open, rules-based trading systems.

With Singapore as Australia's fifth largest trading partner, the value of commerce between Singapore and Australia reached A\$27 billion in 2013, compared to A\$10 billion in 2003 when the Singapore-Australia Free Trade Agreement was initiated, with total investment from Singapore into Australia growing at an average of 15.4 per cent between 2010 and 2014.⁷⁹ As a reflection of the potential and intent of the partnership, Australia's aims for the economic relationship that it has with Singapore to eventually mirror that which it has with New Zealand.⁸⁰

Moving towards greater economic integration, both countries have agreed to upgrade the Singapore-Australia Free Trade Agreement, with their third iteration building on the draft Trans-Pacific Partnership agreement. The Singapore-Australia Free Trade Agreement aims at delivering increased access to both markets, across various sectors, positioning Australia and Singapore as trade hubs for businesses and service providers to leverage expanding opportunities in the Asia-Pacific region.

According to the Australian Department of Foreign Affairs and Trade, Singapore has offered a higher level of preferential commitments to Australia, compared to any other trading partner.⁸¹ Reinforcing the Agreement, there will also be collaboration on science research, innovation and entrepreneurship. The respective national research institutions: Singapore's Agency for Science, Technology and Research, and National Research Foundation, and Australia's Commonwealth Scientific and Industrial Research Organisation (CSIRO) would be brought closer together, with S\$50 million to be jointly invested over five years to fund related projects. Australia will also establish one of its five international 'landing pads' in Singapore to nurture innovation and entrepreneurship and to encourage promising Australian technology start-ups to gain a foothold in Singapore and the broader Asia-Pacific market.

Beyond Singapore, there is even greater potential for Australia to tap into the ASEAN economies. It is telling that Australian companies invest almost 60 per cent more in New Zealand compared to ASEAN, despite the fact that New Zealand's economy is more than 90 per cent smaller.⁸² The Comprehensive Strategic Partnership will facilitate Australian access into the future ASEAN Economic Community, a huge market worth about US\$2.6 trillion with over 625 million people.⁸³ In 2014, the ASEAN Economic Community was the third largest economy in Asia and the seventh largest in the world.

The security dimension

On his visit to Canberra in October 2016, Prime Minister Lee outlined the intent of the Comprehensive Strategic Partnership, contending that:

We collaborated to build an inclusive and open regional security architecture, keep the international trading system open and enhance regional trade agreements, built strategic trust which underpins Singapore-Australia relations and enabled us to conclude an ambitious and forward-looking CSP [Comprehensive Strategic Partnership].⁸⁴

The emphasis on regional security and open trade based on strategic trust between Australia and Singapore arguably provides the main thrust of the partnership. During the same visit, Prime Minister Turnbull reiterated that the defence relationship was an exceptional one, stating that the 'decision

to grant Singapore this special level of access underlies the enormous trust and respect that exists between our respective armed forces'.⁸⁵ In light of the growing China-US rivalry within the region, arguably the most significant aspect of the Comprehensive Strategic Partnership has been the agreement to reinforce the historically strong defence partnership.

Given its size, Singapore has no real geographical depth and does not have the luxury of pursuing a defence strategy which trades space for time. As it lacks suitable training areas for its armed forces, Singapore constantly seeks to mitigate its lack of strategic depth by seeking suitable overseas training areas for its Air Force and Army. In October 2016, Singapore's Defence Minister, Ng Eng Hen, described the importance of the training areas in Australia afforded by the Comprehensive Strategic Partnership, where the SAF can conduct large-scale and joint training in a tropical operating environment, as a 'very rare piece of training ground'.⁸⁶

Over the next 25 years, Singapore will spend A\$2.25 billion to jointly develop military training areas and state-of-the-art facilities in Shoalwater Bay and Townsville in Queensland; a significant figure, which is about a sixth of its current defence budget. The commitment to a 25-year deal reflects the trust and strength of the relationship between both countries. This deal marks the first time that Singapore has been able to secure such a long-term overseas training agreement, albeit at considerable cost. In comparison, Singapore's other defence partners, such as the US and India, have committed to only 5-year agreements to host SAF training.⁸⁷

As part of the accord, the ADF and SAF will share access to the enhanced training areas, with an increase from the current six weeks to 18 weeks annually for the SAF (between February-May and August-November) and 34 weeks for the ADF.⁸⁸ The Shoalwater Bay training area is more than four times the size of Singapore, augmenting the necessary strategic hinterland that the city-state requires to continue to train its armed forces. The transformation of Shoalwater Bay training area is projected to have a positive economic spin-off effect on Queensland, injecting up to an estimated A\$35 million into the region's economy.⁸⁹

The total number of SAF personnel training in Australia is also significant, as it is arguable that only one other country has such special access to a comparable military footprint in Australia. In 2011, President Obama and then Prime Minister Julia Gillard agreed to a similar 25-year plan for up to 2500 US Marines and US Air Force aircraft to rotate through Darwin from 2017.⁹⁰ After six years of negotiations, Australia and the US finally agreed in October 2016 to a A\$2 billion cost-sharing mechanism to implement the Darwin-based initiative.

Comparing total numbers of foreign troops training in a country may not fully reflect the level and quality of a relationship. However, given the sensitivity and numbers involved, it is certainly a positive indicator of the flourishing partnership between Australia and Singapore vis-à-vis Canberra's relationship with its US ally. Given that the Australia-Singapore defence agreement took just over a year to complete in comparison, it is also arguable that the historical and growing strategic trust between both countries was critical in ensuring that such a landmark defence deal could be reached, even after taking into account the different cost-sharing models.

Also, Exercise TRIDENT, a joint humanitarian aid and disaster-relief exercise conducted annually in the Shoalwater Bay training area will be further developed and elevated to a signature bilateral military exercise. In addition, both countries will work together on defence science technology and conduct a pilot so-called Track 1.5 security dialogue. Intelligence and information sharing, particularly on counter-terrorism, will also be enhanced. As Australia and Singapore become more highly networked and susceptible to cyberspace threats, and as the spread of radicalised Islam within Southeast Asia increases, cooperation among security agencies will develop further, complemented by already close relationships.

This explicit commitment to intelligence and information sharing differentiates the Comprehensive Strategic Partnership from other relationship agreements. Although Singapore has discrete intelligence arrangements with other countries, Graham notes that this is the first time that Singapore has openly committed to intelligence and information exchanges with another country, adding that 'intelligence sharing is obviously among the highest indicators of trust in a government-to-government relationship'.⁹¹

Overall, these defence and security initiatives will further strengthen an already robust Australian and Singaporean defence partnership. Given the broad scope of initiatives across the economy, defence and security, and cultural realms, this agreement is comprehensive in both form and function, easily surpassing partnerships that Australia has with other ASEAN countries.⁹² As stated by Singapore's Ministry of Foreign Affairs, the partnership 'will transform our long-standing friendship into a dynamic, innovative and truly strategic partnership'.⁹³

Part 4: Policy recommendations

While the Comprehensive Strategic Partnership initiatives are broad and encompass a spectrum of agreements that meet the national interests of Australia and Singapore, some other future policy options could buttress the security partnership further. These policy choices are in niche defence areas that are not only mutually beneficial but would also offer opportunities to influence and build confidence between China and the US.

James Mugg and Christopher Cowan, for example, have asserted that future ADF operations will be conducted in four areas, namely humanitarian and disaster relief operations, the Middle East area of operations, maritime territorial disputes in East and Southeast Asia, and high-end conflict.⁷⁴ Except for East Asia and high-end conflict scenarios, this mirrors the SAF's current and possible future operational areas. Given the similarity in potential future operations, this paper will propose future policy options for the ADF and SAF in these three areas.

Humanitarian and disaster-relief operations

Initiative 1

Establish a regional humanitarian and disaster-relief cooperation program between the Singapore Armed Forces and the Australian Defence Force.

Natural disasters such as typhoons and tsunamis pose a trans-boundary threat to the security of the region. As observed during the global financial crisis from 2007 to 2009, as economies grow increasingly more interconnected and interdependent they become more vulnerable and less resilient to external shocks. Within this context, natural disasters have a similar impact beyond traditional borders that could potentially trigger a chain reaction on regional economies. Also, the magnitude of the humanitarian and economic impact of these disasters is often beyond the response capacity of regional countries.

Given mutual national interests in regional stability and prosperity, there is scope to establish a humanitarian and disaster-relief cooperation program between the ADF and SAF. This leading role would be particularly suited to the ADF and SAF, which are arguably the most advanced and capable military forces in Southeast Asia and the South Pacific, with both equipped with advanced dual-use power-projection assets such as military transport aircraft and amphibious-capable ships.

In recent history, the ADF and SAF have separately provided responses to regional humanitarian and disaster-relief incidents such as Cyclone Nargis

in Myanmar in 2008, the earthquake in New Zealand in 2011, and Typhoon Haiyan in the Philippines in 2013. In 2014, Singapore established a Regional HADR [humanitarian and disaster relief] Coordinating Centre to function as the primary point-of-contact to integrate the regional efforts of military disaster-relief units and agencies, such as the UN Office for the Coordination of Humanitarian Affairs, and the Jakarta-based ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management.⁹⁵

The Regional HADR Coordinating Centre also leverages on its proximity to the RSN's Information Fusion Centre, located within the same Changi naval base to tap regional maritime information shared among 65 agencies in 35 countries. The Information Fusion Centre fuses information shared by partner navies and maritime agencies to provide an enhanced regional maritime situational awareness picture.⁹⁶ In addition to France, New Zealand, India and Thailand, the RAN also has a liaison officer posted to the Centre.⁹⁷

It is proposed that the proposed humanitarian and disaster-relief cooperation program would involve the following:

- Initiate an exchange of officers between the corresponding ADF and SAF humanitarian and disaster-relief centres by 2018. The ADF liaison officer, preferably from the RAN would be embedded within the Regional HADR Coordinating Centre and the Information Fusion Centre at the Changi naval base. The SAF liaison officer would be embedded within Australia's Headquarters Joint Operations Command in Bungendore.
- During operations, the primary function of each officer would be to act as the liaison to coordinate and monitor humanitarian and disaster-relief efforts between the SAF and ADF. During non-operational periods, both officers would be responsible for developing the tactics, techniques and procedures for the ADF and SAF to interoperate during humanitarian and disaster-relief operations. It is estimated that the total cost for deploying each officer would be about A\$0.5 million per year.
- Establish an integrated ADF-SAF Forward Deployed Needs Assessment and Survey Team as part of the agreement to exchange liaison officers by 2018. This team would consist of two personnel (one officer and one non-commissioned officer) each from the current establishment in Headquarters Joint Operations Command and the Regional HADR Coordination Centre. The team would be on short notice-to-move and would be responsible for providing preliminary disaster-relief assessment before follow-on units are deployed.

- Establish a joint humanitarian and disaster-relief phase within Exercise TRIDENT, desirably to include personnel from the People's Liberation Army and the US military. Humanitarian and disaster-relief exercises provide a valuable entry-level confidence-building opportunity for armed forces not familiar with operating together. Besides confidence building, this would develop better interoperability for militaries operating within the same disaster-relief arena. Such a modified Exercise TRIDENT would build on the two Sino-US humanitarian and disaster-relief exercises initiated since 2013.⁹⁸ Given that Exercise TRIDENT is an existing exercise, Sino-US participation should be able to be launched by 2018.

Middle East area of operations

Initiative 2

The Australian Defence Force and the Singapore Armed Forces to work together to establish and sustain interoperability for Middle East operations against Daesh.

Since 2001, the ADF has been operating in the Middle East, particularly in Afghanistan, Iraq and the Gulf of Aden. There are currently more than 1000 ADF personnel in the Middle East as part of the international coalition against Daesh (Operation OKRA), to providing training and assistance to the Afghanistan National Army (Operation HIGHROAD) and as part of Combined Maritime Forces (Operation MANITOU).⁹⁹

Similarly, in concert with the ADF, the SAF has deployed a force protection element from 2009 to 2013, a UAV [unmanned aerial vehicle] Task Group and artillery trainers in 2010, liaison officers to the US Central Command Headquarters since December 2014, intelligence fusion officers since January 2015, an Imagery Analysis Team to the Combined Joint Task Force Headquarters in Kuwait since September 2015, and a KC-135R tanker since May 2015.

From 2017, a SAF medical support team will be deployed to Iraq to provide medical services to coalition forces and the local Iraqi population.¹⁰⁰ Since the RSN's participation in Combined Task Force 151 in 2009 until today, Singapore has contributed more than 1400 personnel to coalition counter-piracy operations in the Gulf of Aden.¹⁰¹ Ong Weichong notes that these deployments reflect niche areas where the SAF can contribute technology as a force multiplier rather than 'boots on the ground'.¹⁰²

These operations allow the SAF to amass operational experience, battle test its capabilities, and benchmark itself against other armed forces in real-time but

low-risk environments.¹⁰³ It also provides a statement of intent by Singapore to support its partners, particularly against common transnational threats such as terrorism and piracy that have an impact on Singapore's security and stability.

Although cooperation between the respective air forces and navies of Singapore and Australia are ongoing, integrated operations between the two armies were curtailed after Singapore exited Afghanistan in June 2013. Joseph Soeters *et al* described the early challenges faced by the force protection element in 2009 as 'no one at Camp Holland had working experience with the SAF' and, as such, 'there was a cultural divide between the Dutch, Australians and Singaporeans'.¹⁰⁴ They explained that although the SAF offered a unique capability, there were 'different security domains, disconnected technical networks, cultural distance and a lack of confidence' that hampered integration.

Since 2013, there have not been any significant integrated operations involving both armies. Given the commitment of resources by both countries to develop training areas in Queensland over the next 25 years, particularly for army training, it is critical that both armed forces continue to maintain and refresh their areas of cooperation. Accordingly, the proposed areas for collaboration in the Middle East area of operations are as follows:

- Establish an agreement to conduct a biannual bilateral intelligence, surveillance, target acquisition, and reconnaissance strike exercise in Australia. Similar in scope to Exercise FORGING SABRE, carried out in the US by the SAF, an Australia-Singapore exercise would provide the opportunity for both armed forces to train together in conducting integrated strike missions under conditions mimicking previous coalition operations in Afghanistan.

The exercise would involve air force, army and intelligence assets such as the SAF's High Mobility Artillery Rocket System, which the ADF is considering acquiring, and capabilities such as the Artillery Hunting Radars, which was utilised as part of the force protection of ADF elements in Afghanistan. The exercise would build on current single Service exercises, namely Exercise WALLABY for land forces (currently ADF and SAF), Exercise PITCH BLACK for air forces (ADF, SAF and other nations) and Exercise TRIDENT for joint forces (SAF and ADF).

- Initiate a defence technology cooperation program to develop solutions to countering improvised explosive devices (IED). IEDs represent a persistent, pervasive lethal threat across all areas of operations, particularly in coalition combat zones such as Afghanistan and Iraq. From 2011 to 2013, over 15,000 people were killed and nearly 45,000 people wounded by IEDs

outside Afghanistan, as these devices have been adopted as the weapon of choice for insurgents and terrorists.¹⁰⁵

This defence technology cooperation program should be brought under the existing Comprehensive Strategic Partnership agreement and funded through the proposed S\$50 million funding to Singapore's National Research Foundation and Agency for Science, Technology and Research, and Australia's CSIRO.¹⁰⁶ This initiative should also be broadened to include an exchange between the ADF and SAF on the tactics, techniques and procedures in countering IEDs, ideally between the Singapore Combat Engineers and the Royal Australian Engineers.

Maritime territorial disputes in Southeast Asia

Initiative 3

Contribute to reducing tensions in maritime Southeast Asia by introducing confidence-building measures.

Given the current tensions in the South China Sea, there is scope for the ADF and SAF to work together to stymie insecurity, build confidence and mitigate the potential escalation of territorial disagreements within the region. Within the context of regional countries that are rapidly acquiring undersea capabilities and introducing them in a relatively new area of operations, the potential exists for misunderstanding and miscalculation in the employment of submarines and corresponding anti-submarine warfare assets, especially in the contested South China Sea and Straits of Malacca.¹⁰⁷

However, as this is a relatively fledgling capability development area for the region, there also exists significant opportunities to outline and initiate confidence-building behaviour to reduce suspicions that could undermine regional security and stability. This role, to lead in the development of confidence-building measures in maritime Southeast Asia, is particularly suited to the RAN and RSN, given that they are the two most advanced navies within the region.

Despite the emphasis by the ADF on international defence diplomacy, there are only two exercises (Exercise KOWARI and Exercise PANDAROO) between the ADF and the People's Liberation Army, involving less than 100 personnel. Noting that the ADF, US Armed Forces and SAF regularly train together on a much larger scale, there is scope to include Chinese participation in these multilateral exercises. Canberra could explore leveraging the SAF's relatively

closer relationship as a means to deepen the ADF's engagement with the People's Liberation Army.

For example, Singapore has established a bilateral agreement on defence exchanges, security collaboration and regular China-Singapore Defence Policy Dialogues with the People's Liberation Army since 2008, culminating in a Four-Point Consensus agreed in November 2014. A deeper and broader engagement by the ADF and SAF with the People's Liberation Army and US Armed Forces could build confidence, clarify intentions and contribute to regional peace and stability.

The proposed confidence-building measures are as follows:

- Establish an undersea code for unplanned encounters at sea, based on the protocol ratified in 2014 by 25 Asia-Pacific countries.¹⁰⁸ Currently, no code of conduct exists for undersea operations. On the other hand, such codes have been established for naval ships and military aircraft to communicate using standard phrases during unplanned encounters, with the aim of reducing misunderstandings and misjudgments that could trigger an escalation of tensions at sea. Although submarine operations are sensitive, opportunities exist to collaborate by sharing unclassified information to facilitate undersea navigation.

David Boey cites non-sensitive information such as seismic activity, fishing and movement of large vessels with deep draughts that can affect undersea navigation which could be shared.¹⁰⁹ The information could be provided through the RSN-developed Submarine Safety Information Portal hosted through the Information Fusion Centre at the Changi naval base.

The relevant regional underwater code of conduct information could be managed through the existing RAN liaison officer at the Centre. Depending on the information to be shared, a similar RSN liaison position could be established at Headquarters Joint Operations Command in Bungendore or at the RAN's Fleet Headquarters at Garden Island. The proposed connectivity between the RAN and RSN would generate a more comprehensive near real-time picture of events affecting underwater navigation within Southeast Asia and around Australia.

- Establish a memorandum of agreement by 2018 between the RAN and RSN to provide an integrated regional submarine rescue response framework within Southeast Asia. The RAN and RSN are the only two regional navies equipped with a full suite of indigenous submarine rescue capabilities.¹¹⁰ Thus far, the RSN has signed submarine rescue memorandums of understanding with the US, Vietnam and Australian navies.

Coordinated through the Regional HADR Coordination Centre and Information Fusion Centre, a RAN and RSN integrated submarine rescue approach would offer regional navies, including the People's Liberation Army-Navy and US Navy, access to a pooled submarine rescue capability. The utility of these capabilities could also be expanded to other search-and-rescue missions, such as those undertaken for recent airline crashes.

- Invite observers from the People's Liberation Army and US Armed Forces to witness FPDA exercises in the South China Sea, such as the recently concluded Exercise BERSAMA LIMA 16. Observers would be able to view the interoperability between the armed forces of Australia, Malaysia, New Zealand, Singapore and the UK. This initiative could potentially foster closer cooperation and trust between FPDA member countries, China and the US.

Although the FPDA is now 45 years old, Sam Bateman argues that it still provide a useful security link for Australia, New Zealand and the UK into Southeast Asia.¹¹¹ Moving forward, with the participation of observers from China and US, the FPDA framework would be rejuvenated, retaining its relevance to regional security.

Part 5: Future challenges

As the relationship between Australia and Singapore develops beyond the Comprehensive Strategic Partnership, potential future challenges may arise. Although both countries appear to share long-term strategic interests, one factor not experienced by Singapore would be the relatively frequent changes of government in Canberra (with Australia having had five Prime Ministers, eight Ministers for Defence and five Ministers for Foreign Affairs in the last eight years). Responsibilities within the Defence portfolio have also recently been split (or expanded) between the Minister for Defence (currently Senator Marise Payne) and Minister for Defence Industry (currently Christopher Pyne).

Some would argue that the risk of policy u-turns increases with every change of ministers and adjustments within portfolios, aggravated in the short term by the slender majority of the current government. Nonetheless, it has been to Canberra's credit that Prime Minister Turnbull has maintained his predecessor's commitment to the Comprehensive Strategic Partnership, going one step further and proposing that the relationship be elevated to a level similar to that which Australia enjoys with New Zealand.

Moreover, given bipartisan backing, support for the partnership is likely to continue for the foreseeable future. As outlined by Opposition Leader Bill Shorten's welcome speech to Prime Minister Lee in October 2016, the partnership represents 'good news for the region and our region'.¹¹² As Graham

notes, it suggests that 'a shared pragmatism between Singapore and Australia is more likely to prevail'.¹¹³

Nevertheless, the two countries have not always experienced a 'shared pragmatism'. In 2011, for example, the Australian Foreign Investment Review Board did not approve a proposed merger of the Singapore and Australian Stock Exchanges because they assessed that it was not in the national interest to do so.¹¹⁴ This rejection was a surprise, as the proposal to merge had been endorsed by the Australian Competition and Consumer Commission in 2010.¹¹⁵ According to a former Australian Stock Exchange Chairman, there were claims that the government had intervened and vetoed the deal behind the scenes based on what appeared to be a lot of 'emotional and xenophobic type issues'.¹¹⁶ This rejection marked the first time since 2001 that a major foreign takeover was not successful on the grounds of national interest.

Similar concerns have been raised recently about the acquisition of the Port of Darwin and the proposed purchases of the Kidman cattle property by China-based companies.¹¹⁷ The opportunity cost of rejection on the grounds of national interest can be considerable, noting that there was an almost 20 per cent difference between the sale of Ausgrid in October 2016 at A\$20.8 billion versus an offer in August 2016 from State Grid Corporation of China that reportedly was worth A\$25.1 billion.¹¹⁸ The Australian Government rejected this earlier Chinese bid on the basis of national security concerns.¹¹⁹

However, despite these issues, overall Chinese investment in Australia and Singapore is still rising. Arguably, in the long term, if economic prosperity in the region stems from a symbiotic increase in trade and investment across Australia, China, Singapore and the US, then political ideologies and security tensions may matter less.

Besides economics, there are also fundamental differences in values that exist between both countries, such as human rights, particularly with regards to the imposition of capital punishment. Although capital punishment was abolished in Australia in 1973, it remains a fundamental part of Singapore's penal code. In 2005, despite appeals by Canberra, an Australian drug trafficker was hanged in Singapore.¹²⁰

In the aftermath, Canberra acknowledged that people-to-people relationships would be affected but caveated this with an assurance that there would be no curtailment of economic or military relations. When former Prime Minister Lee Kuan Yew visited Australia in 2007, hostile protests erupted over Singapore's alleged human rights record and restriction of civil liberties.¹²¹ Overall, these events provide a reminder that although the current partnership is blossoming, there continues to be underlying differences between the two countries.

Given Singapore's ethnic Chinese majority population, with cultural and economic links to China and the continuing influx of mainland Chinese immigrants over the last decade, Michael Barr has highlighted that there may be concerns that Singapore might 'switch sides' to Beijing without much regard for Australia's wishes or prior commitments.¹²² While Barr's pessimistic sentiments may reflect a minority view, Singapore does have a considerable footprint in China and vice-versa. Singapore was China's largest foreign investor, with investments totalling US\$5.8 billion in 2014; at the same time, Singapore has been China's largest investment destination in Asia.¹²³

However, such concerns are unlikely to be realised because of certain external and internal factors affecting Singapore. Internally, there has been increasing negativity from Singaporeans against the rising number of immigrants, particularly from mainland China, who compete for jobs within the tight labour market and appear to be 'too prejudiced or bigoted to adapt to Singapore's multi-racial society'.¹²⁴ Next, Singapore hedges its international relations by adopting an omnidirectional engagement policy, leveraging its linguistic and cultural links to yield economic advantages with China but at the same time promoting the US as the principal guarantor of regional peace and security. As former Singaporean Senior Minister S. Jayakumar has asserted, in describing Singapore's foreign policy towards China and the US:

We have to demonstrate, as best as we can, that just like them, we are driven by calculations of our national interest. We don't want to go out of our way to upset or annoy any country, but if our interests coincide, we will support them on an issue. If our interests do not coincide, we will disagree.¹²⁵

Another potential future challenge for both countries is a possible scenario where American power within the Southeast Asian region gradually recedes vis-à-vis the rise of China. Despite the pivot or rebalance to Asia, the US mainland is still geographically more distant to the region as compared to China. As China's power projection capabilities grow, and as it establishes a larger and more capable military presence in the South China Sea, the US either accepts a new reality or seeks to challenge it. Using a historical analogy, this state of affairs has been cast as a 'Thucydides trap', where a preeminent power's (the US) fear of a change in the status quo compels it to adopt a pre-emptive strategy against a rising power (China), thereby precipitating conflict.¹²⁶

Former Australian Prime Minister Kevin Rudd has proposed that China and US should adopt a new framework of 'constructive realism for a common purpose' and commit to a shared understanding and working together for mutual benefit, or conflict will ensue.¹²⁷ He suggests that this strategy could include an agreement on cybersecurity, a bilateral strategy towards North Korea, and a joint effort towards reinvigorating the G20.¹²⁸

Echoing similar sentiments, Singapore's former Foreign Minister K. Shanmugam has also cautioned against any anti-China rhetoric, asserting that the region is 'big enough to accommodate a rising China and a reinvigorated US'.¹²⁹ Indeed, perhaps as a reflection of Singapore's hedging and balancing strategy towards China and the US, ships from the People's Liberation Army-Navy also visit Changi naval base and exercise with the RSN, albeit on a much smaller scale than with the US Navy.

Conclusion

Australia and Singapore are natural and complementary partners, with similarities in strategic perspectives not matched within the region. The future of the relationship is likely to be sustained by a *quid pro quo* between an island nation-state seeking security by extending its strategic depth and a country at the edge of the Asia-Pacific pursuing economic interests to enhance its prosperity, particularly in Southeast Asia. Southeast Asia will continue to be a region that is of strategic interest to Australia, China, Singapore and the US. However, it is and will continue to be a region fraught with current and historical issues of territorial disputes, suspicions and the legacies of colonialism and war. Within that context, both Australia and Singapore continue to support US involvement in the region as the guarantor of peace, stability and prosperity in Southeast Asia.

Over the next 25 years, rivalry between the two global powers will present a conundrum for Australia and Singapore. As China rises and the US pivots to the Asia-Pacific, both countries will need to continue to manage a delicate balancing act in supporting the US as the principal guarantor of regional security but relying on China as their biggest trading partner. Both Australia and Singapore will need to navigate the turbulence caused by tensions generated by the China-US rivalry within the region. As long as there is no need to choose sides, China-US rivalry within Southeast Asia provides Australia and Singapore with opportunities such as the Comprehensive Strategic Partnership to develop a broader and deeper relationship for mutual benefit.

As long as the strategic calculus of Australia and Singapore remains consistent over the next 25 years, and the potential challenges are addressed or mitigated, the *quid pro quo* partnership between both countries should continue to be resilient and mutually beneficial. The paper has contended that future bilateral policy options in humanitarian disaster-relief, the Middle East and the South China Sea have the potential not only to buttress the partnership but also nurture confidence-building behaviour with China and the US that could build and sustain regional security and stability. The Comprehensive Strategic Partnership agreement will enhance the future bilateral relationship

as long as Australian and Singaporean national interests are aligned, and both countries are not forced to make a choice between China and the US. As long as Australia and Singapore move forward together within the boundaries of the partnership, and no further obligations are expected or demanded, the partnership should continue to flourish.

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Building resilience in Japan-China ties: a role for Australia

Shane Flanagan

Australian Department of Foreign Affairs
and Trade

Abstract

This paper examines the possible implications for Australia of the fragile Japan-China relationship, arguing that Australia has significant interests at stake in both countries and that these may be harmed by deteriorating ties between them. It specifically addresses the issue of the foreign policy measures that Australia might adopt to support greater resilience in Japan-China ties.

The paper outlines a number of policy recommendations that aim to manage differences, particularly relating to the contested Senkaku/Diaoyu Islands and sensitivities over Japan's wartime aggression. While the paper acknowledges that Australian initiatives will not be sufficient to place the Japan-China relationship on a positive footing, it concludes that a commitment to exploring avenues for cooperation between the two most powerful countries in Asia would represent a prudent investment in securing Australia's future in a region that is being fundamentally changed by China's rise.

Introduction

Australia's two largest trade partners, China and Japan, have a fragile relationship riven with mistrust. Unresolved historical issues and a dispute over sovereignty of the Senkaku/Diaoyu Islands provide a conducive environment for a sharp deterioration in ties. Added to this, Japan's status as an ally of the US means the Japan-China relationship is also affected by a developing sense of US-China rivalry.

This paper will explore possible implications for Australia of the fragile Japan-China relationship, and examine the specific question of what foreign policy measures Australia should adopt to support greater resilience in Japan-China ties. It builds on analysis provided in an earlier paper which found that China's sustained and rapid rates of economic growth, commencing in the late 1970s, brought about a dramatic increase in China's national power.¹

Over the past decade, China's rapidly increasing strength has brought about a shift towards a more assertive pursuit of its national interests, which has fundamentally changed the dynamics underpinning the strategic environment in North Asia in the post-war period. Japan is adjusting to the pace and nature of the change through the adoption of a range of balancing measures, which China perceives as intended to thwart the achievement of its strategic objectives.

Despite the resumption of high-level ties between Tokyo and Beijing since November 2014, the bilateral relationship remains poor and has the potential to deteriorate quickly. In the case of a miscalculation by either side near the disputed Senkaku/Diaoyu Islands, there is real potential for Japan-China rivalry to destabilise the Indo-Pacific region, including with effects on Australia.

The paper will argue that Australia has significant interests at stake in both countries and that these may be harmed by deteriorating ties between Beijing and Tokyo. It will further argue that Australia can adopt measures to support resilience in the Japan-China relationship, and outlines five policies to bring this about. These recommendations aim to manage differences in areas that are drivers of poor ties, particularly relating to the contested Senkaku/Diaoyu Islands, and sensitivities over Japan's wartime aggression. The paper also argues that Australia can play a valuable role by encouraging Japan to attach greater priority to several economic initiatives valued by China, such as the Regional Comprehensive Economic Partnership (RCEP) and the Asian Infrastructure Investment Bank (AIIB).

Further, Australia can assist by identifying areas of mutual interest and helping to provide opportunities for the two countries to cooperate in these areas. By aiming to support resilience, Australia would seek to increase capacity to arrest deteriorations in ties and to assist in recovering better relations. Noting also that Australia's interests go beyond supporting a better relationship between Japan and China, this paper proposes four further recommendations to advance Australia's relationships with both countries even at a time when their own ties remain fragile.

Part 1 will provide a brief overview of the outlook for the Japan-China relationship, summarising key elements of the analysis provided in the earlier paper. Part 2 will examine Australia's interests with Japan and China respectively. Part 3 considers the implications of a poor relationship between Japan and China—the two most powerful East Asian nations—for Australia and the broader Indo-Pacific region. Part 4 provides policy recommendations for consideration by the Australian Government to support greater resilience in the Japan-China relationship, and to advance Australia's relationships with both countries simultaneously.

In putting forward these recommendations, this paper—like the *2016 Australian Defence White Paper*—identifies the consolidation of the rules-based global order as desirable for Australia. It uses the White Paper's definition of the rules-based global order as a 'shared commitment by all countries to conduct their activities in accordance with agreed rules which evolve over time, such as international law and regional security arrangements'.²

Part 1: Outlook for Japan-China relations

Australia's two largest trading partners (and market for almost 50 per cent of total exports) are muddling through a difficult relationship. China's extraordinary economic growth, which has been sustained for several decades, has transformed the country. This has provided it with the tools to achieve vastly increased national power, including in the form of greater international influence and a more powerful military. In comparison to China's phenomenal growth, Japan's economy has achieved only weak and sporadic growth for more than a decade.³ This has brought about a significant change to the dynamics of North Asia.

China's strengthened power has encouraged Beijing to adopt a more forceful pursuit of Chinese interests, particularly on matters of sovereignty. For Japan, China's increasing assertiveness was underlined by the 'Senkaku shocks'—two episodes relating to the disputed Senkaku/Diaoyu Islands—that triggered prolonged crises in Japan-China relations in the period 2010-14. The

episodes, and China's preparedness to escalate the situation to advance its sovereignty claims, changed the way Japan looks at China.⁴ It accelerated Tokyo's adoption of a balancing approach that aims to increase Japan's ability to withstand Chinese pressure, strengthen its alliance with the US to boost its deterrence, and strengthen its security relationships more broadly, particularly among those countries which share concerns that China's maritime assertiveness could increase risks to stability and prosperity in the region.⁵

As Japan has pursued this approach, the competitive dynamic between it and China has strengthened. China perceives Japan's response to its rise as directed towards thwarting the accomplishment of its aspirations.⁶ The relationship exists on a fragile footing, and tensions are easily inflamed. Both governments have been strongly influenced by popular pressure, accentuating points of disagreement at the expense of the relationship. Unresolved issues of wartime history have increasingly moved to the fore and, despite the passage of more than 70 years since the conclusion of the Second World War, continue to inhibit more positive ties.

Disputed territorial claims over the Senkaku/Diaoyu Islands also significantly inhibit the Japan-China bilateral relationship. Encouragingly, tensions have eased somewhat since Japanese Prime Minister Shinzo Abe and Chinese President Xi Jinping exchanged a famously frosty handshake in November 2014.⁷ Despite the awkwardness of that meeting, it nonetheless signalled the resumption of high-level political contact between the two countries, and this has continued, including through a recent leaders' meeting on the sidelines of the G20 Summit in Hangzhou in September 2016.⁸ However, notwithstanding some modest improvement, the factors that led to high-level ties being suspended for approximately two years (from 2012-14) remain very much in place.

At the same time, factors that had stabilised the relationship, including the scale of trade, economic and investment ties, and extensive people-to-people links, seem to have only limited effectiveness in curbing negative momentum. Going forward, the prospects for genuine improvement appear remote—and the best-case scenario may be for a poor relationship to be sustained without the sharp deteriorations that have occurred in recent years. As major countries in the Indo-Pacific, there is a real risk that the competitive dynamic arising from Japan and China's increasingly rivalrous relationship could be exported throughout the region, posing challenges to countries seeking to maintain positive relations with both.

Part 2: Australian interests with Japan and China

The following section will provide an overview of Australia's interests in Japan and China to underline the importance for Australia of preserving effective relationships with both countries.

Australian interests in Japan

Post-war relations between Australia and Japan were initially rebuilt on the foundation of trade and economic complementarity following the signing of the 1957 Commerce Agreement.⁹ After the conclusion of that agreement, Japan emerged as Australia's largest trading partner in the 1960s and retained this status until being overtaken by China in 2007. Japan is now Australia's second-largest trading partner, and also Australia's second-largest export market, purchasing 16 per cent of Australia's exports in 2015-16.¹⁰ The trade relationship is expected to grow further following the entry into force of the Japan-Australia Economic Partnership Agreement in January 2015.¹¹

Investment links between the two countries are also significant. Japan is Australia's fourth-largest foreign investor, with an investment stock of \$199.6 billion in 2015.¹² Japan was the second-largest direct foreign investor in Australia (\$85.9 billion) in 2015, accounting for 11.7 per cent of total foreign direct investment.¹³ Japan is also a significant investment destination for Australian companies and individuals—the fourth largest in 2015—and Australia has a total stock of investment in Japan of \$93.1 billion.¹⁴

Australia's relationship with Japan has now developed well beyond its initial trade and economic foundation and is now described as a 'Special Strategic Partnership'.¹⁵ This designation reflects a convergence of interests between the two countries and recognition that the bilateral relationship is 'based on common values and strategic interests, including democracy, human rights, the rule of law, open markets and free trade'.¹⁶

As liberal democratic nations in the Asia-Pacific region, and as major trade and investment partners, Australia and Japan have much in common. With respective alliance relationships with the US, both countries recognise that the presence of US forces in the region has supported stability and provided a foundation for dynamic economic growth, and both attach strong importance to ensuring this continues.¹⁷

Both Canberra and Tokyo also ascribe significant importance to support for the rules-based global order, and have come to view each other as a

partner in this. At the Australia-Japan Summit in December 2015, both Prime Ministers expressed their determination to contribute to the establishment and maintenance of an international order that respects universally recognised rules and a high level of transparency in order to promote unimpeded mobility of people, goods, currency and information.¹⁸

A considerable alignment of interests has contributed towards the emergence of a partnership now described as Australia's 'closest and most mature in Asia'.¹⁹ Further, Australia and Japan have worked together to shape the regional architecture in the Asia Pacific, including during the creation of APEC and the East Asian Summit.²⁰ In doing so, Australia and Japan have helped create multilateral avenues for international engagement that also serve to support a rules-based approach.

The alignment of interests between Australia and Japan has paved the way for considerable broadening of security cooperation over the past decade. The signing of the Joint Declaration on Security Cooperation by then Prime Minister Howard and his Japanese counterpart, Shinzo Abe (in his first iteration as Prime Minister) in March 2007 provided the foundation for strengthened strategic cooperation.²¹ This has been supported by a regular schedule of Joint Foreign and Defence Ministers (so-called '2+2' meetings) and Trilateral Strategic Dialogue meetings (also including the US), which have provided a framework for regular engagement on strategic issues.

During this period, the countries' respective defence forces have operated together in Iraq and South Sudan, and refuelling activities by Japan's Self Defense Forces (SDF) supported coalition activities in Afghanistan—a mission to which Australian forces were also committed. Australia has also provided sustained encouragement to Japanese efforts to expand the scope of activities which the SDF is permitted to undertake. Accordingly, when security reform legislation was approved by Japan's Parliament in September 2015, Australia's Minister of Foreign Affairs welcomed the passage of the legislation, noting that this would allow Japan to make a greater contribution to peace and security, and make it easier for Australia to 'work with Japan overseas on peacekeeping operations and humanitarian and disaster relief'.²²

Australian interests in China

Since China's economic reforms in the late 1970s, and the sustained period of rapid economic growth that these reforms ushered in, Australia's relationship with China has come to be underpinned by trade and economic complementarity.²³ This has formed a virtuous circle in which Australian exports have provided the Chinese economy with the resources needed to boost its production and drive its development, which has in turn further increased demand for Australian resources.

The respective Governments, however, have made efforts to broaden the base of the relationship beyond trade, and a Comprehensive Strategic Partnership was agreed in April 2013.²⁴ Within the framework provided by the strategic partnership, Australia and China engage in a range of dialogues. These include an annual meeting between Australia's Prime Minister and China's Premier; a Foreign and Strategic Dialogue led by respective Foreign Ministers; and a Strategic Economic Dialogue led on the Australian side by the Treasurer with the Minister for Trade, and on the Chinese side by the Chairman of China's National Development and Reform Commission. A further Ministerial-level meeting is held in the form of a Climate Change Ministerial Dialogue. A range of other dialogues also exists, including the Australia–China Defence Strategic Dialogue, Human Rights Dialogue, and a Consular Dialogue.²⁵ In addition, a 1.5-track High Level Dialogue was inaugurated in 2014.²⁶

China's market is enormously significant to Australia, with more than 36 per cent of Australian exports purchased by China in 2013.²⁷ This is the highest proportion of exports to China relative to total exports of any G20 country.²⁸ The entry into force of the China-Australia Free Trade Agreement in December 2015—and the resulting removal of tariff barriers on a significant proportion of Australian products sold to China—is expected to drive further increases in bilateral trade.²⁹ Australia's abundance of natural resources, and record as a reliable and competitive exporter of resources, means it has benefited immensely from the industrialisation China has achieved through decades of rapid economic growth.

While the composition of Australian exports to China continues to be dominated by resource commodities, the export of services, particularly education and tourism, has become more significant. In the area of education, for example, China is Australia's largest education services market, with Chinese students comprising 36 per cent of total international student enrolments in Australia in 2015.³⁰ In the tourism sector, China was Australia's largest market for total expenditure and visitor nights in 2015.³¹

Although investment flows between Australia and China are more modest than the vast trade relationship, these flows are increasing. According to a report published by KPMG and the University of Sydney in April 2016, titled *Demystifying Chinese investment in Australia*, Chinese investment in Australia grew strongly in 2015, reaching more than A\$15 billion.³² This was the second-highest amount of Chinese investment recorded in Australia, second only to that which occurred in 2008 at the height of the resources boom. Significantly, investment occurred in a broader range of sectors beyond mining, including real estate, renewable energy, health care, and agri-business. The stock of Chinese investment in Australia reached \$35 billion in 2015, making China the fifth-largest foreign investor in Australia.³³

Despite the mutually beneficial trade relationship, and broad engagement on range of issues, there is a sense of uncertainty about what China's re-emergence will mean for Australia. This is evident in recent controversy over proposed Chinese investment. In the past 12 months, a number of proposed Chinese investments have been rejected by the Australian Government. In August 2016, Treasurer Scott Morrison rejected foreign investment proposals from two Chinese bidders to purchase a 50.4 per cent share of a 99-year lease to operate the electricity distribution network in New South Wales on the basis that the proposals were 'contrary to the national interest'.³⁴ On the same grounds, in April 2016 Morrison also rejected a bid from a Chinese company to purchase S. Kidman and Co.—a pastoral company which holds approximately 1.3 per cent of Australia's total land area.³⁵

Despite the way in which China's industrialisation has propelled the Australian economy, the concerns over Chinese investment betray a sense of misgiving in Australia over what China's re-emergence means for Australia. Then Prime Minister Tony Abbott may have been alluding to these misgivings when he told visiting German Chancellor Angel Merkel in April 2015 that Australia's relationship with China was driven by a combination of 'greed and fear'.³⁶ On the one hand, there is recognition that continuing to advance a productive relationship with China is critical to Australian prosperity and standards of living and security. On the other, there is evident concern that China's re-emerging national power may encourage it to pursue its national interests in ways that undermine the rules-based global order and prove inimical to Australia.

A major factor that has given rise to these concerns has been the approach China has adopted in recent years in the pursuit of its maritime territorial claims, including in the East and South China Seas. China has appeared to pressure rival claimants by adopting a range of measures, including by scaling up its maritime capabilities, conducting regular patrolling activities, engaging in maritime confrontations and collisions, protecting Chinese fishing vessels from

law-enforcement activity undertaken by other states, and reclaiming land and developing military infrastructure in contested areas of the South China Sea.³⁷

Several high-profile global economic initiatives launched by China in recent years have also raised questions about whether China intends to use its economic power to exercise greater political influence over trading partners in support of China's foreign policy interests. The first of these is the so-called 'One Belt, One Road' initiative which brings together an overland economic network linking China with Central Asia, the Middle East and Europe (a Silk Road Economic Belt), and a maritime economic network of ports extending from the South China Sea into the Indian Ocean and beyond (the Maritime Silk Road).³⁸ The project is to be supported by a US\$40 billion fund announced by Xi during the APEC meeting in Beijing in November 2014.³⁹

The second is the establishment by Xi of the AIIB to finance infrastructure development in the Asian region, drawing from authorised capital of US\$100 billion.⁴⁰ The establishment of the AIIB has been interpreted in some quarters as representing an effort to wrest economic leadership from the US by challenging the World Bank. Both initiatives share a sense of global ambition, while placing China at their centre. This has raised concern that Beijing may be seeking to increase its ability to leverage its economic weight in support of its broader objectives.

For Australia, as an ally of the US, these concerns are closely linked to the question of whether the relationship between the US and China is shifting from cooperation towards greater strategic tension.⁴¹ On an episode of the ABC's current affairs program *Four Corners* in October 2016, titled 'China rising', Hugh White argued that for Australia 'this is the first time in our history where our biggest trading partner is a strategic rival of our principal ally, so this introduces a whole level of complexity into our strategic situation we've never known as a country before'.⁴² While some may disagree with White's analysis, it raises uncomfortable questions about what the future might hold for the Indo-Pacific region and helps to explain the anxieties about China's rise that have become increasingly evident in Australia in recent years.

Part 3: The problem of Japan-China rivalry

As discussed, the outlook for Japan-China relations is poor, with key issues such as the territorial dispute over the Senkaku/Diaoyu Islands and unresolved historical issues acting as key factors inhibiting better ties. This section will argue that persistent heightened tensions and the prospect of further sharp deteriorations in the relationship between Japan and China present a potential risk to Australia and other regional countries in the Indo-Pacific.

In a worst-case scenario, the territorial dispute between Japan and China over the Senkaku/Diaoyu Islands has the potential to escalate to the point of threatening stability in East Asia. The potential for the situation to escalate was vividly highlighted by Japanese claims that Chinese frigates had locked weapon-guiding radars on a SDF destroyer and helicopter in areas surrounding the islands in two separate incidents in January 2013.⁴³ More recently, China's Defense Ministry similarly accused Japanese jets of locking their targeting radars on Chinese fighters over the East China Sea in July 2016.⁴⁴

The prospect of the defence forces of two major East Asian powers directly engaging in hostilities is alarming. Japan's alliance relationship with the US, however, also raises the possibility that China and the US could find themselves involved in a confrontation over these small, remote and uninhabited islands. Although this may seem an unlikely trigger for conflict, during a visit to Tokyo in April 2014, President Obama chose to make clear that the US considers the islands as falling within the scope of the US-Japan Security Treaty. Standing alongside Prime Minister Abe, Obama said:

[L]et me reiterate that our treaty commitment to Japan's security is absolute, and Article 5 covers all territories under Japan's administration, including the Senkaku Islands.⁴⁵

By these remarks, Obama was referring to the article of the Japan-US Security Treaty which includes a provision that 'each Party recognizes that an armed attack against either Party in the territories under the administration of Japan would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional provisions and processes'.⁴⁶ Prior to the visit, Obama had foreshadowed his remarks in an interview for Japan's national newspaper, *Yomiuri Shimbun*.⁴⁷ After the publication of the interview, a spokesperson from China's Foreign Ministry criticised Obama's remarks saying 'the so-called US-Japan alliance is a bilateral arrangement from the Cold War and ought not to harm China's territorial sovereignty and reasonable rights'.⁴⁸

At the time of writing, it is not clear whether President-elect Trump will adopt a similarly steadfast stance in support of Japan's territorial sovereignty. Speaking on the campaign trail, Trump suggested Japan needed to bear a greater proportion of the costs for the forward presence of US forces.⁴⁹ He further indicated that US support may be conditional on Japan doing so. Trump's remarks have invited some doubt about the strength of the US commitment to the defence of Japan. There is a risk that this in itself increases the danger of provocation and/or miscalculation in the area surrounding the islands.

The Senkaku/Diaoyu Islands are therefore a potential flashpoint in a region of enormous consequence to Australia. Moreover, sustained tensions between Japan and China over the islands, short of outright hostilities, also places pressure on regional countries. Following China's November 2013 declaration of an Air Defence Identification Zone (ADIZ) in the East China Sea, in an area with several overlapping ADIZs, Australia took a firm position opposing China's actions.

Australia publicly expressed concern about China's announcement, noting that the 'timing and the manner of China's announcement are unhelpful in light of current regional tensions, and will not contribute to regional stability'.⁵⁰ The statement also expressed Australia's opposition to 'any coercive or unilateral actions to change the status quo in the East China Sea'. It also noted that the Department of Foreign Affairs and Trade had called in China's Ambassador on 25 November to convey the Australian Government's concerns and to seek an explanation of China's intentions.

China did not agree with Australia's approach to the issue and expressed its displeasure in direct terms. During a visit to Beijing by Foreign Minister Bishop the following month, Chinese Foreign Minister Wang Yi told her that Australia's response to the declaration of an ADIZ over the East China Sea had 'jeopardised bilateral mutual trust and affected the sound growth of bilateral relations'.⁵¹ In the lead-up to the visit, Chinese participants in a 1.5-track dialogue (Australia-China Forum) between senior participants from political, business, media, academic and cultural circles, held in Canberra in November, also strongly criticised Australia's response to the declaration of the ADIZ.⁵²

It is evident that the Senkaku/Diaoyu Islands raise difficult issues for Australia. Beijing's sudden declaration of an ADIZ raised concerns that it was pursuing its interests unilaterally, and in a way that undermined international rules and cooperation. Accordingly, and as outlined above, Canberra adopted a firm position in response to Beijing's declaration in late 2013. Despite clear opposition from China, the Australian Government has maintained this position and, in the 2016 *Defence White Paper*, identified the declaration as an issue that 'caused tensions to rise'.⁵³

To date, the difference of opinion between Canberra and Beijing on this issue has not prevented progress in the overall Australia-China bilateral relationship, including with the entry into force of the China-Australia Free Trade Agreement in December 2015.⁵⁴ Nonetheless, in the event that tensions over the islands escalated to a genuine crisis between Japan and China, it may become more difficult for Australia to manage its response to this issue.

On the one hand, Australia will have an interest in upholding its position in support of an international system based on rules and cooperation. In addition, Japan (and mutual ally the US) will expect diplomatic support and possibly more. China on the other hand will want Australia to prioritise its bilateral ties with Beijing by staying out of the dispute.

It is conceivable in this case that elements of Australia's carefully crafted trade relationship with China could come to be used as a tool for providing Beijing with leverage to raise pressure on Canberra. In this regard, it is worth noting that in their book *War by other means: geoeconomics and statecraft*, Robert Blackwell and Jennifer Harris argue that China makes effective use of economic tools for geopolitical purposes, including by adopting coercive economic measures.⁵⁵ The authors cite examples of China using economic measures to impose economic costs and send messages to the Philippines and Japan during times of dispute. It is possible that in certain circumstances, Australia might also find itself the target of such measures. This scenario highlights the potential for Australia to face difficult choices should efforts to manage tensions between Beijing and Tokyo fail.

Even falling short of outright conflict, however, poor relations between Japan and China pose challenges for Australia and the region. There is a risk that mistrust and competition between Japan and China could develop to the point where relations reach a zero-sum equation, and therefore force regional countries to prioritise ties with either Japan or China at the expense of the other. For Australia, which sees maintaining productive relationships with both countries as critical for advancing its national interests, this poses a serious risk. Given the enormous stakes, an active role for Australian foreign policy to support resilience in the Japan-China relationship is warranted.

Part 4: Australian Government policy recommendations

Noting the potential costs for Australia if rivalry and tension between Japan and China are not managed and escalate, this section outlines five policy recommendations for Australia to play a positive role in adding resilience to Japan-China ties.

Japan and China policy recommendations

A sustained improvement in Japan-China relations can only be achieved if fundamental drivers of instability between the two countries are addressed. This would require steps to manage differences relating to the disputed sovereignty over the Senkaku/Diaoyu Islands and concerning wartime history.

As outlined in an earlier paper, these issues are key inhibitors that undermine efforts to strengthen the Japan-China relationship. Failure by Japan and China to successfully manage differences on these issues may lead to instability within the Indo-Pacific region with potential impacts on Australia. It is therefore important for Australia to encourage the two countries to adopt approaches towards the other that help reinforce the relationship and prevent deteriorating ties.

In doing so, it will be useful for Australian engagement with the two countries to encourage those factors that exercise a stabilising influence over their relationship. This includes the extensive nature of trade, investment and people-to-people links, and would involve building on these links. A number of the following recommendations aim to manage those factors inhibiting the relationship, and build on those with potential to stabilise it, including by identifying potential areas of common interest.

1. Support the adoption of maritime and aerial confidence-building measures

Two years on from the second so-called 'Senkaku shock', Japanese and Chinese maritime law-enforcement vessels and military aircraft continue to operate in close proximity to each other in the vicinity of the disputed islands. In the three months between April and June 2016, Japanese Air SDF jets scrambled against Chinese aircraft approaching Japanese airspace a record 199 times.⁵⁶ Similarly, in the maritime domain, Japan continues to protest about ongoing incursions by Chinese government vessels into Japanese territorial waters around the Senkaku/Diaoyu Islands. By September 2016, Japanese authorities recorded such incursions on 26 days in 2016.⁵⁷ Each maritime and aerial encounter between respective forces and law-enforcement authorities carries the risk of an accident or incident with the potential for miscalculation and escalation.

The ongoing risks underline the importance of the establishment of crisis management and confidence-building measures.⁵⁸ While the 'four-point consensus' agreed by Xi and Abe in November 2014 provided a step towards the introduction of confidence-building measures, including through the establishment of a Japan-China Maritime and Aerial Communication Mechanism to improve communication, this mechanism has not yet been implemented. The fifth round of discussions was held in Hiroshima in September 2016, and provided a valuable opportunity for relevant organisations to exchange views on issues related to the East China Sea, as well as tangible ways to promote maritime cooperation.⁵⁹ The two sides reached in-principle agreement that a further round of the talks would be scheduled before the end of 2016.

While it would not be advisable for Australia to seek a direct role in these negotiations, it can and should provide diplomatic support to the process. During discussions with Japanese and Chinese leaders, senior Australian officials should recognise the usefulness of Japan and China taking practical steps to reduce the risks of miscalculation in the East China Sea; welcome the process of dialogue; and encourage the implementation of the Japan-China Maritime and Aerial Communication Mechanism. Regular high-level meetings with Japan and China respectively provide opportunities for Australia to encourage progress on this issue. The implementation of the mechanism itself will not provide the basis for resolving disputed territorial claims over the islands but it will at least reduce the chances of a misunderstanding leading to catastrophic consequences.

Australia can also play a supporting role by including confidence-building measures, particularly the Code for Unplanned Encounters at Sea, as a training element of multinational maritime exercises it conducts in the region. The Code for Unplanned Encounters at Sea was agreed by 21 Indo-Pacific navies, including the US, China, Japan, ASEAN littoral states, India, and Australia in 2014.⁶⁰ The convention provides a set of basic communication, manoeuvring and safety protocols to prevent accidents and misunderstandings in international waters.⁶¹

The Royal Australian Navy included discussions on the Code with China's Navy during a port visit to Zhanjiang in October/November 2015.⁶² While this is a welcome step, there is scope for these activities to be expanded. The *2016 Defence White Paper* includes a commitment to increase Australia's investment in international engagement over the next 20 years, including through more regular Australian Defence Force (ADF) participation in multinational exercises.⁶³ This provides additional opportunities for Australia to engage regularly with regional navies and make a meaningful contribution to reducing risks.

2. Encourage Japanese leaders to refrain from visiting Yasukuni Shrine

Despite the passage of more than 70 years since the end of the Second World War, historical issues remain a significant inhibitor of ties between Japan and China. Far from diminishing, the shadow cast by wartime history appears to be growing longer. Heightened rivalry between Japan and China—evident in the unresolved territorial dispute concerning the Senkaku/Diaoyu Islands—and an associated upsurge in popular nationalism in both countries, has played a role in the apparent amplification of this issue over time. The actions of Japanese leaders that appear to equivocate on matters of wartime responsibility, particularly through visits to the Yasukuni Shrine, have also contributed to

the current situation in which Japan's wartime history continues to curb its contemporary relationships with its neighbours, particularly China and the Republic of Korea.

When Abe visited Yasukuni on 26 December 2013, he did so knowing that Japan and China would condemn his visit. He attempted to pre-empt this through a statement issued that day in which he explained the rationale for his visit, noting that it was 'not my intention at all to hurt the feelings of the Chinese and Korean people'.⁶⁴ Unsurprisingly, Korea and China were not placated by Abe's explanation and protested his visit. On this occasion, the US also added its voice to those criticising the visit when it issued a statement through its Embassy in Tokyo noting that 'the United States is disappointed that Japan's leadership has taken an action that will exacerbate tensions with Japan's neighbours'.⁶⁵

Australia has tended to adopt a highly cautious approach to this issue. However, it is worth considering whether more direct language is now warranted, particularly given Australia has already raised historical issues in the context of providing support for reconciliation efforts among the countries of North Asia. In an address to the National Press Club in Tokyo in February 2016, Foreign Minister Bishop spoke of the value of greater regional engagement between Japan, China and Korea for regional stability, noting that:

Australia would continue to do and say all we can to encourage Northeast Asian countries to resolve their differences cooperatively ... [and that] we understand there are sensitivities based on history but we hope regional leaders will continue to make progress in resolving or managing these issues.⁶⁶

Earlier in the same speech, Bishop commended the leadership and foresight of the governments of Japan and the Republic of Korea for pursuing reconciliation, and noted the announcement of an agreement between the two sides to resolve their dispute on 'comfort women'.⁶⁷

Given Bishop's other remarks about historical issues, it is appropriate to ask whether Australia should make a clear statement that Australia regards visits to the Yasukuni Shrine as inimical to regional stability. Providing Australia's position as an element of a broader speech presents an advantage in that it could be done at a time and location of Australia's choosing, and in the context of other remarks.

This would be preferable to making a statement specifically in response to a visit to the Shrine by a Japanese Prime Minister. In addition, this proposed approach of speaking up on matters in the interests of stability in the region would be consistent with that adopted by the Australian Government following China's declaration of an ADIZ in the East China Sea in 2013, in which the Australian

Government issued a statement expressing concern, and noting that the declaration would not contribute to regional stability.

Australia could consider going further by supporting the Chidorigafuchi National Cemetery as a more appropriate venue for recognising Japan's war dead. US Secretary of State John Kerry and then-Secretary of Defense Chuck Hagel laid wreaths at the cemetery during a visit to Tokyo in October 2013.⁶⁸ A similar activity should be considered as an element of a future visit to Japan by Australia's Foreign Minister in the same way Abe paid his respects at the Australian War Memorial during a visit to Canberra in July 2014.⁶⁹

Playing a role in having Japanese leaders desist from visiting Yasukuni Shrine may help to remove an avoidable source of tension in Japan's relationship with China. But it would not resolve underlying issues which stem from Japan's wartime aggression and a subsequent sense that it has not genuinely atoned for its actions. In this respect, former Australian Prime Minister Kevin Rudd outlined a more ambitious proposal. In a report he prepared for Harvard University's Belfer Center, Rudd suggested an effort to establish a mutually accepted account of the Sino-Japan War, envisaging:

[A] US-led effort, or joint Allied effort including China, to resolve with Japan an accurate historical record of Japanese armed aggression in Asia during the Second World War, in order to free the region from the continuing and damaging political, diplomatic and security policy impact of a war concluded 70 years ago.⁷⁰

It is clear that such an exercise would face many obstacles and, through the controversy it would likely court, may actually inflame tensions. For these reasons, Australia should not seek to drive this proposal. Nonetheless, should it gather traction, the Australian Government would need to consider whether Australia, as a wartime adversary that has moved forward to build a warm relationship with Japan in the post-war period, could play a useful role. Although the odds are very much stacked against it, if this concept ever took root and removed wartime history as an inhibitor of contemporary ties between Japan and China, the benefits would be substantial.

3. Add resilience by building on trade and economic links

While the two-way merchandise trade relationship between Japan and China is extremely large, worth approximately US\$270 billion in 2015, trade volumes between the two countries have declined for four straight years.⁷¹ There is a risk that despite the enormous magnitude of trade between the two countries, their trade and economic priorities do not reflect the extent of their mutual economic interests. In particular, Japan could adopt several measures to strengthen its trade and economic relationship with China, and Australia could play a positive role by encouraging Japan to do so.

First, under Abe's leadership the Japanese Government is placing emphasis on seeking the entry into force of the Trans-Pacific Partnership (TPP). In a speech to business leaders in New York during a visit to attend the UN General Assembly in September 2016, Abe emphasised the importance for Japan and the US of obtaining domestic approval of the TPP, noting that 'success or failure will sway the direction of the global free trade system, and the strategic environment in the Asia-Pacific'.⁷²

China on the other hand, which is not a party to the TPP agreement, is looking towards the finalisation of the RCEP [Regional Comprehensive Economic Partnership] to drive regional economic integration and advance prosperity. RCEP is an ASEAN-centred proposal for a regional free trade area, which includes the ten ASEAN member states and those countries which have existing free trade agreements with ASEAN (namely, Australia, China, India, Japan, Republic of Korea and New Zealand).

Given China's interests in finalising RCEP negotiations, a decision by Japan to apply the same high-level commitment to RCEP that it has provided to the TPP would provide a boost to its relationship with Beijing. Australia could help through statements of support to RCEP and by emphasising that an agreement would help to drive greater economic integration and prosperity. Australia and Japan may also find some common interest in advancing RCEP negotiations, because concluding this agreement may also provide some impetus to the US Congress to ratify the TPP.⁷³

Second, in the longer term, given that neither the TPP nor RCEP includes both the US and China, it may be useful for countries participating in negotiations for both agreements—which include Australia and Japan—to work towards an agreement that includes both China and the US. Should this be achieved, it would represent a significant development with potential to strengthen mutual interest among major powers, and would also help drive prosperity in the Indo-Pacific.

Third, Australia could play a positive role by encouraging Japan to become a member of the AIIB. While Australia has become a founding member of the Bank, Japan has chosen not to join, possibly seeing it as a rival to the Asian Development Bank over which it has historically exercised considerable influence.⁷⁴ The objectives of the AIIB, however, and its focus on providing finance for infrastructure investment in Asia to drive economic development and prosperity in the region, are consistent with priorities for both Australia and Japan.

Further, Japan's participation in the AIIB would promote its own infrastructure business through access to the information and resources within the AIIB.⁷⁵

At present though, Japan appears more focused on competing with the AIIB by dramatically increasing financing for infrastructure projects in Asia, including through the Partnership for Quality Infrastructure announced by Abe in 2015.⁷⁶

As a founding member of the AIIB, and recognising that a decision by Tokyo to support this Chinese initiative would provide a boost to the Japan-China bilateral relationship, Australia could assist by engaging actively with the Bank to influence its activities, particularly to ensure it complements the work of the World Bank and the Asian Development Bank. A positive and engaged role by Australia in the AIIB could go some way towards building international confidence in this new bank, including by Japan. Japan's membership of the AIIB, and any financial contributions it made, could help build common purpose in its relationship with China, and add a degree of welcome resilience to those ties.

4. Establish an Oversight Council to consider strategic developments and priorities for Australia in managing its relationships with both Japan and China

Noting the scrutiny that Beijing and Tokyo apply to Canberra's diplomatic engagement with the other, and to manage the risk that Australia's relationships with Japan and China are considered and advanced in isolation from each other, it would be useful to establish a small group of senior-level Australian officials to meet annually and consider strategic developments related to both China and Japan. The group could be chaired by the Secretary of Australia's Department of Foreign Affairs and Trade and include senior representatives from the Department of Defence, Office of National Assessments, Department of the Prime Minister and Cabinet, and Australian Heads of Mission from Beijing and Tokyo.

The aim in establishing such a small high-level group would be to provide an opportunity for discussion of strategic developments related to both countries, examine priorities to support broader Australian strategic objectives identified above, and identify any gaps between developments and Australian approaches. The establishment of this group would reflect that both Tokyo and Beijing closely monitor Australia's relationship with the other, and provide an opportunity to ensure developments are appropriately balanced. The group would not be oriented towards identifying prescriptive approaches to both relationships but to consider overarching strategic developments affecting China and Japan.

5. Conduct an activity-mapping exercise to identify potential areas of common interest among Australia, China and Japan

This paper recommends that the Department of Foreign Affairs and Trade coordinate an activity-mapping exercise across government to identify areas of common interest—and potential cooperation—for Australia, Japan and China. Recognising the difficult nature of the current relationship between Japan and China, it may not be possible to pursue activities on a trilateral basis, and seeking to do so may risk being caught up in difficulties at the political level.

Australia could therefore seek to identify broader groupings of regional countries to provide opportunities for Japan and China to cooperate on issues of mutual interest. Areas of interest may include such issues as strengthening police-to-police cooperation to combat transnational crime; provide for greater intelligence cooperation in support of counter-terrorism efforts; cooperation in the provision of humanitarian and disaster-relief activities; and/or strengthened consular cooperation. While it would be important to be realistic about the extent to which these activities could help to strengthen relations between Japan and China, the aim would be to expand the span of engagement and identify areas of potential cooperation that may be sustained during times of tension.

One area with particular potential for such cooperation is in the provision of humanitarian and disaster-relief activities. Australia, Japan and China have a demonstrated commitment to providing humanitarian responses to natural disasters in the Indo-Pacific region. Most recently, all three countries provided assistance to Fiji in the aftermath of Tropical Cyclone Winston which caused 44 deaths, extensive destruction and affected up to 350,000 people.⁷⁷

The Australian Government provided a significant amount of assistance to Fiji, and its response included the deployment of ADF assets and personnel. The Japanese Government also responded and provided emergency-relief assistance in the form of tents, plastic sheets, sleeping pads and generators.⁷⁸ China also provided similar forms of assistance, dispatching tents, generators, first-aid kits and other supplies, in addition to financial support to Fiji's Red Cross Society.⁷⁹

As countries with strong capacities, all three countries will be called on to provide this form of assistance in the region again. Effective cooperation can make a valuable contribution towards curbing the negative impact of disasters and accelerating recovery. This paper recommends that the Australian, Japanese and Chinese Governments work towards closer consultation in the provision of humanitarian assistance by undertaking a joint consultation to examine lessons learned from the humanitarian response to Tropical Cyclone Winston. As an element of this exercise, it would be useful to examine practical constraints

to greater cooperation in the provision of humanitarian assistance following a disaster. In doing so, it may identify avenues to advance cooperation and its effectiveness.

A second such area with potential for enhanced cooperation relates to consular assistance to citizens. As the number of people living and working outside their country of citizenship continues to increase rapidly, and as the international security environment has become more complex, all three countries face similar challenges providing consular support and services to their citizens.

Chinese nationals made more than 100 million overseas visits in 2014.⁸⁰ With larger numbers of its citizens working and travelling internationally, and more Chinese companies expanding their international operations, Chinese nationals have become caught up in deteriorating security situations. In the past year, several Chinese nationals have been victims of politically motivated violence overseas—one hostage was murdered by Islamic State in November 2015 and, the following week, three Chinese nationals were killed during a terrorist attack on the Radisson Blu hotel in Mali.⁸¹ The Chinese Government also evacuated approximately 36,000 nationals from Libya prior to the implementation of the no-fly zone in 2011.⁸²

Similarly, Japanese citizens have been victims of recent terrorist incidents, including two hostages beheaded in Iraq by Islamic State in January 2015, three women killed in an attack on the National Museum in Tunisia in March 2015, and seven killed in an attack on a bakery and restaurant in Bangladesh in July 2016.⁸³ With a significant number of Australian ex-patriot workers operating in remote locations, including in difficult security environments, the Australian Government also faces the challenge of keeping its citizens informed of risks and safe from danger. As such, there would be considerable value in investing in strengthened respective understanding of approaches to consular services, including information for citizens and consular assistance when required.

Australia cooperates in the provision of consular assistance with Canada through a reciprocal consular services agreement, and regularly exchanges information on consular issues with the governments of New Zealand, the UK and the US through a so-called 'consular colloque' arrangement.⁸⁴ Australia has also played a leading role in the establishment of a Global Consular Forum, an informal grouping with 25 member countries to support exchanges of information, best practice and lessons learned. Two Global Consular Forum-sponsored forums of senior consular officials have now been held, with the second occurring in Mexico in May 2015 (including Chinese representation) and a third scheduled to take place in Seoul in late October 2016.⁸⁵

Moving forward as this group becomes more established, it may be useful for steering committee members from within the region, such as Australia or Korea, to host workshops on specific issues on an inter-sessional basis for other members in the region. For Australia, this might take the form of a consular desktop exercise with participation from China, Japan and other interested regional countries. Given the scale of the differences that exist, it would be a relatively modest step towards building a resilient Sino-Japanese relationship.

Advancing Australia's relationships with China and Japan

While it is in Australia's interest to play a role in supporting a better relationship between Japan and China, Australia's interests go beyond this. It is also important to consider the role Australia can play to engage China and encourage it to act in accordance with the rules-based order. This will require broader policies than those outlined above, and will need to be based on the foundation of a positive relationship with Australia. Hence, it will be important for Australia to advance its bilateral relationship with both countries, prospectively in an environment in which the relationship between the two is poor and may be prone to sudden deteriorations.

This paper does not suggest that Australia should refrain from pursuing cooperation with either Japan or China out of concern for the reaction of the other. Australia should pursue cooperation based on a careful analysis of its national interests. Nevertheless, in view of the relationship between Tokyo and Beijing, it will be essential for Australia to be mindful of the possible impact on its relationship on the other country. It will be important to avoid a perception that Australia is advancing its strategic cooperation with one at the expense of the other. The recommendations below may advance Australia's strategic engagement with each country respectively and should be considered.

China policy recommendations

6. Elevate the existing Foreign and Strategic Dialogue led by respective Foreign Ministers into an annual Foreign and Defence Ministers Meeting

The establishment of a Foreign and Strategic Dialogue led by respective Foreign Ministers was an important element of measures agreed during a visit to Beijing by then Prime Minister Julia Gillard to expand high-level engagement between Australia and China.⁸⁶ It is now timely, however, to incorporate defence and security matters more clearly in the dialogue by adapting its current format into a 2+2 meeting (Foreign and Defence Ministers' Meeting) to be held annually. This would provide an opportunity for Ministerial-level defence engagement

with China, noting that the current Australia-China Defence Strategic Dialogue is led by the Secretary of the Department of Defence and the Chief of Defence Force.

Taking this step also appropriately recognises that China's approach to the region is of first-order significance to Australia's security. The 2016 *Defence White Paper* implicitly recognised this by stating that 'the roles of the United States and China and the relationship between them will continue to be the most strategically important factors in the Indo-Pacific region to 2035'.⁸⁷

Given that Australia already holds 2+2 meetings with the US, UK, Japan, Germany, Republic of Korea and Indonesia, and expanded Ministerial meetings with Singapore and Papua New Guinea (which also include Foreign and Defence Ministers), it is somewhat unusual that the Australian Government has not yet initiated this form of strategic dialogue with China. There may be some concerns about perceptions that the establishment of such talks would represent the level of Australia's strategic dialogue with China reaching parity with the US, Japan and other partners. While these concerns are understandable, the need to build strategic dialogue with China in support of stability in the Indo-Pacific is arguably more pressing.

Establishing a 2+2 dialogue would provide both Australia and the China with an avenue to exchange views about strategic issues, including concerning North Korea and other sensitive areas such as those relating to the East and South China Seas. For Australia, it would represent an opportunity to strengthen engagement with China, build strategic understanding, and encourage it to pursue its interests within the framework provided by the rules-based global order.

Clearly, China could also use the meeting as an opportunity to press its positions, including on issues in which Australia and China do not agree. Bringing difficult issues to the fore may mean that this kind of dialogue could be uncomfortable at times. It is also worth noting, however, that Australia's bilateral relationship with China is broad and there are significant elements of cooperation that may help to balance out disagreements on specific issues.

7. Clarify the rules for considering whether proposed foreign investments are in the national interest

While this issue relates to all proposed foreign investment (and not just that from China), a number of proposed Chinese investments have generated considerable controversy in Australia in the past 12 months. In two high-profile cases, as mentioned earlier, the Australian Treasurer rejected proposed foreign

investments from China on the basis that they were deemed contrary to Australia's national interest.⁸⁸

The seeming lack of transparency in which these determinations were reached has highlighted the importance for Australia of increasing clarity for the consideration of proposed foreign investments. To provide greater transparency, this paper recommends a review to explore such measures as identifying specific sectors that are deemed sensitive and in which foreign investment is not permitted, and/or outlining criteria for applying a national interests test. Failure to address the current situation creates risks that China will perceive that its investments are subject to greater scrutiny than others.

Japan policy recommendations

8. Examine with Japan the impact of reinterpretation of Article 9 to determine what new areas of security cooperation might now be possible

During the past decade, Japan has undertaken a significant transformation of its security policies, with the reinterpretation of Article 9 of the Constitution in September 2015 the most significant. Article 9 renounces war and provides the basis for the constitution to be considered as embracing pacifism.⁸⁹ Following the reinterpretation, the SDF is now authorised to use force to defend a country with which it has a close relationship in the event that country (or its forces) comes under attack and that attack threatens Japan. This change has opened the door for Japan to exercise collective self-defence in some circumstances.

Following the reinterpretation, Japan's SDF will also be more readily able to provide logistical support to forces engaged in overseas missions protecting Japan's security. Notwithstanding the changes, however, the SDF continues to operate within tight legal constraints, with each deployment of personnel outside Japan requiring detailed legal considerations. Given the significance of the change in interpretation, it would be useful for Australian and Japanese defence officials to examine what new forms of cooperation might now be possible. It would also be useful to identify any impediments to practical cooperation. Taking these steps would be consistent with other measures which have been progressed since the conclusion of the Joint Declaration on Security Cooperation in 2007.

9. Advance the Trilateral Strategic Dialogue

The Trilateral Strategic Dialogue was first held at Ministerial level in 2006 and has also been held among leaders on several occasions.⁹⁰ It performs a useful role by using the regular schedule of high-level meetings to drive practical cooperation. The most recent meeting, held in Laos in July 2016, was a useful

case in point, as it provided an opportunity for Ministers to exchange views on issues of concern, including maritime disputes in the South China Sea, as well as unilateral actions that could raise tensions in the East China Sea. Ministers also agreed to strengthen cooperation in regional meetings, and to build capacity in areas such as maritime and cyber security.⁹¹

Both Japan and the US already provide significant maritime capacity-building assistance in Southeast Asia. The US provides training, vessels and facilities upgrades.⁹² Japan is also focused on maritime capacity-building assistance, particularly with the Philippines and Vietnam, and has agreed to provide a significant number of maritime patrol vessels, some of which have already been delivered.⁹³ Australia has tended to prioritise defence capacity-building efforts to the South Pacific, particularly through the Pacific Patrol Boat Program (now known as the Pacific Maritime Security Program).

Australia's 2016 *Defence White Paper*, however, includes an emphasis on international engagement, including through increased investment in the Defence Cooperation Program, an increase in the number of exercises in which the ADF participates, and in the number of Defence personnel posted overseas. With Australia set to step up capacity-building activities in Southeast Asia, the Trilateral Strategic Dialogue would provide a useful forum to drive strengthened coordination.

Resource implications

Australia has significant interests at stake in avoiding a destabilising escalation of tensions between Japan and China. This paper has outlined five practical policy proposals for Australian Government consideration to help add resilience to ties between Tokyo and Beijing. These recommendations aim to manage differences on issues that inhibit the relationship, and actively identify areas of common interest to build opportunities for cooperation. If adopted, these have the potential to contribute to improved ties between the two most powerful countries in East Asia which also happen to be Australia's two largest-trading partners.

Several recommendations can be implemented without any impact on resources. These include those relating to providing diplomatic support for confidence-building measures between Japan and China, or for Australia to adopt a more direct position opposing visits by senior Japanese political leaders to the Yasukuni Shrine. Several other recommendations, however, particularly relating to creating additional opportunities for cooperation, such as in the provision of humanitarian assistance and consular services, would require additional resources.

These issues are managed by officers with the primary task of delivering these services rather than the sort of engagement required to leverage them into potential areas of cooperation for the region. This is also the case for pursuing greater economic cooperation between Japan and China through efforts to attach greater priority to concluding the RCEP negotiations, working towards a regional free trade agreement that includes China and the US, and encouraging Japan to seek membership of the AIIB.

Implementing these recommendations would require sustained efforts, to be coordinated and led by the Department of Foreign Affairs and Trade, with support from other government agencies as required. Beyond the implementation of specific recommendations, pursuing the bigger objective of shaping the interaction of major powers in the Indo-Pacific in such a way that advances Australia's national interests would require concerted energy. It would also require a significant expansion of the resources of the Department of Foreign Affairs and Trade to enable it to provide advice to Government and interpret developments as Australia's strategic environment becomes more complex.⁹⁴

Providing adequate resources to the Department for it to pursue Australia's national interests, including through a stable Indo-Pacific and in support of a rules-based global order, would complement the approach adopted in the *2016 Defence White Paper* of enhancing international defence engagement. The Foreign Affairs White Paper being developed by the Department of Foreign Affairs and Trade will provide an opportunity for the Government to ensure resources are adequate for the challenges.⁹⁵ Implementing the policies recommended in this paper to address instability between Japan and China should be a core element of this approach.

Conclusion

A difficult relationship between Japan and China is here to stay. China's rapid re-emergence as a global power and the discomfiture Japan is experiencing in coming to terms with the reversal of relative power between the two countries provides the subtext to disputes over history and territory. While the relationship has stabilised somewhat since the resumption of high-level contact in late 2014, the underlying factors that drove ties to a state of crisis remain very much in place.

Australia therefore finds itself in a situation in which its two largest export markets are enduring a tense relationship with no end in sight. Should ties between Tokyo and Beijing deteriorate, this will inevitably increase pressure on regional countries with the potential to harm Australia's national interests.

Active diplomacy to support greater resilience in Japan-China ties is therefore now demanded.

While Australian initiatives will not be sufficient to place the Japan-China relationship on a positive footing, they can help to add valuable resilience by creating opportunities for the two countries to cooperate. The resources required to make a meaningful contribution would cost only a minute fraction of those that would be borne should tensions between Tokyo and Beijing escalate. A commitment to exploring avenues for cooperation between the two most powerful countries in Asia would represent a prudent investment in securing Australia's future in a region that is being fundamentally changed by China's rise.

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Biographic details

Group Captain Stephen Chappell, DSC, CSC, OAM

Royal Australian Air Force

Group Captain Chappell joined the RAAF in January 1993. After graduating from the Australian Defence Force Academy, he completed pilot training and F/A-18 operational conversion, and was posted to 75 Squadron. After qualifying as a Fighter Combat Instructor in 2001, he was posted to No. 2 Operational Conversion Unit, which included an attachment to 75 Squadron for Operation FALCONER.

Later postings included a flight commander at 3 Squadron; an exchange from mid-2005 to December 2007 with the US Air Force's 65th Aggressor Squadron; the Executive Officer at No. 2 Operational Conversion Unit; and staff officer at No. 81 Wing and Headquarters Air Combat Group. In January 2014, he was appointed Commanding Officer No. 1 Squadron at RAAF Base Amberley, which included deployment on Operation OKRA in 2014.

Group Captain Chappell is a graduate of the Australian Command and Staff College. He has a Masters of Military and Strategic Studies. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College.

Colonel Penny Cumming

Australian Army

Colonel Penny Cumming joined the Australian Regular Army in 1994 as a legal officer. She has served in a variety of legal appointments since joining, primarily in the land, Special Forces and joint services environments. She has undertaken operational deployments to Iraq, Afghanistan and Timor Leste.

Her most recent posting has been as Director Operations and Security Law, responsible for the provision of legal advice to the strategic level of Defence, on operational and international law.

Colonel Cumming was admitted to practise in the Supreme Court of Victoria and the High Court of Australia in 1991 and holds a Master of Laws from the University of Melbourne. She is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College.

Shane Flanagan

Australian Department of Foreign Affairs and Trade

Shane Flanagan graduated from the Australian National University in 2000 with Bachelor of Economics and Bachelor of Asian Studies degrees. He was then engaged as a local employee at the Korean Embassy in Yarralumla, before joining the Department of Foreign Affairs and Trade (DFAT) as a graduate trainee in 2001. His early postings included a rotation to Bougainville in 2002, a posting to Tokyo to undertake Japanese language training (2003-04), and appointments at the Australian Embassy in Tokyo from 2004-07.

In 2007, Shane returned to Canberra and joined a newly-formed Afghanistan section, where he worked closely with the Department of Defence and other agencies to prepare policy on Australia's engagement in Afghanistan. In 2010, he was posted as the Deputy Head of Mission in Harare (Zimbabwe). On his return to Australia in August 2013, Shane was appointed Director of the Consular Information Section. In August 2014, he was posted to Kabul as Deputy Head of Mission.

Shane returned to Australia in August 2015 and commenced duties in the Executive Branch on a project to cut red tape and embed a culture of innovation in DFAT. He attended the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College in 2016, graduating with a Masters degree in Politics and Policy from Deakin University. He is currently the Director of the Korean Peninsula Section at DFAT.

Group Captain Simon Hindmarsh

Royal Air Force

Group Captain Simon Hindmarsh joined the Royal Air Force (RAF) in 1985. After training as an Air Navigator and Weapons System Operator, he completed several front-line and instructional tours, flying F4 Phantom and Tornado F3 aircraft, including operational detachments to the Falkland Islands and in support of activities in the Former Republic of Yugoslavia.

Later postings included a staff appointment at Headquarters Strike Command, an exchange posting to the US Air Force, which included operations over Iraq, and attendance at the UK Defence Academy. In 2005, Group Captain Hindmarsh was appointed to command the RAF Leuchars Expeditionary Operations Wing and in parallel as Chief of Staff of the Tornado F3 Force. In 2008, he was appointed Air Commander British Forces South Atlantic Islands.

In 2010, Group Captain Hindmarsh joined the Saudi Arabian Armed Forces Programme in Riyadh, providing support to the UK's defence sales programme. Following a year's Portuguese language training, he assumed duties as the UK Defence Attaché in Brazil in August 2013. Group Captain Hindmarsh is a Fellow of the Royal Aeronautical Society and the Chartered Management Institute. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College.

Colonel Colin Karotam

Australian Army

Colonel Colin Karotam graduated from the Australian Defence Force Academy in 1990 and the Royal Military College, Duntroon in 1991. After two years regimental training in the Royal Australian Artillery, he transferred to the Australian Intelligence Corps, serving in a variety of appointments, including at the Defence Intelligence Training Centre, Headquarters 1st Brigade, the 1st Intelligence Battalion, the Defence Intelligence Organisation, and the US Defense Intelligence Agency. He also undertook Mandarin language training at the ADF School of Languages in 1999.

Later postings included Commandant of the Defence Intelligence Training Centre, staff officer in the Vice Chief of Defence Force Group, Defence Attaché in Beijing from 2010-13, and Director of Intelligence Plans at Headquarters Joint Operations Command. His operational deployments have included East Timor (1999-2000) and Iraq (2004-05).

Colonel Karotam graduated from the Australian Command and Staff College in 2005. He holds a Bachelor of Arts from the University of NSW, a Masters of Defence Studies from Canberra University, and a Masters of International Relations from Deakin University. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College.

Group Captain Alan Lawrence

Royal Australian Air Force

Group Captain Alan Lawrence joined the RAAF in 1987 as a direct entry Navigator. His early postings included a P-3C conversion course at 292 Squadron, an operational tour with 11 Squadron, and another posting to 292 Squadron, where he became the Senior Navigation Training Officer. In 1995, he was selected as an exchange officer with the US Navy's Patrol Squadron Thirty, located in Jacksonville, Florida.

Group Captain Lawrence returned to 292 Squadron in 1998, before being selected to attend the Australian Command and Staff Course in 2001. He was then posted as Staff Officer to Director-General Career Management Policy. In 2003, he was selected for a further two-year exchange position, serving with the US Navy's Patrol and Reconnaissance Forces, US Pacific Fleet. On his return to Australia in 2005, he was posted as Directing Staff to the Command and Staff College.

In 2008, Group Captain Lawrence was appointed Commanding Officer No 292 Squadron, which included service in the Middle East Area of Operations. In August 2010, he became the Strategic Reform Program officer for Surveillance and Response Group organisations at RAAF Edinburgh. In August 2012, he was appointed Director Surveillance and Response within Capability Development Group, which included acting as Deputy Director General Aerospace Development Branch from April 2014 to the end of 2015.

Group Captain Lawrence attended the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College in 2016, graduating with a Master of Arts (Strategic Studies) from Deakin University. He is currently the Director of Information Warfare at the Air Warfare Centre.

Commodore Peter Leavy, CSM

Royal Australian Navy

Commodore Peter Leavy is currently Australia's Naval Attaché in Washington DC. He is a Principle Warfare Officer and has commanded HMA Ships *Stuart* and *Sydney*.

Ashore, he has served in the Navy's futures and personnel areas, directed the Sea Power Centre-Australia and was most recently Commodore Warfare in Fleet Headquarters.

Colonel Lim Chin Yew

Republic of Singapore Air Force

Colonel Lim Chin Yew joined the Republic of Singapore Air Force (RSAF) in 1994. He has served in various fighter squadrons in the RSAF and has piloted operational platforms such as the A-4SU, F-16C/D/D+ and the F-15SG. In 2004, he completed the RSAF's F-16 Fighter Weapon Instructor Course and then assumed Flight Command of 140 Squadron. In 2008, he attended the Singapore Command and Staff College (known as Goh Keng Swee Command and Staff college today), followed by a staff appointment in Operational Development Group, Air Combat Command.

He was appointed Commanding Officer of 149 Squadron in June 2011, and led the squadron in key regional exercises including COPE TIGER and PITCH BLACK in 2012. In 2013, Colonel Lim was appointed the Base Commander of Changi Air Base. He was then posted in 2015 to Air Combat Command to assume the appointment of Deputy Commander Fighter Group. Concurrently, he also acted as the Director of the RSAF F-16 Fighter Weapon Instructor Course. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College.

Colonel Andrew Lowe, AM

Australian Army

Colonel Andrew Lowe is a graduate of the Australian Defence Force Academy and the Royal Military College, Duntroon. His regimental career was served in infantry units, and included command of the School of Infantry. He has completed a range of staff appointments, the most recent as Colonel Operations, Forces Command. He has operational service in Bougainville, Bosnia, Solomon Islands and the Middle East, which included commanding a Training Task Group in Iraq.

Colonel Lowe is a graduate of the Australian Command and Staff College, where he was awarded a Masters in Management. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College.

Greg MacPherson

Australian Department of Defence

Greg MacPherson joined the Australian Public Service in 1997 as a Graduate Administrative Assistant in the Department of Defence. In 1998, he moved to the Australian Agency for International Development (AusAID) and worked on Australian nongovernment organisation funding programs. From 2000 to 2004, he managed development assistance projects in Southeast Asian countries and in support of the Regional Assistance Mission to Solomon Islands.

In 2005-06, he was posted to the Australian High Commission in Tarawa as First Secretary (Development Cooperation). He continued to work on Pacific regional aid issues on his return to Australia in 2007. In 2008, Greg transferred back to the Department of Defence and managed teams undertaking Defence and regional strategic assessments and corporate support services.

Greg has a Bachelor of Social Science from the Royal Melbourne Institute of Technology, and a Postgraduate Diploma in Anthropology and Master of Arts (Anthropology) from the University of Melbourne. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College.

Colonel Michael Mumford, CSC

Australian Army

Colonel Michael Mumford joined the Australian Army in 1986, graduating from the Australian Defence Force Academy in 1988, and the Royal Military College in 1989. His early postings included 3rd Battalion (Parachute), The Royal Australian Regiment (RAR), the Parachute Training School, Headquarters 1st Brigade, Headquarters 3rd Brigade, Headquarters 1st Division, and Chief of Staff of the Royal Military College. He has also commanded a Regional Force Surveillance Company in the Torres Strait, served in 1st Battalion, RAR, and commanded 3rd Battalion, RAR. He has deployed to Bougainville, East Timor (in 2000/01 and again in 2006) and Afghanistan.

In January 2010, Colonel Mumford left full-time service and transferred to the Army Reserve. He served in Headquarters 1st Division and Headquarters 2nd Division, before resuming full-time service as Chief of Staff of Headquarters 2nd Division in 2015, before leading the 2nd Division's transformation activity in 2016. Colonel Mumford is a Distinguished Graduate of the US Marine Corps' Command and Staff College. He also holds the degrees of Bachelor of Arts, Master of Business Administration, Master of Divinity, Master of Military Studies and Master of Operational Studies. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College.

Bridget Musker

New Zealand Defence Force

Bridget Musker is the Deputy Chief Financial Officer at the New Zealand Defence Force (NZDF). She joined the NZDF in 2012 and is responsible for providing financial leadership to determine NZDF's long-term strategic financial direction. Prior to joining the NZDF, Bridget worked for 16 years at Deloitte, joining as a graduate in 1994 and reaching the position of Associate Director in Accounting and Advisory.

Bridget graduated from Victoria University with a Bachelor of Commerce and is a qualified Chartered Accountant, and member of the Chartered Accountants Australia and New Zealand. She is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College.

Commander Nigel Ryan

Australian Federal Police

Commander Nigel Ryan has 22 years' policing experience with the Australian Federal Police (AFP). From 2008 to 2013, he was the advisor to the Commissioner of Police for media and political issues. Between 2013 and 2015, he was responsible for the implementation and management of the Federal Government's National Anti-Gangs Squad initiative.

During 2014, Commander Ryan was responsible for the AFP's coordination of the MH17 disaster in the Ukraine and the response from the Australian Government. More recently, Commander Ryan has performed roles as the National Coordinator of Crime Operations and People Smuggling.

Since 2002, Commander Ryan has been a recognised drug expert after having studied with the National Crime Squad of England and Wales at Cambridge University. This work has also resulted in an ongoing role with the National Rugby League as the AFP's drug liaison and presenter to the player register. He has also provided drug presentations to a range of high-profile Australian sporting teams.

Commander Ryan has a Bachelor Degree in Policing Studies, a Diploma in Project Management and a Graduate Certificate in Applied Management. He attended the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College in 2016, graduating with a Master of Arts (Strategic Studies) from Deakin University. He is currently the Manager of International Engagement for the AFP's International Operations.

Colonel Daryl Tam

Singapore Armed Forces

Colonel Daryl Tam was commissioned in 1992 and posted to 6th Battalion, Singapore Infantry Regiment. In 1994, he attended the National University of Singapore, graduating in 1996 with a Bachelor of Arts (Merit) in Political Science and Philosophy. He became an Artillery Officer in 1997 and served in 20th Battalion, Singapore Artillery, 21st Battalion Singapore Artillery, 23rd Battalion, Singapore Artillery, School of Artillery and Headquarters, Singapore Artillery. Other appointments include staff appointments in General Staff in Army Headquarters, Joint Plans and Transformation Department and Joint Intelligence Department.

Colonel Tam attended the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College in 2016, graduating with a Master of Arts (Strategic Studies) from Deakin University. He is currently Deputy Commander (Intelligence)/Head Operations Development Group, UAV [Unmanned Aerial Vehicles] Command. He is also holding the concurrent appointment of Commander 9 Division Artillery.

Colonel Vikas Raj Gupta

Indian Army

Colonel Vikas Raj Gupta was commissioned into the Army Air Defence Corps of the Indian Army in December 1996, after graduating from the Indian Military Academy, Dehradun. He has served in a range of regimental, staff, training and command appointments, including the Air Defence Missile Regiment, a Mountain Brigade deployed in counterinsurgency operations, at the National Defence Academy, Khadakwasla, and at the Army Air Defence College, Gopalpur-on-Sea (Odisha). In 2013, Colonel Vikas was appointed Commanding Officer of an Air Defence Missile Regiment, which he commanded until September 2016.

In 2003-04, Colonel Vikas undertook the Long Gunnery Staff Course at the Army Air Defence College, and attained a Masters degree in Air Defence Systems and Electronic Warfare. In 2006-07, he attended the Defence Services Staff College, Wellington (Tamil Nadu), attaining a Masters degree in Defence and Strategic Studies from Madras University, India. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College.

Air Commodore Guy Wilson

Royal Australian Air Force

Air Commodore Guy Wilson graduated from pilot training in 1990. His early postings included RAAF Base Edinburgh to fly DC-3 Dakotas at the Aircraft Research and Development Unit, RAAF Base Richmond to fly C130E Hercules, a staff position at Headquarters No 86 Wing Richmond, and 33 Squadron to fly the Boeing 707 air-to-air refuelling and transport aircraft. From 2000-04, he performed the roles of Tanker Flight Commander and then Executive Officer of 33 Squadron, which included deployment as Executive Officer of the 84WG detachment to Kyrgyzstan to fly air refuelling missions over Afghanistan.

Following completion of the Australian Command and Staff College in 2005, Air Commodore Wilson was posted to Headquarters Joint Operations Command. In June 2006, he was appointed Deputy Director of the KC-30A Transition Team. In 2008, he was appointed the Commanding Officer of 33 Squadron, and moved the squadron to its new base at RAAF Base Amberley. In 2011, Air Commodore Wilson was appointed Chief of Staff of Headquarters Air Mobility Group. In late 2013, he was appointed Officer Commanding 86 Wing.

Air Commodore Wilson has a Masters of Management in Defence Studies from the University of Canberra. He attended the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College in 2016, graduating with a Masters degree in Politics and Policy from Deakin University. He is deploying to the Middle East for most of 2017 as the Deputy Commander of Joint Task Force 633.

Andrew Wimhurst

Australian Attorney-General's Department

Andrew Wimhurst graduated from the Australian National University in 1994 with an Honours degree in English literature. He joined the Attorney-General's Department in 1995, initially working on foreign policy matters. Andrew was seconded to the Department of Defence in 2001, before returning to the Attorney-General's Department to work on security policy development.

From January 2007, Andrew worked as a Director managing several policy advice sections across a range of areas, focusing on legislation development and implementation advice, and social cohesion policy advice. Andrew has studied Arabic in Jordan, Syria and Saudi Arabia. He attended the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College in 2016, graduating with a Master of Arts (Strategic Studies) from Deakin University.