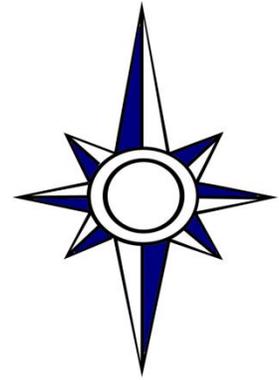


Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



Australia-East Asia/US Relations: Alliance, Trade, Climate, and China*

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The Obama administration and the Abbott government stood together in the new military coalition in Iraq and joined in the trade push for a Trans-Pacific Partnership. Australia's Defence White Paper, about to be released, will be a strong and detailed statement of support for the alliance with the US. As often seems to happen these days, though, the discussion of the US-Australia relationship can soon turn into a debate about China. The notable political difference between Obama and Abbott in the 12 months under review was over climate change. The US president highlighted the policy difference in a speech during the G20 Summit that Abbott hosted in Brisbane. The other divergence between Australia and the US was over China's creation of the Asian Infrastructure Investment Bank. After initially sharing US fears about the AIIB, the Abbott government eventually decided to abandon the US and Japan and became a founding member of China's Bank.

The US alliance

Drawing on a 75-year history, Australia's alliance with the US involves both highly scripted moments and, inevitably, the odd off-script moment. The new Australian Defence White Paper will be just such a closely-scripted effort; the off-script moments can be rendered as mistakes or undue candor. Take the off-script moment during testimony before the US Senate Foreign Relations Committee, in May by US Defense Department Assistant Secretary for Asian and Pacific Security Affairs David Shear. He announced that in addition to the movement of US Marine and Army units around the Western Pacific, "we will be placing additional Air Force assets in Australia as well, including *B-1* bombers and surveillance aircraft."

Prime Minister Tony Abbott quickly pronounced that Shear "misspoke." A US embassy spokesperson stated "the United States has no plans to rotate *B-1* bombers or surveillance aircraft in Australia. Then the prime minister got back to the script. Abbott said the US strategic pivot to Asia had firm bipartisan support in Australia. "I see the greater presence of the US in our part of the world as a force for stability," he said. "Australia's alliance with the US is a force for stability. Our alliance is not aimed at anyone. It is an alliance for stability, for peace, for progress, for justice, and it is going to be a cornerstone of the stability of our region for many decades to come."

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The Australian public agrees. The annual Lowy Institute poll of Australian attitudes about international affairs found that the vast majority (80 percent) of Australians say the US alliance is either “very” or “fairly important” for Australia’s security, with a majority (53 percent) seeing it as “very important” — 17 points higher than in 2007, the lowest recorded point in the polling, when Australians were feeling a bit jaundiced about George W. Bush. Lowy found that in 2015 few Australians (37 percent) agree that the United States is “in decline relative to China, and so the alliance is of decreasing importance.” When asked about the US and its role as a world leader in the future, the majority (61 percent) say that the US will play “about as important a role as world leader in the future,” while 27 percent say it will play a less important role.

At its National Conference in July, the Australian Labor Party dialed back its language about the alliance, while still committing to it in strong terms. At the triennial conference, the policy platform from 2011 was reviewed. The 2011 platform – endorsed just after President Obama announced to Australia’s Parliament the deployment of US Marines to Darwin – was an expression of Prime Minister Julia Gillard’s commitment to both the Obama administration and the alliance.

The 2011 Labor platform had the usual language about the US as the closest security ally and a vital global partner, and then added to this the claim that the alliance “is one of one of Australia’s great national assets.” The 2015 policy dropped the great-national-asset line. It was a small shift in the expression of alliance sentiment. To judge the shift, here are the two policy statements:

Labor 2011:

The US remains our closest security ally and a vital global partner. Labor is firmly committed to maintaining and strengthening Australia’s close relationship with the US, a relationship founded on our people’s common democratic values and their commitment to fostering international peace and security. Labor believes in the centrality of the alliance to Australia’s national security requirements in critical areas such as intelligence on terrorism, defence equipment and broader strategic stabilisation in East Asia. Labor believes that the ANZUS Treaty, which is central to the alliance relationship, is one of Australia’s great national assets.

The replacement statement from Labor’s 2015 platform:

The United States remains our closest security ally, formalized through the ANZUS Treaty, and a vital global partner. Labor will maintain and strengthen Australia’s close relationship with the US, a relationship founded on our people’s common democratic values and our mutual commitment to international peace and security. The US alliance is essential to Australia’s national security requirements in critical areas such as intelligence on terrorism, defence equipment and broader stability in the region.

The deputy leader of the Opposition and Labor’s shadow Foreign Minister Tanya Plibersek told *the Finance Review* that the changes to the policy platform on ANZUS aimed to emphasize a relationship that was “strong, long and deep but not compliant.” A “candid audit” of the alliance by US and Australian analysts released in July 2015, thought the alliance “is currently thriving.” With that as the positive start, the study quickly shifted to a downbeat question: “Do the complexities of Asia’s ascent mean that the United States–Australia alliance is now entering its

twilight years?” The report, *The ANZUS Alliance in an Ascending Asia*, from the US Center for Strategic and International Studies and the Strategic and Defence Studies Centre at the Australian National University, identified three core missions for the alliance:

- Maintain a predominantly Asia-Pacific focus while also facing security challenges outside the region;
- Shaping a new multilateral architecture in this region, with the alliance serving as a central hub for Asian regional order and architecture;
- Maintaining maritime security, with the alliance taking a lead in the management of shared maritime challenges.

The report said US and Australian interests in the three core areas were converging. Yet this convergence was being “overshadowed by the larger question of whether US-China and Australia-China relations are diverging in an ascending Asia.” The study noted how leading Australian political figures now ponder whether the divergence of security and economic interests in Asia will dilute the US-led alliance system: “These public debates by the United States’ closest ally in the Pacific have some senior US officials quietly questioning whether Japan may in the future replace Australia as the most trustworthy ally should US and regional tensions continue mounting with Beijing.” Australian officials, in turn, “worry that Washington has grown distracted by crises in Iraq, Iran and the Ukraine, allowing the much heralded ‘pivot to Asia’ to drift.”

One public divergence between the US and Australia over the past 12 months was over climate change. Hosting the G20 Summit in Brisbane, in November, Abbott lost control of the agenda as his guests forced climate change into the frame in ways that caused political problems for the prime minister. Abbott had said the G20 focus should be economic – growth and jobs. Ahead of Brisbane, at the APEC Leaders Meeting in Beijing, Obama and China’s Xi Jinping, as leaders of the world’s biggest emitters, announced they’d agreed on new targets to lower their greenhouse gas emissions. After arriving in Brisbane, Obama spoke at the University of Queensland calling on Australia to get serious about climate change, and voiced worries about the dangers that warming would pose to the “incredible natural glory of the Great Barrier Reef.” The media – domestic and international – did not interpret this as friendly advice from Obama to Abbott. The *Economist* magazine judged that the Obama-Xi deal caught Abbott by surprise, saying the Australian prime minister “had wanted to limit the G20’s climate commitments to a line about energy efficiency. But climate change dominated the Brisbane Summit in the wake of Obama’s proclamation that “here in the Asia Pacific, nobody has more at stake.” Few can recall such a sharp public rebuke from Australia’s main strategic ally.”

In the G20 discussion on energy, Abbott told the summit that as Australia is “the world’s largest producer of coal, I’d like to stand up for coal.” Standing up for coal is going to be an even harder task at the UN Climate Change Conference starting in Paris in November. The Abbott government faces tough choices over the binding commitments Australia will make to reduce emissions – and how its pledges will compare to traditional partners like the US and Canada.

In August, the prime minister announced that Australia's offer in Paris will be to cut carbon emissions by 26-28 percent by 2030. Abbott described this as a responsible move that does not sacrifice the economy for the environment.

The latest Lowy Institute poll of Australian attitudes toward global issues shows a majority now willing to bear "significant costs" to tackle climate change for the first time since 2009, when international negotiations collapsed at Copenhagen. Almost two-thirds of Australians also want the government to "commit to significant reductions" in Paris. The fresh concern about global warming contrasts with 2012, during Tony Abbott's crusade against the Labor government's carbon tax, when climate change was seen as a pressing issue by just 36 percent of people.

Iraq and terrorism

The beheadings, the crucifixions, mass executions, ethnic cleansing and sexual slavery that we have seen in northern Iraq and Syria, are only the beginning if the ISIL movement has its way. This apocalyptic death cult has declared war on the world and it must be resisted at home and abroad.

Tony Abbott, October, 2014

The prime minister's standard usage for ISIL is "death cult." Whatever the strategic challenge, the national security issue has been politically important for Abbott, both with his party and the voters. The political dimension of security is important for a leader who in February faced a Liberal Party challenge to his leadership. Abbott defeated the caucus "spill" motion 61 votes to 39. He described the vote as a "near death" moment for his political career. In a vote without a declared challenger – the choice was between the prime minister and an empty chair – the latter got more than one-third of the votes cast by Liberal MPs and senators. National security has been central in the prime minister's subsequent effort to rebuild his standing. Abbott's performance as an economic manager may be questioned but his commitment to defense and security is seen as a core strength. Certainly the "death cult" language has reached the voters.

The Lowy poll found that fewer than one in four (24 percent) Australian adults say they feel very safe. This is the lowest recorded result in more than a decade. Of eight potential risks to Australia's security in the next 10 years, the highest ranked threat is "the emergence of Islamic State in Iraq and Syria" (69 percent ranking it high risk), while the risk of "military conflict between the United States and China in Asia" is ranked lowest (20 percent seeing it as high risk).

The ranking of the issue was a striking response to an Australian military re-commitment to Iraq which has only just begun. In September 2014, the prime minister announced that Australia would join international partners to help the anti-ISIL forces in Iraq. The Australian Defence Force would deploy to the United Arab Emirates up to eight Royal Australian Air Force *F/A18* combat aircraft; an *E-7A Wedgetail* Airborne Early Warning and Control aircraft; and a *KC-30A* Multi-Role Tanker and Transport aircraft. Military advisers would be deployed to assist Iraqi security forces. By the middle of 2015, Australia had about 900 military personnel deployed to the Middle East in support of the operation: 400 personnel to an Air Task Group; 200 to the Special Operations Task Group; and 300 to a Task Group (alongside 100 New Zealand troops) to

train Iraqi troops. In August, the prime minister announced that Australia was considering a request from the US to extend the role of the RAAF beyond Iraq to conduct airstrikes in Syria.

In polling in April 2015, the Lowy Institute found that a majority of those surveyed (55 percent) said that “Australia’s participation in military action against Islamic State in Iraq increased the risk of terrorism to Australia now,” while 47 percent said it increased the risk of terrorism to Australia “in the future.” Despite this, a solid majority (69 percent) were in favor of Australia “conducting air strikes against Islamic State in Iraq and providing training and support to Iraqi security forces.”

Foreign Minister Julie Bishop said in April that terrorism is “the most significant threat to the global rules based order to emerge in the past 70 years – and included in my considerations is the rise of communism and the Cold War.” That perspective has been questioned by previous Liberal leader Malcolm Turnbull, who was deposed by Abbott in 2009. Now the Communications Minister, Turnbull said that the threat posed by Islamic State should not be overstated because this lends credibility to the “delusions” of the jihadists. Turnbull said Australia had faced greater threats and Daesh was “not Hitler’s Germany, Tojo’s Japan or Stalin’s Russia.” Responding to Turnbull, Julie Bishop stood by her statement that Islamic extremism posed a greater threat than communism: “My assessment is based on the classified briefings I receive as a member of the National Security Committee, and from my confidential discussions with counterpart foreign ministers and national leaders around the world. We are in the early stages of a struggle against an extremist ideology that many nations regard as an existential threat. The inherent constraint of the principle of ‘mutually assured destruction’ that applied during the Cold War has no bearing on the actions of extremists like Daesh.”

The internal politics of the Liberal Party cause such exchanges to be viewed not merely as a discussion of the terrorism threat; they are weighed as part of the ongoing leadership contest between Abbott, Bishop, and Turnbull. In February, the prime minister released a counterterrorism review that found Australia faced a new, long-term era of heightened terrorism threat, with a much more significant “home grown” element. At the same time, Abbott issued a statement on national security laying out responses to “the new dark age that has settled over much of Syria and Iraq” and the threat Australia faced:

- In September, the National Terrorist Threat level was lifted to high – meaning a terrorist attack is likely – after a decade in which the threat was set at medium. Since then, Abbott said, two police officers had suffered a “frenzied attack” in Melbourne in September, 2014, and Australia confronted ‘the horror of the Martin Place siege’ in Sydney in December, when a gunman and two hostages were killed.
- Twenty people have been arrested and charged as a result of six counterterrorism operations conducted around Australia – one third of all the terrorism-related arrests in Australia since 2001 – within six months.
- At least 110 Australians have traveled overseas “to join the death cult in Iraq and Syria” and at least 20 of them had been killed. The number of Australians with hands-on

terrorist experience is now several times larger than those who trained earlier in Afghanistan and Pakistan.

- The Australian Security Intelligence Organisation had more than 400 high-priority counterterrorism investigations, double the number a year ago.
- A Foreign Fighters Task Force has been established in the Australian Crime Commission and the attorney general had announced a series of measures designed to combat terrorist propaganda online.
- A National Counter Terrorism Coordinator has been appointed.
- The government will look at new measures to strengthen immigration laws, as well as new options for dealing with Australian citizens who are involved in terrorism.

At a regional summit to counter violent extremism held in Sydney in June, Abbott welcomed representatives from 30 nations, calling the meeting a regional version of the White House summit on countering violent extremism held in February.

China's Asian Infrastructure Investment Bank

Australia parted ways with the US and Japan on China's creation of the Asian Infrastructure Investment Bank (AIIB). At first, in 2014, Australia stood with the US and Japan in refusing to join the proposed bank, but the Abbott government equivocated, reflecting divisions in the Cabinet over the merits of China's proposal and the US critique. One of Australia's geo-economic gurus, the economist Peter Drysdale, described the AIIB as a "strategic choice point" where Canberra shouldn't be following Washington's "negative" and "churlish" lead. On the geopolitics, former Labor Prime Minister Paul Keating was scathing about the Abbott government's initial rejection of the AIIB: "The government's decision to decline founding membership of the Chinese-proposed Asian infrastructure bank is the worst policy decision the government has taken since assuming office." Given the political and budget problems that afflicted the Abbott government in its first year in office, Keating's selection of "the worst policy decision" was a strong reading of the AIIB stakes.

By March 2015, the Abbott government had decided to abandon the stance taken by the US and Japan. He announced Australia would sign up to join the AIIB. Good progress has been made on the bank's design, governance, and transparency, Abbott told reporters: "We're certainly well and truly disposed to joining something which is in fact a genuinely multilateral institution with transparent governance, with clear accountability and with major decisions made by the board. That is really the fundamental thing for us, would major decisions be made by the board and is it going to be a multilateral institution rather than one that is controlled by any one country. Now, I have had a number of conversations with President Obama, I have had a number of conversations with Prime Minister Abe and those conversations are continuing." In June, Australia's Treasury Secretary Joe Hockey announced Australia would become a founding member of the AIIB. Australia committed to contributing A\$930 million into the bank over five years, making it the sixth largest shareholder.

As the treasurer was in Beijing to sign up to the AIIB, former Treasury Secretary Martin Parkinson attacked US concerns about the transparency and economic management of the new bank as “absolute garbage.” He told a Canberra conference that Australia had multiple conversations with China about changing and improving the design of the AIIB: “My colleagues went to China on my behalf and we actually made very, very significant changes in the way the Chinese first conceived of it. We could have made even more changes if we’d had US and Japanese support, but we didn’t.” Parkinson said the level of transparency attained was good enough for Australia, South Korea, Canada, and Britain – all allies of the US – to join the bank. The former treasury secretary said the IMF had operated as an extension of the US Treasury and the Asian Development Bank was a Japanese tool: “We’ve got an emerging China wanting to reshape the rules of the world’s capital markets and it’s going to happen whether we like it or not. If we are not actually in there helping shape it, it’s going to be a much harder task.”

The Trans-Pacific Partnership and 10 years of the US free trade agreement

The centerpiece of the Obama’s administration’s economic approach to Asia, the Trans-Pacific Partnership (TPP), is embraced by Australia as “one possible pathway toward realising the vision of a free trade area of the Asia-Pacific.” As one of the 12 countries negotiating the TPP, Australia describes these key interests and benefits:

- The TPP has the potential to forge stronger economic links between economies in the Asia-Pacific region based on common rules for trading. It is in Australia’s interests to be involved to shape the direction of the initiative.
- The TPP will provide new opportunities for Australian goods to be used in manufacturing and production processes in the region.
- Australia does not have trade agreements with a number of TPP parties. The TPP could provide Australian exporters of goods and services with increased access to these new markets.
- The TPP provides an opportunity to benefit Australia’s significant services sector, through enhanced access for service suppliers involved in education, legal, financial, mining, and agricultural services.
- The TPP will provide substantive outcomes on electronic commerce which will benefit consumers and businesses.

When the US Congress in June gave the Obama administration “fast track” authority to conclude the TPP, Australia’s Trade Minister Andrew Robb said the agreement could be achieved with one more round of ministerial negotiations. But that round in Hawaii could not clinch the deal. Robb said provisional agreement has been reached on 90 percent of the TPP issues: “The provisional decisions already taken would make this the biggest regional agreement in the world and the most significant agreement since the conclusion of the Uruguay round more than 20 years ago. From Australia’s perspective we have made significant gains across every area,

including agricultural market access.” The trade minister said issues to be resolved include “automotives, data protection around biologics, dairy and also sugar.” Robb said the US and Japan were “very, very keen” to secure the TPP, as is Australia. But the differences remaining and the US election calendar meant the agreement could still be out of reach: “You can get very close and not make it.”

As Australia reached for the TPP, it also marked the 10th anniversary of the Australia-United States Free Trade Agreement (AUSFTA). Robb said the agreement had proven its value to Australian business. Two-way trade in goods and services between Australia and the US has increased from \$41 billion in 2004, the year prior to AUSFTA’s entry into force, to more than \$60 billion in 2014. “In that time, the proportion of imports from Australia entering the United States tariff-free has increased dramatically,” Robb said. “In 2004, only 46 percent of imports from Australia entered the United States tariff-free. By 2014, 90 percent of imports from Australia entered the United States tariff-free. A further 6 percent of Australian imports entered under preferential AUSFTA tariff rates.” In January 2015, duties on a further 10.7 percent of US tariff lines were removed, and more reductions will ensue. By 2023, 98.4 percent of US tariff lines will be duty-free. Two-way investment has more than doubled, from \$642 billion in 2004 to more \$1.3 trillion in 2014. Robb said the United States is the largest investor in Australia and the number one destination for Australian investment abroad.

China: fear and greed

Many people applaud China’s achievements and have great confidence in China, while some others have concerns about China – and there are also people who find fault with everything China does. I think these diverse views are to be expected. After all, China is a large country of over 1.3 billion people. It is like the big guy in the crowd. Others naturally wonder how the big guy will move and act, and they may be concerned that the big guy may push them around, stand in their way or even take up their place.

President Xi Jinping, Address to the Australian Parliament, November 2014

China’s president spoke to the Australian Parliament following the G20 Summit in Brisbane. It was Xi’s fifth visit to Australia, as he told Australia’s MPs and senators: “Since my first visit in 1988, I have visited all six states and two territories of Australia except Tasmania. These visits have left a great impression on me, and I still cherish vivid memories of the strange-looking kangaroo, the cute koala bear, flocks of white sheep, the ingenious Sydney Opera House, and the boundless expanses of the outback. Everywhere I have been, I have personally experienced the goodwill of the Australian people towards the Chinese people.” Only days before Xi spoke to Parliament, Tony Abbott delivered a private three-word headline for Australia’s approach to China, saying it was defined by “fear and greed.” The prime minister started out as a journalist, press secretary, and speech writer. His skill with a pithy phrase is a political strength that can produce the odd headache.

The “fear and greed” comment rates as a classic gaffe – a too-blunt-statement of the truth. The judgement was made in a private conversation with the German leader Angela Merkel in November 2014, just after the G20. When the two leaders sat down together in the prime minister’s Sydney residence, Merkel’s opening question was about what drives Australia’s China

policy. In April, *Fairfax* media revealed the “fear and greed” response, quoting both Australian and German sources. The line was just too vivid to stay secret. *Fairfax* media’s John Garnaut compared “fear and greed” to the 2009 comment by Prime Minister Kevin Rudd that he was a “brutal realist” on China. Rudd used that line to US Secretary of State Hillary Clinton and it was revealed when the US record of conversation was published by WikiLeaks.

At the moment, Australians are driven more by the greed than worried by the fear. The Lowy Poll of Australian attitudes found a solid majority (77 percent) of Australians see China as “more of an economic partner to Australia” than a “military threat,” while only 15 percent see it as “more of a military threat.” But 39 percent of the population thinks it “likely” that China will become a military threat to Australia in the next 20 years. In the event of a “military conflict between China and Japan,” 84 percent say Australia should remain neutral, 11 percent say Australia should support Japan, and 3 percent say Australia should support China.

Whether called greed or economic self-interest, the Australian view of the trade relationship with China was given a major public boost by the achievement of a bilateral free trade agreement, clinched in 2014 and formally signed in 2015. The trade pact took 10 years to negotiate. This was an effort presided over by four Australian prime ministers – two Liberal and two Labor. Australian service industries, in particular, were surprised at how generous the terms finally granted by China. Beijing offered unlimited access for Australia to build private hospitals, aged care homes, hotels and restaurants, with 100 percent Australian ownership. Plus, it offered concessions on entry for Australian legal services, financial services, education, telecommunications, tourism and travel, construction and engineering, manufacturing services, architecture and urban planning, and transport. Trade Minister Andrew Robb made nine trips to China in a year to seal the deal. Because three-quarters of Australia’s economic output is services, not goods, Robb’s focus at the end was on how China’s market is tightly shut against foreign services. The trade minister said the breakthrough was to get Beijing to see Australia as the equivalent of one of its Special Economic Zones, where usual regulations are suspended to facilitate foreign trade. Robb told China’s commerce minister “You ought to think of Australia as a special economic zone for services. We’ve got a population of 23 million – that’s smaller than some of China’s special economic zones. Then, if the Americans or the Europeans want to claim the deal with Australia is a precedent that they should be allowed to follow, you just say we treated the Australians as a special economic zone.”

The debate about fear and greed was central to a speech in May by Secretary of the Defence Department Dennis Richardson, who has previously served as secretary of the Foreign Affairs Department and ambassador to the United States. Talking about the big developments shaping Australia’s new Defence White Paper, Richardson pointed to changing power relationships reshaping the region and the central relationship between China and the US: “Expressed in its most simple and basic terms, our relationship with China and the United States can be summarised in one simple phrase: friends with both, allies with one.” Richardson said that America’s superpower stature is not at risk over the short to medium term. The US is committed to maintaining its global primacy, Richardson said, but as it juggles many pressing priorities, the US “looks for much more help from allies such as Australia.” He said that in East Asia, and globally, the US-China relationship is the most crucial, “even as both sides struggle to keep it on an even keel.”

The defence secretary said Australia's relationship and interests with China are different. Australia was still "developing the appropriate balance of trust and confidence" with China. Richardson stressed Australia's concerns about China's "unprecedented" land reclamation activities in the South China Sea: "The speed and scale of China's land reclamation on disputed reefs and other features does raise the question of intent and purpose; it is legitimate to ask the purpose of the land reclamation – tourism appears unlikely. China now has more law enforcement and Coast Guard vessels in the South China Sea than the other regional countries put together. And given the size and modernization of China's military, the use by China of land reclamation for military purposes would be of particular concern. It is not constructive to give the appearance of seeking to change facts on the ground without any clarification of actual claims. It is legitimate to raise such questions and express such concerns because tensions and potential miscalculations are not in anyone's interest."

Trilateral partnership: the US, Japan, and Australia

On the sidelines of the G20 in Brisbane on Nov. 15, 2014, Australia, Japan, and the US had their first trilateral leaders' meeting since Sydney's 2007 APEC meeting. The joint statement from the president and two prime ministers committed to "deepening the trilateral partnership" to ensure a "peaceful, stable, and prosperous future for the Asia-Pacific region," building on a partnership founded on "shared interests and values, including a commitment to democracy and open economies, the rule of law, and the peaceful resolution of disputes." Reflecting the language the Abe government has injected into Japan's alliance with the US, the communiqué said "the three leaders reaffirmed the global reach of their cooperation." For Tony Abbott, the trilateral was a chance to talk simultaneously to the big 'A' Ally, the US, and the small 'a' ally, Japan. (See last year's [Comparative Connections on Australia](#) for more on Abbott's language dubbing Japan an Australian "ally.")

The opposition Labor Party has stepped back from Abbott's enthusiasm for Japan as the closest relationship in Asia. Labor's previous policy platform, set by the Gillard government in 2011, stated "Labor will further strengthen engagement with Japan, Australia's closest partner in Asia." Labor's new platform agreed in July, 2015, gives Japan no "closest partner" language, instead placing Japan in an all-purpose regional paragraph, "Labor seeks to strengthen economic, social, cultural and educational ties with countries including Japan, Korea, India and Indonesia based on mutual respect and a sense of genuine partnership in our own Indo-Pacific region. Labor supports enhanced cooperation through rules-based institutions and opportunities for regional engagement including the PIF, ASEAN, the EAS and APEC." No Labor enthusiasm there for increased trilateralism or closer military ties with Japan.

Abbott commitment to building the military relationship with Japan has been highlighted by his support for basing Australia's next-generation submarine on a Japanese design. In February, Australia launched the formal competition for the \$50 billion project to build the submarine; Japan, Germany, and France are shortlisted to bid for the contract. Sweden, which designed and helped build the existing *Collins*-class submarines, was dropped from the competition. Options to be considered are for design and build overseas, in Australia, and/or a hybrid approach. Japan is seen by many Canberra commentators as the bidder to beat in Australia's most expensive ever

defense project, even though Canberra and Tokyo have no history of major defense construction partnerships.

To understand how far Abbott has pushed the submarine decision toward Japan, consider what Australia's submarine choice would look like today if the Coalition had not triumphed in Australia's 2013 election. If the resurrected Labor leader Kevin Rudd had won, a Labor government would be steering the submarine course set out in Labor's 2009 and 2013 Defence White Papers. Japan wouldn't have surfaced. There would be no "Option J" and no Japanese submarine even in the field; much less the PM's unofficial favorite. Tony Abbott has shifted the game by embracing Abe Shinzo and making a Japanese sub a centerpiece of that relationship. If Australia adopts the Japanese *Soryu*-class design, it would be married to a US weapons system.

The foreign minister in the Gillard Labor government, Bob Carr, commented in March that selecting the Japanese submarine could look like a strategic statement made at the insistence of the US: "The US may want to edge Australia into a trilateral arrangement to support Japan in any showdown with China. Of course, this may not be a considered US strategy, or a particularly high priority. It should nonetheless be a goal of Australian diplomacy to let down gently both Japanese and Americans if this is, in fact, a serious expectation."

The critique from the Opposition Labor Party is that the Abbott government has lined up with the US and Japan against China. Even more pointedly, Labor's analysis is that the Abbott government has chosen Japan over China. The deputy leader of the Labor Party and shadow Foreign Minister Tanya Plibersek says the government's management of the big power relationships has been defective. She calls the initial hesitation over joining China's AIIB "one of the most perplexing things we've seen from this government." In an interview with *The Australian* newspaper in May, Plibersek saw no "long-term or strategic thinking" in the Abbott government's dealings with the US, China and Japan. "The real issue," Plibersek said, "is a prioritising of the relationship with Japan and the United States over the relationship with China. Most particularly, our partnership with the United States is one of the most important partnerships we have, and I wouldn't undermine that for a second. But in instances where they didn't have to, they [the Abbott government] have seemed to make a choice in favour of Japan over China. And I think our interests are best served by having good and strong relationships with both countries. And I don't think that has been the policy of the government to date."

Julia Gillard on Obama, defense, and the alliance

The two of us clicked on several levels. Both President Obama and I were unlikely leaders of our nations...I have pointed to my own apparent disqualifications from office – a childless atheist woman living in a defacto relationship – and joked I would never had made it in America.

Julia Gillard, *My Story*, 2014

Australia's 27th Prime Minister Julia Gillard – leader from 2010 to 2013 – released her autobiography toward the end of 2014. There were warm stories about Obama and a sustained assault on the character and record of Kevin Rudd, the leader Gillard deposed in 2010 and who, in turn, deposed Gillard just before the 2013 election that Labor lost. Gillard offers insights into

the two Defence White Papers produced by Labor – the Rudd Government Paper in 2009 and the Gillard Paper in 2013. She writes that she inherited “unrealistic” defense settings from Rudd and hints faintly that she bequeathed the same to the Abbott government.

Gillard’s book is useful on defense policy, if not as vivid in its verbal voltage as it is about Rudd’s “destabilization,” “leaking,” and “treachery.” In such a spirit, turn to Julia’s demolition of the 2009 Defence White Paper. She makes familiar criticisms. But this is the deputy prime minister who was present at the creation (of the mess). On the Rudd white paper, Gillard writes: “The overblown nature of the prose had drawn an adverse reaction from the Chinese and the budget rule laid out in the White Paper for defence expenditure was unrealistic and almost immediately breached.” Gillard writes herself into a key moment of that overblown and unrealistic effort. The deputy PM filled in for Rudd as chair of the National Security Committee for a “pivotal” meeting on reallocation of funds within Defence and new White Paper spending priorities: “When the meeting had to break into a series of side conversations in the corners of the Cabinet room, it was obvious that the process was unravelling and the final product would suffer as a result.”

Gillard disposes of her 2013 Defence White Paper in two paragraphs. She thinks it “set more modest and realistic ambitions” and the document was “methodical and careful.” The muted pass mark rests on an admission: “Our government did not find the complete solutions.” Savor that negative as an indication of the reason the Abbott government needed its own Defence White Paper, the third in six years, when in previous eras Australia got by with an average of one Defence White Paper per decade. On defense equipment, Gillard gets all the headaches into one true, terse sentence: “Defence has historically faced massive cost, time and capability problems when undertaking major procurements.”

Gillard’s big step on the alliance was the announcement during President Obama’s 2011 Canberra visit that US Marines would train in northern Australia. Considering the policy in the Cabinet, the big worries were “another nation’s soldiers training on our soil” and “the concerns of the foreign policy establishment about the regional reaction.” Offering a fine rendering of the mix of personality, power, politics, and policy in any such choice, Gillard describes how she rejected a cautious, small-steps approach to the Marines to go all-the-way-with-Obama:

“I came to this view not because it was going to be easy, indeed managing regional reaction, particularly China’s, had a high degree of difficulty. Rather I thought it was the right decision strategically for the future. It would meet an American need. It would facilitate joint training and exercises at a time beyond both our deployments to Afghanistan. It would show our preparedness to modernise the alliance between our nations. It would also send a self-confident message to our region that Australia was not succumbing to a dogma of false choices between valuing our alliance and our relationships in the region in which we live. I was also absolutely confident that the days of progressive Left protests against an American presence on Australian soil were behind us, and contemporary politics, including an America led by a Democrat, meant this initiative would be well received.”

Kevin Rudd on Australia, the US and China

The history war between Gillard and Rudd is set to run for a long time. Yet one thing these two Labor leaders could agree on is the equal interests Australia must pursue with the US and China.

Rudd offered his recipe in the report he wrote at Harvard, *US-China 21 – the Future of US-China relations under Xi Jinping*. In presenting the report, Rudd as a “wandering antipodean” had some “lost in translation” moments caused by the “unique Australian variant of the English language” and the different perspectives that the “Down Under” nation has on the region:

This raises the question of whether there is, in fact, a distinctive Australian view of Asia in general, and China in particular, that would not otherwise normally be found elsewhere in the international academy. That, of course, is largely for others to answer. Once again, I would argue that proximity matters. For us, the region has never been an abstraction, but always a living, breathing strategic, economic and cultural reality with which we have had no alternative other than to engage. Australians also, wherever practicable and possible, seek to act as a bridge if there are problems to be solved. At our best, because of where we find ourselves in the world, rather than because of any particular national virtue, we can be the West in the East, and the East in the West.

The idea of Australia acting as the West in the East and the East in the West asks some big questions of Australia’s abilities and capabilities. And some interesting prospects for Australia’s alliance with the US.

Chronology of Australia-East Asia/US Relations September 2014 – August 2015

Sept. 12, 2014: Alert level for possible terrorist attack in Australia raised from medium to high.

Sept. 14, 2014: Australia announces it will deploy 600 military personnel for combat in Iraq.

Sept. 17, 2014: Fiji holds its first election since the military coup eight years ago. The Fiji First Party of Frank Bainimarama wins the vote and he becomes elected prime minister.

Sept. 20, 2014: In the New Zealand election, the National Party government of John Key is returned for a third term.

Sept. 21, 2014: RAAF aircraft leave Australia to fly to Dubai to take part in the US-led campaign against Islamic State militants.

Sept. 22, 2014: In a national security statement, PM Abbott tells Parliament that “darkening times” mean Australia will have to recast the balance between freedom and security. The government introduces new antiterrorism laws, including a clause affirming that security agencies are prohibited from the use of torture.

Sept. 26, 2014: In Phnom Penh, Australia’s Immigration Minister Scott Morrison signs an agreement for Australia to send asylum seekers for resettlement in Cambodia.

Oct. 20, 2014: PM Abbott attends inauguration of President Joko Widodo in Jakarta.

Oct. 22, 2014: Pacific Islands Forum announces that following its election, Fiji's suspension from the Forum has been lifted.

Oct. 31, 2014: Australia's Foreign Minister Julie Bishop visits Fiji for talks with newly elected Bainimarama government. She lifts remaining sanctions on Fiji's regime and proclaims a "new era" in relations.

Nov. 15-16, 2014: G20 Summit is held in Brisbane. A sidelines trilateral is held between the US, Australia, and Japan.

Nov. 17, 2014: China's President Xi Jinping addresses the Australian Parliament.

Nov. 18, 2014: India's Prime Minister Narendra Modi addresses the Australian Parliament.

Dec. 16, 2014: A hostage siege in a coffee shop in central Sydney ends with three people dead. One of those killed is the gunman, Man Haron Monis, who had a record of prosecutions and criminal convictions. Monis was known for his radical Islamist views and for sending hate mail to the families of soldiers killed in Afghanistan.

Dec. 21 2014: PM Abbott reshuffles his Cabinet, dropping the Defence Minister David Johnston and appointing Kevin Andrews as Defence Minister.

Jan. 4, 2015; PM Abbott visits Baghdad to express support for Iraq's government in the fight against Islamic State.

Feb. 9, 2015: PM Abbott beats a motion in the Liberal Party Parliamentary Caucus to depose him as leader. Liberal MPs and Senators vote 61-39 to reject the spill motion.

Feb. 13, 2015: First meeting of Australia-Japan Cyber Policy Dialogue is held in Canberra to discuss the development of international cyber norms and the application of international law to state behavior in cyberspace.

Feb. 18, 2015: US Court of Military Commission Review strikes down the terrorism conviction of an Australian, David Hicks, who served with Al Qaeda in Afghanistan, and who was held by the US at Guantanamo Bay from January, 2002, until May, 2007.

Feb. 20, 2015: In the formal competition for the \$50 billion project to build the next generation Australian submarine, Japan, Germany, and France are shortlisted to bid for the contract.

Feb. 23, 2015: PM Abbott's national security statement announces the creation of a new counter terrorism coordinator.

March 3, 2015: PM Abbott announces Australia will send an additional 300 troops to Iraq to train Iraqi soldiers. New Zealand is to send 140 troops on the same mission.

March 17, 2015: Vietnam's Prime Minister Nguyen Tan Dung arrives to visit Australia and sign an Enhanced Comprehensive Partnership.

March 21, 2015: Welcome home parades held for the 34,500 Australians who served in Afghanistan, with marches in Canberra, the six state capitals, plus Darwin and Townsville.

March 29, 2015: PM Abbott announces that Australia will become a founding member of China's new development institution, the Asian Infrastructure Investment Bank.

April 12, 2014: US Marines from California arrive in Darwin to begin the fourth Marine rotation to Northern Australia.

April 18, 2015: FM Bishop becomes the first Australian foreign minister to visit Iran in 12 years, announcing an agreement for intelligence sharing between Australia and Iran.

April 25, 2015: 100th anniversary of Gallipoli landing in Turkey during WWI commemorated at ANZAC Cove, attended by Australian and New Zealand prime ministers.

April 29, 2015: Indonesian firing squad executes two convicted Australian drug smugglers. PM Abbott calls punishment "cruel and unnecessary." Australia recalls its ambassador from Jakarta.

May 25, 2015: Diplomat Greg Moriarty, previously Australia's ambassador to Indonesia, is appointed Australia's first counterterrorism coordinator.

June 17, 2015: Australia and China sign a free trade agreement with PM Abbott hailing it as "history making" for both countries.

June 29, 2015: Australia and Singapore announce a comprehensive strategic partnership to increase defense and economic cooperation, as PM Abbott visits Singapore to meet Prime Minister Lee Hsien Loong.

July 1, 2015: Australia's new Border Force - merging the frontline functions of Customs and Immigration - begins operation, with responsibility for immigration security at Australia's air and sea ports and Australian waters.

July 5, 2015: Australia's largest combined defense exercise with the US starts – this time with Japan participating. The biennial training activity, *Talisman Sabre*, involves up to 30,000 US and Australian defense staff. The exercise is held near Rockhampton, in Queensland, and at Fog Bay, southwest of Darwin.

July 24, 2015: Australian Labor Party's 47th national conference to decide the policy platform.

Aug. 11, 2015: PM Abbott announces Australia will commit to reduce greenhouse gas emissions to 26-28 percent below 2005 levels by 2030.

