

AUSTRALIA

THE SECURITY ENVIRONMENT

For Australia, the emerging security environment in the Asia Pacific presents a mixed picture. The region is currently more stable than it has been for decades. Australia is not threatened militarily, nor likely to be in the near future. It has good security relationships with all regional states and continues to develop them within a policy of "regional engagement", involving cooperative bilateral and multilateral measures. Bilateral defense cooperation with Southeast Asian neighbors—Indonesia, Singapore and Malaysia in particular—is increasing dramatically in the 1990s. Most recently, in December 1995, Australia and Indonesia signed an historic Agreement on Maintaining Security. Australia is a founding member of the region's first multilateral forum for security dialogue, the ASEAN Regional Forum (ARF), and the first official multilateral economic forum, APEC. There are nonetheless, other less optimistic regional dynamics affecting Australia's security outlook. Chief among these: the unprecedented pace and scope of change in the region; the increasing complexity of regional security concerns; and the pervasive uncertainty arising from these regional dynamics.

Economic Change. The most important change in the region is economic. Economic strength has become the single most important index of national power. Growth trends in the region do not favor Australia to the same extent as its trading partners. The combination of low and relatively unstable rates of economic growth, high foreign debt levels and persistent current account deficits, low national savings rates, and fluctuating market shares in key commodities make Australia's future economic performance somewhat uncertain. The region's economic dynamism also cannot be taken for granted, nor assumed to be without contradictions, or benign in all respects. The Asia Pacific economy is dependent upon resources from outside the region. Sea lines of communication are long and vulnerable. And while growing economic interdependence reduces threats between states by raising the costs of conflict, economic growth increases political and military power, which sustains uncertainty about the future conduct of states.

Geostrategic Change. The most obvious geostrategic change is the relative decline of the presence and influence of the two superpowers. The region is now undergoing a transition from bipolarity to an undefined form of multipolarity, involving other regional powers such as China and Japan. Russia

has essentially withdrawn its forces from the region to home territory. U.S. capabilities were reduced by 15 percent in the early 1990s. Although further reduction is unlikely, there is considerable residual uncertainty concerning the future U.S. commitment to the region. U.S. attempts to assuage these concerns have generally been ineffective, notwithstanding reassurances in the U.S. Defense Department's 1995 publication, *United States Security Strategy for the East Asia Pacific Region*, the signing in 1996 of the Japan-U.S. Joint Declaration on Security, and the U.S. intervention in cross-straits tensions between China and Taiwan in March 1996.

Other actors in the region are growing in significance and pose geostrategic uncertainties. In regional terms, Japan already has a substantial and very modern naval force. There is no doubt it will increasingly seek a role in regional political and security affairs that is more commensurate with its economic and military capabilities. China is the largest power in Asia, but there is uncertainty about its future internal stability and foreign policies. It could well emerge as the world's largest economy by the second decade of the twenty-first century with commensurate political and military power. The relationship between China and Japan will become an important factor in the region's security. There are also some developments involving India which affect the Asia Pacific region. These developments impact on lesser regional powers, such as South Korea and ASEAN: all these countries are currently engaged in arms acquisition programs, involving the modernization and enhancement of air and maritime capabilities.

Regional Concerns. There are some three dozen issues of potential conflict in the region. The most serious concern inter-state relations between the ROK and the DPRK, China and Taiwan, and the five countries which are claimants to all or parts of the South China Sea. Other competing sovereignty claims, territorial disputes, and challenges to government legitimacy involve countries close to Australia, such as the North Solomons (Bougainville) in Papua New Guinea (PNG), and the Irian Jaya/PNG border.

Maritime issues are among the most important current concerns. Half the conflict points in the region involve offshore issues, and many emerging security concerns, such as piracy, oil spill pollution, and exploitation of offshore resources, are maritime issues. The 1982 UN Convention on the Law of the Sea (UNCLOS III) has introduced new uncertainties into the region, particularly in connection with the Exclusive Economic Zones (EEZs) and archipelagic state regimes. These concerns, together with the requirements for defense self-reliance, are reflected in the significant maritime dimension of the current arms acquisition programs in the region.

Defense spending in the region is another cause for disquiet. Asia's defense spending continues to grow, although there is little to suggest that an arms race is underway or that Asia is becoming the world's "arms bazaar". Indeed, the Asian share of the world's total imports of major conventional weapons peaked at 38.4 percent in 1989. But, the build-up continues—albeit at a slower rate in most countries—and another round of increases cannot be ruled out. Moreover, the nature of many of the weapons systems, and the lack of trust surrounding their acquisition, are reasons for concern. One of the most disturbing aspects is the acquisition by several countries in the region of new technologies (such as ballistic missiles) and weapons of mass destruction.

China, and its future role in the region, occupies an increasing amount of time in regional security discussions. Its defense acquisitions are a major focus of interest. For many states, including Australia, the more disturbing aspects are the lack of transparency attending the Chinese modernizations, the strategic purposes of the new capabilities, as well as the ultimate dimensions of the acquisition program.

DEFENSE POLICIES AND ISSUES

Defense Objectives. During the thirteen years of Labor government, from March 1983 to March 1996, Australia shifted its primary outlook toward the Asia Pacific region. This policy reflects a national priority driven by strong economic and security incentives. Economically, Australia seeks to benefit from the dynamic growth of business opportunities in the region, while defense planners see the country's future security likewise "linked inextricably to the security and prosperity of Asia and the Pacific". The Labor government, in a 1989 statement on Australia's Regional Security, articulated a "multi-dimensional approach" to Australian security: one that "goes beyond strictly military capabilities" to "embrace traditional diplomacy, politico-military capabilities, economic and trade relations, development assistance, immigration, education and training, cultural relations, information activities," and other areas of activity. The current Liberal-National Party Coalition government, which was elected in a landslide victory in March 1996, claims it will continue to "put Asia first", but that it will not have an "Asia only" policy. The Coalition has already "revitalized" Australia's security arrangements with its traditional ally, the U.S.

The Security Dimension of the multi-dimensional approach is conceived in fairly narrow terms by defense officials as relating to military threats to perceived national interests and the means to deal with those threats. The argument that security has become a broader concept is endorsed by defense planners

only insofar as factors such as environmental degradation might impinge on Australia's security as defined above. The core elements in Australia's defense posture remain the defense of Australia (continent, offshore territories, and maritime approaches), regional contingencies and regional defense cooperation. The Labor government's commitment to the defense of Australia, as opposed to forward operations, was unassailable. In the South Pacific, however, the government identified three particular contingencies in which Australian Defense Force (ADF) operations in this region might be authorized: (1) the provision of support for a legitimate government in maintaining internal security; (2) counter-terrorist operations; (3) the protection or rescue of Australian citizens abroad, in both opposed and unopposed circumstances.

The position of the Coalition government is less clear with respect to forward operations. In its first four months of office the government fulfilled its election intention to "rejuvenate" relations with the U.S.: the defense minister offered Australia as a possible site for U.S. pre-positioning ships, the foreign minister supported U.S. intervention in cross-straits tensions between China and Taiwan with two carrier battle groups (the only regional country to do so publicly); and in July 1996, during the annual Australia-U.S. Ministerial Consultations, Australia and the U.S. agreed to "enhance the defense relationship so as to effectively address future regional and global security challenges". In addition Australia agreed to an expanded military training program for U.S. armed forces in northern Australia and to the biggest U.S.-Australia military exercise since World War II.

The Economic and Diplomatic Dimensions of Australia's multi-dimensional approach to security are largely the responsibility of the Department of Foreign Affairs and Trade (DFAT). The priority tasks of DFAT are: (1) To advance Australia's economic interests through strengthening the multilateral trading framework, liberalizing trade, and consolidating Australia's economic integration into the Asia Pacific region through the APEC process; and (2) To advance Australia's strategic interests by enhancing the regional security environment through cooperative security approaches, limiting the proliferation of weapons of mass destruction and missile delivery systems, and strengthening the effectiveness of the UN in cooperative security arrangements.

Defense Spending. The 1994-95 Australian defense budget (A\$9,637 million) constitutes 8 percent of Commonwealth outlays and just over 2 percent of Australia's gross domestic product. The budget continues to decline in real terms by 0.5 percent annually, even though the economy is growing in excess of 4 percent per annum. Since defense spending in many regional countries is

growing, regional military capabilities will, in relative terms, shift against Australia over the long term. Personnel costs constitute, and will remain, the largest part of the budget. At just under 40 percent of the budget, personnel costs have been reduced from 60 percent twenty years ago. By 1997–98 Defence aims to reduce authorized staffing levels, both uniformed and civilian, by 12,000. This will be achieved partly by continuing the Commercial Support Project (CSP) which was initiated in 1990 to involve the commercial sector in “non-core” defense support functions. Under the Coalition government spending is being reduced dramatically, but this is unlikely to affect the Department of Defense, not least because there is bi-partisan support for a fixed five year defense budget.

Equipment, Procurement and Defense Industry. A major focus of Australian defense procurement has been the maintenance of a technical “edge” in defending the sea and air approaches to the continent. Australia is coming to the end of a ten-year, A\$20 billion, military modernization program. Key platforms include frigates, minehunters and submarines. Advanced fighter capability has been procured, supplementing existing air strike aircraft, and airborne early warning and control capability is projected. Under the current program the proportion of procurements from Australian suppliers has increased from 25 percent to 65 percent. Apart from underwriting Australia’s policy of self-reliance, development of the defense industry is officially justified in terms of employment and modernization of sections of Australian industry. Projected Australian defense industry joint ventures with regional countries, while commercially motivated, could also contribute to regional defense cooperation. The United States remains Australia’s most important overseas source, especially for high technology equipment.

CONTRIBUTIONS TO REGIONAL AND GLOBAL SECURITY

Australia’s response to the emerging regional security environment is: (1) to strengthen its self-reliant defense posture; (2) to engage and cooperate bilaterally and multilaterally with regional countries across a range of issues using multidimensional means; and (3) to, according to Coalition ministers, “revitalize” the U.S.-Australia alliance. Apart from functional security imperatives, Australia has political reasons for pursuing a cooperative approach to security in the region. As a middle power, Australia relies on niche diplomacy, coalition building, and inclusive multilateral approaches. In practical terms, regional multilateralism serves to keep the United States engaged, constrains China and Japan, and gives small and middle-size powers, like Australia, a status they

would not otherwise enjoy. But Australia also continues bilateral cooperation and Coalition defense and foreign ministers plan to increase these arrangements.

Defense Cooperation. The ADF conducts a major exercise program with the United States. This is poised to expand quite significantly under the Liberal government. Close cooperation with U.S. forces strengthens the framework of continued U.S. presence in the Western Pacific, alleviating some of the regional concern about the possibility of U.S. withdrawal from the region. In recent years under the Labor government, however, the weight of the ADF's defense cooperation activities moved decidedly towards the ASEAN countries and other countries in the Southwest Pacific, including New Zealand, Papua New Guinea, and some of the Pacific Island nations. Defense cooperation between Australia and its Southeast Asian neighbors has burgeoned since the late 1980s. In 1993-94, Australia spent A\$229 million on cooperative defense activities with Asia Pacific countries. There are now more ASEAN defense personnel posted to Australia than U.S. personnel. The reciprocal side of Australia's defense cooperation is perhaps even more remarkable.

Most of the ASEAN countries are more engaged in cooperative defense activities with Australia than with any other country, including their own ASEAN neighbors. Australia also engages in other cooperative security activities, including intelligence exchanges and observer programs (central elements of greater regional transparency), monthly reciprocal visits by senior officers, and training and study programs.

The nature and extent of defense cooperation with ASEAN countries during the 1990s has revolutionized Australia's strategic relationship with Southeast Asia. Australia now seeks to further develop this relationship into a "strategic partnership" with ASEAN. There are, however, a number of constraints that inevitably impact on further enhancement of cooperation between Australian and regional defense forces. Military cooperation programs are expensive and resources are limited. A quarter of a billion dollars out of a A\$10 billion defense budget is a small percentage (2.4) but represents a major amount that could be put to other high priority uses. It is already evident that Australia's regional commitments impinge upon the effective carriage of nationally-oriented goals, and that further regional involvement cannot be undertaken without increased allocation of resources for that purpose. In addition to financial limits, management and planning resources may no longer be able to support further expansion of joint exercise activities.

One recent attempt to manage resources to better coordinate policy is the establishment of the National Security Committee (NSC): members will include

the prime minister, the ministers for foreign affairs and defense, the attorney general and the treasurer. The NSC will be supported by the Secretaries' Committee on National Security, which will bring together relevant departmental secretaries at least once monthly.

Economic Cooperation. DFAT has been active in encouraging institutionalization of regional economic cooperation. Australia has supported this approach at the nongovernmental level through the establishment of the Pacific Basin Economic Council (PBEC), initiation of the Pacific Trade and Development (PAFTAD) Conference, and the establishment of the Pacific Economic Cooperation Conference (PECC). At the official level Australia has helped to establish the Asia Pacific Economic Cooperation (APEC) forum and at the global level the World Trade Organisation (WTO).

Regional Dialogues. Australia has been at the forefront of efforts to institutionalize regional security dialogues. At the July 1990 ASEAN Post Ministerial Conference (PMC), the Foreign Minister, Gareth Evans, suggested consideration be given to the establishment of a Conference on Security and Cooperation in Asia (CSCA), similar to the Conference on Security and Cooperation in Europe (CSCE). Regional reaction to the proposal was generally negative. It was argued that conditions that had facilitated the CSCE "have not been obtained in Asia" and that the institutionalization of dialogue should proceed at a rate determined by regional interests and perceptions, and involve extant regional structures—most particularly, the ASEAN PMC. This approach led to the 1993–94 establishment of ARF as the first Asia Pacific-wide forum for regional security discussions.

Disarmament and Non-Proliferation Regimes. Since 1983, Australia has been active in international efforts to limit proliferation of weapons of mass destruction. Two of its "priority disarmament objectives" of the 1980s—promoting universal acceptance of the Non-Proliferation Treaty (NPT) and achieving a comprehensive nuclear test ban treaty (CTBT)—continue to be actively pursued. In 1995, Australia promoted indefinite extension of the NPT and through its efforts contributed to "a further five countries joining the NPT." In February 1996, Australia presented a CTBT Model Treaty Text to the Conference on Disarmament (CD) as a contribution towards completion of a CTBT for signature at the outset of UNGA 51. Australia has been active in international efforts to implement the Chemical Weapons Convention (CWC), strengthen the Biological Weapons Convention (BWC), and to promote the Missile Technology Control Regime (MTCR), improved IAEA nuclear safeguards, and a convention for banning the production of fissile material for nuclear weapons. Australia recently supported the case in the International Court of Justice for declaring nuclear

weapons illegal, and in 1995 the former Keating Labor government initiated the Canberra Commission for the Elimination of Nuclear Weapons, the only such international program sponsored by a government. Greater attention has also been accorded the regional aspects of some of these international mechanisms. For example, a Chemical Weapons Regional Initiative (CWRI) mounted by Australia, proved successful in engendering regional support for a global CW ban. Australia helped to establish the Treaty of Rarotonga, which declares the South Pacific region a nuclear-free zone, and supports the South East Asian Nuclear Weapons Free Zone (SEANWFZ). Australia also participates in the UN Arms Registrar and supports a regional arms register.

Dispute Settlement/Peacekeeping. Australia has supported UN and other multilateral mechanisms for dispute settlement and peace keeping operations on the Korean Peninsula, in Southeast Asia, Southwest Pacific, and Western Africa. Most notably, an intense period of Australian diplomatic activity resulted in the Australian plan becoming the basis of the Cambodian peace settlement signed at the Second Paris Conference in October 1991. But, following the UN failures in Western Africa, Australia adopted a more cautious case-by-case approach to peace keeping: for example, insisting that certain principles be considered, such as that the operation must have a good possibility of success, before Australian personnel are committed. Australia, nonetheless, continues to contribute to peacekeeping operations by providing facilities for training regional peacekeepers.

Preventive Diplomacy. In 1993, the former foreign minister, Gareth Evans, conceived and sponsored a Cooperating For Peace project designed to stimulate international debate about the role of the UN in securing world peace in the 1990s and beyond. The project had three principal themes—Preventive Strategies, Peace Building, and Cooperative Security. Specific proposals included strengthening the UN's capacity to conduct preventive diplomacy and peace-making, enhancing the UN's early warning capacity, establishment of regionally-focused preventive diplomacy teams, establishment of regional Peace and Security Resource Centers, enhancement of regional organizations concerned with the promotion of cooperative security, second-track diplomacy, and establishment of mechanisms for preventive military deployments. Since coming to office the Coalition government has supported general reforms for the UN; however, specific suggestions of the kind laid out by Evans, including preventive diplomacy, have not yet been forthcoming.

While Australia's official efforts to re-conceptualize regional security have focused on the development of multidimensional instruments, implementing

this approach in practice will continue to be demanding. The outcome relies heavily on the willingness of the region—China and Japan in particular—to develop habits of security cooperation. That will mean moving beyond security dialogue to practical measures for transparency and trust building. If the regional approach does not bring tangible success and uncertainties increase, Australia's traditional interest in alliances could once again come to dominance, to the detriment of cooperative approaches. The Coalition government is in any case supporting stronger alliance arrangements with the United States. Other issues closer to home constrain the development of Australia's approach to the region. Important themes of the government's policies, such as the "special relationship" with Indonesia in foreign policy and some aspects of multiculturalism in domestic policy, which affect Australia's regional engagement, remain contested. Most fundamentally, the policy legs of self-reliance and regional cooperation, and the financial investments in them, need to be carefully balanced, but determining the right balance is a very difficult task.