



The United States and Australia: Addressing 21st Century Challenges Together

A Conference Report of
the United States-Australia
Young Leaders Security Symposium

By
David Santoro
Keoni Williams

ISSUES & INSIGHTS CONFERENCE REPORT

VOL. 19, CR 3 | FEBRUARY 2019

CANBERRA, AUSTRALIA



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ACKNOWLEDGMENTS

This report is the outcome of a public panel organized by the Pacific Forum in partnership with the United States Studies Centre at the University of Sydney and the Australian Institute of International Affairs and supported by the Embassy of the United States of America. The statements made and views expressed are solely the responsibility of the authors and do not necessarily reflect the views of their respective organizations and affiliations.

EXECUTIVE SUMMARY

BY KEONI WILLIAMS

The Pacific Forum, in partnership with the United States Studies Centre at the University of Sydney and the Australian Institute of International Affairs, co-hosted a public panel featuring four Pacific Forum Young Leaders, two moderators, and more than 40 audience members from the United States and Australia, all attending in their private capacity, in Canberra, Australia, on Dec. 6, 2018. Supported by the Embassy of the United States of America, the panel explored the development of the Indo-Pacific strategy and how the United States-Australia alliance should evolve to address future challenges. In this, emphasis was on identifying and probing differences in thinking about 21st century challenges facing the United States and Australia. This report contains papers presented by the four Young Leader panelists within the context of the public panel.

Understanding the Indo-Pacific Strategy

In the first session, the discussion centered around understanding the Indo-Pacific strategy from both allies' perspectives. Panelists distinguished between the United States' Indo-Pacific Strategy (IPS) and what Australia is beginning to operationalize as part of its Indo-Pacific outlook.

American panelists described the IPS as a "vision" for the future of the region: strong and independent countries free from coercion, able to defend their people and contribute fairly to the world economy. The IPS is not about containing or encircling the People's Republic of China (PRC), but rather, sustaining the free and open order under threat from aggressive and predatory behavior by the PRC.

Economics, governance, and security make up the three pillars of the strategy that work in concert to unlock the full potential of the vision. The economic pillar seeks to attract private

investment to the countries that need it the most. Poor governance – including bribery and corruption, frail rule of law and court systems, opaque public finance, weak bureaucratic institutions and election fraud – tends to stymie private sector investment from Western firms. The governance pillar seeks to address these barriers to entry, thereby increasing business activity in developing countries. As peace and stability underpins prosperity for the entire region, the security pillar ties the region together and strengthens the US position as a security partner of choice.

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The IPS was characterized by its competitive paradigm with China, ability to leverage the American private sector as US foreign direct investment (FDI) in the Indo-Pacific region approaches nearly \$1 trillion, embrace of development finance such as through the \$60 billion BUILD Act, and a shared vision with allies and partners, including India.

American panelists emphasized joint cooperation with Pacific Island countries, expanding the role of quadrilateral dialogue between Australia, Japan, India, and the United States – often referred to as the “Quad,” having a strategic messaging platform, employing a resourced and staffed approach, and revisiting

ASEAN engagement as future opportunities. Areas of emphasis where allies and partners can optimize cooperation included infrastructure, energy, digital economy, and transparency in governance.

Australian panelists cited their 2017 Foreign Policy White Paper, which offered a comprehensive picture of Australia's Indo-Pacific outlook. While stressing the ongoing importance of the US alliance and the rules-based order, the document included key priorities such as increasing influence and partnerships across the Pacific, Southeast Asia, and the Indian Ocean, as well as building a more capable defense force. It also emphasized upholding norms and institutions of the rules-based order, firm commitment to the ANZUS Treaty, a strengthened and more active defense force, the 'Pacific Step-Up' and becoming ASEAN's 'partner of choice.'

Australian panelists identified upholding the rules-based order, stronger India relations, providing economic alternatives to the PRC's Belt and Road Initiative (BRI), and ASEAN centrality as evident synergies between Australia's Indo-Pacific outlook and the IPS.

The military dimension of the Indo-Pacific strategy

In the second session, the conversation moved from conceptualizing the Indo-Pacific to discussing the military component of the Indo-Pacific strategy from both allies' perspectives.

American panelists explained that underpinning the shift in balance of power is the rise of a more powerful and aggressive PRC under the complete control of the Chinese Communist Party (CCP). The military component of the IPS is to enhance deterrence so that it becomes riskier for the CCP to engage in coercive actions. Indeed, capability and credibility is required for good deterrence. To increase capability, the US emphasized the importance of the Indian Ocean and revised conventional arms transfer policies to streamline arms transfers to partners and allies.

The issue of credibility still remains, however, as questions surrounding the risks Australia and the US are willing to incur and how much each is willing to pay for defense remains unanswered.

To address this concern, American panelists recommended Australia and the US have an open conversation about strategic, operational, and tactical needs of the alliance and adjust burden-sharing accordingly.

Strategically, the alliance should integrate deterrence concepts into its broader security cooperation and defense posturing and better define the goals and resolve of the alliance. A restructuring similar to that of the US-Japan alliance could be useful. Operationally, Australia and the US should redefine their roles, missions, and capabilities while taking into consideration the cost they are willing to incur to boost deterrence and how to deter a potential adversary that engages in coercive tactics in all spheres of interaction. Tactically, the alliance should boost arms sales, achieve machine-speed interoperability, and focus on protecting crucial maritime chokepoints such as the Sunda or Lombok Straits.

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Australian panelists explained that modern military strategy is as much about politics and psychology as it is about capabilities. Amidst a rapidly changing geo-strategic environment in

the Indo-Pacific, Australia and the US can maintain focus on values-based alliances and partnerships, translate these relationships into the realm of military cooperation, and shore up the rules-based order to ensure security and stability in the region.

Focus on values-based alliances and partnerships includes maximizing the benefits of the Quad and other minilateral arrangements, formalizing the Australia-Japan relationship, and engaging with Pacific Island nations. Translating these relationships into the realm of military cooperation was described as conducting joint military exercises, practicing and assessing interoperability, and ensuring soldiers are trained for state-on-state conflict with militarily advanced adversaries. Shoring up the rules-based order implies participating in the development of rules for new realms of conflict while taking care not to disadvantage themselves in the face of more recalcitrant states. Ensuring the rules are unambiguous is a key aspect of deterrence.

In conclusion, panelists agreed that while the outlook for the Indo-Pacific region is complex, both Australia and the US benefit from their alliance and would do well to manage challenges through continued discussion and commitment. While various synergies between the IPS and Australia's Indo-Pacific outlook exist, Australia and the US should consider pursuing specific priorities with a high probability of success while openly discussing roles, capabilities, and the cost each ally is willing to incur.



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THE UNITED STATES INDO-PACIFIC VISION: OPPORTUNITY IN A MULTI-POLAR WORLD

BY MAX LUKEN

The views expressed in this article are strictly those of the author and do not necessarily represent the views of the US Department of State or the US government.

For the first time since the Cold War, the United States is facing a multi-polar world. Through its Belt and Road Initiative (BRI), an empowered China is expanding its influence worldwide and challenging the order that has benefited the world for generations. In recognition of the newly competitive nature of global leadership, the United States is taking steps to define a positive vision for the future of the Indo-Pacific region, dedicate significant resources to this vision, and forge new cooperation with allies and partners. The Indo-Pacific vision, which focuses on the area from the west coast of the United States to the west coast of India, is deepening US engagement in the region. The US is still in the early stages of implementing this vision, which presents opportunities for new tools and ideas to play a significant role. The US must continue developing new tools and considering innovative ideas to unlock the full potential of this effort.

Overview of the Indo-Pacific

The US vision for the Indo-Pacific is a region in which strong and independent countries are free from coercion, and can defend their people and contribute fairly to the world economy. It recognizes the dynamics of the region have changed and the United States is actively competing with China.

To achieve such a future, the United States is directing foreign assistance into three key areas: economics, governance, and security.

The economic pillar of the approach seeks to create conditions that will attract private investment to the countries that need it most. According to the OECD, many developing countries in the Indo-Pacific attract disproportionately low investment from the private sector (across all industries). Asian Development Bank (ADB) data states that these countries must invest \$1.7 trillion in infrastructure each year just to maintain their current levels of economic growth. Only the private sector has this amount of capital available to invest across the region. The US has therefore launched new programs to help countries craft regulations setting out high project standards, negotiate effective contracts, and most importantly, connect countries with sustainable financing from private sector financing and development organizations.

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Closely aligned with the economic pillar is the governance pillar. Poor governance - including bribery and corruption, frail rule of law and court systems, opaque public finance, weak

bureaucratic institutions, and election fraud - stymie private sector investment from Western firms. The governance pillar seeks to address these barriers to entry, thereby increasing business activity in developing countries. In November 2018, US Vice President Mike Pence announced the Indo-Pacific Transparency Initiative, which aims to fund such programs as procurement training, support for investigating and prosecuting corruption cases, election monitoring, and public finance auditing services.

The security pillar ties the region together. Peace and stability underpin prosperity for the entire region. To strengthen the US position as a security partner of choice and address transboundary threats such as piracy, trafficking, and natural disasters, the US announced a significant increase in foreign military financing directed towards building up partner nation capabilities in maritime security, peacekeeping, and disaster resilience. In the past, foreign military financing has been used for such things as purchasing ships for the Philippine Coast Guard, training for Thai Royal police, and transportation for Vietnamese peacekeeping forces.

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Ideas at work inside the Indo-Pacific

Washington's approach to the region seeks to address critical gaps in US foreign policy. Below are the most important and innovative characteristics of the IPS.

A Competitive Paradigm with China: The 2018 National Security Strategy was the first to

reframe the US-China relationship as competitive. In October 2018, Vice President Pence described in detail the negative behavior by the Chinese government, such as IP theft and domestic interference, and how that behavior is framing our bilateral relationship. The IPS is not about containing or encircling China, but it is certainly about sustaining a free and open order under threat from China's aggressive and predatory behavior.

The US Private Sector in Foreign Policy: The United States still boasts the biggest economy in the world, as well as many of the largest and most technologically advanced businesses. The United States is the largest investor in the Indo-Pacific, with current foreign direct investment (FDI) approaching nearly \$1 trillion. The US vision will leverage the power of the US private sector to invest even more in the Indo-Pacific. Private sector-led investment is the only approach that generates the ideas and innovation that have led to continuing prosperity and stability for decades.

An Embrace of Development Finance: Taking a lesson from Japan's Bank for International Cooperation (JBIC), the BUILD Act embraces the potential of government-provided development financing but doubling US government development finance to \$60 billion. Just as important is the consolidation of development finance mechanisms under a single chairman and the ability for the United States government to enter into equity investments where US companies are not the primary contractor. This opens the door for strategic development on a level and in areas the United States government has not yet seen, such as jointly investing in high profile infrastructure deals with foreign governments.

Shared vision with allies and partners, including India: The US vision of a free and open order is shared by a wide range of allies and partners, and not only in East Asia but South Asia. The US approach focuses on expanding cooperation with these allies and partners and optimizing areas of emphasis,

such as infrastructure, energy, and digital economy; transparency in governance, etc. Japan, Australia, India, ASEAN nations and others bring substantial capabilities to bear, and the US seeks to support and elevate this work in defense of a free and open order.

Future opportunities for the Indo-Pacific

The concept is still being developed, presenting an opportunity for new foreign policy tools to be created, and innovative policy ideas to play a significant role.

Expanded joint cooperation with Pacific Islands countries (PICs): The strong relationship the United States built with PICs has provided tangible benefits, including civilian and military access, recognition of Taiwan, and reliable UN voting cooperation. China recognizes the importance of the PICs for its own economic and security interests and, according to media reporting, has made attempts to secure port access agreements in several Pacific Island countries, including Papua New Guinea, Vanuatu, and the Federated States of Micronesia.

PICs have considerable infrastructure, energy, and connectivity needs that must be met. If the United States wishes to retain its access and influence in the Pacific Islands in the face of competitive influence with China, it must redouble its own efforts to assist PICs in addressing their needs. For decades, Australia and the United States have worked with the island nations, building sustainable fisheries, supporting elections, training police and coast guard, and providing disease prevention and treatment services. By working more closely together on issues of critical importance to PICs, such as climate resiliency and energy independence, the United States, Australia, and New Zealand can expand our cooperation, maintain our influence, and accomplish more with less foreign assistance.

Expanding the role of the Quadrilateral Dialogue: The four-party consultations on the

Indo-Pacific between Australia, Japan, India, and the United States - often referred to as the “Quad” - has become an increasingly important venue for regional issues. However, as an organization, the Quad is not meeting its full potential. All four countries already invest millions of dollars of foreign aid in such issues as improving good governance and building much needed infrastructure across the region. Greater cooperation between Quad members on these issues would enhance existing bilateral efforts and promote the image of the Quad as a benefactor, rather than a closed-door security council.

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A strategic messaging platform: The US Information Agency’s 1999 merger with the State Department left the United States government without a strategic messaging platform just a few years before the advent of social media. Now, the United States is struggling to deliver strategic messages globally. State must create a new institution, or significantly rework the Global Engagement Center to involve them more directly in messaging campaigns, to fill this critical messaging gap.

A resourced and staffed approach: The US federal budget process is inflexible and slow, often forcing public servants to tackle new priorities without new resources. To compound this problem, the US government is under pressure to shrink budgets and reduce or maintain current levels of personnel, even as China is rapidly expanding its foreign affairs spending. The United States still boasts one of

the largest and most professional foreign services in the world. To win a global competition for influence it must empower and expand its diplomatic corps and the tools they need to succeed, such as foreign assistance.

opens the door to a stronger, more effective Indo-Pacific Strategy.

Revisiting ASEAN engagement: ASEAN has been a centerpiece of United States engagement with Southeast Asia for years. However, inaction by ASEAN on core security interests, such as Mekong River Patrols and South China Sea Code of Conduct negotiations raises questions about the ability of the organization to make the hard decisions necessary to maintain regional prosperity and security. Bilateral and multilateral engagement with ASEAN member countries must remain central to the vision, but the US must revisit its ASEAN engagement to ensure a single weak institution does not undermine priorities for the whole region.

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Faced with the newly competitive nature of global leadership, the United States is now making changes necessary to compete and win. As China faces backlash around the world stemming from the hidden costs of BRI investment, such as unsustainable loans and low quality construction, the United States and its partners are offering an appealing alternative in the Indo-Pacific vision. However, the US government is still in the early stages of promoting its vision, which presents an opportunity for new tools and ideas to play a significant role. Incorporating such new ideas

DOES AUSTRALIA HAVE AN INDO-PACIFIC STRATEGY?

BY TOM CORBEN

The views expressed in this article are strictly those of the author.

Ask any of America's partners in Asia for their thoughts on US regional strategy now compared to a year ago, you could expect an answer akin to 'relieved.' The Trump administration's vague articulation of an Indo-Pacific Strategy (IPS) in 2017 was not accompanied by tangible policy commitments, and for much of 2018, US Asia policy seemed exclusively confined to the Korean Peninsula. Many commentators voiced their concerns that the US was missing the bigger picture - an increasingly powerful and assertive People's Republic of China (PRC). Fortunately, the last 15 months have seen considerable 'meat put to the bones' of US IPS. While Vice President Mike Pence's [Hudson Institute](#) and [APEC 2018](#) speeches outlined Washington's opposition to Beijing's coercive and predatory behavior, Congress passed both the [Asia Reassurance Initiative Act](#) and the [BUILD Act](#), adding tangible economic and security dimensions to US IPS and allowing it to compete with, rather than simply 'confront,' Beijing's growing influence.

However, other states have not sat idly by in anticipation of renewed US leadership. In fact, a number of states have long employed Indo-Pacific language to [frame their own regional interests](#). In Australia's case, the central defense and foreign policy documents of successive Australian governments [since 2013](#) have proposed that Australia's fundamental national interests lie within the Indo-Pacific. While US IPS is undoubtedly reassuring for Canberra, evidence suggests that Australia is beginning to execute what might be termed its own Indo-Pacific 'strategy.'

The impetus

The [2017 Foreign Policy White Paper](#) offered the most comprehensive picture of Australia's Indo-Pacific outlook to date. Though it stressed the ongoing importance of the US alliance and rules-based international order to Australia's national interests, the document also acknowledged the challenges posed by the region's shifting power balance. As such, it highlighted the imperative of building influence and partnerships across the Pacific, Southeast Asia and Indian Ocean, as well as a more capable defense force.

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Nevertheless, US-China great power relations have provided the primary backdrop for this outlook, particularly the PRC's growing power and ambition. Beijing has developed significant geo-economic influence across the region, exercised through financial institutions, bilateral trade relationships, and the Belt-Road Initiative (BRI). The Initiative has provided relatively unconditional loans to fund a range of infrastructure projects across the Indo-Pacific, including in certain Australian [states](#) and [territories](#). However, while BRI funding has proven irresistible to many capital-deficient states, it has also become [apparent](#) that there is more to BRI projects than meets the eye. Beijing's loaning practices have allowed corruption, debt and the pursuit of 'white elephant' projects to [take hold](#) in many weaker states. 'Debt-trap diplomacy' has become a common refrain when discussing China's geo-economic strategy, and not without reason. Indeed, the fate of several projects with

unserviceable debts (i.e. the [Hambantota Port](#) in Sri Lanka) clearly demonstrated the geostrategic and geopolitical gains China stands to make from allowing such projects to falter.

Beijing is also increasingly willing to exercise economic pressure against states perceived to be obstructing its geopolitical ambitions. Indeed, last year Beijing targeted specific Australian [exports](#) with unofficial sanctions in response to the fallout from the [foreign interference controversy](#), and Australia's rejection of several bids from 'private' Chinese companies for critical [infrastructure contracts](#) on [national security grounds](#). Furthermore, Beijing's growing economic influence and strategic footprint in the Pacific poses a significant [challenge](#) to Canberra's historic dominance in the region. While both sides of Australian politics repeatedly stress the positives of the China relationship, it has become increasingly evident that Australia needs to act decisively to protect its own national interests, and to support the rules-based regional order more broadly, against practices and powers that would undermine it.

Australia's Indo-Pacific 'strategy'

Over the last 12 months, several key components of what might be considered an Australian IPS have started falling into alignment. First, Australia continues to uphold the norms and institutions of the liberal rules-based order. To that end, Australia has led efforts to advance [TPP11](#) and [RCEP](#) in support of free and open trade. Australia has consistently voiced its support for The Hague Tribunal's finding on territorial disputes in the South China Sea, and for the role of ASEAN in regional dispute resolution. Though liberal governance norms have taken a [backseat](#) to other prerogatives in some relationships, Australia nevertheless remains committed to key economic and institutional elements of the regional order. Second, Australia remains firmly committed to ANZUS. The alliance continues to provide Australia with access to high-end military technology, enhancing its

regional presence and operational reach. This in turn provides a means for multilateral cooperation with other likeminded regional partners like Japan, which stands to soften accusations of 'free-riding' from a US president who has repeatedly entertained the prospect of disengagement from other regional alliances.

Canberra also recognizes that to remain a valuable partner, it will need to assume greater strategic burden both within the alliance and amongst other security partners. As such, a strengthened and more active defense force constitutes the third component of Australia's IPS. There is now [bipartisan](#) commitment within Australian politics to spending 2 percent of GDP on defense by 2021. Though not without controversy, major defense capability projects including [F-35 procurement](#) and the [Future Submarines program](#) are underway, aimed at improving Australia's ability to operate independently and collectively across the region. Australia has also taken steps to improve its regional strategic presence. For example, since 2017 Joint Task Force '[Indo-Pacific Endeavour](#)' has conducted annual tours across [Southeast Asia](#) and the [Pacific](#) to strengthen cooperation between Australian and other regional defense forces.

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A stronger, more active defense force supports the fourth, fifth and sixth elements of Australia's IPS: the 'Pacific Step-Up', becoming ASEAN's 'partner of choice', and enhancing its

Indian Ocean profile. Of the three, it is in the Pacific where Canberra has so far enacted its strategy most visibly. Among other initiatives, Australia has partnered with the US to construct a new [naval base](#) on Manus Island, outbid China to [fund a military base](#) in Fiji, and supported regional maritime surveillance development through the [Pacific Maritime Security Program](#). Beyond security, Canberra has also offered considerable economic assistance in the form of [\\$3 billion](#) for infrastructure development, and is developing a [trilateral Indo-Pacific infrastructure partnership](#) with the US and Japan. All the same, Australia will need to ensure that its Pacific approach does not simply [rehash](#) the paternalism of the past, nor dilute Pacific States' own agency. Serious [commitment](#) to tackling climate change — the single greatest threat to Pacific security — will be a necessary for Australia to make good on the [Boe Declaration](#).

Elsewhere, Australian governments have invested significant capital in improving relations with ASEAN across the board. From leading various multilateral trade negotiations and lending support to the concept of 'ASEAN centrality,' Australia has pursued a number of [free trade agreements](#) (FTAs) with various Southeast Asian entities, and has a strong record on regional institution building. The [Australia-ASEAN special summit](#) was convened in Sydney last year, producing progress on maritime security cooperation, counterterrorism coordination, and digital and economic infrastructure. The Australian Defense Force maintains a presence in [Malaysia](#) and the [Philippines](#), and relations with [Vietnam](#) have recently been upgraded to a strategic partnership. Even so, efforts to improve Australia's Southeast Asian profile have been set back by a number of [lingering afflictions](#), including 'Asia illiteracy,' revolving-door leadership, and inconsistent policy priorities. Each of these issues were apparent in the recent 'Jakarta-Jerusalem' controversy which threatened to derail FTA negotiations with Indonesia, while prime ministerial visits to Malaysia and Vietnam were abruptly [cancelled](#)

after the leadership turmoil in Canberra. Resolving these inconsistencies will be essential for Australia to sustain a consistent, positive trajectory in its relationships across Southeast Asia.

Finally, recent developments in Australia's Indian Ocean policy stand to provide some sorely needed impetus. Foreign Minister Marise Payne's recent [Raisina Dialogue speech](#) outlined a comprehensive approach to the Indian Ocean, underpinned by four priorities consistent with Australia's broader Indo-Pacific outlook: closer relations with India, strengthened regional institutions and norms, support for countries' capacity to resist coercion, and economic cooperation and trade liberalization. Australia-India ties are full of potential, considering their mutual 'Quad' affiliation and common democratic identity. It's also an opportunity for Canberra to diversify trade ties away from Beijing, and to that end, the government's [India Economic Strategy 2035](#) is an encouraging proposition. Australia is also set to conduct [Indo-Pacific Endeavour 2019](#) in South Asia. Even so, building a stronger relationship with India will depend on whether Australian policymakers can sustain long-term commitment to these policy initiatives, including through a [probable change of government](#) in Canberra come April. India's wariness of antagonizing China and for retaining its non-alignment posture mean that Australia will have to be patient and persistent in pursuing improvements in relations. This will involve regarding India ties beyond the lens of the 'Quad,' avoiding preoccupation with Australia's ongoing [exclusion](#) from the annual Malabar exercises, and giving bilateral ties the attention they deserve.

Conclusion

Evidence suggests that Australia is pursuing its own IPS. Recent defense, economic, and diplomatic commitments to the region have provided a sound platform from which Australia can continue to pursue its IPS into the future. There is also evident synergy between

Australian and US Indo-Pacific ‘strategies,’ including upholding the rules-based order, stronger India relations, providing economic ‘alternatives’ to China’s BRI, and ASEAN centrality. Each will provide opportunities to reinforce the relevance of the alliance, but also for Australia to demonstrate to the region more broadly that it is a capable, creative and ambitious partner.

OLD FRIENDS, NEW ADVERSARIES: DETECTING THE CHINESE COMMUNIST PARTY IN THE INDO-PACIFIC

BY ANNIE KOWALEWSKI

The views expressed in this article are strictly those of the author.

The US-Australian alliance has been widely considered as “[Australia’s most important defense relationship](#)” and an “[anchor for peace and stability in the Indo-Pacific region](#).” Yet the shifting balance of power in the Indo-Pacific simultaneously challenges and reinforces the importance of the alliance. With a potential adversary that directly threatens Australia, the alliance must re-center its priorities to regional defense.

Shifting balance of power

Underpinning the shift in the balance of power is the rise of a more powerful and aggressive People’s Republic of China (PRC) under the control of the Chinese Communist Party (CCP). While flexing this newfound power, the CCP employs coercive military, political, and economic tactics to challenge territorial boundaries and force smaller states to the negotiating table when they adopt policies that China opposes. The CCP’s use of reinforced “[civilian](#)” fishing boats to push Vietnamese and Filipino fisherman out of their own exclusive economic zones, or its [weaponization of tourism](#) against the Republic of Korea (ROK) after it deployed the US Terminal High Altitude Area Defense (THAAD) battery in 2017 are just two examples of such tactics. In Australia, the PRC

[threatened](#) to limit the number of Chinese students studying in Australia after the publication of a series of reports on CCP espionage and influence in Australia. After the Turnbull government proposed a bill to limit foreign influence in Australian domestic affairs, the PRC [delayed](#) imports of Australian wine in response. This presents a clear shift in PRC strategy from “hid[ing] and abid[ing] one’s time” to outright coercion.

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In response to this shift, the United States has taken a new focus to the Indo-Pacific region, and Australia has amended its foreign policy approach toward the PRC. On the US side, the Trump administration has taken a more robust approach. The [2017 National Security](#) and [2018 National Defense](#) Strategies labeled the PRC a “strategic competitor,” and the [new Indo-Pacific strategy](#) calls for the United States to recommit itself to a “free and open Indo-Pacific.” While a refocus of US strategy and policy to the Asia-Pacific is not new, this forceful approach is and both Republicans and Democrats are committed to it. Leaders have [recognized](#) the reality of strategic competition with China and have taken a more forceful approach to the PRC’s coercive practices.

On the other side, Australia’s [2016 Defence White Paper](#) has shifted focus from careful

balancing to a new recognition that the PRC's rises poses a threat to regional stability. The passing of the [anti-foreign intervention laws](#) to resist CCP influence in Australia's domestic political affairs also reinforced Australia's newfound willingness to confront CCP coercion and prioritize national defense.

Challenges to the alliance

Australia and the United States agree on the basic premise that they need to strengthen their defensive lines against CCP coercion. Having fought together in the Indo-Pacific since the Battle of the Sunda Strait and the New Guinea campaign, the alliance has a strong military and defense foundation. Yet, two challenges remain. First, most conflicts the alliance has fought together were land-based conflicts. The alliance lacks experience in dealing with an adversary that, if it should cross that threshold, would spur a maritime-focused conflict. Second, since World War II, the two countries have not fought alongside each other against a country that directly threatens a country in the alliance. Such an adversary changes the risk calculus of alliance involvement, and places greater burden on Australia to act in its own direct defense.

Responses to these challenges: the US Indo-Pacific strategy

The United States has responded to these challenges by focusing on the concept of a "free and open Indo-Pacific," where ["sovereignty is respected, where commerce flows, and... independent nations are masters of their own destinies."](#) While this strategy is ["not aimed at any particular country,"](#) CCP behavior has ["demonstrate\[d\] objectives that run counter to... a free and open Indo-Pacific."](#) The military component of the Indo-Pacific strategy is to ensure that the US and its allies have the military strength and capabilities to avoid being coerced (by the CCP) into doing anything or accepting any practices and behaviors that are contrary – or outright harmful – to ours or their national interest. In other words, enhancing deterrence so that it becomes riskier for the CCP

to engage in coercive actions. As international relations theory dictates, [good deterrence](#) requires both capability and credibility to shape the thinking of a potential aggressor.

Capability

Since the Trump administration began, the United States has taken several steps to enhance its deterrence capabilities in the Indo-Pacific. First, to achieve a more realistic deterrence posture, the United States emphasized the importance of the Indian Ocean under the former US Pacific Command's area of responsibility, and [forward-deployed](#) the 3rd fleet to the Western Pacific. As the CCP's People's Liberation Army (PLA) expands into the Indian Ocean, this change streamlines US response times and ["signals America's resolve and lasting commitment to the Indo-Pacific."](#)

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Second, in April 2018, the administration [announced](#) revisions to conventional arms transfer policies like the International Traffic in Arms Regulations and the US Munitions and Commerce Control Lists to streamline arms transfer processes to partners and allies. In particular, these revisions allow the United States to maintain its competitive edge in key markets like [Unmanned Aerial Systems](#) (UAS) in which Russian and Chinese technology is quickly gaining ground. It also streamlines certain transfers to key, non-allied countries like [India](#) that historically have chosen to import arms from China and Russia because it's

cheaper and faster. Such sales increase the US military's interoperability in the region and paves the way for potentially strengthening security and defense partnerships with other key countries in the region, such as Vietnam and Indonesia. Such alliance- or partnership-building is particularly important as one of the outstanding strengths of the United States compared to the PRC is the strength and breadth of the US alliance and security partnership network.

Credibility

Yet while the United States has demonstrated a clear interest in boosting alliance capabilities to strengthen deterrence, the question of credibility still remains. Even though both the United States and Australia agree on the need to boost deterrence and strengthen defense ties, the conversation shies away from discussing their level of resolve. Questions that must be answered include what risks both countries are willing to incur when dealing with a growing regional threat, or [how much](#) they are actually willing to pay for this defense. With a US administration that's focused on minimizing alliance free-riding and with Australia facing a direct threat in its own backyard, these questions are more important than ever.

Recommendations

The United States and Australia must have an open conversation about the strategic, operational, and tactical needs of the alliance, and adjust alliance burden-sharing accordingly.

Strategically, the alliance should focus on answering the abovementioned questions. The alliance must integrate deterrence concepts into its broader security cooperation and defense posturing, and better define the goals and resolve of the alliance. Some have suggested that a restructuring similar to that of the US-Japan alliance could be useful, with Australia acting as the "shield," or the first line of defense against threats, while the United States provides offensive capability when necessary as

the "sword." While it would be beneficial for Australia to take a more active role in its own defense, that isn't to say that Australia should play no role in reinforcing the sword when needed. Given the alliance's strong history of fighting together abroad in the Middle East and Europe, Australia's expeditionary forces are a crucial reinforcement to US combat power in areas where the PLA is active, such as the South China Sea and Indian Ocean.

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Operationally, such a reconsideration translates to redefining the roles, missions, and capabilities of the United States and Australia. When redefining these roles, both countries must take into consideration how much they are willing to pay to be able to carry out these missions, as well as the type of threat they face. The alliance must consider the cost they are willing to incur to boost deterrence, and how to deter a potential adversary that engages in coercive tactics in all spheres interaction.

Such considerations dictate the tactical changes that the alliance should make. Between the Trump administration's interest in boosting arms sales and the Australian government's recognition of modernizing its capabilities, the alliance has a unique opportunity in the current political climate to enhance its defense. Since the alliance should aim to deter a PLA that is more active in critical waterways, the alliance should focus on achieving machine-speed

interoperability to better respond to PLA deployment of new technology such as swarming drones, shifting to more mobile platforms to avoid growing PLA strike capabilities, and focusing on protecting crucial maritime chokepoints such as the Sunda or Lombok Straits.

Conclusion

The United States and Australia have a historically stable defense alliance that is being challenged by a new regional threat. Questions remain about the alliance's resolve, the costs each country is willing to incur, and what role each country should play. Yet both countries benefit from the alliance. Australia will have difficulty resisting CCP coercion on its own as the PRC continues expanding into areas vital to Australia's national interest, and the United States can only remain a strong Pacific power if it has a network to rely on. Thus, given the strong foundations of the alliance and the mutual commitment to deterring the CCP, the United States and Australia would do well to manage challenges to the alliance through continued discussion and commitment.

THE MILITARY DIMENSION OF INDO-PACIFIC STRATEGY: AN AUSTRALIAN PERSPECTIVE

BY KATHERINE QUINN

The views expressed in this article are strictly those of the author and do not necessarily represent the views of the Australian Government Department of Defence.

Modern military strategy is as much about politics and psychology as it is about capabilities. Arguably, the past decades of relative global peace have been maintained by a combination of political, psychological and capability-based factors, including efforts to contain the proliferation of nuclear weapons and the prospect of ‘mutually assured destruction’ between the nuclear superpowers, the deterrent effect of NATO’s collective defence principle, and the flourishing international trade system, which adds credibility to the notion that trade prevents war.

The Indo-Pacific is an intriguing environment in which to examine these elements of military strategy. There is a network of old alliances (the United States and the Philippines, China and North Korea), a couple of middle powers keen to maintain their influence by shoring up international institutions (Australia, Japan), and an unpredictable rogue state (North Korea) overset by the tension of a rising power, China, seeking to challenge US authority in the region. Meanwhile, Pacific Island nations are facing an unprecedented and increasingly desperate situation due to climate change, among other factors, and all regional players are being forced to adapt to new means and methods of warfare such as grey zone tactics, cyber warfare, and hypersonics.

These conditions have led to a rapidly changing geostrategic environment, in which Australia and the United States must do three fundamental things to ensure security and stability in the region. First, they must maintain a focus on values-based alliances and partnerships, including maximizing the benefits of the ‘Quad’ and other minilateral arrangements, formalizing the Australia-Japan relationship, and engaging with Pacific Island nations. Second, they must translate these relationships into military cooperation, conducting joint military exercises, practicing and assessing interoperability, and ensuring soldiers are trained for state-on-state conflict with militarily advanced adversaries. Third, they must seek to shore up the rules based global order and participate in the development of rules for the new realms of conflict, while also taking care not to disadvantage themselves in the face of more recalcitrant states.

Values-based alliances and partnerships

For Australia and the United States, values-based alliances will be vital to the stability of the Indo-Pacific region, especially in light of China’s increasing reach through its ‘One Belt One Road’ initiative. Australia, the US, Japan and India recently [revived the ‘Quadrilateral’](#) or ‘Quad’ after a 10-year hiatus. Its broad mandate provides a valuable forum in which to address regional issues and to work cooperatively to support adherence to the rules based global order. The Quad is [underpinned](#) by valuable trilateral and bilateral arrangements, including 2+2 defence and foreign minister dialogues between all of the members, and military cooperation arrangements, such as the Indian Air Force’s participation in Australia’s Pitch Black exercise in 2018. All members should seek to maximize the strategic opportunities that the Quad represents, while also fostering bilateral relationships within the group.

Australia and the United States should also explore the prospect of creating partnerships and alliances within new mini-lateral groupings, and seek to further develop bilateral

relationships in areas where partners agree, for example with Thailand and Malaysia. Historically, Australia has been hesitant to take action that may be seen as antagonistic to China, which is currently Australia's largest trading partner. However while China will remain an important trading partner for Australia, the [focus of the Chinese economy](#) is shifting from physical infrastructure to social infrastructure, meaning that instead of raw materials it will be seeking services and expertise which many countries beyond Australia will be equipped to provide. Anticipating this shift, Australia should take the opportunity to both diversify its trading partners and strengthen its security arrangements.

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It would serve the interests of both Australia and Japan to formalize their relationship into a [defence alliance](#); the two countries share a commitment to democracy and human rights, and their political, economic and security relationship has been consistently strong. This alliance would provide Japan with regional security assurances and further align Australia with the US, which has a longstanding alliance with Japan, while also minimizing the uncertainty felt by both Australia and Japan in the face of a changeable US foreign policy under the Trump administration.

Australia and the United States have already taken steps to cement their relationships with Pacific nations, who are increasingly vulnerable to climate change and consequential issues such as food insecurity, natural disasters and state fragility, which have the potential to trigger conflict or leave states vulnerable to exploitation by other nations. Australia has agreed to [assist Papua New Guinea in upgrading its naval base](#), which has a strategically vital position overlooking key trade routes, and Australia is funding the [revitalization of Fiji's Black Rock military base](#), and will transform the facility into a regional peacekeeping, policing and humanitarian assistance and disaster relief training hub. This type of engagement must continue if we are to offset the region hosting new geostrategic competition.

Cooperation in military training and exercises

The second step is for Australia and the United States to translate these values-based alliances and partnerships into military cooperation. Australia and the US should work together to better align their efforts to maintain freedom of movement in accordance with international law. Australia has always openly supported the right to freedom of navigation and overflight, and the US has [welcomed](#) the prospect of Australian involvement in freedom of navigation operations (FONOPs). There may be some merit in reconsidering joint FONOPs, but Australia would require assurances that its assets and personnel would be properly safeguarded. Coordination in this realm would send an unambiguous message of strategic solidarity to the region and reaffirm Australia's support for the US at a time when its global leadership is increasingly contested.

Training of Australian and US defense personnel should be focused on anticipating the new challenges in the region; while Australian soldiers are experienced in peacekeeping and counter-insurgency, they must also be prepared for more traditional theater of war experiences and state-to-state conflict. This is something

potential adversaries are adept at. For example, Russia has trained its soldiers by rotating them through [Syria](#), [Georgia](#) and [Ukraine](#), where they engaged in land-based warfare, and China and Mongolia have sought to learn from this experience by conducting [joint military exercises](#) with Russia. Australia must work hard to build on recent combat experience and ensure its defense personnel are positioned to engage in combat with militarily advanced adversaries. This will involve being strategic in deployments and willing to accept an elevated level of risk to defense personnel.

Support international law and the rules based global order

Finally, Australia and the United States must support international law and the rules based global order, as the rules and institutions that underpin peaceful relations between states are increasingly under threat. The widely accepted governance structures set out in humanitarian law and the law of the sea are being challenged by a variety of factors. These factors include the development of new realms and types of warfare, such as [cyber](#), [space](#), [information warfare](#) and [hypersonic attacks](#), and the re-emergence of old forms of warfare such as chemical attacks, demonstrated in [Syria](#) and in [Salisbury in the UK](#). The Indo-Pacific region also faces unprecedented challenges as a result of the physical impacts of climate change. [Sea level rise](#), for example, is creating ambiguity about sovereignty in the absence of territory, and about the changing boundaries of territorial waters and exclusive economic zones which are calculated by reference to changing land masses.

Australia and the United States should be proactive in participating in the development of new spheres of international law, through the UN and other organizations, as well as plugging gaps in the existing law. Western participation

in fora regarding the laws of cyber space, such as the [Internet Governance Forum](#), is essential to ensure that our values are reflected in any agreed governance arrangements. Ensuring the rules are unambiguous is a key aspect of deterrence, and it will have a stabilizing effect on the region if boundaries and expectations are clearly communicated.

At the same time, we must ensure that in upholding the rules-based global order and taking the ‘moral high ground’ when it comes to breaches of international law, we are not disadvantaging our own interests. Compliance with the law is important for all states, lest the world descend into chaos, but deterrence strategy must be supported by a credible threat, and a willingness to act when required and accept the associated risks.

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The outlook for the Indo-Pacific region is complex, given the deteriorating state of US-China relations and the prospect of increased competition between Beijing and Washington. We cannot discount worst-case conflict scenarios. But if Australia and the United States cooperate to use the levers that underpin good military strategy, such as alliances, cooperation in training and exercises, and support for international law and the rules based global order, we can better position ourselves to maintain and expand the unprecedented levels of relative peace the world has experienced since the Second World War.

APPENDIX A



Australia and the United States: Addressing 21st Century Security Challenges Together Australian Institute of International Affairs – National

THURSDAY, 6 DECEMBER 2018

17:00 Session 1: Understanding Indo-Pacific strategy

This session will discuss the formulation of Indo-Pacific strategy by the United States and its regional allies and partners. What is the strategy? What are its goals? How aligned are its key components? What are roles and responsibilities of the US and its allies, especially Australia? What are the implications for regional security? What is China's geo-economic strategy? How should the US, Australia and regional partners provide alternatives?

Moderator: *Allan Gyngell, Australian Institute of International Affairs*

Presenters: *Tom Corben (AUS), Max Luken (USA)*

17:45 Coffee break

18:00 Session 2: The military dimension of Indo-Pacific strategy

This session will focus on the military dimension of Indo-Pacific strategy. What are its key components? What concrete steps should the US and its regional allies and partners take to operationalise this strategy? Are current policy settings sufficient to preserve deterrence and a favourable balance of power? How should the US and its allies and partners enhance security cooperation?

Moderator: *Brad Roberts, Center for Global Security Research, LLNL*

Presenters: *Katherine Quinn (AUS), Annie Kowalewski (USA)*

18:45 Session adjourns

19:30 Next-generation networking opportunity

Attendees are invited to join a happy hour networking opportunity following the seminar.
Maddies Restaurant at the Kingston Hotel

APPENDIX B



Australian Institute of International Affairs
Promoting understanding of international issues

Australia and the United States: Addressing 21st Century Security Challenges Together

PANELISTS & MODERATORS

Mr. Tom Corben

Research Assistant
United States Studies Centre

Ms. Annie Kowalewski

Young Leader
Pacific Forum

Mr. Max Luken

Political & Security Officer
US Department of State

Ms. Katherine Quinn

Senior Policy Officer
Australian Government Department of
Defence

Mr. Allan Gyngell AO FIIA

National President
Australian Institute of International Affairs
– National

Mr. Brad Roberts

Director
Center for Global Security Research
Lawrence Livermore National Laboratory