

# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



**Australia-East Asia/US Relations:**

## **Election plus Marines, Joint Facilities and the Asian Century**

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The 12 months under review saw the unfolding of the withdrawal timetable from Afghanistan, the second rotation of US Marines to northern Australia, the first “Full Knowledge and Concurrence” statement on US facilities on Australian soil in six years, and the end of Australia’s long-term military deployments in Timor Leste and Solomon Islands. The Gillard government produced a trio of major policy statements built on an understanding that Asia’s “extraordinary ascent” means Australia is entering “a truly transformative period in our history.” In the words of the *Australia in the Asian Century White Paper*: “In managing the intersections of Australia’s ties with the United States and China, we will need a clear sense of our national interests, a strong voice in both relationships and effective diplomacy.”

Meanwhile, Australian politics experienced a bit of turmoil. The Labor government discarded Australia’s first female prime minister in an attempt to appease the voters, but instead the voters discarded the Labor government. So it was that in the national election on Sept. 7, Australia got its third prime minister in the same calendar year. After six years of Labor rule, the Liberal-National Coalition led by Tony Abbott is back in power. Plummeting opinion polls had caused the Labor Parliamentary Caucus to vote out Julia Gillard as leader in June and elect Kevin Rudd as prime minister. Thus, Labor returned to the man it had thrown out of the prime ministership in 2010, afraid he could not win the looming 2010 election. Facing the prospect of another federal election, the Caucus this time dispensed with Gillard and gave Rudd a second chance as prime minister. Rudd, though, carried the weight of Labor’s six years in office and the wounds of his bitter three-year leadership wrangle with Gillard, a struggle that had eaten at the government’s standing and morale. Abbott’s simple message was a Coalition alternative to the disunity, drama, and spectacular hatreds of the Labor years, allowing the Liberal leader to run a campaign that was singularly light on policy commitments. In the end, not being Julia Gillard or Kevin Rudd was enough for an Abbott triumph.

### **September 7 Australian election**

The US intellectual Francis Fukuyama visited Australia in the midst of the national election campaign and, as an outsider, offered the view that the political fight illustrated the downside of highly adversarial, competitive politics – producing conflict for its own sake. Fukuyama went on to judge that the bitterness of Australian politics has not reached the intensity of the US: “Australia has got the fewest big long-term problems of any developed democracy I know. In policy terms, the fight within Labor, or even between Labor and the Liberals seem pretty minor when compared to the things that polarise Americans, such as the legitimacy of taxation, dealing with the deficit, abortion and guns.”

The areas of consensus or tacit agreement in Australian politics certainly extend well beyond the agreement of the major parties on the US alliance – reaching to major areas such as health insurance and education. In contrast to US debates, Labor and the Coalition agreed to a taxation increase, a lift in the Medicare levy to pay for a new national disability insurance scheme. The Coalition also embraced a new school funding system and budget created by the Labor government, with opposition leader Abbott saying he was on a unity ticket with Prime Minister Rudd on future education spending.

In international affairs and defense, the large common ground between Labor and the Coalition means that recent policy differences have been ones of emphasis. The one international issue that played a significant part in the election was border protection and the arrival in Australian waters of boats, usually sailing from Indonesia, bearing nationals from countries such as Afghanistan, Iran, Iraq, and Sri Lanka, seeking asylum in Australia as refugees. In the 12 months to June, 2012, 110 boats brought 7,983 people. In the 12 months to June, this year, 403 boats brought 25,173 asylum seekers.

Both sides of politics agreed on the need to “stop the boats” – the policy promise that Tony Abbott turned into a political mantra. The argument was whether Labor or the Coalition could do a better job of dealing with the flow of people flying to Indonesia and then paying people smugglers to be sailed to Australian waters.

The potency of the issue in Australian politics was demonstrated by Rudd’s actions after being sworn in as prime minister on June 27. By July 5, he was in Jakarta for talks with President Susilo Bambang Yudhoyono on how to deal with people smugglers operating from Indonesia. On July 15, Rudd was in Port Moresby to announce a new aid package for Papua New Guinea (PNG) which was tied to a new version of the Coalition’s “Pacific Solution” – processing asylum seekers in the South Pacific rather than on Australian soil. Australia quickly signed an agreement with PNG so boat people can be sent there. Under the terms of the deal, all such asylum seekers will be sent to PNG for assessment; if found to be refugees, they will be settled in PNG. In the campaign, the Coalition responded by saying it would apply a hardline stance to 32,000 asylum seekers who have already arrived in Australia by boat. An Abbott government would deny them the right ever to get permanent settlement in Australia and scrap their right to appeal to the courts to achieve refugee status.

## **Afghanistan**

By the end of 2013, the majority of Australian troops will be out of Afghanistan. Labor and the Coalition have been united in their support for the mission even as the Australian public turned away from Afghanistan. The annual Lowy Institute survey of Australia public opinion on foreign affairs found that 61 percent of Australians polled thought the Afghanistan war “was not worth fighting.” In October 2012, Prime Minister Gillard delivered a statement to Parliament on the military exit by 2014, saying Australians had “cause for measured confidence and resolve” about the transition. She said Australia’s mission in Uruzgan province was clear and achievable: to prepare the 4th Afghan Brigade for a handover of full security responsibility. In March, 2013, Defense Minister Stephen Smith announced that at least 1,000 of Australia 1,650 troops in

Afghanistan will be withdrawn by the end of the year as the Tarin Kowt multinational base in Uruzgan is closed. Smith said Australia has been in Afghanistan “far too long.” He said the decision was in line with plans laid out by the international community in 2010 to hand over security of the region to Afghan authorities by the end of 2014. Uruzgan will be one of the first areas to make the transfer.

A health survey of Australian forces involved in combat in Afghanistan and Iraq found a significant increase in mental health problems for troops exposed to trauma and combat. Noting the findings, chief of the Australian Defence Force Gen. David Hurley dismissed talk of a “tidal wave” or “tsunami” of post-traumatic stress disorder: “This language is provocative and emotive and points to a simplistic view of military mental health. This view does not take into account that ADF personnel have been performing difficult [Australian] border protection tasks and rotating in and out of operations in the Middle East for 12 years. Assuming a tidal wave, we should expect to be experiencing that now. The data does not support this view.”

The defense minister’s comment about being in Afghanistan “far too long” was the context for the discussion of Afghanistan at the annual alliance talks at the end of 2012 between the US secretaries of defense and state and their Australian counterparts. The communiqué wordage devoted to Afghanistan was all about implementing the agreed withdrawal timetable:

We reiterated our continued commitment to a secure, stable, and prosperous Afghanistan that is not a safe haven for international terrorists. We acknowledged the achievements and paid tribute to the sacrifices of Australian and US military and civilian personnel in Afghanistan. We reiterated our commitment to the International Security Assistance Force (ISAF) transition strategy which was agreed in Lisbon and reaffirmed at the ISAF/NATO Leaders’ Summit in Chicago in May. We also confirmed our commitment to a post-2014 mission to train, advise, and assist the Afghan National Security Forces (ANSF) and recognised that an appropriate funding mechanism to sustain the ANSF into the future is critical.

## **US Marines in Darwin**

In April, 2013, a second rotation of more than 200 US Marines arrived in Darwin, following the first rotation to the Northern Territory in April, 2012. Under the terms of the “new focus” on the Asia Pacific announced by President Barack Obama in his visit to Canberra in November, 2011, the Marines spend six months in northern Australia in the dry season for exercises and training: the plan is to increase this annual deployment to a 2,500-person Marine Air Ground Task Force later this decade. Next year, the number of Marines is to rise to 1,150.

The Lowy Institute survey of Australian public opinion on foreign policy found an increase in Australian support for the Marine presence: 61 percent of those polled this year were in favor of “allowing the US to base military forces here in Australia” (up from 55 percent in 2011 when the same question was asked).

US Defense Secretary Chuck Hagel said in June that the Marines would “deepen cooperation with our treaty ally Australia and other regional partners.” Hagel pointed to this as an expression

of enduring US commitment to peace and security in the Asia-Pacific region by “sustaining the ability to deter aggression and operate effectively across all domains.”

The US Senate Armed Services Committee reported a Marine estimate that infrastructure costing \$1.6 billion will be needed in northern Australia to accommodate the Marine Task Force. Detailed discussions are under way between the US and Australia about who will pay the bill – raising questions about how keen Australia is on this expanded expression of the alliance. As the second rotation began, Defense Minister Smith said the full Marine Task Force is not due before 2016-17 and that Canberra “had not yet made any decisions about the arrangements for larger US Marine Corps rotations.”

The annual alliance talks, held in Perth in November 2012, discussed “enhanced aircraft cooperation, which is expected to result in increased rotations of US aircraft through northern Australia.” The talks also looked at the potential for the US Navy to make greater use of Australia’s key Indian Ocean naval base, HMAS Stirling, near Perth. The meeting communiqué referred to the budget implications of this in one dry sentence: “All of these possible areas of cooperation would require substantial further study and additional decisions by both capitals.”

The US rebalance to Asia is entering that difficult moment where policy announcement has to be paid for. As Washington and the US military struggle with budget woes, a lot of encouragement is being offered to friends in Asia to do their part to help implement the pivot. During a visit to Washington in March, two senior analysts with the Australian Strategic Policy Institute, Andrew Davies and Mark Thomson, reported on the eagerness of US policy makers and thinkers for Asia to show more commitment to the rebalance: “It’s clear to us that there’s disappointment in Washington about the allied response to date – and Australia has been mentioned in this respect more than once.” To be fair, it’s not a case of finger wagging or reprimanding, and Michael Green of CSIS provided the best one-liner of the week when he said that “Washington isn’t in a position to export political will at the moment, because there’s a deficit here as well.” Be that as it may, the fact is that the US sees itself as the hardest working member of a team and it’s looking for a higher rate of effort from the rest.

Davies and Thomson argued that Australia could do its ally – and itself – a big favor by putting some money on the table to properly support the establishment and maintenance of the US training mission to northern Australia:

On the scale of defense expenditure it’s not a biggie, but it would send a clear signal that Australia is prepared to put some resources behind its public rhetoric in support of the rebalance. That would make good sense for us strategically. An ongoing US presence in the Asia-Pacific is unambiguously in our interest; we get a security benefit from the alliance far in excess of our modest defence spending (presently 1.56 percent of GDP compared with America’s 4.7 percent). It follows that spending a little extra to help secure the presence of US forces in our region should be a no-brainer, even in a period of fiscal stringency.

In June, Prime Minister Gillard and Defense Minister Smith announced that next year, the number of Marines coming to northern Australia for the six-month rotation will lift from 200 to

1,150. The majority of the Marines will be accommodated at Darwin's Robertson Barracks, with a smaller aviation support contingent of around 130 personnel at RAAF Darwin, along with four heavy lift helicopters. The statement said the larger rotation of Marines, "will better position both nations to join with other regional partners to respond in a timely and effective manner to a range of contingencies in the Indo Pacific, including humanitarian assistance and disaster relief. These rotations assist Australia's long-held strategic interests by supporting United States engagement in our region in a manner that promotes peace, stability and prosperity."

The Defense Department has released a social and economic assessment of the impact a six month rotation of 1,100 Marines next year would have. It found most impacts were expected to be positive or neutral, and that the economic impact would be modest and positive. The study suggests that a rotation of 1,100 Marines is expected to contribute an additional \$5.6 million to the Northern Territory Gross State Product, or \$5,090 per Marine.

### **US joint facilities: Full Knowledge and Concurrence**

On June 26, Defense Minister Smith made a statement to Parliament on the US joint facilities in Australia, nearly six years since the previous such report by a Coalition defense minister. There was some interesting detail in Smith's statement, but any media attention was swamped by the fact that on the same day the Labor Caucus deposed Prime Minister Gillard and replaced her with Kevin Rudd.

In making his statement, Smith was adding another chapter to a four-decade Canberra tradition of trying to tell Australians what they should know about the military and intelligence purposes the US pursues in Australia. In June 1977, Australia's Defense Minister James Killen made the first comprehensive statement on Australian access and sovereignty regarding the US facility at Pine Gap in the Northern Territory. Killen began what has been a constant refrain of Australian governments on the rare occasions they talk about Pine Gap – the insistence that Canberra has full knowledge of what its ally is doing on Australian soil: "There is no way in which systematic deception or activities detrimental to Australian interests could go undetected, even were it assumed that it was feasible and advantageous even to attempt them. Programs are actively monitored, both at the facility and by the Department of Defence in Canberra, to ensure compatibility with Australian national policy and objectives. Australia has the right to intervene if it has doubts or objections regarding any activity."

In June, 1984, Prime Minister Bob Hawke made a statement to the Parliament on "the general purpose and functions of the defense facilities we operate jointly with our American ally." Hawke's purpose was to heal deep divisions within the Labor Party over the "US bases" that had raged for the previous two decades, and to give some answers to the fears and suspicions of many Australians about the American "spy bases."

The phrase that has lived on from that Hawke statement was that "all functions and activities require, and have, the full knowledge and concurrence of the Australian government." Since then, Australian governments have made statements on the general purpose and functions of the US facilities, any change to these general purposes and the principles on which these facilities operate. This is done using the Hawke formula of "Full Knowledge and Concurrence."

The bases subject to this formula are (or were):

**Pine Gap:** (near Alice Springs in the Northern Territory) The biggest and most important of the facilities in Australia (and one of the largest satellite ground facilities in the world), Pine Gap was commissioned in 1967 and was renamed the Joint Facility Pine Gap in 1988. Pine Gap “collects intelligence data which supports the national security interests of both Australia and the United States, and provides ballistic missile early warning information.” The Pine Gap Treaty was originally signed in 1966 and was last extended in 1998. The treaty remains in force until terminated by either government.

Also at Alice Springs is a second joint facility, the Joint Geological and Geophysical Research Station, originally established in 1955 as a seismic monitoring station to detect nuclear explosions during the Cold War. It continues to monitor such explosions as part of the International Monitoring System of the Comprehensive Test Ban Treaty. It also monitors earthquakes and is jointly operated by Geoscience Australia and the US Air Force.

**Nurrungar:** (at Woomera in South Australia) Commissioned in 1969 and decommissioned in 1999, when functions shifted to Pine Gap, where the ballistic missile early warning job is performed remotely through the Space Based Infrared System (SBIRS) Relay Ground Station.

**North West Cape:** The Naval Communication Station, Harold E. Holt, on the North West Cape of Western Australia, was originally commissioned as a US base in 1967. It became a Joint Facility in 1974 at the instigation of the Whitlam government and an Australian facility in 1993 at the instigation of the Hawke government. In July 2008, a treaty was signed for US access to and use of the Australian facility for a period of 25 years.

In his statement to Parliament, Smith affirmed that the alliance now operates fully in the cyber domain. In September 2011, at the annual Australia-US Ministerial (AUSMIN) consultations in San Francisco, Australia and the US agreed that a cyber attack on either country would trigger the mechanisms of the ANZUS Treaty: “Our Governments share the view that, in the event of a cyber attack that threatens the territorial integrity, political independence or security of either of our nations, Australia and the United States would consult together and determine appropriate options to address the threat.”

In November 2012, at the annual AUSMIN consultations in Perth, Smith and Defense Secretary Leon Panetta signed a Memorandum of Understanding for the establishment of a jointly operated C-band radar space surveillance installation at the Harold E. Holt naval communication facility. Australia and the US would also work together to transfer a highly advanced space surveillance telescope to Australia. The two countries will discuss the establishment of a combined communications gateway in Western Australia, which would provide both Australia and the US greater access to the Wideband Global Satellite Communications constellation.

Australian Defense facilities to which the United States has access include:

- Naval Communication Station, Harold E. Holt, on the North West Cape of Western Australia, which provides communications facilities for US and Australian submarines;
- Mobile User Objective System (MUOS) located at the Australian Defence Satellite Communication Station near Geraldton, which provides satellite communications; and
- Extended High Accuracy Network Determination System (Ext-HANDS) research installation in Learmonth, Western Australia, comprising optical research sensors which collect data for space situational awareness research.

### **Evolving role of Pine Gap**

Smith's statement maintained one coy habit of Australian governments – the reluctance to refer to the fact that the Pine Gap facility is operated by the US Central Intelligence Agency and the chief of Pine Gap is a CIA officer. That coyness harks back to the far more embarrassing reality that from the 1960s through to 1975, Australia did not have “full knowledge and concurrence” of what the US was doing at the facility.

A forensic examination of the gap between Australian claim and US habit was performed by one of Australia's foremost academic strategists, Professor Desmond Ball, in his 1988 book on Pine Gap. Writing of the period up to 1975, Ball said: “Former officers and employees of the CIA have stated that significant aspects of the geostationary SIGINT satellite program were not disclosed to Australia and, indeed, that some operations of Pine Gap involved a ‘day-to-day’ deception of Australia ... And former Australian employees at Pine Gap have stated that Australians were excluded from certain key areas of the Pine Gap station and that certain material collected at Pine Gap was not passed on to Australian officers at the station.”

Ball reported that in 1979, Australian officers were at last granted access to the Signals Analysis Section, and in 1983, the Australian defense representative was appointed chairman of the Joint Reconnaissance Schedule Committee, which meets each morning to approve the daily targets for satellites. In 1988, Hawke announced changes to ensure Pine Gap operated in ways that best served Australia's interests as well as those of the US. Among the positions created for Australian Defense officials was the new job of “deputy chief of facility”; so the CIA provides the chief of Pine Gap but an Australian is the deputy chief.

Smith told Parliament that Pine Gap had evolved from its Cold War origins to meet new demands and take advantage of new technologies: “The facility supports monitoring of compliance with arms control and disarmament agreements and provides ballistic missile early warning information. Pine Gap is a central element of Australia's security and intelligence relationship with the United States. It makes a vital contribution to the security interests of both countries and re-affirms the very high level of cooperation that has been achieved in Australia's closest defence relationship.” Smith listed advantages Australia draws from hosting Pine Gap:

- access to intelligence and early warning that would be “unavailable from any other means and is unique in our region”;

- information on intelligence priorities such as terrorism, the proliferation of weapons of mass destruction, and military and weapons developments;
- ballistic missile early warning, performed remotely through the Space Based Infrared System (SBIRS) Relay Ground Station at Pine Gap, provides “key capabilities in the areas of missile warning and battlespace characterisation”;
- Intelligence that contributes to the verification of arms control and disarmament agreements.
- Pine Gap provides Australia a “world class capability which we could not independently develop.”

The defense minister told Parliament that Pine Gap “will remain a central element of Australia’s security relationship with the United States for the foreseeable future.”

### **The evolution of Full Knowledge and Concurrence**

The embarrassments of the 1960s and 1970s mean Australia has put a lot of work into defining what “Full Knowledge and Concurrence” means. Full knowledge equates to Australia having a full and detailed understanding of any capability or activity with a presence on Australian territory or making use of Australian assets. Concurrence means Australia approves the presence of a capability or function in Australia in support of its mutually agreed goals. Concurrence, Smith said, “does not mean that Australia approves every activity or tasking undertaken.” Read this formula as stating that Australia must concur to the function and operation of the facility but does not have control over individual US taskings: Broad concurrence, yes. Individual veto, no.

In May 2010, Australia’s then Defense Minister John Faulkner endorsed an explanation of the policy to ensure “clarity of understanding of this long standing policy.”

The requirement for full and detailed understanding may include:

- Capabilities of the facility, asset or system, such as bandwidth, data rates, and information collected by the system while operating in, through or from Australian territory.
- Type and function of communications transmitted through the facility, asset or system, including the general nature of traffic.
- Proposed changes to the use of the facility, asset or system that may affect any aspect of its operation.
- Understanding of the facility, asset or system in its totality and the uses to which it may be put.

Smith said that Australia will always consider full knowledge and concurrence principles for any new agreements with the United States, and they will apply to the capabilities recently agreed

with the US, including the positioning of a C-Band radar and Space Surveillance Telescope in Australia and the establishment of a Satellite Communications ground station at Geraldton.

“Our Joint Facilities with the United States will continue to contribute to the intelligence collection capabilities of both countries, support multilateral agreements to monitor compliance with arms control and disarmament, and underpin global strategic stability,” Smith said. “There is enduring value in our Joint Facilities and our other facilities that the United States has access to under the principle of Full Knowledge and Concurrence. The contribution of these facilities to global United States’ capabilities strengthens our alliance, enhances Australia’s own capabilities and makes a significant contribution to both Australia’s national security interests and to global security.”

### **The alliance, Australia, and Asia**

*“I know there are some who present a false choice that Australia needs to choose between its long-standing ties with the US and its emerging links with China. Well, that kind of zero-sum thinking only leads to negative results. We support Australia having strong, multifaceted ties with every nation in the Asia Pacific, indeed in the world, including China, just as we seek the same.”* Hillary Clinton, November, 2012

Visiting Australia for the annual alliance talks, the secretary of state’s warning about “zero sum thinking” and “false choices” in Asia echoed the official line taken by the Gillard government. Clinton’s remarks came just after former Labor Prime Minister Paul Keating voiced his fears that Australia is surrendering its foreign policy interests to the US, a view challenged by former Liberal Prime Minister John Howard as “fatuous.”

In his lecture, Keating said “Australia’s sphere of influence is diminishing” as it becomes subservient to US policy: “I believe the era of effective foreign policy activism in Australia has passed. Our sense of independence has flagged and we have rolled back into easy accommodation with the foreign policy objectives of the US.” This brought an immediate denial from Howard, the man who defeated Keating and went on to be Australia’s second-longest serving leader. Howard rejected the idea that Australia’s interests in Asia are compromised by being close to the US: “I, of course, reject it as a ludicrous proposition. I found that in dealing with the Chinese – so far from the close relationship we had with the Americans being a disadvantage – it was an advantage. Deep down the Chinese respected it. They never said so on the record, of course, but I have reason to believe they thought that.”

The Australian public shows a grasp of the shape and direction of this debate. The 2013 Lowy Institute survey of Australian public opinion on foreign policy suggests the voters still love the security elements of the alliance but are wary of becoming involved in any conflict in Asia. The Poll found 82 percent of Australians supported the US alliance (down from the Obama highpoint last year of 87 percent). So the tradition of Australia fervently clinging to the alliance lives, but the potential demands of the alliance are troubling.

The Iraq effect lingers: 76 percent of Australians think that “Australia should only support US military action if it is authorised by the United Nations.” And only 38 percent agreed with the

proposition that Australia should support “US military action in Asia, for example, in a conflict between China and Japan.” So Australians like the alliance as much as ever, but are not too keen on doing any alliance heavy duty, especially as China is seen as far more important economically than the US. The Lowy survey reported it this way:

The prospect of strategic competition between a rising China and the United States has stirred a debate in recent years about whether it is possible for Australia to maintain good relations with both nations. An overwhelming majority of Australians believe this is possible (87 percent). Only 12 percent think it is ‘not possible for Australia to have a good relationship with China and a good relationship with the United States at the same time’. Most Australians (76 percent) see China as the most important economy to Australia at the moment, far more than the 16 percent who say the United States economy is the most important. Given this strong emphasis on the Chinese economy, we asked this year which relationship people saw as more important to Australia overall. Despite their views about the importance of China’s economy, more Australians place a higher value on our relationship with the United States (48 percent) than with China (37 percent). Without being prompted, 10 percent offered the response that both were equally important. Even of those three-quarters of Australians who believe that China’s economy is the most important to Australia, a significant minority (40 percent) still think that the relationship with the United States is more important to Australia than the relationship with China.

In the 12 months prior to the election, the Gillard government issued three major statements on Australia’s strategic future. In October 2012, the prime minister issued a *White Paper on Australia in the Asian Century*, the product of a task force headed by an economist and public servant, Ken Henry, previously secretary of the Treasury. In January 2013, Gillard issued a *National Security Strategy*, setting priorities for the next five years. The two documents were used to frame the strategic environment for the Defence White Paper issued in May 2013.

While the three statements were all expressions of policy from the same government, their differences of tone and emphasis throw light on how elements of the Canberra system are thinking about the alliance and the choices and chances Asia is producing.

The Asian Century White Paper had a liberal internationalist optimism; the *National Security Strategy* marked a further shift from the previous focus on terrorism toward traditional state-based issues, with a new emphasis on the cyber realm; the Defence White Paper stabilized defense spending and promised increases; it offered a more positive view of China than the previous White Paper, issued by Kevin Rudd's first government in 2009; and the strategic construct that Defense has embraced is the Indo Pacific rather than the Asian Century.

### **The Australia in the Asian Century White Paper**

The Asian Century White Paper started from the premise that Asia will force even more dramatic changes on Australia. This is now a statement of the conventional view or ruling consensus. One important feature of the White Paper was as a marker of how far the Australian consensus on Asia has evolved. The previous generation of Australian leaders – Bob Hawke, Paul Keating,

and John Howard – were just as emphatic about the need to engage Asia, but laid far less stress on how much change this would force on Australia. Howard famously argued that Australia would not have to choose between its history and geography. Keating said Australia could go into Asia as it was and be accepted.

The message of the Asian Century White Paper, by contrast, is one of Asian forces that will transform Australia: “Asia’s rise is changing the world. This is a defining feature of the 21st Century – the Asian Century. These developments have profound implications for people everywhere. Asia’s extraordinary ascent has already changed the Australian economy, society and strategic environment. The scale and pace of the change still to come mean Australia is entering a truly transformative period in our history.”

The White Paper set a national objective of making Australia more open to and integrated with Asia, so that Asian trade would deliver at least one-third of GDP by 2025, up from one-quarter in 2011. The policy statement called for Australia to seek, as a national objective, stronger and more comprehensive relationships with five key nations in Asia: China, India, Indonesia, Japan, and South Korea. It said the US and China are the two states with the greatest power “to determine the temperature of regional affairs in coming decades.” A strong and consistent US presence “will continue to be as important in providing future confidence in Asia’s rapidly changing strategic environment as it has in the past.” At the same time, “China’s importance to Australia, economically and politically, will only grow in decades to come.” The statement praised the “intensity, structure and sophistication” of the engagement between the US and China, while pointing to competition that posed the danger of miscalculation and accident:

We are optimistic about the ability of China and the United States to manage strategic change in the region. But their relationship will inevitably have a competitive element, especially as China’s global interests expand, it becomes more active on a broader range of international issues and its defense capabilities grow in areas dominated for more than half a century by the United States. The danger of miscalculation and accident therefore requires ongoing investment in bilateral and regional efforts, such as the East Asia Summit and other regional bodies, to build trust and transparency and to ensure that communications are open and military-to-military dialogue is effective. In managing the intersections of Australia’s ties with the United States and China, we will need a clear sense of our national interests, a strong voice in both relationships and effective diplomacy.

### **Australia’s National Security Strategy**

In January 2013, Prime Minister Gillard issued what was described as Australia’s first National Security Strategy to provide a framework for national security efforts and set priorities for the next five years. The strategy was badged as “an important next step” following the 2008 National Security Statement issued by then Prime Minister Rudd, which “articulated Australia’s national security agenda and set in motion reforms to strengthen the national security community.”

Gillard’s strategy outlined three key priorities for the next five years: enhanced engagement in support of regional security and prosperity in the Asian Century; integrated cyber policy and

operations to enhance the defense of our digital networks; and effective partnership to achieve innovative and efficient national security outcomes.

The strategy paid due regard to the “persistent threat from terrorism” but put the terrorism issue in the same category as “increasingly sophisticated serious and organised crime.” This was not the terrorist ordering of the 9/11 decade as Gillard acknowledged, saying the transition is to “an era in which the behaviour of states, not non-state actors, will be the most important driver and shaper of Australia’s national security thinking.” The big new focus is on the cyber realm, with Gillard stating that the number of cyber incidents in Australia had increased by 42 percent over the past two years.

The government announced that by the end of 2013 it will have established the Australian Cyber Security Centre, bringing together Defence’s Cyber Security Operations Centre, the Attorney-General’s Computer Emergency Response Team, the Cyber Espionage Branch of the counter-espionage agency, ASIO, and elements of the High-Tech Crime Operations capability of the Australian Federal Police, plus analysts from the Australian Crime Commission.

In language replicated in the Defence White Paper, the strategy said the US alliance was “at the core of our approach to national security” and outlined key features of Australia’s approach:

- Strengthening the interoperability of Australian and US defense forces through:
  - Regular exercises, such as the biennial Exercise Talisman Sabre;
  - Implementation of the Defence Trade Cooperation Treaty; and
  - Acquiring interoperable and complementary capabilities (e.g. the *E/A-18G* variant of the *Super Hornet* aircraft and the *MH-60R Seahawk Romeo* helicopter.
- Continuing regular ministerial dialogues, including the annual AUSMIN Consultations.
- Cooperating on shared strategic and regional security interests including through the Australia–Japan–US Trilateral Strategic Dialogue.
- Supporting activities flowing from the US Force Posture Review, including rotations of US Marine Air Ground Task Force personnel through northern Australia.
- Contributing to the international efforts in Afghanistan.
- Addressing the growing challenge of cyber threats by including large-scale cyber attack within the scope of the Australia–US alliance.
- Sustaining a robust intelligence relationship, including in the defense field.

### **Australia’s Defence White Paper**

The Gillard government released the 2013 Defence White Paper at the start of May and the following week announced the federal budget that defined its financial settings. The headline point was that the government had put a new financial floor under the fall in defense spending.

Since the Rudd government's 2009 Defence White Paper, Labor had cut or deferred more than A\$20 billion of promised defense spending. Last financial year, funding fell in real terms by more than 10 percent – pushing the defense share of GDP to 1.6 percent – the lowest level since 1938.

The new Defence White Paper raised spending and recommitted to the capability goals of the 2009 White Paper. The government announced that the financial year starting this June would see real growth in spending of 2.3 percent to reach A\$25.4 billion, and then continue to grow for another three years to A\$28.6 billion to deliver an average of 3.6 percent real growth over four years of the forward estimates.

As ASPI's Mark Thomson noted in his annual assessment of the defense budget, if government delivers the A\$220 billion identified in the financial guidance for the six years that follow the forward estimates period, there is enough money available to grow the defense budget to A\$33.2 billion by 2022 at an annual real rate of growth of 2.5 percent per annum. Thomson advised: "Don't pop the champagne corks just yet. The seemingly impressive growth is coming from a low base. In the 48 months between the release of the 2009 and 2013 Defence White Papers, around \$20 billion of promised funding was lost in the headlong rush to get the Commonwealth's books out of the red. As things stand, it will be two more years before defense spending rises out of the hole that was dug in search of a surplus."

The White Paper noted that Australia's annual average defense spending since the end of the Vietnam War was 2.2 percent of GDP. Since 2000, the annual average has been 1.8 percent of GDP. The government committed to increasing defense funding toward a target of 2 percent of GDP from its current level of 1.6 percent. The lack of any target date for the 2 percent pledge was expressed in a classic weasel waiver sentence: "This is a long-term objective that will be implemented in an economically responsible manner as and when fiscal circumstances allow."

The 2013 White Paper pointed to developments since the 2009 White Paper:

- The ongoing economic, strategic, and military shift to the Indo Pacific;
- Australian Defence Force's (ADF) operational drawdown from Afghanistan, Timor-Leste and Solomon Islands;
- United States' rebalance to the Asia-Pacific;
- Australia's "substantially enhanced practical cooperation" with the United States pursuant to our alliance relationship; and
- Continuing adverse effects from the global financial crisis, impacting on the global economy, domestic budgets, and defense funding.

While the prime minister embraced the term "the Asian Century," Defence emphasizes the term "Indo Pacific." The White Paper said "a new Indo Pacific strategic arc is beginning to emerge, connecting the Indian and Pacific Oceans through Southeast Asia." As with the previously

preferred term “Asia Pacific”, the Indo Pacific explicitly recognizes the US role, and that is always at the heart of the way the Australian Defence Department looks at the region.

### **Asia Pacific trade futures**

The wish not to choose between the US and China that runs through Australia’s strategic policy has some echo in its trade policy. In trade, Australia also talks of a new phase of competition which is actually a contest between US and Chinese versions of Asia’s future trade framework. Australia is not making any choice between the two big trade structures being negotiated for Asia: it has enrolled in both by joining both the US-driven negotiations for the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP), launched by ASEAN but subject to the effective veto of China as the biggest player in the prospective partnership.

The Gillard government’s White Paper on the Asian Century was explicit about the competition between the two trade visions: “Negotiations for the Trans-Pacific Partnership Agreement and the Regional Comprehensive Economic Partnership could create momentum for competitive liberalisation and put Australia on two complementary pathways to a free trade area of the Asia-Pacific. Australia welcomes and encourages these processes. We recognise that outcomes agreed in one negotiation that facilitate deeper economic integration will encourage new members to join, and also create pressure to adopt similar liberalisation in competing negotiations.”

The RCEP is just beginning but the TPP is approaching crunch time (or as close as any multilateral trade negotiations can get to a finish line that might actually conclude the haggling.) Australia, at the TPP table since 2008, has crossed swords with the US over intellectual property issues and a proposed dispute settlement court. The draft investment chapter of the TPP leaked last year reveals the terms of the Australian fight with US negotiators. The treaty would create a dispute settlement system that enables corporations from one country to take legal action against the government of another country for alleged breaches of the agreement. The Gillard government announced that it would oppose the provision because it would give greater rights to foreign companies than domestic firms. In its effort to cut tobacco use in Australia on health grounds, the Gillard government became wary of such treaty rights because of the way tobacco firms could use them to challenge anti-smoking laws in the courts. The industry challenged the introduction of a plain packaging regime for cigarette packs using provisions of a Hong Kong-Australia Bilateral Investment Treaty. Canberra is worried about widening the opportunities for challenges to domestic law on the basis of trade treaties.

### **Ambassadors and governments**

A reminder that the stability of the alliance is sometimes expressed through glacial progress was the conclusion of a six-year effort to give effect to the Australia-US Defence Trade Cooperation Treaty. On May 16, US Ambassador Jeffrey Bleich and Defense Minister Smith exchanged diplomatic notes to bring the treaty into force. Smith described it as “a significant step forward” for the alliance. The trek toward that significant step began in September 2007 when the treaty was signed in Sydney by President George W. Bush and Prime Minister John Howard. As with a similar treaty with Britain, the agreement was an effort by the US to deal with complaints from

its allies about the protracted and opaque process of buying US-origin military technology. The six year ratification process in the US only underlined the grounds of that complaint.

The treaty creates a framework for the transfer of eligible defense goods, services, and technology between entities in Australia and the US, known as the Approved Community, without the need to apply for separate export licenses. The Australian government hopes the Treaty will improve delivery times, improve sustainment, and give Australian industry better access to technical data to tender for US contracts. To paraphrase Oscar Wilde's line about two countries separated by a common language, Australia and the US have much in common, but the Defence Trade Treaty process showed how they are separated by two uncommonly different government systems.

In June, President Obama nominated a former director of the Office of Personnel Management, John Berry, to be the next US ambassador to Australia. Berry is being described as the first openly gay US ambassador to serve in a Group of 20 nation. In August, Berry married his partner of 17 years, Curtis Yee, in a private same-sex ceremony in Washington. The ambassador he will succeed, Jeffrey Bleich, can give Berry some fine tips from his four years in Canberra on relating to Australia in terms of alliance, sport, and food. As an example, here is Bleich talking to high school students in Goulburn about how the US might have a special relationship with Britain, but with Australia the US had a less complicated affinity:

Australia is more like the best friend we've had for years. We've been through a lot together, we understand each other's jokes, and we both have complicated pasts with the UK. Of course, you guys play football all wrong. But then we don't understand the importance of Vegemite to a balanced diet, so I guess it all evens out. Luckily, friends can overlook those sorts of things. In our case, everything we've been through together has just made our alliance stronger ... we have a group of Marines training with the Australian Defence Force up in Darwin. They are working hard to learn about Aussie culture. I hear they're learning to play Aussie rules football. When a Marine says a sport is tough, you KNOW it's hard. No word yet on whether they are learning to like Vegemite.

Football and Vegemite jokes can get an American a long way with any Australian audience. Embrace the language: Barack Obama had a lot of fun in Canberra in 2011 with "chinwag" (a talk) and "earbash" (a really good talk). Avoid trying to imitate the Australian accent (even Meryl Streep has trouble with it) and a win is always within reach. My own advice to the incoming ambassador is not to repeat the mistake of one of his predecessors who, soon after arriving in Canberra in 2001, invited 12 journalists to lunch at the embassy and served them iced tea to go with the meal. Iced tea! That ambassador (Tom Schieffer) quickly picked up an excellent understanding of Australian thirsts. He came to see that a hot climate can demand beverages stronger than tea. The journalists eventually forgave him – Australia-US relations recovered.

## **Chronology of Australia-East Asia/US Relations** **September 2012 – August 2013**

**Sept. 9, 2012:** Prime Minister (PM) Gillard attends the APEC Leaders Meeting in Vladivostok but has to leave early to return to Adelaide because of the death of her father.

**Sept. 14, 2012:** Foreign and defense ministers of Australia and Japan hold their fourth 2+2 meeting, calling for increased trilateral cooperation with the US.

**Oct. 12, 2012:** Tenth anniversary of the terrorist bombing that killed 202 people, including 88 Australians, is marked in Bali by a ceremony involving PM Gillard, Opposition Leader Tony Abbott, former PM John Howard, and Indonesia's Foreign Minister, Marty Natalegawa.

**Oct. 14, 2012:** PM Gillard visits Afghanistan to see Australian troops and to meet President Hamid Karzai.

**Oct. 16, 2012:** PM Gillard visits India and announces Australia and India will begin negotiations on a safeguard agreement to allow uranium sales to India. Indian Prime Minister Manmohan Singh praises Labor's change of policy which allowed potential uranium sales "as recognition of India's energy needs as well as our record and credentials."

**Oct. 28, 2012:** PM Gillard issues a White Paper on Australia in the Asian Century.

**Oct. 31, 2012:** PM Gillard delivers a statement to Parliament on the military exit from Afghanistan by 2014.

**Nov. 5, 2012:** PM Gillard attends the 9<sup>th</sup> Asia Europe Summit in Laos.

**Nov.8, 2012:** PM Gillard co-chairs the 5<sup>th</sup> Bali Democracy Forum, hosted by Indonesian President Susilo Bambang Yudhoyono.

**Nov. 14, 2012:** Australian defense and foreign ministers meet in Perth with the US secretaries of defense and state for the annual AUSMIN consultations.

**Nov. 20, 2012:** PM Gillard attends the 7<sup>th</sup> East Asia Summit in Laos.

**Nov. 22, 2012:** Australian-led International Stabilization Force (ISF) ceases its security operations in Timor-Leste and starts withdrawal, ending an operation that began in 2006.

**Dec 18, 2012:** Three People's Liberation Army (PLA) Navy ships arrive in Sydney as part of a four-day port visit. The ships *Yi Yang*, *Chang Zhou*, and *Qian Dao Hu* are returning to China from counter-piracy operations in the Gulf of Aden.

**Jan. 1, 2013:** Australia takes up its two-year term on the UN Security Council.

**Jan. 10, 2013:** Australia announces further sanctions on Iran, affecting the financial, trade, energy, and transport sectors.

**Jan. 13, 2013:** Foreign Minister (FM) Bob Carr and Japan's new FM Kishida Fumio hold talks in Sydney on regional security, development aid, and differences over whaling.

**Jan. 23, 2013:** PM Gillard releases the National Security Strategy.

**Jan. 30, 2013:** PM Gillard launches an eight-month campaign by announcing that Australia's federal election will be held Sept. 14. This is a break with tradition as prime ministers previously named the Election Day only as they put the machinery of government into caretaker mode, prior to a four to five week campaign.

**Feb. 7, 2013:** Defense Minister (DM) Stephen Smith makes a statement to Parliament on Australia's timetable for withdrawal and military transition in Afghanistan.

**Feb. 9, 2013:** Prime Ministers John Key and Julia Gillard meet in Queenstown, NZ, for the annual Australia-New Zealand Leaders' meeting.

**Feb. 16, 2013:** Independent Australian Sen. Nick Xenophon is detained at the Kuala Lumpur airport and deported from Malaysia as a "security risk" based on previous criticism of Malaysia's political system. Other parliamentarians traveling with Xenophon abandon the visit to Malaysia.

**Feb. 18, 2013:** DM Smith visits Afghanistan and meets President Hamid Karzai and DM Bismullah Khan.

**March 18, 2013:** Myanmar's President Thein Sein arrives for an official visit to Australia, the first by a Myanmar leader in 39 years.

**March 25, 2013:** FM Carr visits Washington and meets Vice President Joseph Biden.

**March 26, 2013:** DM Smith announces that at least 1,000 of Australia's 1,650 troops in Afghanistan will be withdrawn by the end of 2013.

**March 26, 2013:** FM Carr welcomes the Security of Information Agreement between Australia and Japan coming into force, saying the framework for the exchange of classified information will build on Australia's comprehensive security, strategic and economic partnership with Japan.

**April 5, 2013:** PM Gillard makes her second visit as leader to China. The trip is marked by the announcement that the Australian dollar is to be the third currency to be directly exchangeable with the yuan, thus bypassing the US dollar in the transaction.

**April 21, 2013:** A company of US Marines lands in Darwin for training with Australia and other countries in the region, the second rotation of US Marines through the Northern Territory.

**May 2, 2013:** DM Smith attends inaugural South Pacific Defence Ministers Meeting in Tonga.

**May 3, 2013:** Australia's Defence White Paper released.

**May 9, 2013:** PM Gillard visits Papua New Guinea.

**May 16, 2013:** An exchange of diplomatic notes brings the Australia-United States Defence Trade Cooperation Treaty into force.

**May 21, 2013:** DM Smith visits Washington and meets Secretary of Defense Chuck Hagel.

**May 27, 2013:** Australian Broadcasting Corporation broadcasts a documentary claiming that Chinese hackers stole the blueprints for the new Canberra headquarters for the Australian Security and Intelligence Organisation.

**June 1, 2013:** Defense Ministers of the US, Australia, and Japan hold trilateral talks in Singapore on the margins of the Shangri-La Dialogue.

**June 4, 2013:** India's Minister of Defense A. K. Antony arrives in Australia – the first official visit to Australia by an Indian defense minister.

**June 26, 2013:** DM Smith makes a statement to Parliament on Australia's "Full Knowledge and Concurrence" on the US Joint Facilities on Australian soil.

**June 26, 2013:** PM Gillard is deposed by the Labor Party caucus. The MPs and senators vote to return Kevin Rudd to the leadership (57 votes for Rudd, 45 for Gillard). Gillard said she would leave Parliament at the coming election. Treasurer Wayne Swan and five other ministers resign, saying they will not serve in Rudd's Cabinet.

**June 27, 2013:** Kevin Rudd is sworn in as prime minister.

**June 27, 2013:** DM Stephen Smith says he will continue as minister but announces he will not contest the federal election in September.

**July 1, 2013:** The Australian Defence Force concludes its support to the Regional Assistance Mission to Solomon Islands (RAMSI). Since 2003, 7,270 Australian personnel from all three services have deployed to Solomon Islands for RAMSI.

**July 4, 2013:** FM Carr and DM Smith visit Seoul for the first Australia-Korea Foreign and Defense Ministers' ("2+2") Meeting.

**July 5, 2013:** PM Rudd visits Jakarta to meet President Yudhoyono and discuss the issue of asylum seekers sailing to Australia from Indonesia.

**July 15, 2013:** PM Rudd visits Papua New Guinea to announce new aid projects and to negotiate the terms of a deal for PNG to process and resettle asylum seekers trying to reach Australia by boat from Indonesia.

**July 15, 2013:** Exercise *Talisman Saber* begins at the Shoal Water Bay Training Area and the adjacent maritime areas in the Coral Sea. Approximately 20,000 US personnel participate.

**July 19, 2013:** Australia signs an agreement with Papua New Guinea designed to stem the flow of boat people sailing to Australia seeking refugee status.

**July 26, 2013:** Second annual Australia-Indonesia Defense Ministers Meeting is held in Perth.

**Aug. 5, 2013:** PM Rudd announces the federal election will be held on Sept. 7, one week earlier than the Sept. 14 date set by his predecessor, Julia Gillard.

**Aug. 15, 2013:** A force of 1,000 US Marines starts a two-week training exercise at the Bradshaw Field Training Area as a follow on to this year's Exercise *Talisman Saber*.

**Sept. 1, 2013:** Australia begins its one-month tenure as president of the UN Security Council.

**Sept. 7, 2013:** Australia's federal election is held.