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COLLECTIVE DETERRENCE AND THE PROSPECT OF MAJOR CONFLICT

ASHLEY TOWNSHEND, DAVID SANTORO AND TOBY WARDEN | SEPTEMBER 2023

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FOREWORD

Amid rising concern about the United States' ability to deter Chinese aggression and uphold a stable balance of power in the Indo-Pacific, Washington and Canberra are working to accelerate a strategy of collective deterrence. At its core, this strategy requires a major transformation in the character and purpose of the US-Australia alliance – one that will see Australia play an increasingly central role in bolstering the United States' forward military presence and, if necessary, supporting high-end US military operations. This bilateral agenda forms part of a wider regional push to modernise and network US alliances and partnerships as a deterrent vis-à-vis China. Yet, the scale and pace of change in the US-Australia alliance sets it apart from parallel efforts by Canberra and Washington with security partners such as Japan, South Korea, the Philippines and India.

This is a relatively new development. Just five years ago, the bilateral policy conversation on collective deterrence and defence was embryonic, particularly in Australia where thinking about deterrence and major conflict had steadily atrophied since the end of the Cold War. Despite the 2018 US National Defense Strategy's refocus on China, significant disagreement continued in the US national security establishment over the extent to which Washington needed to rely more heavily on its allies to fulfil key deterrence and war-fighting roles in the Indo-Pacific; and there was no consensus in Canberra around reorienting Australia's defence policy and alliance settings to pursue a strategy of collective deterrence.

In the past few years, however, alarm over China's fast-growing military heft and coercive efforts to remake the Indo-Pacific order in its image has set the US-Australia alliance on an unprecedented trajectory. Strengthening independent and collective efforts to deter Chinese aggression is now the organising principle of strategic policy in both Canberra and Washington.

Developments since mid-2022 illustrate just how quickly Washington and Canberra are embracing a collective deterrence approach. The Biden administration's 2022 National Defense Strategy depicts allies and partners as "the center of gravity" in US strategy, vowing to "incorporate [them] at every stage of defence planning." The 2022 US Nuclear Posture Review mentions Australia for the very first time

in the context of a need to "leverage ally and partner non-nuclear capabilities that can support the nuclear deterrence mission." Meanwhile, the Albanese government's 2023 Defence Strategic Review puts "collective security" at the heart of Australia's regional defence strategy and calls for greater focus on "deterrence by denial" in Australia's immediate region. Australian, British and American leaders unveiled the optimal pathway for the AUKUS submarine partnership in March 2023, which included an ambitious combined forces construct, Submarine Rotational Forces-West, that will see attack submarines from all three countries operate from HMAS Stirling in Western Australia. Crucially, the Albanese government also formalised a new suite of bilateral force posture initiatives that will pave the way for larger numbers of US forces to be deployed to Australia as a regional hub for operations, logistics and maintenance.

There is nonetheless still a lot to do to prepare the alliance for a strategy of collective deterrence. Though Canberra and Washington have closely aligned national strategies, they have yet to develop the institutions, processes and alliance management mechanisms that characterise tightly integrated alliances like NATO or the US-Japan and US-South Korea alliances. Nor have the two countries sufficiently addressed how they will navigate the thorny requirements and risks of greater strategic and operational integration, such as escalation management, rules of engagement, the growing integration between conventional and nuclear forces, and the delineation of alliance roles and missions. Faced with a great power threat that Canberra and Washington have concluded will leave them with no strategic warning time ahead of a major conflict, these alliance challenges must be prioritised today.

To advance policy debate on these critical issues, the United States Studies Centre and Pacific Forum hosted the fourth Annual Track 1.5 US-Australia Indo-Pacific Deterrence Dialogue in Washington in June 2023. As in past years, the dialogue convened over 40 American and Australian practitioners and experts from a range of government and research organisations for a frank conversation held under the Chatham House rule. This year's theme was "Collective deterrence and the prospect of major conflict," with a focus on generating practical insights on, and recommendations for, the alliance's approach to collective deterrence, force posture integration, extended nuclear deterrence and strategic interaction with China.

Both institutions would like to thank the Australian Department of Defence Strategic Policy Grants Program and US grant-making foundations for their generous support of this activity.

This outcomes report reflects the authors' account of the dialogue's proceedings. It does not necessarily represent their personal views or the views of their home organisations. It seeks to capture the key themes, perspectives and debates from the discussions; it does not purport to offer a comprehensive record. Nothing in the following pages represents the views of the Australian Department of Defence, the US Department of Defense or any of the officials or organisations that took part in the dialogue. We hope you find this a constructive summary of some of the most pressing deterrence and defence challenges facing the US-Australia alliance.

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EXECUTIVE SUMMARY

Collective deterrence

1. There is a strong consensus between the United States and Australia that a strategy of collective defence is needed to deter Chinese aggression and uphold a stable balance of power in the Indo-Pacific. Based on an assessment that the United States cannot balance China's strategic weight alone, the Biden administration's 2022 National Defense Strategy and the Albanese government's 2023 Defence Strategic Review set out overlapping visions for achieving collective deterrence through tighter security coordination within the US-Australia alliance and stronger networking with key defence partners like Japan, South Korea and India. While the United States is investing in a full suite of deterrence options – including tailored strategies for denial, punishment and resilience – Australia is adopting a denial- and resilience-based approach that recognises its asymmetric position and highly limited options for punishing a major power.

2. The United States and, in particular, Australia, need to build intellectual capital on deterrence. One way to do this within the alliance is to establish a deterrence policy working group that reports to the annual Australia-United States Ministerial Consultations (AUSMIN) and has an overall mission to deepen mutual understanding of deterrence in theory and practice. As a start, this group could deliver a working paper on what a shared understanding of deterrence strategy looks like, informed by tabletop exercises, red-teaming, site visits and classified briefings focused on scrutinising bilateral assumptions across a range of scenarios.

Force posture and planning

3. Bilateral force posture cooperation is driving a major transformation in the character of the US-Australia alliance. At its core, it is evolving the alliance from one that was largely disaggregated at the operational level to one that is becoming selectively integrated around key military tasks. From a deterrence standpoint, posture cooperation is designed to strengthen the United States' forward military presence as an anchor of stability in the region, and develop Australia as a hub for US power projection, including by harnessing Australian infrastructure, industry and military personnel to support operations.

4. There are at least three challenges to advancing collective deterrence through bilateral force posture integration. First, unlike NATO or the US-Japan alliance, the United States and Australia do not have well-developed mechanisms or authorities for managing combined operations; or for addressing the requirements and risks of force posture integration at a political-military level, such as how to manage escalation dynamics in a crisis with China. Second, the two sides lack a clear framework for determining what roles and missions each would assume in the event of a contingency, an omission that is becoming untenable due to the lack of strategic warning time ahead of a major conflict. Third, there is a risk that the positive momentum in force posture cooperation could create or obscure expectation gaps between the allies, leading to uncertainty or faulty assumptions about the way each side might seek to operationalise force posture initiatives ahead of or during a military crisis.

Extended nuclear deterrence

5. With China's massive nuclear build-up and North Korea's continued expansion and diversification of its nuclear and missile forces, the strategic nuclear landscape in the Indo-Pacific is becoming more dangerous. There is also a possibility China's President Xi Jinping and North Korea's Kim Jong-un have concluded that Russia's use of explicit nuclear threats against NATO countries following its invasion of Ukraine succeeded in deterring Western intervention and that they, too, could emulate this behaviour. Although Washington and key Indo-Pacific allies are exploring ways to strengthen and multilateralise extended nuclear deterrence in response to these developments, this is politically difficult for Australia. Domestic forces are pushing in the other direction, including political support for the Treaty on the Prohibition of Nuclear Weapons and, as in some US quarters, opposition to any greater reliance on nuclear weapons for upholding regional stability.

6. While Canberra has never been a bystander when it comes to extended nuclear deterrence – an alliance activity it supports through the joint facilities at Pine Gap – it is yet to fully engage in bilateral nuclear crisis and escalation discussions. These discussions are now urgent and would benefit both Canberra and Washington, especially as bilateral efforts to strengthen conventional deterrence and force posture integration are blending Australia more closely with the US nuclear deterrence enterprise. Both allies should establish shared crisis management mechanisms and work towards better understanding one another's decision-making when it comes to crisis escalation, including at the nuclear level.

China's strategic calculus

7. Xi Jinping stresses the inevitability of China's ascendancy and the legitimacy of a regional order anchored in Chinese power. Buoyed by this belief, China has become more assertive and made deterrence more difficult for the United States, Australia and other regional partners. Shaping Beijing's risk calculus is still possible, although many argue that this now requires accepting greater strategic and operational risks, exploiting China's domestic political vulnerabilities, and expanding efforts to bolster regional resilience to coercion in Southeast Asia and the Pacific. Australia and the United States should continue to strengthen conventional military deterrence vis-à-vis China and assist Taiwan in preparing an asymmetric defence against Chinese attack, although further research is needed to better understand how China's threat perceptions are being affected by the alliance's actions.

8. In response to collective deterrence efforts, Beijing has further self-strengthened and sought to drive wedges between the United States and its allies. Worryingly, Beijing has refused to engage in escalation and crisis management discussions, making it impossible for stabilisation efforts to bear fruit or for the allies to assure China that their changing deterrence postures are not designed to contain its rise. While strategic competition is here to stay, the United States and its allies should nonetheless continue to make every effort to convey to China that the reassurance door remains open, if anything because not doing so would likely undermine effective deterrence.

DELIVERING COLLECTIVE DETERRENCE EFFECTS

1. There is a strong consensus between Washington and Canberra that a strategy of collective defence is needed to deter Chinese aggression and uphold a stable balance of power in the Indo-Pacific. Based on the assessment that the United States cannot balance China's strategic weight alone, the Biden administration's 2022 National Defense Strategy (NDS) casts the United States' alliances and partnerships as the "center of gravity" in its defence strategy and issues "a call to action for the defense enterprise to incorporate allies and partners at every stage of defense planning." While the contributions that key Indo-Pacific allies, like Australia and Japan, are making to this strategy will vary, there is an overall shift among US allies and partners towards more aligned defence policy, expanded force posture arrangements and deeper defence industrial collaboration. In sync with US strategy, Australia's 2023 Defence Strategic Review (DSR) puts "collective security" at the heart of Australian defence policy and maintains the overall direction of Canberra's 2020 Defence Strategic Update, which pivoted Australia to play a more active role in defending the Indo-Pacific strategic order. It reiterates that Australia's focus should be on its "immediate region" stretching from the north-eastern Indian Ocean, through maritime Southeast Asia and into the Pacific; and that the Australian Defence Force (ADF) should make self-reliant, allied and collective contributions to strengthening deterrence across the wider Indo-Pacific when Australia's national interests are at stake, including by leveraging the US-Australia alliance and deepening force posture cooperation.

2. Washington and Canberra's approach to collective defence is firmly aligned with Japan's 2022 National Defense Strategy and other strategic documents. This strategic convergence between the United States and its two closest Asian allies is being operationalised through high-end military exercises like Talisman Sabre and Pacific Vanguard, interoperability training and defence industrial partnerships. Japan is also being integrated into US-Australia force posture initiatives, which now include the rotational deployment of Japanese F-35s to northern Australia for enhanced air cooperation drills. Notwithstanding this progress, there is no clear consensus between the United States, Australia and Japan on the primary strategic objectives of trilateral force posture

cooperation. Nor is there agreement as to how the allies should advance operational-level coordination, pool collective resources and recalibrate alliance architecture trilaterally to better deter military threats.

3. Although the United States and Australia agree on the need for a strategy of collective defence, they are each having different, albeit overlapping, policy conversations about how to deter Chinese actions. The NDS holds that deterring conventional military threats requires different policy frameworks tailored to meet specific scenarios. To this end, it advances a comprehensive approach that incorporates deterrence by denial, resilience and punishment – respectively, deterring aggression by making it prohibitively difficult and costly for an adversary to secure its aims; ensuring the United States and its allies can withstand, fight through and quickly recover from disruption; and threatening to respond with overwhelming direct and collective costs. Australia's DSR, by contrast, focuses on deterrence by denial and resilience (an approach that delegates at the US-Australia Indo-Pacific Deterrence Dialogue have advocated since 2018). Although the DSR does not provide a public rationale for this emphasis, there are several reasons a denial- and resilience-based approach makes sense for Australia. First, it suits Canberra's defensive interests to shift the burden for major escalation decisions onto Beijing or other adversaries. Second, it recognises Australia's asymmetric position vis-à-vis China – which makes denial more achievable – and its extremely limited independent options for punishing a major power. Third, it leverages the geopolitical reality that Canberra has a higher stake in deterring Beijing from undertaking hostile military action in Australia's immediate region, thereby increasing the credibility of a denial-based strategy. Finally, by underscoring the need to enhance Australia's strategic resilience, particularly its northern infrastructure and ADF capabilities, the DSR pointed to the central role national resilience must occupy in a strategy of denial.

WHILE THE CONTRIBUTIONS THAT KEY INDO-PACIFIC ALLIES, LIKE AUSTRALIA AND JAPAN, ARE MAKING TO THIS STRATEGY WILL VARY, THERE IS AN OVERALL SHIFT AMONG US ALLIES AND PARTNERS TOWARDS MORE ALIGNED DEFENCE POLICY, EXPANDED FORCE POSTURE ARRANGEMENTS AND DEEPER DEFENCE INDUSTRIAL COLLABORATION.

4. Crucially for Australia's approach to deterrence, the DSR clarifies Australia's force structure priorities. It embraces a net assessment approach (or, more accurately, a process of threat-based planning) as the new basis for defence planning and procurement decisions. This means current and future capabilities will be tailored to a set of regional military scenarios that are approved by political leaders and informed by a clear analysis of the nature of the Chinese military threat, rather than the perpetuation of a legacy balanced force structure. Moreover, the document explicitly lays out three levels of conflict – competition, limited war and major power war – that will guide Australian defence planning. While force structure will be based on specific scenarios, elements of the ADF will also have to be compatible with preparation for any three of these levels of conflict.

5. The United States and Australia continue to regard integrated deterrence as a useful concept for addressing China's multidimensional coercion. The NDS presents this as an organising framework to promote linkages across domains of competition, geographic theatres, policy toolkits, and allies and partners to enhance deterrence. Integrated deterrence is based on the recognition that countering China's multi-domain, whole-of-nation strategy requires deeper reliance on US allies and partners, as well as more coherent and unified coordination and cooperation across and between government agencies. This aligns with Australia's efforts to counter grey zone chal-

lenges, which are being anchored in a new approach to regional statecraft, led by the Department of Foreign Affairs and Trade, that seeks to fuse diplomatic, military and other policy levers into a coherent, long-term strategy. For the ADF, new operational concepts, like integrated campaigning, form part of this strategy and require it to pursue greater and more synergistic action with multi-national groups and whole-of-government coalitions.

6. There are differences between the United States and Australia when it comes to planning for a Taiwan contingency. From Washington's perspective, deterring Beijing from seizing the island by force is the pacing scenario for US capability development, force posture and operational concepts. Although Canberra appreciates the significance of a Taiwan contingency to the wider regional balance, the government has tasked the Department of Defence to prioritise its planning efforts on Australia's immediate region. This includes a sharper focus on flashpoints in Southeast Asia and the Pacific while retaining the ability to contribute further afield. In addition to managing these differences, Canberra and Washington need to have a franker public discussion about the rationale for deterring Chinese aggression against Taiwan. In public debate, this narrative is underdeveloped and vague, revolving around Taiwan's political status as a democracy (which some American and Australian strategists do not think is a relevant justification for Western intervention) and flimsy arguments about the possibility of a domino effect were Taiwan to fall. A more robust discussion should focus on how Chinese control of Taiwan would provide the People's Liberation Army (PLA) strategic and operational advantages that negatively impact the defence of Japan, South Korea, the Philippines and the wider Western Pacific theatre.

ALTHOUGH CANBERRA APPRECIATES THE SIGNIFICANCE OF A TAIWAN CONTINGENCY TO THE WIDER REGIONAL BALANCE, THE GOVERNMENT HAS TASKED THE DEPARTMENT OF DEFENCE TO PRIORITISE ITS PLANNING EFFORTS ON AUSTRALIA'S IMMEDIATE REGION.

7. Relatedly, it is unclear whether the United States and Australia have aligned positions on how to manage escalation risks in a crisis with China. In particular, the allies have not addressed questions about minimising advertent escalation during peacetime or controlling it within conflict. To be sure, there has been an effort to advance best practices for minimising the proximate risks of escalation and instability. These include maintaining open military-to-military dialogues, developing crisis management mechanisms, rapidly attributing and exposing destabilising Chinese behaviour, and ensuring US and Australian encounters with the PLA remain highly professional. But these have largely been shunned by Beijing, which, as explicitly stated in its PLA literature, sees strategic advantage in manipulating tactical risk, and are a long way short of what is required to ensure stability.

8. Some Australians argue a more rigorous intellectual effort is needed to sharpen deterrence thinking across the Australian public service and within the US-Australia alliance. Although Canberra has elevated the concept of deterrence to frame its overarching approach to defence strategy in the past five years, many officials and alliance managers are not yet well-versed in the logic, tradecraft and contemporary practice of what has, until recently, been a niche issue. Nor is Australia's research community currently fit for purpose to generate at sufficient scale the analysts and insights that the Australian Government needs to inform policy decisions. Increased investment is needed in thought leadership, strategic planning and strategic analysis to address fundamental questions about the ends, ways, means and timeframes of Australia's approach to deterrence;

as well as to inform government on a host of more complex issues ranging from escalation management and multi-domain deterrence to the changing technical and political requirements of extended deterrence.

9. Most delegates agreed that the United States and Australia need a more focused approach to developing and communicating their collective deterrence strategies vis-à-vis China. This is particularly true when one considers that Americans and Australians are often not speaking from the same perspective or level of understanding when it comes to deterrence. One way to achieve this is to establish a deterrence strategy working group that would dovetail with existing forums, such as the Strategic Policy Dialogue and Strategy and Policy Talks, and report to the annual AUSMIN Consultations. This group would comprise officials from defence, strategic policy and intelligence communities with the overall aim of building bilateral understanding and intellectual capital. As a starting point, it could be tasked with delivering a working paper on what a shared understanding of deterrence strategy and policy looks like, informed by tabletop exercises, red-teaming, site visits and classified briefings focused on scrutinising bilateral assumptions across a range of scenarios.

OPERATIONALISING ALLIED FORCE POSTURE AND PLANNING

1. Bilateral force posture cooperation is driving a major transformation in the character of the US-Australia alliance. At its core, it is evolving the alliance from one that was largely disaggregated at the operational level to one that is becoming selectively integrated around key combined military tasks. It will see Australia play an increasingly pivotal role in hosting forward-deployed US forces and supporting military operations in the region. While support for US Bomber Task Force deployments at Australian airfields and the longstanding Marine Rotational Force – Darwin (MRF-D) are the most advanced examples of integrated posture to date, new initiatives are rapidly progressing among the US Air Force, Navy, Army, Marines and their ADF counterparts, including for the combined logistics, sustainment and maintenance of visiting US forces.

2. Canberra and Washington see force posture cooperation as an integral part of national and bilateral efforts to reinforce deterrence. It has three main objectives. First, to strengthen US forward military presence as an anchor of stability in the region by pursuing greater resilience and dispersal, and interchangeability with Australian forces. Second, to develop Australia as a hub for US power projection, including by harnessing ADF infrastructure and personnel to support operations. Third, to create multilateral opportunities for US forces to enhance regional defence partnerships by working more closely with Australian partners such as Papua New Guinea, Indonesia, Malaysia, the Philippines and Timor Leste. All three objectives leverage Australia's unique strategic geography as a so-called "Goldilocks location" – close enough to Indo-Pacific flashpoints to be operationally useful, but relatively safe, for now, from long-range capabilities fielded by China, North Korea and other competitors.

3. From an Australian perspective, it is important to underscore the relationship between force posture cooperation, the alliance and collective deterrence. Although the ADF is working to strengthen its independent deterrence capabilities in line with guidance in the 2020 Defence

Strategic Update and 2023 Defence Strategic Review, its sovereign capacity to deter is highly circumscribed. This is particularly true against high-end threats and in the wider Indo-Pacific where Australia's security interests can only be guaranteed by working with the United States and other partners. As one delegate observed: "It's the alliance that does deterrence, not the ADF by itself. The United States is key to [Australia's] deterrence posture." Acknowledging the central role that US force posture initiatives now occupy in Australia's approach to deterrence is new terrain for Canberra and a sign of just how far its threat perceptions have changed in the past five years.

4. Beyond the geostrategic advantages of rotating US forces through Australia, Australian and American delegates regard the development of military interchangeability as a key aspect of the way force posture initiatives contribute to deterrence. Although both nations' armed forces are used to operating side-by-side, there are numerous barriers to collaborating as a combined force, particularly on high-end missions. Training and exercising together on an enhanced basis enables the allies to identify practical obstacles, work towards integration and explore potential divisions of labour for military-operational tasks. One example of this is the way US and Australian air forces have fostered the ability to operate in an increasingly interchangeable way, with RAAF pilots practised in battlespace management, aerial refuelling and escort duties for US bombers, and ADF ground staff accredited to perform a range of tasks from logistics support to flightline maintenance and refuelling. Integration of this kind can strengthen collective deterrence by facilitating agile combat employment by US forces and enabling more dispersal options over the long term.

GIVEN THE SCALE AND SOPHISTICATION OF THE MILITARY INTEGRATION NOW TAKING PLACE IN AUSTRALIA, CANBERRA AND WASHINGTON NEED TO ESTABLISH FORUMS THAT ARE RESPONSIBLE FOR MANAGING COMBINED OPERATIONS AND THAT ARE EQUIPPED TO ADDRESS THE REQUIREMENTS AND RISKS OF FORCE POSTURE INTEGRATION.

5. There are several challenges to advancing a strategy of collective deterrence through bilateral force posture cooperation. First, notwithstanding the pace of recent posture developments, the United States and Australia do not have well-developed mechanisms or authorities for combined military planning such as those that exist for NATO and the US-Japan and US-South Korea alliances. Many believe this is becoming untenable. Given the scale and sophistication of the military integration now taking place in Australia, Canberra and Washington need to establish forums that are responsible for managing combined operations and that are equipped to address the requirements and risks of force posture integration at a political-military level. Crucially, these forums must broker a high degree of strategic policy integration so that the alliance can plan for specific scenarios in a coordinated way, thereby generating a combat-credible force with the resolve, cohesion and capability to serve as a credible deterrent. At the same time, these forums need to address difficult alliance management issues such as the nature and purpose of deliberate entanglement between forces, escalation dynamics and rules of engagement for combined action.

6. Second, the United States and Australia lack a clear framework for determining what roles and missions each would assume in the event of a contingency. Judging by current posture initiatives, the rough division of labour appears fairly straightforward: Australia would offer access to ports, bases, airfields, fuel depots and other strategic infrastructure, deliver logistics, sustainment and maintenance support to US forces, secure its immediate region from threats to the continent,

and provide a degree of operational support to US power projection; while the United States, with Canberra's input and consent, would forward deploy forces for high-end operations in, but mostly beyond, Australia's immediate region. Yet, none of this has been clearly articulated. On the contrary, the alliance has eschewed a detailed conversation about roles and missions owing to a perception in some Australian circles that government does not have the social licence to pre-commit Australia to specific roles in future contingencies and that, to do so, would clash with notions of sovereignty and independence within the alliance. Leaving aside the merits of this position, the pace and scale of bilateral force posture developments, coupled with the loss of "strategic warning time," mean that Canberra and Washington can no longer afford to put off decisions about delineating alliance roles and missions.

7. Third, there is a risk that the positive momentum in US-Australia force posture cooperation could create or obscure expectation gaps between the allies. This is particularly true in the absence of a detailed, public articulation of the overall purpose of force posture integration. While the United States and Australia red team their adversaries very well, they pay less attention to each other's priorities, threat perceptions and expectations. In the words of one American delegate: "We need to work harder to ensure we do not have the wrong assumptions about Australia – there are still enormous assumptions being made by the US Department of Defense." When it comes to the way force posture cooperation might be operationalised in a crisis (i.e., what kind of sorties the United States might want to fly from Australia and with what level of ADF support), any expectation gaps must be identified and worked through ahead of time. During a crisis or active contingency, there will not be time for clear-headed deliberations, certainly not without hindering the alliance's capacity for deterrence signalling and rapid response. None of this means the United States and Australia must be in lockstep about how they will operate in a crisis. It is, for example, perfectly manageable for the allies to approach a Taiwan contingency with different positions on risk thresholds, military targets, areas of responsibility and so forth. What matters is that both sides understand and plan for these differences now, and that cooperation on posture and other elements of a collective deterrence strategy does not blind alliance managers into thinking Canberra and Washington are aligned on every issue.

OVER THE COMING DECADE, AUSTRALIA'S STRATEGIC DEPTH WILL BE CHALLENGED BY ADVANCES IN CHINA'S LONG-RANGE POWER PROJECTION CAPABILITIES AND STRAINS IN AUSTRALIA'S WORKFORCE, INFRASTRUCTURE AND INDUSTRIAL BASE.

8. As force posture cooperation progresses, it is important to bear in mind that Australia's status as a Goldilocks location is unlikely to last. At present, Australia has considerable strategic depth as a continent that sits in both the middle (northern Australia) and rear zones (southern Australia) of the Western Pacific theatre. Although neither is a complete sanctuary, Australia's north is secure enough for the United States to run strike operations while the south acts as a rear hub and industrial base largely outside of China's threat rings. Over the coming decade, however, Australia's strategic depth will be challenged by at least two factors: advances in China's long-range power projection capabilities; and strains in Australia's workforce, infrastructure and industrial base. Both challenges will become more acute as bilateral force posture cooperation increases the footprint and sophistication of US military presence on Australian soil. This will require both national and alliance-driven solutions to issues as diverse as integrated air and missile defence, supply chain resilience and Australia's workforce, skills and training.

THE EVOLVING ROLE OF THE ALLIANCE IN EXTENDED NUCLEAR DETERRENCE

1. The United States and Australia agree the strategic nuclear landscape in the Indo-Pacific is becoming more dangerous. Their primary concern is China's massive nuclear build-up, which gives China near-peer strategic nuclear competitor status with the United States. North Korea's nuclear and missile progress is also worrisome. Both developments are taking place rapidly and without transparency. It is nonetheless clear that Beijing and Pyongyang are expanding their arsenals and diversifying their forces, thereby strengthening their capacity to issue nuclear threats both quantitatively and qualitatively. Many Americans and Australians fear Xi Jinping and Kim Jong-un might have drawn the wrong lessons from Vladimir Putin's use of explicit nuclear threats against NATO states in the context of Russia's unprovoked invasion of Ukraine (i.e., concluding that nuclear sabre-rattling worked to deter direct Western intervention and that they, too, could exploit this strategy to advance their interests in the Indo-Pacific.) Xi's decision to bolster Chinese nuclear forces and Kim's apparent adoption of a first-use policy might be understood in this light. Significantly, some Chinese writings contend that Putin's threats have borne fruit.

2. Many US allies, including Australia, want to know more about the role US nuclear weapons can play in stabilising regional balances of power and the ways extended nuclear deterrence can be strengthened to address new nuclear threats. This is especially true of South Korea, where many have pushed either for the United States to redeploy tactical nuclear weapons on the Peninsula or for the development of Korea's indigenous nuclear weapons. The recent Washington Declaration is a response to these concerns. It will strengthen nuclear deterrence within the US-South Korea alliance through a nuclear consultative group designed to establish a more robust and consistent workstream about nuclear matters between the two allies. (In addition to enhancing nuclear deterrence, this group will contribute to non-proliferation goals in that it will help alleviate the need for independent South Korean nuclear weapons.) A similar vehicle, the Extended

Deterrence Dialogue, already exists and is being strengthened in the US-Japan context, as Tokyo, too, wants greater nuclear enfranchisement. In Australia's case, the Strategic Policy Dialogue, formed in 2019, has been a fruitful vehicle to begin strengthening nascent US-Australia extended deterrence consultations.

3. The United States is currently working hard with key Indo-Pacific allies to reconfigure the region's extended nuclear deterrence architectures to better deter adversaries and reassure allies. Given that Indo-Pacific allies are not a homogenous cohort, extended deterrence activities have been tailored heavily to suit each US partner. Many argue, however, that there is a missing component. In contrast to the Euro-Atlantic theatre where NATO serves as an organisational deterrence architecture, the Indo-Pacific lacks any kind of multilateral institutionalisation. One of NATO's advantages is that it provides a planned workstream to address issues relating to nuclear posture, planning and exercises, thereby incorporating allied contributions and raising allies' nuclear IQ. While the NATO model is not problem-free (and not applicable to Asia, notably due to the vast geography of the Indo-Pacific theatre), adopting some of its elements could be useful. Its formalised processes for extended deterrence are a case in point. At present, extended nuclear deterrence consultations in the Indo-Pacific comprise a set of disparate, periodic bilateral dialogues of varying depth between the United States and South Korea, Japan and Australia. Supplementing these dialogues with a multilateral body, as done in the NATO context, would improve information-sharing and coordination among US allies and, in so doing, enhance extended deterrence and assurance. Such a body could institutionalise allied conventional support for US nuclear missions, as happens in NATO through the Support of Nuclear Operations With Conventional Air Tactics (SNOWCAT) program. It could also facilitate the inclusion of conventional enablers in the space and cyber domains, where some US allies have exquisite capabilities, into extended deterrence consultations and planning. This is especially important because regional allies have (and will have) ever more essential roles to play in improving allied posture and operations in response to newly emerged and emerging nuclear threats.

EXTENDED NUCLEAR DETERRENCE CONSULTATIONS IN THE INDO-PACIFIC COMPRISE A SET OF DISPARATE, PERIODIC BILATERAL DIALOGUES. SUPPLEMENTING THESE WITH A MULTILATERAL BODY WOULD IMPROVE INFORMATION-SHARING AND COORDINATION AMONG US ALLIES AND, IN SO DOING, ENHANCE EXTENDED DETERRENCE AND ASSURANCE.

4. It must be recalled that the US-Australia alliance has had a unique relationship with nuclear weapons. Although nuclear weapons have always played a role in the alliance, there has historically been no mechanism to manage extended nuclear deterrence. Nor has Canberra pushed for such a mechanism owing, until now, to its relatively benign threat environment. During the Cold War, the only realistic prospect of a nuclear attack on Australia was a Soviet strike on the joint facilities at Pine Gap and North West Cape, which served as a significant Australian contribution to upholding US extended nuclear deterrence. While these facilities all but guaranteed US involvement in the event of a nuclear attack, Australian policymakers were nervous that any request for clarification from Washington could lead to a narrowing of these unstated guarantees. For a long time, Australia was the only major US ally to claim protection from the nuclear umbrella without nuclear consultations with the United States, owing more to a lack of demand on the Australian side than a lack of willingness on the US side. As the threat environment has dramatically worsened, Canberra's position has begun to change, notably with the establishment in 2019 of the Strategic Policy Dialogue (which Australia had long resisted), a major expansion of US force posture initiatives in 2020 and a reference to Australia in the 2022 US Nuclear Posture Review for the first time.

5. While Australian delegates typically assert that they are assured by Washington's extended nuclear deterrence commitments and see no indication that Canberra's level of assurance will decline in the foreseeable future, important questions remain unanswered and, in some cases, unasked. What outcome does Australia want from its extended nuclear deterrence consultations with the United States? Does Australia want, or need, a formal commitment from the United States that it is protected by the nuclear umbrella? How would, and could, Washington respond to such a request? Does Australia need to play a more involved role in contributing to extended nuclear deterrence, either directly or indirectly, in light of the deteriorating strategic nuclear landscape? If so, is this politically and technically feasible?

6. While Australia has never been a bystander when it comes to deterrence, it has yet to fully engage in nuclear crisis and escalation discussions. Canberra's reluctance to discuss these issues in an alliance context is problematic, especially as accelerating bilateral efforts to strengthen conventional deterrence will blend Australia more closely with the nuclear deterrence enterprise. It is crucial that Washington and Canberra establish and exercise shared crisis management mechanisms and work to better understand decision-making on both sides when it comes to crisis escalation, including at the nuclear level. Doing so will help Canberra to identify its sovereign risk thresholds, the kind of assurances it wants from Washington, and the stakes involved in today's strategic nuclear environment. American policymakers, meanwhile, need to better understand where and how Australia's growing conventional capabilities might be brought to bear in support of strategic deterrence, where they would be off limits, and where their involvement could increase the likelihood of unintended escalation. Such mechanisms will help to clarify what each country assumes or expects of the other in a crisis, conflict or war.

IT IS CRUCIAL THAT WASHINGTON AND CANBERRA ESTABLISH AND EXERCISE SHARED CRISIS MANAGEMENT MECHANISMS AND WORK TO BETTER UNDERSTAND DECISION-MAKING ON BOTH SIDES WHEN IT COMES TO CRISIS ESCALATION, INCLUDING AT THE NUCLEAR LEVEL.

7. Building nuclear expertise in the alliance is essential. American and Australian delegates concur that it is sorely lacking due to years of neglect since the end of the Cold War. Rebuilding nuclear expertise should be a priority. It will, however, be a long-term effort because such expertise cannot be gained overnight. Besides, there are domestic forces pushing in the other direction. Some Australians (and to a lesser extent Americans) reject the growing reliance on nuclear weapons in US strategy, and advocate for the adoption of the Treaty on the Prohibition of Nuclear Weapons, which would force Canberra to divest from extended nuclear deterrence and, quite likely, the US-Australia alliance itself. Worryingly, the widespread reticence to all things nuclear in Australia's public debate could further complicate bilateral efforts to make Australia more nuclear literate or, for that matter, play a larger role in support of US extended nuclear deterrence.

CHINESE VIEWS OF US-AUSTRALIA DETERRENCE EFFORTS

1. There is a general agreement between Washington and Canberra that China's strategic behaviour is pragmatic, with its decisions to accept risk and use force based on calculations about the prevailing balance of power and interests. Some delegates argue that there is still a consensus within the Chinese Communist Party (CCP) against the use of military escalation for diversionary ends or domestic mobilisation. To be sure, ideology and systemic dynamics impose constraints on the ability of allied deterrence efforts to shape Beijing's actions. Under President Xi Jinping, a new form of Marxist nationalism, which stresses the inevitability of China's ascendancy and the legitimacy of a strategic order anchored in Chinese power, has intensified Beijing's foreign and security policy assertiveness. The fact that China is a rising power with expanding influence and core interests makes sustaining a credible and focused deterrence posture difficult for the United States and its allies.

2. Despite these constraints, there is confidence that independent and collective efforts can shape the risk calculus behind China's coercive actions. This is based on the assessment that the CCP remains sufficiently concerned with the domestic repercussions of foreign policy failure, the prospect of durable collective pushback and the exposure of contradictions between its international activities and core foreign policy principles. For example, Beijing's desire to protect its image and prevent the solidification of coordinated balancing coalitions has led to some decline in its risk appetite, for instance, with regard to overseas law enforcement activity, disinformation campaigns and assertive conduct in certain flashpoints. This, however, has been narrow and short-lived. In developing a proactive strategy, the aim of allied efforts should be to force Chinese leaders into a bind in which they must balance the use of grey zone coercion against the risks of triggering wider escalation. Some argue that this approach requires accepting greater strategic and operational risk by exploiting vulnerabilities in the CCP's system. China's interventionist party

and state institutions, for instance, have generated considerable domestic opposition, including among entrepreneurs, religious communities, intellectuals and other disaffected cadres tired of being persecuted. As Beijing has been willing to do in foreign countries, Canberra and Washington should consider exploiting these domestic leverage points to make Chinese coercion more difficult and dangerous for the CCP.

3. When it comes to shaping regional alignments, the United States and Australia both need to step up their resilience-building efforts in ways that challenge China's assumptions about allied influence and the potential for collective action. Canberra and Washington recognise the need to accelerate the pace of deepening ties in Southeast Asia and the Pacific through greater political, diplomatic and, above all, economic cooperation. More direct defence-focused collaboration should include expanded military intelligence sharing, enhanced maritime capacity-building efforts and more ambitious exercises in forward locations.

IN DEVELOPING A PROACTIVE STRATEGY, THE AIM OF ALLIED EFFORTS SHOULD BE TO FORCE CHINESE LEADERS INTO A BIND IN WHICH THEY MUST BALANCE THE USE OF GREY ZONE COERCION AGAINST THE RISKS OF TRIGGERING WIDER ESCALATION. SOME ARGUE THAT THIS APPROACH REQUIRES ACCEPTING GREATER STRATEGIC AND OPERATIONAL RISK BY EXPLOITING VULNERABILITIES IN THE CCP'S SYSTEM.

4. There is a consensus that focused efforts to bolster conventional deterrence vis-à-vis China affect Beijing's risk calculus. In cases where Washington has issued specific military threats, such as over land reclamation at Scarborough Shoal or the establishment of an air defence identification zone (ADIZ) for the South China Sea, deterrence has succeeded. In other cases, such as the CCP's decades-long restraint from the use of military force against Taiwan, it is unclear where the balance now lies between the success of general deterrence and Beijing's own self-deterrence due to a lack of confidence in the PLA's readiness for conflict. Either way, reforms to the Chinese military's organisational and command structure, ability to conduct joint operations, and competency in an array of high-end capabilities are likely to address this internal deterrent. Accordingly, there is a strong consensus that assisting Taiwan at an accelerated pace to prepare its own asymmetric defence in the event of a PLA military attack is viewed in Beijing as the most credible deterrent. Going forward, a more rigorous analytical effort is needed to better understand how China views allied deterrence efforts as well as to appropriately characterise and interpret its deterrence signals.

5. As the possibility of high-end conflict with China becomes more distinct, the United States and Australia will need to find an effective approach to managing the trade-offs between revealing and concealing cutting-edge military capabilities. There is an emerging view among some American and Australian delegates that concealment should be the dominant practice on the grounds that (at least some) emerging capabilities should be hidden to preserve war-fighting advantages and enable strategic surprise. Yet, there is deterrent value in selectively revealing new capabilities as a means of signalling military strength, pursuing bargaining concessions and generating adversary resource diversion as part of a competitive strategy. An instinct to conceal for war-fighting advantage may belie institutional views about the inevitability of conflict, which is, itself, a constraint to effective deterrence. Washington and Canberra must be vigilant on this point. More research is needed to identify the "sweet spot" between concealing and revealing new capabilities.

6. In response to collective deterrence efforts, China has pursued two main lines of strategic effort. The first has focused on driving wedges between the United States and its regional allies and partners. This strategy is intended to dilute alignments that constrain Chinese power and erode support for US policy in the region. In recent years, Beijing has focused on exploiting perceived gaps between Quad countries and used disinformation to portray it and groupings like AUKUS as irresponsible and regionally unpopular cliques. Beijing's second line of effort has involved domestic self-strengthening. Over the long term, China sees the potential for its competitive edge in key technology areas, like artificial intelligence, quantum and hypersonics, undercut by allied initiatives like AUKUS and deeper defence industrial and technological integration. Accordingly, the CCP has accelerated its push towards greater civil-military fusion, technological diversification and self-sufficiency in key areas.

7. Canberra and Washington both recognise that strategic competition carries major escalation risks – including the risk that competition could lead to catastrophic conflict. Three specific risk drivers stand out. The first is Beijing's opposition to high-level military dialogue and engaging in crisis management mechanisms. This practice appears designed to manipulate allied perceptions by making it difficult to manage miscalculation, accidental escalation and strategic distrust, thereby reducing the likelihood that nations like the United States and Australia will be prepared to intervene in key flashpoints. (Beijing, for its part, only talks about crisis prevention, which implicitly calls on the United States to stop "creating crises" on China's periphery and leave the region). The second driver of risk is the significant difference that exists in Chinese and Western views about escalation. While Beijing (in theory) has ruled out the use of nuclear weapons unless China is struck first by such weapons, Chinese experts consider all other tools to be on the table and part of a conflict continuum. This is dangerous. For instance, as China does not draw a clear distinction between grey zone coercion and conventional warfare, its actions increase the likelihood of misperception and unintended escalation. Mitigating this will require sharper thinking about and preparation for high-impact hybrid scenarios, such as a maritime blockade involving offensive cyber and kinetic actions. A final driver of risk is the delicate balance over Taiwan. Some American and Australian analysts argue that it is essential to enhance Taiwan's defence without aggravating China's sense of vulnerability and its ability to shape, and live with, the status quo. For the United States and its Indo-Pacific allies, the overall strategic aim, according to this view, must be stabilisation to prevent the entrenchment of a volatile security dilemma. This is, however, easier said than done.

IF A VIEW SOLIDIFIES IN THE UNITED STATES THAT REASSURANCE IS FUTILE, IT MAY WELL HAVE A SELF-FULFILLING EFFECT – LEADING DECISION-MAKERS TO PAY LESS ATTENTION TO ASSURANCE THAN IS NECESSARY FOR STABILITY AND EFFECTIVE DETERRENCE.

8. Finally, a growing number of Americans believe that Washington can no longer assure the CCP that its efforts to strengthen deterrence are not designed to achieve Cold War-style containment. This is a concern for two reasons. First, if China cannot be reassured, it is likely to be motivated to take greater risks, increasing the chance of deterrence failure. Second, if a view solidifies in the United States that reassurance is futile, it may well have a self-fulfilling effect – leading decision-makers to pay less attention to assurance than is necessary for stability and effective deterrence. Canberra and Washington should take care to understand and prioritise strategies of assurance as a key component to collective deterrence. That said, attempts to reassure China ultimately require Beijing to be amenable to this approach, which may not be the case.

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Cover: Australian Deputy Prime Minister and Minister for Defence, the Honourable Richard Marles MP, Australian Minister for Foreign Affairs, Senator the Honourable Penny Wong, US Secretary of State Antony Blinken and US Secretary of Defense Lloyd J. Austin III at the 33rd AUSMIN Consultations in Brisbane, July 2023 (Department of Defence)

Page 2: A US Navy and a Royal Australian Air Force P-8A Poseidon Maritime Patrol aircraft on the flight line at RAAF Base Amberley as part of Exercise Talisman Sabre 23 (Department of Defence)

Page 4: Air Task Group aircraft fly in formation over the *USS Ronald Regan* in the Timor Sea while participating in Exercise Talisman Sabre 23 (Department of Defence)

Page 6: Secretary of Defense Lloyd J. Austin III and Australian Deputy Prime Minister of Australia and Minister for Defence, Richard Marles visit US and Australian service members participating in Exercise Talisman Sabre in Townsville, July 2023. (Flickr/US Secretary of Defense)

Page 10: US Nuclear Submarine *USS Springfield* prepares to berth outboard of *USS Frank Cable* at Fleet Base West, Western Australia, April 2023 (Department of Defence)

Page 13: A US Air Force B-2 Spirit flies in formation with two Australian Air Force F-25A Lighting IIs, two RAAF F/A-18 Super Hornets, two RAAF EA-18 Growlers and two US Air Force F-16C Aggressors from Eielson Air Force Base, Alaska during a training exercise (US Air Force)

Page 16: Xi Jinping, Li Qiang, Zhao Leji, Wang Huning, Cai Qi, Ding Xuexiang and Li Xi attend the second plenary session of the 20th Communist Party of China CPC Central Committee in Beijing, February 2023 (Getty)

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