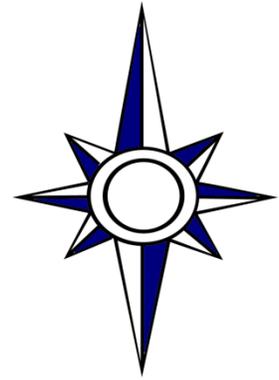


# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## Australia-East Asia/US Relations: Turnbull, TPP, and Trump

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While Malcolm Turnbull's coalition government was narrowly returned to office in Australia's 2016 election, Australia's thinking about Asia's future hinges on another election. Concern about the US presidential race has joined worries about Asia's "rules-based order" and growing competition between the US and China. Not least of Australia's fears is what US politics will do to the Trans-Pacific Partnership trade deal.

### Australia's election – the returned Turnbull government

When Malcolm Turnbull deposed Tony Abbott as prime minister in a party room vote in September 2015, the pitch that convinced a majority of Parliamentary colleagues was that having trailed in 30 straight opinion polls, Abbott would lead the government to defeat in the 2016 federal election. As soon as Turnbull presented the annual federal budget in May, 2016, he called the election to seek a fresh mandate. Turnbull achieved election victory – just, with a one seat majority in the House of Representatives. The Coalition government went from holding 90 seats in the 150 seat House to 76 seats.

The election campaign was intensely domestic, focusing on the economy, health, and education. When foreign and defense issues did arise, the debate between the Coalition and Labor was notable for consensus rather than clash. At the National Press Club election debate with Defense Minister Sen. Marise Payne, the Opposition's shadow defense minister, Sen. Stephen Conroy, concluded by saying the event demonstrated "an overwhelming degree of bipartisanship."

Even apprehensions and anxieties about China are a matter of tacit agreement between the Coalition and Labor. The public difference on China is a matter of degree: how hard should Australia go to demonstrate its overflight and sailing rights in the South China Sea? Sen. Conroy said standing instructions don't allow the Australian Defence Force to do a freedom of navigation operation in the South China Sea – it's a government decision. And so far, no new decision has been made and no such instruction issued. The shadow defense minister promised that a Labor government would authorize such operations to challenge the "absurd building of artificial islands on top of submerged reefs." He said Australia should act against "destabilising behaviour" because "the international rules system is under threat." On freedom of navigation

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operations in the South China Sea, Sen. Payne said Australia “won’t flag or comment publicly on future Australian Defence Force activities.” Then she got a second chance on the topic of the South China Sea in a later question from the *Xinhua* correspondent; a sign of the times that the only non-Australia media question at the Press Club came from China’s news agency. Payne told *Xinhua* that, “Australia will continue to maintain its position of supporting freedom of navigation, freedom of overflight according to international law in all of our activities. And that includes the South China Sea. It’s quite clear that amongst the competing claims there is an impact on relationships, an impact on stability within the region... We’re not in the business of commenting publicly in advance on specific details of future ADF activities.” The beauty of the no-comment-in-advance stance is the wriggle room it gives Canberra with Beijing. The wriggle can even be taken as a wink that Australia won’t follow the US all the way. Such wriggle space is necessary, according to Sen. Conroy, because China could be leaning on Australia economically, using the recently signed Australia–China free trade agreement:

I was very disturbed to see a report recently that the Chinese government, when Mr. Turnbull visited Beijing, said that if Australia was to engage in a Freedom of Navigation operation [in the South China Sea] that there will be serious economic consequences for them. I can’t confirm that’s true. I just observe that I read that report. I find that a very disturbing way to do business. If that was the case, that sort of bullying needs to be stood up to. A free trade agreement is meant to work as a free trade agreement, not be political leverage to force other outcomes and acquiescence and obsequiousness.

In the twin debate on foreign policy at the National Press Club, the journalist questions started with the South China Sea and ended on China’s suppression of internal dissent. In the faceoff between Foreign Minister Julie Bishop and Labor’s shadow Foreign Minister Tanya Plibersek, China got more questions than the Middle East, foreign aid, or the dangers of Britain exiting Europe. The bipartisan tone of the defense debate echoed in foreign affairs. Plibersek pointed to the common ground between the major parties on what Labor calls the three pillars: the US alliance, international institutions, and engagement with Asia.

Increasingly, in Australian politics, China is becoming the other pillar in this listing of foundational international interests; the top trade partner is also the top security concern. Julie Bishop’s opening statement naturally enough emphasized the positives: “There’s huge opportunity for us in Asia where change is exponential. About 20 years ago, less than a fifth of the world’s middle class was in Asia. In 10 years time, it’ll be two-thirds.”

The regular language about Asia’s opportunities now comes with parallel discussion of the need to maintain Asia’s order. In a written account of [Coalition policy](#), the foreign minister said Asia’s strategic and economic blessings since the 1950s rested on a liberal order “underwritten by the uncontested maritime power and reach of the United States.” The big job now, she said, is to preserve that order. The “enormously important issue” is to “ensure that an increasingly powerful China emerges as a responsible and constructive contributor to regional affairs, and eventually assume its rightful place as a regional leader within that order.” The language about China being responsible and constructive and taking its rightful place is familiar; it’s now a few decades old. Yet these days Canberra utters those words by rote, through gritted teeth with just a hint of shrillness.

Julie Bishop said Australia wouldn't be provocative in its approach to China's 12-mile zones in the South China Sea: "We will continue to traverse the water and the skies around the South China Sea as we have always done. Because for us to change operations now, I believe, would escalate tensions and that would not be in the interest of the claimant countries or our relationships with countries in the region." That drew this follow-up from the Press Club chairman: "You would tell us if you got within 10 miles wouldn't you?" Bishop: "The boundary is 12 nautical miles, so if we are 12.1 nautical miles we are still within our standard operational procedure."

Such caution is the approach advocated by retired Liberal Prime Minister John Howard. In a speech in April, Howard said Australia should affirm principles of international law but "we should guard against overreaction." In an interview with *The Wall Street Journal*, Howard stressed the need for patience in the South China Sea: "What is the alternative? To try [to] bring it to a head? No, I don't think that is very smart.... I just think we have to be patient. Don't retreat, but be patient."

When the UNCLOS Arbitral Tribunal in The Hague announced its decision on the South China Sea in July, Foreign Minister Bishop called on China to accept the "final and binding" decision: "It is an opportunity for the region to come together, and for claimants to re-engage in dialogue with each other based on greater clarity around maritime rights.... We urge claimants to refrain from coercive behaviour and unilateral actions designed to change the status quo in disputed areas."

## **Go Hillary, begone Trump**

Along with China, the other foreign policy worry getting plenty of discussion is the chance of a Donald Trump presidency.

The standard Canberra line on the US presidential election is that Australia will always work with whoever is elected by the American people. It's a principled statement of the obvious. In 2016, though, that mantra was regularly interrupted by eruptions of terror at what a Trump presidency would mean for Australia and Asia. The strongest statement of that fear was during Australia's federal election campaign in May when the Opposition Leader, Bill Shorten, described Trump as "barking mad." Shorten told a Darwin radio station: "I think Donald Trump's views are just barking mad on some issues." The Labor leader described Trump as the "ultimate protest vote" for the American people. Then Shorten scrambled back to the mantra: "But, anyway, let's see how the elections go. America's a great friend of Australia and whoever they dish up, we'll work with. But wow!"

The "wow" at what Trump would mean for Australia and the region focuses on what the Republican candidate's announced beliefs would alter for longstanding Australian defense policy, the Australia-US alliance, and the broader US alliance system in Asia. These issues have been examined in a series of commentaries by Kim Beazley, former deputy prime minister, Labor leader, and Australia's ambassador to Washington from February, 2010 to January, 2016. Beazley said Trump would threaten a **substantial dismantling** of the US position in Asia: "It's isolationism on speed." Should Clinton be elected, Beazley **wrote**, the thrust of American policy

in Asia will be sustained. But “the future is problematic” if the US chooses Trump: “The Trans-Pacific Partnership (TPP) would be killed immediately; the Chinese relationship would go from competitive to adversarial. The relationship with Japan and Korea would be instantly complicated.” After the Republican convention anointed Trump as the candidate, Beazley said Australia would have to make “[immediate, forceful and sustained](#)” responses to the advent of a President Trump:

We can’t afford to sit back and let mayhem rule. More broadly, we can’t afford to see our region, including relations with China, fall victim to ill-considered confrontations. Some have confidence that the US constitutional system of checks and balances will counter Trump’s worst excesses. The President has few positive initiatives he/she can engage without Congress. The powers however for a US President’s negative initiatives are manifold. He can undermine confidence among allies that he will initiate action in support of them under any guarantee. He can use the broad license US trade laws give an American President to pursue punitive action against trade partners.

Beazley predicts a Trump victory would mean the 2016 Australian Defence White Paper would be immediately rewritten next year, with more emphasis on Australia military “self-reliance” and less weight given to the international “rules-based order.” In the Beazley view, the 2016 white paper – with a proclaimed perspective out to 2035 – would have to be remade within months because of Trump: “Strategic sections will look very different. We won’t be able to make assumptions about American forward policy. We would still be deeply embedded in what might be seen as the American deep state—the intelligence community, the military and the arms industry. However, a lot more intellectual muscle would need to be put on the priority attached to defending our approaches.”

The head of the Australian Strategic Policy Institute, Peter Jennings, suggested that a President Trump proclaiming ‘we won’t pay – you pay’ could force Australia to double defense spending from [2 percent to 4 percent](#) of GDP.

## **Trans-Pacific Partnership**

As one of the 12 nations that signed the Trans-Pacific Partnership, Australia’s polity has watched in horror as the US presidential campaign trashed the worth of the TPP. In the Australian interpretation, a US that turns away from the TPP would also be turning away from Asia. This is how Prime Minister Turnbull put it in a June [speech](#) marking the 10<sup>th</sup> anniversary of the US Studies Centre in Sydney:

The TPP will open new markets but it is much more than a traditional trade agreement. It will help level the playing field - bringing greater transparency and stronger rule of law - for those who do business especially in the less-developed economies of our region. Crucially, as I emphasised to Congressional leaders earlier this year, a successful TPP will entrench the US as the strong, credible and enduring guarantor of the rules based order in our region.

Turnbull’s ‘crucial’ comment defines the stakes: Australia believes that if the US steps back from the TPP it will retreat from that role as the *strong, credible and enduring guarantor of the rules based order* in Asia. In a speech in Washington in May, Australia’s Ambassador to the US Joe Hockey said failure to approve the TPP would have “significant” economic and national

security “implications for the future of the United States in the Asia-Pacific region.... The United States could lose this opportunity to show leadership in the Asia region proposed through the TPP.” The previous Australian treasurer riffed against the Trump slogan “Make America Great Again” by saying that it was free trade that made America great. In June, Hockey said the deal was “hugely important” for Asia and the US: “If America does not pass the TPP it will be the first time that America has ever rejected a free trade agreement and if America walks away from its own values ... then we’ve got much bigger challenges over the years ahead.”

Former Labor Trade Minister Craig Emerson argues that if the US abandons the TPP it will cede advantage to China. Greater focus would move to negotiations for the Regional Comprehensive Economic Partnership being pushed by Beijing, covering 16 countries, including India. Australia is one of the countries working on the RCEP. “The TPP was identified by the US as giving practical effect to its pivot into Asia,” Emerson said. “If it doesn’t proceed with passage of the TPP through Congress, this opens up an opportunity for China to accelerate the negotiations on the RCEP of which America is not a member.”

### **Obama-Turnbull surprises**

The surprises in the Australia–US relationship are always revealing. Two unscripted moments during this survey – one from each side – are notable. The first is Australia’s decision to lease the Port of Darwin to a Chinese company. Obama expressed Washington’s displeasure at being blindsided in his first meeting with Turnbull saying, ‘[Let us know next time.](#)’ That was about the alliance and the US Marines in Darwin and it was about China, China, China. The second is the US “form” letter to 40 partners, including Australia, asking for extra effort in Iraq and Syria. Australia was gobsmacked when the letter from the US defense secretary was lobbed without prior consultation. This offended its sense of what sort of ally it is, and how it should be treated.

Washington’s letter produced the unusual sight of an Australian prime minister making his first visit to Washington, partly to explain saying “No” to a US alliance request. In December 2015, a letter from the US Defense Secretary, Ash Carter, arrived in the office of Australia’s Defense Minister, Marise Payne, asking for an increased military contribution to the conflict in Iraq and Syria. It was seen by Australia as a form letter because it was sent to 40 of the US allies and partners. What amazed Australia was that it didn’t know the letter was coming. As *The Saturday Paper*’s [Karen Middleton recounted](#), this was the letter that caused Australia to go, Whoa!:

When it comes to seeking support in military operations, there is an understanding between Australia and the US: Australia won’t be asked for a contribution unless and until it is in a position to say yes. If the US wants to ask, the issue will be discussed in a conversation between officials. If the Australians indicate the response will be positive, then a written request will be made—sometimes along with a leader-to-leader phone call—in very specific terms. But if the answer is not going to be yes, then the request is never officially lodged.

Here was Washington making a formal alliance request in a way that produced a rare formal negative from Canberra. The “surprise” lens offers the view that Canberra’s response was about more than war fighting – it was about how the great and powerful friend should treat a close ally. Not least of the offense was that being included among the 40 didn’t recognize what Australia was already doing. On Jan. 13, 2016, Payne released a [statement](#) saying, “The US has asked 40

or so other countries, including European countries, to consider expanded contributions to the coalition, following the attacks in Paris. Australia has considered the request from US Secretary of Defence Ash Carter in light of the substantial contributions we are already making to train Iraqi security forces and to the air campaign. The Government has advised Secretary Carter that our existing contributions will continue.” This was a gentle wording of the negative response. Indeed, Payne went on to say that Australia would increase the number of personnel in coalition headquarters from 20 to 30, and Australian aircraft in the Middle East were available to provide additional airlift for coalition humanitarian efforts. Still, the “No” reply rated as a part of the bilateral buzz a few days later on Jan. 19, when Malcolm Turnbull had his White House meeting with Barack Obama. As always, the White House is a most powerful backdrop for any Australian PM and Turnbull could emphasize that on the way to Washington he’d stopped off to visit both Afghanistan and Iraq. Obama’s [welcome](#) to Turnbull in the Oval Office, ironically, went to some of the same talking points Australia used in backgrounding its “No” response:

Malcolm has had an opportunity to travel to some key hotspots over the last several days, including Afghanistan and Iraq. And those are just two places where we see the value of Australia’s armed forces and the remarkable contribution that they have made and the sacrifices that they make consistently. Keep in mind that in our fight against ISIL, Australia is the second largest contributor of troops on the ground after the United States. They have been a consistent and extraordinarily effective member of the coalition that has helped to deliver an opportunity for the Afghan people to govern themselves and to build up their security forces.

Turnbull delivered a set piece Washington speech – ‘[Australia and the United States: New responsibilities for an enduring partnership](#)’ – that echoes the firm alliance language of Australian leaders for 70 years. Back to normal.

The furor over the Port of Darwin sale was not so quickly finessed. The Northern Territory’s decision to lease the Port to the Chinese company Landbridge for 99 years (November 2015 to November 2114, for a price of A\$506 million) was a top topic when President Obama had his first meeting with Prime Minister Turnbull, at the 2015 APEC meeting in Manila. Breaking the news of how the Port of Darwin lease figured in the Obama-Turnbull bilateral, the *Australian Financial Review* reported consternation in Washington about the US not being consulted on the decision, especially because of Landbridge’s alleged links to the People’s Liberation Army. Obama told Turnbull the US found out about the deal by reading the *New York Times*. To add to the offense, US officials read about the deal as they were returning from the annual Australia-US consultations on foreign affairs and defence. The *Review* reported Obama said he understood Australia’s relationship with China and its role in the region but the US should have been given a “heads up about these sorts of things.” The president told the PM, “Let us know next time.”

Secretary of Australia’s Department of Defence Dennis Richardson said the sale of the lease to China had gone through because the department did not have any security concerns about the deal since Darwin was a commercial port, not a naval base. Appearing before a Parliamentary committee in December, Richardson rejected concerns about the lease of the Port of Darwin as “alarmist” and “absurd,” insisting his department considered all security risks before giving its blessing. He conceded it was an “oversight” that Australia did not advise the US. He said Defence assessed the risks of a shutdown, sabotage, cyber-attacks, or the port being used for

intelligence gathering or stealing intellectual property. “We did our due diligence very carefully over an extended period of time in respect of the Port of Darwin,” the defense secretary said. “Nothing that has been said since the announcement has given us pause for thought.”

Not quite as sanguine, the government in December appointed to the Foreign Investment Review Board, David Irvine, who has headed both the counter espionage agency, the Australian Secret Intelligence Organization, and Australia’s overseas spy service, ASIS. Irvine has also served as Australia’s ambassador to China. Announcing Irvine’s appointment, Treasurer Scott Morrison said the Foreign Investment Review Board needed, “an even greater understanding of the broader strategic issues, including national security issues, that are essential to protect our national interest.” Sensitivity over the Darwin issue is seen as playing a part in the Federal Government’s decision in August, 2016, to ban two Chinese corporations from buying NSW electricity assets, on national security grounds.

### **The stalemate on paying for US Marines in Darwin**

In April, US Marines began their fifth annual rotation to Darwin. This year’s rotation involved 1,250 US Marines, a detachment of four helicopters and a range of equipment. The Marines were accommodated at Australian Defence facilities at Robertson Barracks, RAAF Base Darwin and Defence Establishment Berrimah.

During the six-month rotation, the US Marines trained with the Australian Defence Force across the continent. A statement from Australia’s Defence Department said the Marines and Australian troops also trained with forces from Japan and China and other partners in the Asia-Pacific.

Beneath the business-as-usual activity, however, is a stalemate that has turned into a protracted wrangle. Five years after President Obama announced the Marine rotation as a centerpiece of the rebalance, Australia and the US continue to argue over who will pay the cost of new housing, toilets and sewerage to be used by the US Marines in the Northern Territory. There is tentative agreement on some big ticket items such as hangars, runway extensions and fuel storage. The continuing dispute about personal facilities for the Marines is over a sum of about US\$150 million. More than the money, it has become a discussion about how the two allies see each other and where the line should be drawn in deciding on who pays for alliance benefits. The deadlock has dragged on so long that it has derailed the timeline for increasing the US deployment, knocking sideways the key Australian element of the pivot. Without the agreement, the US is pushing back the schedule to double the annual rotation from the current 1,250 Marines to a 2,500-strong Marine Air Ground Task Force. The doubling was originally due by 2016-17.

Australian officials say the US should pay for facilities to be used by Americans. Canberra argues it should not be expected to follow countries such as Korea and Japan, where the host nation covers the whole cost of basing US forces. Its view is that it has a different alliance history with the US. The trial-of-strength over the toilets – the dunny deadlock – continues.

### **Defence White Paper: Australia, the US, and China**

*“Don’t it always seem to go...That you don’t know what you’ve got till it’s gone.”* Joni Mitchell

Joni's song about "what's gone" was the sound track for Australia's Defence White Paper, released in February. The Australian lament was for a frayed and fraying international order. When Australia discusses China without mentioning China directly, it talks of the need for a "rules-based" order. In the Defence White Paper, the word "rules" is used 64 times – 48 of these in the formulation "rules-based global order." Here is an example of the white paper's Joni-flavored lament at the going of the rules:

The framework of the rules-based global order is under increasing pressure and has shown signs of fragility. The balance of military and economic power between countries is changing and newly powerful countries want greater influence and to challenge some of the rules in the global architecture established some 70 years ago...some countries and non-state actors have sought to challenge the rules that govern actions in the global commons of the high seas, cyberspace and space in unhelpful ways, leading to uncertainty and tension.

So the rules-wrecker is at work on the high seas, cyberspace, and space; this is Australia using rules-based challenger as a synonym for China.

The US version of the rules obsession is "principle," as in the need for Asia to have a "principled future" and a "principled security network." In his [speech to the Shangri-La Dialogue](#) in Singapore, the US Secretary of Defense Carter, used the words "principles" or "principled" a total of 37 times. Carter's description of the non-rules future sees China causing Asia "growing anxiety," risking "contests of strength and will, with disastrous consequences for the region."

Australia's Defence White Paper nominated six key drivers – with the US and China and rules-based order as the top two – that will shape Australia's security to 2035:

- the roles of the United States and China and the relationship between them, which is likely to be characterized by a mix of cooperation and competition
- challenges to the stability of the rules-based global order, including competition between countries and major powers trying to promote their interests outside the established rules
- the enduring threat of terrorism, including threats emanating from ungoverned parts of Africa, the Middle East and Asia
- state fragility in the immediate neighborhood
- the pace of military modernizations
- cyber threats

The white paper observes that major conflict between the US and China is "unlikely." This is a slight notch up from Labor's 2013 Defence White Paper, which predicted inevitable competition between the US and China but "not conflict." War is not impossible, just a matter of the odds. Australian defense planners predict a future marked by competition as much as cooperation with conflict one element of the planning spectrum. The paper's discussion of the contest between the US and China ran over four pages. Here is its flavor:

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 to 2035. The United States will remain the pre-eminent global military power over the next two decades. It will continue to be Australia's most important strategic partner through our long-standing alliance, and the active presence of the United States will continue to underpin the stability of our region... While China will not match the global strategic weight of the United States, the growth of China's national power, including its military modernisation, means China's policies and actions will have a major impact on the stability of the Indo-Pacific to 2035. China's Navy is now the largest in Asia. By 2020 China's submarine force is likely to grow to more than 70 submarines. China also possesses the largest air force in Asia, and is pursuing advanced fifth-generation fighter aircraft capabilities.... The relationship between the United States and China is likely to be characterised by a mixture of cooperation and competition depending on where and how their interests intersect.... While major conflict between the United States and China is unlikely, there are a number of points of friction in the region in which differences between the United States and China could generate rising tensions. These points of friction include the East China and South China Seas, the airspace above those seas, and in the rules that govern international behaviour, particularly in the cyber and space domains.

Some Australian-US alliance footnotes: At Shangri-La, Secretary Carter referred to Australia a couple of times, for the trilateral with Japan and also with the thought that what the US now has with Australia is a global alliance. After extolling the US-Japan alliance as the cornerstone of Asia-Pacific security, Carter said: "Similarly, the US-Australia alliance is, more and more, a global one. As our two nations work together to uphold the freedom of navigation and overflight across the region, we're also accelerating the defeat of ISIL together in Iraq and Syria." The global alliance usage is interesting and struck me as new (from the US side). Certainly, Carter didn't use it at Shangri-La last year. The 2015 [AUSMIN communique](#) had several usages of global – facing "global challenges" and the Global Coalition against ISIL. Now, it would seem, Australia has joined Japan in reaching for a global alliance with the US.

One of the gimlet-eyed Australians at Shangri-La suggested not reading too much into global alliance. The US, he said, would find it hard to use the previous glowing language about US Marines and northern Australia. The fiasco of China buying the Port of Darwin lease still aches and then there's the wrestle over who should pay for Marine facilities in the Northern Territory. Far easier for Carter to go global than say anything too insincere about what's been happening to the alliance inside Australia. The global gloss doesn't quite describe what is happening, because the US and Australia agree that the future focus of the alliance will be on where Australia lives. Australia's 2016 Defence White Paper uttered the unexceptional caution that "the interests of Australia and the United States will not always align" and Australia would have the capacity to respond to "regional and global security challenges wherever our interests are engaged." When it comes to the region, Australia's is enthusiastic with no conditions attached: "Australia welcomes and supports the critical role of the United States in ensuring stability in the Indo-Pacific region. The levels of security and stability we seek in the Indo-Pacific would not be achievable without the United States."

The turn toward Australia's copious backyard was evident in the Congress-mandated independent review of the US rebalance released in January by the Center for Strategic and International Studies:

From a US perspective, Australia has served critical military roles in recent years. First, Australian forces have served alongside US forces in the Middle East, helping to address the threat of terrorism. Second, Australia plays an increasingly important role within the Indo-Pacific region, particularly helping to address maritime challenges. Finally, Australia could serve as a sanctuary for US forces in the event of conflict, one that is distant enough from most conflict zones to protect US assets, but still close enough to allow rapid deployments to critical theatres. Although Australian contributions in the Middle East have been critical to US efforts there, Canberra's assistance is increasingly required in the Asia-Pacific region itself.

## Japan and Australia's future submarine

*Australia has a growing security relationship with Japan. In recent years we have signed treaty-level agreements on cooperation in defence science and technology, information sharing and logistics support. These agreements provide the basis for further developing our defence cooperation based on the 2007 Joint Declaration on Security Cooperation... We will continue to expand trilateral defence cooperation between Australia, Japan, and the United States for our mutual benefit.*" Australia Defence White Paper, 2016.

In the years since the 2007 signing of the Australia-Japan Security Declaration (in Abe Shinzo's first term as prime minister) the scope of Australia's military cooperation with Japan has broadened and deepened, as has the trilateral relationship with Japan and US. The trajectory of that Australia-Japan strategic relationship suffered a major setback in April when Japan lost the A-billion contest to design and build Australia's future submarine. France beat Germany and Japan to win the contract for 12 boats – "regionally superior submarines with a high degree of interoperability with the US" - to be made in the South Australia capital, Adelaide.

Japan's loss was directly related to the leadership tensions between Tony Abbott and Malcolm Turnbull, and Turnbull's eventual overthrow of Abbott. If Abbott had held on as prime minister, Japan would have stayed the submarine front-runner. In deciding on Australia's largest-ever defense project, this was an extraordinary collision of politics, geopolitics, and procurement policy. When Abbott became prime minister in 2013, he strongly favored a Japanese-designed submarine to highlight the growing strategic relationship with Japan and to burnish the trilateral with the US and Japan. In defense circles in Canberra, it was well understood that Abbott had a deal with Abe to [choose the Japanese design](#). The build would be in Japan with Adelaide adding finishing touches. Prime Minister Abbott said he wanted the best sub for the best price, and the view was this would come from Japan. As pressure from Turnbull's silent challenge grew, Abbott had to shore-up his numbers in the Parliamentary caucus. South Australian Liberal MPs and senators had the leverage to reshape the submarine process so that in 2015 it became a "competitive evaluation process" between Japan, Germany, and France. The dynamic of the competition wrenched the preferred construction site away from Japan and back to Adelaide. The aim of the Adelaide MPs was to ensure that the 12 future submarines would be built in Adelaide, as were the existing six *Collins*-class submarines. And the political struggle delivered an Adelaide build at the expense of Japan.

In the contest with France and Germany, Japan was hampered by its lack of experience as a military technology-exporting nation. And Tokyo officials did not engage fully with the competition in the early stages, believing the deal between Abbott and Abe meant the result was

already clinched. That was a miscalculation of the forces moving through Australian politics and the way the Australian Navy was driving the evaluation process. When Australia announced it had chosen the French *Barracuda* over Japan's *Soryu* design, the comment from Japan's Defense Minister Nakatani Gen hinted at the hurt caused by a done deal torpedoed: "The decision was deeply regrettable. We will ask Australia to explain why they didn't pick our design."

### **Recent history: East Asia Summit and the Obama "pivot"**

When Kim Beazley arrived in Washington in 2010 to take over as Australia's ambassador, he found a one-year-old Obama administration, still mired in the fallout of the global financial crisis and troubled by Afghanistan and Iraq. Beazley recalled that this was no "fallow ground for new commitments in the Asia-Pacific. A new posture in Asia had its supporters and its sceptics." Beazley's initial task was to try to sell the merits of Prime Minister Kevin Rudd's call for the creation of an Asia Pacific Community. Announced in 2008 and pushed heavily diplomatically in 2009, Rudd's Asia Pacific Community proposal was foundering by 2010. Beazley recalled how this set the ground for his reception by the Washington:

In DC, the Administration subjected me to a hostile full-court press. On the Asian Community initiative, the White House was convinced we were talking above ourselves. Our Asian friends derided the idea and our place to raise it. We pushed back. We were aware of the problems. The Americans needed to understand that a key part of our motivation was to find a structure that would embed them in the region's politics and economy. It was about them, not us. If not the Community, then the US should seek membership of the East Asian Summit. Australian government pressure for US engagement became relentless from that point.

Among her earliest moves as the new secretary of state, Hillary Clinton, had moved toward US signature on the ASEAN Treaty of Amity and Cooperation. Beazley wrote that this would open the way for what became Clinton's preferred regional vehicle: membership in the East Asia Summit. The ASEAN demand was that if the US was admitted, the president had to attend the summit every year. The US demanded that the EAS agenda be broadened beyond economics. Beazley wrote that the Washington internal debate came to a head in June 2010, a few days before Clinton was to attend the annual meeting of ASEAN Foreign Ministers and the ASEAN Regional Forum:

A 'moot' took place in the National Security Council with the President presiding. Arguing for EAS membership was Clinton and Jeff Bader, then-NSC Senior Director for East Asia. Kurt Campbell was present and Tom Donilon, National Security Advisor supported. Against was the Treasury Secretary, White House economic advisors and the President's schedulers. The economists argued the case for priority for APEC which the US was about to host. The schedulers were infuriated at yet another regular overseas commitment for the President. We [Australia] did all we could to weigh in favour of EAS membership. The President declared for Hillary and she was off.

A few weeks later, Australia's Washington Embassy was directed by Canberra to prepare a cable on the history of the US decision to reach for membership of the EAS: Who was responsible for the change? When Ambassador Beazley put the question to Jeff Bader, "he just laughed and said, 'Well I would say you [Australia] were responsible. You know the history as well as we do.'"

A year later, standing before the Australia Parliament, President Obama announced the decision to rotate marines and aircraft through Darwin and northern Australian bases. As Beazley commented: “Some in the region affected shock. Some, including Chinese spokesmen, voiced anger. Critics in Australia shared their anxiety. However, rather than reflecting a new initiative, Obama’s speech was more a consolidation of a series of initiatives in which the US had many Asian advocates.” Chief among those advocates, in Beazley’s telling, was Australia. Canberra pushed hard to get the pivot, he writes:

As the US leans forward in Asia on freedom of navigation exercises, as it deepens its diplomacy and its economic, political and military engagement in North and Southeast Asia, American decision-makers see themselves as marching to local drummers, one of whom is us. We aren’t, as is perceived by some commentators, a supine ally bending to yet another ill-advised US policy. We were joyfully complicit. In the minds of policymakers who opposed the pivot, Australia is a culprit. We dealt not with an overbearing ally but one which sought advice. We gave advice and that creates an entirely different dynamic when our preparedness to uphold a ‘rules-based order’ is on the table. The US is used to allies pushing them into commitments then fading away. They don’t expect it of us and wouldn’t tolerate it.

Much evidence can be called in support of the idea that Australia was “joyfully complicit” in the US rebalance. See, for instance, last year’s [Comparative Connections](#) account of the enthusiasm of Julia Gillard, prime minister from 2010-13, to go all-the-way-with-Obama on the pivot and the US Marines to Darwin. In office, both sides of Australian politics have been powerful pals of the pivot. Australia has long wanted a greater US military presence on Australian soil and a greater US focus for “our region.” Australia has suffered the urger’s surprise – it got what it urged.

### **Chronology of Australia-East Asia/US Relations September 2015 – August 2016**

**Sept.9, 2015:** Australia announces it will take 12,000 refugees from Syria. The government also announces that Royal Australian Air Force planes will attack Islamic State targets in Syria as well as Iraq.

**Sept. 10, 2015:** Pacific Islands Forum is held in Papua New Guinea.

**Sept. 11, 2015:** Second meeting of Australian and South Korean foreign and defence ministers, is held in Sydney, they agree to a blueprint for defense and security cooperation.

**Sept. 14, 2015:** Prime Minister Tony Abbott is deposed by the Liberal Party caucus. Malcolm Turnbull becomes PM.

**Sept. 20, 2015:** PM Turnbull announces his new Cabinet, appointing Australia’s first female defense minister, Sen. Marise Payne.

**Oct. 5, 2015:** Twelve nations complete terms of Trans-Pacific Partnership free trade agreement.

**Oct. 13, 2015:** Annual AUSMIN talks held in Boston.

**Oct. 13, 2015:** Northern Territory government announces the sale of the Port of Darwin, to be run under a 99-year lease by a Chinese company, Landbridge.

**Nov. 2, 2015:** Australian Navy begins live-fire military drills with the People's Liberation Army Navy. *HMAS Stuart* and *HMAS Arunta* visit Zhangjiang, Guangdong Province for the exercise.

**Nov. 22, 2015:** Foreign and defense ministers of Japan and Australia meet for talks in Sydney.

**Nov. 24, 2015:** PM Turnbull asks Australian law enforcement agencies to test their responses to a mass casualty attack in the wake of the killings in Paris, pledging to “redouble our efforts in support of domestic and regional-counter-terrorism efforts.”

**Nov. 30, 2015:** In the contest to build Australia's new submarine, the Japanese, French, and German contenders lodge their tender documents.

**Dec. 18, 2015:** PM Turnbull and Japan's Prime Minister Abe Shinzo meet in Tokyo.

**Dec. 21, 2015:** Australian and Indonesian foreign and defense ministers meet in Sydney and sign a new understanding on combatting terrorism and renew a defense cooperation agreement.

**Jan. 19, 2016:** PM Turnbull visits Washington and meets President Obama at the White House.

**Feb. 4, 2016:** Trade ministers sign the Trans-Pacific Partnership trade agreement in Auckland, setting up a two-year period for ratification.

**Feb. 16, 2016:** In Tokyo, foreign ministers of Australia and Japan sign a *Strategy for Cooperation in the Pacific*, covering defense, diplomatic, and aid cooperation, stressing shared values of democracy, human rights, and the rule of law.

**Feb. 17, 2016:** In Beijing, annual talks between the foreign ministers of Australia and China.

**Feb. 25, 2016:** *Australian Defence White Paper* is released.

**March 2, 2016:** Australia Papua New Guinea ministerial forum in Canberra.

**March 12, 2016:** Television crew from the *Australian Broadcasting Corporation* is arrested in Malaysia for attempting to interview Prime Minister Najib Razak about a corruption scandal.

**April 13, 2016:** Fifth annual deployment of US Marines to Darwin commences.

**April 14, 2016:** Malcolm Turnbull arrives in China for his first visit as prime minister.

**April 15, 2016:** Japanese submarine sails into Sydney harbor for the first time since 1942.

**April 21, 2016:** Australian government's cyber security strategy released.

**April 26, 2016:** France beats Germany and Japan to win a A\$50 billion submarine building contract for the Australian Navy, with the majority of the boats to be built in Adelaide.

**April 26, 2016:** Papua New Guinea's Supreme Court rules that Australia's detention of 850 asylum seekers on PNG's Manus Island is illegal.

**May 6, 2016:** A new Defense agreement includes provision for Singapore to send 14,000 military personnel to train in Australia each year, up from 6000 a year.

**May 8, 2016:** Double dissolution of both Houses of the Australian Parliament, with the general election to be held on July 2.

**May 10, 2016:** In North Queensland, Federal police arrest five Melbourne men attempting to take a small boat to Indonesia to travel to Syria to join ISIS.

**May 12, 2016:** President Obama and PM Turnbull have a phone discussion covering military gains against Islamic state, Australia's decision on its future submarine, and collaboration to deal with the global glut of steel.

**May 22, 2016:** Papua New Guinea and its autonomous island province, Bougainville, agree to hold a referendum on June 15, 2019 to determine if the island should become independent.

**July 2, 2016:** Australia's federal election returns the Turnbull Liberal-National Party Coalition government with a narrow majority in the House of Representatives.

**July 19, 2016:** US Vice President Joe Biden has talks in Sydney with PM Turnbull.

**July 19, 2016:** The governor general swears in PM Turnbull and his new Cabinet.

**July 21, 2016:** PM Turnbull's international affairs adviser, Frances Adamson, the former ambassador for China, is appointed secretary of the Department of Foreign Affairs and Trade.

**July 29, 2016:** PM Turnbull overrules Foreign Minister Julie Bishop and announces the government will not nominate the former PM Kevin Rudd for the job of UN secretary general.

**Aug. 10, 2016:** *The Guardian* publishes 2,000 leaked files on Australia's asylum seeker detention regime on Nauru, detailing assaults, sexual assaults, and self-harm.

**Aug. 11, 2016:** The Turnbull government bans two Chinese corporations from buying NSW electricity assets, on national security grounds.

**Sept. 1, 2016:** PM Turnbull delivers national security statement on Counter-Terrorism to Parliament.