

## Australia US relations in Asia Pacific

### Introduction

- 6.1 Discussion of the Australia-United States (US) defence relationship primarily concerns military cooperation and interoperability but the relationship continues to be founded upon higher order issues such as shared values and interests. The evidence provided to the inquiry strongly indicates that the two countries 'continue to share a remarkable degree of overlapping security interests'.<sup>1</sup> From an Australian perspective, foremost amongst these interests is the need for a stable Asia-Pacific to allow us to continue to maintain security and economic prosperity. While the Asia-Pacific region may not currently be the foremost regional concern from a US perspective, few would argue it is not an area of significant importance, likely to become more important in the future.
- 6.2 This chapter will provide an overview of the benefits and risks to Australia of US engagement in the region and the associated regional perceptions of this engagement. The chapter will also consider the specific implications of Australia and US engagement with ASEAN, China, Japan, the Korean peninsula and India.

### US engagement in the Asia Pacific region

- 6.3 US engagement in Asia, 'while it has a long history, is not simply a legacy of the past.'<sup>2</sup> In 2001 the US economy accounted for one third of global

---

1 Mr Peter Jennings, Australian Strategic Policy Institute, *Submission 11*, p. 3.

2 US Government, *Submission 7*, p. 3.

Gross Domestic Product (GDP)<sup>3</sup> which means the US clearly has economic and security interests in every corner of the globe. These include significant trading relationships in Japan, Korea and the growing south Asian economies. The Asia-Pacific region is therefore important to current US global initiatives and to the US ability to meet security challenges in the future.

- 6.4 The US Government submission to the inquiry reminded the Committee of President Bush's comments about the US role in the Asia-Pacific region, to the Australian Parliament in October 2003, when he stated:

Our nations have a special responsibility throughout the Pacific to help keep the Peace, to ensure the free movement of people and capital and information, and advance the ideals of democracy and freedom. America will continue to maintain a forward presence in Asia, and to continue to work closely with Australia.<sup>4</sup>

- 6.5 The submission expanded on the issues raised by the President when it stated:

The number and variety of international initiatives in which both our countries are involved demonstrates this fact. These include efforts to get North Korea to dismantle its nuclear program, the initiative to curb North Korea's illicit activities, the informal US/Australia/Japan security tri-laterals (now expanded to include counterterrorism), US-Australian coordination on Indonesia and East Timor, and Australian leadership of the intervention in Solomon Islands – just to name a few. In addition, Australia, Japan, and eight other countries are actively participating with the US in the Proliferation Security Initiative (PSI).

- 6.6 More recently the 2005 Australia – United States Ministerial Consultations Joint Communiqué stated:

Australia and the United States reaffirmed the importance of a continued strong US presence to maintaining the security and prosperity of the Asia-Pacific region. The United States welcomed Australia's contribution to the stability and security of the Pacific Island countries. Australia reaffirmed its support for proposed changes in the United States' regional force posture and welcomed progress by the United States and Japan in their alliance transformation. Both countries welcomed Japan's increasing

---

3 US GDP figures are quoted from the World Bank ([www.worldbank.org](http://www.worldbank.org)) by the Australian Strategic Policy Institute, *Submission 11*, p. 2.

4 US Government, *Submission 7*, p. 3.

contribution to regional security and agreed on the importance of greater trilateral cooperation.<sup>5</sup>

- 6.7 The majority of submissions regarded the US role and engagement in the Asia-Pacific region as a positive one. For example the Australia Defence Association (ADA) stated:

In general terms the US remains a force for good in world affairs. It is certainly better than the alternatives. This is especially so in the Asia-Pacific region where the overall strategic architecture is, or is potentially, more multipolar than other regions of the world, particularly in the longer term.

The strategic presence of the US in the Asia-Pacific region, and the web of collective defence alliances involved, make regional conflicts less likely not more likely. No other country, especially another democracy, could fulfil the role of the US in this regard.<sup>6</sup>

- 6.8 The Australian Strategic Policy Institute (ASPI) agreed. They regard the stabilising influence of the US as a key to preventing strategic competition in the region:

...there is the role that the United States plays in the stability of the wider Asia-Pacific. My own view is that for Australia, particularly after the end of the Cold War, this has become the most important benefit to Australia of the alliance. If the Asia-Pacific did not have a stabilising and effective United States presence it would be a very different part of the world and one that would potentially be much less congenial to Australia's interests. In particular, the United States' role is critical in preventing the emergence of intense strategic competition between the major powers in our part of the world.<sup>7</sup>

- 6.9 Submissions to the inquiry do not include the same level of commentary on the views of other regional countries. However the scale of the network of US bilateral relationships with countries in the region suggests that their presence is regarded as central to stability in the Asia-Pacific region. These US bilateral relationships include Japan, South Korea, Thailand and the Philippines and an increasingly significant dialogue with China.
- 6.10 However, contrary views were also expressed to the inquiry, although usually in more general terms. One example is the view expressed by

---

5 Department of Foreign Affairs and Trade, *2005 Australia United States Ministerial Consultations Communiqué*, [http://www.dfat.gov.au/geo/us/ausmin/ausmin05\\_joint\\_communique.html](http://www.dfat.gov.au/geo/us/ausmin/ausmin05_joint_communique.html), accessed 21 Nov 05.

6 Australia Defence Association, *Submission 5*, p. 4.

7 Mr Hugh White, Director, Australian Strategic Policy Institute, 26 March 2004, *Transcript*, p. 46.

MAPW Australia who argued that more should have been done to 'develop a more comprehensive system of regional security in the Asia-Pacific region'<sup>8</sup> based on multilateral agreements:

Multilateral agreements, such as the Treaty of Raratonga (1985) are a positive example of regional cooperation. The treaty defines the South Pacific Nuclear Free Zone prohibiting the manufacture, possession or testing of nuclear devices, and also prohibits the dumping of nuclear waste in the Pacific oceans.<sup>9</sup>

- 6.11 WILPF argue that Australia's alliance relationship with the US actually detracts from regional security when they state:

Defusion of any potential future threat, through ongoing dialogue with regional countries should be our paramount consideration. Ultimately, regional security and safety will depend more on us building an enduring close and fair relationship than on military might and uncritical compliance with US hegemonic ambitions.<sup>10</sup>

- 6.12 Mr Goh Chok Tong, Senior Minister of the Republic of Singapore, disagrees that Australia's alliance with the US prevents it from contributing to the stability of the region as part of Asia. In a recent speech in Australia Mr Goh Chok Tong stated that:

'The idea that Australia cannot be part of an Asian grouping because of its alliance with the US is false. Japan, Thailand, South Korea and the Philippines are treaty allies of the US. India recently embarked on a "New Strategic Framework" in defence relations with the US, while Singapore has just signed a "Strategic Framework Agreement" in defence and security cooperation with the US. None of these relationships are repudiated, or even reduced, by the fact that these countries see their destinies as inescapably linked to Asia's.'<sup>11</sup>

- 6.13 The Senior Minister's comments suggest that the thematic issue of the perceptions of Australia's independence from the US, is worthy of consideration in this regional context. Despite much public discussion over the labelling of Australia as a 'deputy sheriff' for advancing US interests in the Asia-Pacific region, the true view of the relationship between Australia and the US in the region may be a more pragmatic one.

8 Medical Association for Prevention of War, Australia, *Submission 16*, p. 6.

9 Medical Association for Prevention of War, Australia, *Submission 16*, p. 6.

10 Ruth Russell and Cathy Picone, Women's International League for Peace and Freedom (Australian Section), *Submission 21*, p.8.

11 Mr Goh Chok Tong, [www.unsw.edu.au/news/pad/Goh\\_Chok\\_Tong\\_speech\\_UNSW16Sep05.pdf](http://www.unsw.edu.au/news/pad/Goh_Chok_Tong_speech_UNSW16Sep05.pdf), *Beyond History and Geography: Australia in Asia*, p. 6

6.14 On one side of this argument some submissions argue that the Australian posture shift from one embracing South East Asia as the primary focus of strategic interest, to one of unqualified support for the US has made us a regional outcast. Professor William Tow and Associate Professor Russell Trood, in their initial submission to the inquiry, stated:

To some policy-makers in Beijing, Kuala Lumpur and elsewhere in the region, the Australian posture appeared to clearly shift away from assigning primacy to cultivating ties and mutual interests with them and toward unqualified Australian support of American power and its interests in Asia. For such critics, this trend appeared to intensify with the Australian military intervention in East Timor during late 1999.

6.15 On the other hand officials in contact with their regional peers did not report this as an accurate view. Defence stated:

I do not think it is true that we are seen to be a tool of the United States. Again, the nations that I deal with in the region see us as pretty independent. We tend to make the point that we are. We tend to make the point that we have differences, and some of those differences are quite real. We have had differences of opinion with the United States on a range of issues, from the International Criminal Court to a range of others. We do have differences, and those differences are quite clear. When we are representing our own interests in the region, we make the point that we are sovereign and do have differences.<sup>12</sup>

6.16 Mr Goh Chok Tong, one of Asia's most senior statesmen, favours this latter more pragmatic view. He believes that Australia has a special role in the region. He states:

'Australia is a developed country rich in natural resources, talented people and technology. Its political and cultural values are western but the society has a rich Asian mix. Australia enjoys close ties with the US and Europe. Australia is therefore well placed to serve as another nexus between the West and Asia.'<sup>13</sup>

6.17 It is possible that during the course of the inquiry the perception of Australia in the region may have shifted somewhat. Professor Tow reported a change in his own perception in the final hearing when he stated:

---

12 Mr Shane Carmody, Deputy Secretary, Department of Defence, 26 March 2004, *Transcript*, p. 23.

13 Mr Goh Chok Tong, [www.unsw.edu.au/news/pad/Goh\\_Chok\\_Tong\\_speech\\_UNSW16Sep05.pdf](http://www.unsw.edu.au/news/pad/Goh_Chok_Tong_speech_UNSW16Sep05.pdf), *Beyond History and Geography: Australia in Asia*, p. 3.

Essentially there was some feeling, at least in some parts of the new government, that there had been a tendency by the Howard government's predecessor to emphasise the region at the expense of the alliance and there was a visible effort both in terms of atmospherics as well as concrete policy to shift the emphasis back to an alliance-centric mode. But with the obvious interests that Australia continues to have in the region and those interests continuing to strengthen and grow, particularly with the China connection in terms of the trade issues, the Howard government seems to be shifting away from a distinctly American-centric strategic posture to one designed more to balance the alliance with regional political strategic interests and priorities.<sup>14</sup>

- 6.18 It appears that our regional neighbours understand that currently many of Australia's values and interests are shared with the US. We are therefore within our rights in promoting these interests despite a perception they may also be the interests of the US. As many of our neighbours enjoy similar bilateral relationships with the US, it is unlikely that any perception that Australia shares values or interests with the US will result in making Australia a regional outcast.

## Regional Perspectives

### ASEAN

- 6.19 'In East Asia, regionalism is less defined and institutionalised than in Europe or the Americas.'<sup>15</sup> The ten countries that combine to form the Association of South East Asian Nations have a combined population of approximately 500 million people. They are a diverse group, difficult to describe as homogeneous, despite the words of the 1967 ASEAN Declaration which declare that the organisation 'represents the collective will of the member nations'<sup>16</sup>. The homogeneity of the region is further complicated by the sometime inclusion of China, Japan and South Korea in regional discussion (the ASEAN + 3 countries) and the ASEAN Regional Forum which introduces the interests of a further 10 ASEAN dialogue partners and a number of observers.<sup>17</sup>

---

14 Professor William Tow, Australian National University, *Transcript 9 Sep 05*, p. 3.

15 Mr Goh Chok Tong, [www.unsw.edu.au/news/pad/Goh\\_Chok\\_Tong\\_speech\\_UNSW16Sep05.pdf](http://www.unsw.edu.au/news/pad/Goh_Chok_Tong_speech_UNSW16Sep05.pdf), *Beyond History and Geography: Australia in Asia*, p. 2.

16 <http://www.aseansec.org>, p.1.

17 <http://www.dfat.gov.au/arf/background.html>

- 6.20 However it is reasonable to summarise that, at least privately, the majority 'support the US commitment to the stability of East Asia and its sustained preparedness to underline this commitment with military forces either based in or routinely deployed to the region.'<sup>18</sup> This support manifests itself in several bilateral alliances. Some of these have significant historical significance – the Philippines in particular occupies a special place as one of the few former US colonies – while others are more pragmatic.
- 6.21 Despite this general acceptance of the US role in the region, Australia's alliance with the US has not always been an asset in our engagement with the ASEAN member countries. Our relationship with our largest immediate neighbour Indonesia is illustrative of this divergence.
- 6.22 During the Asian financial crisis in 1997 Australia's success in winning a softening of terms from the International Monetary Fund for a financially extended Indonesia to repay or extend loans was gratefully acknowledged by Indonesia.<sup>19</sup> However, despite these efforts to positively influence US and international policy in relation to Indonesia, the Australian military intervention in East Timor in 1999, coincided with a temporary perception in some quarters that Australia endorsed the Bush administration's new pre-emption strategy directed against 'rogue states'.<sup>20</sup>
- 6.23 More recently the election of the Yudhoyono Government has presaged an improvement in relations between the two countries. Australian military coordination of US and Australian aid to the province of Aceh following the Boxing Day 2004 Tsunami was understood and well received by President Yudhoyono. The warmth of the President's welcome in Australia, the subsequent generosity of the Australian public toward the disaster victims in Indonesia and the region and the Australian national contribution to Indonesian reconstruction all aided the strengthening of the relationship. Finally the shared tragedy of Indonesian disaster and the loss of nine ADF personnel when their helicopter crashed during relief operations on Nias Island may have ensured the relationship between Australia and Indonesia is as harmonious as has been the case for many years.
- 6.24 Indonesia appears to share the Singaporean view that Australia can serve as a bridge between itself and the US. Mr Shane Carmody, in his evidence on behalf of Defence explained that:

---

18 Strategic and Defence Studies Centre ANU, *Submission 10*, p.5.

19 Professor William Tow and Associate Professor Russell Trood, Griffith University, *Submission 8*, p. 7.

20 Professor William Tow and Associate Professor Russell Trood, Griffith University, *Submission 8*, p. 7.

They know that we have an alliance with the United States and they know that they are constrained in dealings with the United States – and sometimes they have difficulty understanding why. It is clear to us and it has been explained to the Indonesians on many occasions. But they certainly know that we are close. When I am dealing with my colleagues, my interlocutors, in Indonesia, for example, we will talk freely about our relationship with the United States. They will ask us why the freeze, why these issues are occurring in their relationship with the United States, and we will tell them. So they do not quite give us a message that they want to go through. We are not really in the message-carrying business. But they have an understanding when they are talking to us that it is quite likely that we will talk to our ally about them, and I think in so doing our frank relationship with them works.<sup>21</sup>

- 6.25 It appears the ASEAN member countries accept that Australia's relationship with the US helps anchor the US in the region. It is also understood that Australia has the potential to shape US policies to better serve regional needs and interests. However for Australia 'taking advantage of these circumstances is as demanding as it is potentially rewarding'.<sup>22</sup> Dr Ron Huisken states:

While we can never hope to avoid all criticism that we have failed one side or the other, our longer term credibility is clearly dependent above all on the perception as well as reality that our policies, while reflecting a uniquely broad mix of interests and affiliations, are home grown.<sup>23</sup>

- 6.26 Dr Huisken is consistent with the majority of submissions when he states that when it comes to our relationship with ASEAN countries 'there can be little doubt that Australia has lost ground in this regard'.<sup>24</sup> Huisken went on to say that 'to some extent, this has been the inescapable consequence of doing what we had to do, as in East Timor in particular.'<sup>25</sup> But most submissions also agree that the Australian Government realignment from the Asia-first policy of its predecessor, to a revival of the US and European relationship has been a significant factor.

- 6.27 While a number of submissions draw attention to the impact of this policy shift at the public level, few make comment on the real strategic implications. Professor Tow commented that there was a general lack of

---

21 Mr Shane Carmody, Dept of Defence, *Transcript 9 Sep 05*, p. 32

22 Strategic and Defence Studies Centre ANU, *Submission 10*, p.5.

23 Strategic and Defence Studies Centre ANU, *Submission 10*, p.5.

24 Strategic and Defence Studies Centre ANU, *Submission 10*, p.5.

25 Strategic and Defence Studies Centre ANU, *Submission 10*, p.5.



discussion about the 'geopolitical dynamics that underwrite Australia's National Interests.'<sup>26</sup>

- 6.28 The degree to which members of ASEAN, the US and Australia are engaged to defeat global and regional terrorist organisations, and to prevent the proliferation of the components of weapons of mass destruction suggests that real cooperation goes much deeper than public comments or perceptions might suggest. Defence, gave us an insight into this deeper layer of cooperation:

The US has had a number of security initiatives. In recent years, in the context of the global war on terror, it has been promoting the counter-terrorism capabilities in the region—in places like Malaysia and elsewhere. It is also very interested in helping the Philippines resolve things like the Abu Sayyaf terrorism problem. I think that since 9/11 a lot of US interest in the region has been on the global war on terror. It has also been on proliferation, and cooperation with everybody, including us, on proliferation security.<sup>27</sup>

- 6.29 The actual views of the members of ASEAN about Australia's defence relationship with the US are a gap in the evidence to the inquiry but ASPI suggest that 'the strengthened links with Indonesia might also be seen as increasing Australia's connection to an emerging East-Asian regional community, which at times Australia has appeared to stand a chance of missing out on'.<sup>28</sup> ASPI goes on to say that 'one of the breakthroughs in this respect was the end of the Mahathir era – this led to improvements in Australia's relations with Malaysia and helped clear the way for Australia and New Zealand to attend the late 2004 ASEAN Summit.'<sup>29</sup>
- 6.30 The 2004 ASEAN Summit in turn led to 'one of the most significant developments for Australian foreign and security policy...the decision by Australia to adhere to the Treaty of Amity and Cooperation (TAC) in South – East Asia.'<sup>30</sup> The significance of this undertaking by Australia is that it relates directly to concerns that the TAC could compromise ANZUS.
- 6.31 There was inherent conflict between the TAC and 'supporting an American posture of pre-emption against concentrations of terrorists in regional locations and the need to perhaps take out those types of

---

26 Professor William Tow, Australian National University, *Transcript 9 Sep 05*, p. 5.

27 Mr Shane Carmody, Deputy Secretary, Department of Defence, 26 March 2004, *Transcript*, p. 24.

28 Robert Ayson, ASPI Strategic Insight: *A shift in Focus? Australia and the stability of East Asia*, p. 6

29 Robert Ayson, ASPI Strategic Insight: *A shift in Focus? Australia and the stability of East Asia*, p. 6

30 Professor William Tow, Australian National University, *Transcript 9 Sep 05*, p. 1.

concentrations if the intelligence were sufficiently reliable that they were about to precipitate an attack on Australian interests either within the region or, alternatively but much less likely, on Australian soil.<sup>31</sup>

- 6.32 Professor Tow explained that several developments allowed the apparently irreconcilable differences between the TAC and an alliance that included in its 'tool bag' a pre-emption doctrine. He stated:

The first was there that has been a clear modification of the pre-emption doctrine in Washington over the last year, given the negative experiences of the occupation of Iraq by the coalition of the willing. Second, some specific formulas were conveyed to Australia, particularly by South Korea but also by Japan, whereby there could be written understandings exchanged between Australia and ASEAN that would guarantee that adherence to the TAC would not compromise alliance responsibilities... whereby there was a softening of Australian concern about this initial conflict of interest problem. So, in fact, when Australia goes before the East Asian summit in December, it will do so adhering to the TAC but with the understandings that ASEAN has given Australia, the deference in terms of its ANZUS treaty obligations.

- 6.33 Professor Tow concluded optimistically that 'a good precedent has been established in terms of the Australians and ASEAN working out their different perspectives.' He continued that 'ASEAN has shown its capacity to essentially respect and defer to Australian alliance interests here and, at the same time, Australia has obviously gone the extra mile to ensure that it is going to be able to participate in what is an important regional security initiative but in such a way that it still protects its prerogatives in terms of its own national security posture.'<sup>32</sup>

## China

- 6.34 The vast majority of submissions to the inquiry agree that US relations with an increasingly sophisticated People's Republic of China (PRC) are key to regional stability. China has an active role in strategic and security affairs in the Asia - Pacific region, as evidenced by the 18 September 2005 Chinese brokered agreement on North Korean nuclear disarmament, and China's economy is one of the major stimulants in world markets. However China polarises opinion, both in the region and within the US where two conflicting views underpin US strategic discussion on China. These can be broadly summarised as viewing China as either the great threat of the future or the great prize of the future.
- 

31 Professor William Tow, Australian National University, *Transcript 9 Sep 05*, p. 5.

32 Professor William Tow, Australian National University, *Transcript 9 Sep 05*, p. 6.

- 6.35 In the first view China is seen as a rising power that will inevitably clash with the established global power in every aspect of competition – including military. This view is based on American observations of the early decades of the 20<sup>th</sup> Century when Germany and Japan emerged or re-emerged on the scene, in which great powers inevitably clash when a rising power seeks to impose its will on the established power.
- 6.36 In the second view of the US – China relationship, which RAND believe is now held by the Bush Administration after an earlier period of suspicion, common interests that flow from trade and extensive engagement will over time bring the two powers closer together, making conflict highly unlikely. The US Department of Defence, an arm of the Executive Branch of Government, shares this view. In discussions with the Australian delegation the US Combatant Command with responsibility for China - Pacific Command - confirmed the US military's prudent preparedness for potential conflict in the Pacific but expectation that conflict was unlikely with China.
- 6.37 Discussion of conflict with an emerging China is usually focused on the Taiwan Straights. The island of Taiwan screens the maritime approaches from the east to both China and Japan. For China, who sees itself as a continental power, the issue of Taiwan is largely symbolic. For Japan, a Pacific maritime nation, reliant on the ocean for the import of resources and the delivery of exports, the dynamics of Chinese relations with Taiwan are crucial. The Taiwan issue has become more complex since Taiwan became a democracy in which unpredictable rivals use their attitude to mainland China as a means to demonstrate differences in policy. At the same time these rivals use the US as a security blanket under which they can retreat if their posturing elicits the wrong response from China.
- 6.38 China however has indicated extensive other territorial claims in the South China Sea. Sino – Japanese tensions for example continue over the Senkaku/Diaoyutai islands and sovereignty is contested over potential oil and gas fields in the East China Sea.
- 6.39 So, as Robyn Lim suggests 'things could go very wrong in East Asia, the only part of the world where great power war remains thinkable.'<sup>33</sup> The debate in Australia over this issue surrounds whether Australia's alliance with the US would require Australian involvement.
- 6.40 In this tense strategic setting Australia treads a fine line. It balances a close alliance with the US based on shared values which include the promotion and protection of developing democracies, and an increasingly warm

---

33 Robyn Lim, Defender – Autumn 2005, *Rising China: Risk of miscalculation*, p. 13.

economic relationship with China that underpins a significant element of Australia's recent economic growth.

- 6.41 The evolution of the US administration view of China has eased some of the tensions that emerged 'out of Washington after Foreign Minister Downer's observation in Beijing in August 2004 about Australia being extremely careful in involving itself in any Taiwan contingency.'<sup>34</sup> In evidence to a parallel senate inquiry into Australia's relationship with China, Professor Paul Dibb described this Australian Government position as officially a 'One China policy with 'studied ambiguity' over the Taiwan Straights issue.'<sup>35</sup>
- 6.42 The maturation of the US government position regarding Taiwan and China has reduced the urgency of debate over whether the alliance would require Australia to contribute forces to conflict over the straights. US emphasis is now 'not so much the commitment of physical or material assets if there were to be a contingency but rather that Australia be circumspect and delicately sensitive to the American policy of strategic ambiguity.'<sup>36</sup>
- 6.43 Despite some clarification of Australia's position over its role in a potential conflict with China over Taiwan, evidence to the inquiry described Australia's excellent long term relationship with the US and its increasingly productive relationship with China as both a strength, in which Australia can contribute by maintaining open dialogue, and a potential area of future tension should the US and China have a major disagreement, particularly over Taiwan.
- 6.44 The ADA believe the US serves as a constraint to potential Chinese expansion ambition in the long term when they stated:
- While China, in particular, remains subject to an authoritarian government and culture, the dominant but self-restrained strategic presence of the United States in the Asia-Pacific remains an important constraint on the emergence of China as a potential contributor to strategic instability. We simply do not know, and cannot accurately foresee, what will happen in our wider region over the next half century.<sup>37</sup>
- 6.45 ASPI highlighted the potential for future tension. Their strong recommendation that Australia maintain the important relationships it has developed with both countries as a tool able to reduce future

---

34 Professor William Tow, Australian National University, *Transcript 9 Sep 05*, p. 2.

35 Professor Paul Dibb, Australian National University, *Senate Transcript 13 Sep 05*, p. 3.

36 Professor William Tow, Australian National University, *Transcript 9 Sep 05*, p. 7.

37 Australia Defence Association, *Submission 5*, p. 5.

disagreement best sums up the position taken in a number of submissions. ASPI stated:

There is clearly a risk that, over the longer term, US-China relationships could become more adversarial. That could pose Australia quite an acute choice. But that would be much less a generalised choice between the US and the region and more a specific choice between supporting the US and supporting China on a particular point. I think there is a policy implication from that – that is, that we should work very hard both with the US and with China to prevent that from happening.<sup>38</sup>

- 6.46 Future Directions International (FDI) provided additional insight into the potential for future tension with China from a US perspective when they stated:

Clearly China continues to emerge economically and also militarily. It would be fair to say that China's influence in the region and globally is growing commensurately. However, China has also, historically and today, not really demonstrated any hegemonic tendencies in the way some others have. China has been very clear about what it sees as its own territorial sovereignty, which of course includes the South China Sea, Taiwan and other places like that, but it has never seriously indicated any strategic hegemonic aspirations beyond that.

China will continue to become stronger. Its current incredible economic growth may well plateau for all sorts of reasons. It is really outstripping its capacity, and that will be a factor. This is in turn putting increasing strategic pressure on India and of course on Japan.<sup>39</sup>

- 6.47 The general tone of submissions regarding the relationship between China, the US and Australia remains optimistic. Australian dialogue and trade with China and our close relationship with the US are unlikely to be in conflict. A Griffith University submission summarises this position:

...there is strong basis for optimism that Australia will continue to avoid an 'ANZUS' nightmare of having to make a choice between the US and China in a future regional crisis. Barring any such contingency, the core interests that have served as the glue for

---

38 Mr Hugh White, Director, Australian Strategic Policy Institute, 26 March 2004, *Transcript*, p. 50.

39 Mr Lee Cordner, Managing Director, Future Directions International, *Transcript*, 2 April 2004, p. 36.

sustained alliance ties between Australia and the US remain in place.<sup>40</sup>

## The Koreas

- 6.48 The Korean Peninsula represents one of the most likely locations for regional conflict. The increasingly unstable Democratic People's Republic of Korea (DPRK) Administration of Kim Jong Il has recently declared itself a nuclear power and remains reclusive and belligerent. However, the progress, albeit irregular, on peace talks between the DPRK with the Republic of Korea (ROK) has given cause for optimism in the population of the South. This in turn has led to pressure from the ROK's Roh Government toward the US, encouraging them to soften their hard line stance toward North Korea. At the same time the US military have restructured their posture on the peninsula. The US military justification for these changes is an increase in the technological capabilities of US forces in the region but it is reasonable to surmise that pressure from the Roh Government is also a factor in adjustments of the disposition of US forces on the peninsula.
- 6.49 For Australia, with our significant trade relationship with the ROK and historic ties dating back to the Korean War, tension on the Korean Peninsula is of significant concern for a number of reasons. Were the DPRK to develop or gain access to long range missiles, parts of Australia could be subject to the threat of nuclear attack, a prospect discussed in more detail in Chapter Five. More immediately however the threat of conventional military action on the peninsula would result in significant alliance pressure (whether real or implied) to join a US/ROK coalition. While air and maritime contributions would be valued it is likely such a coalition would also seek a significant contribution of ground forces, with a commensurate increase in the risk of casualties given the possible involvement of Nuclear, Biological and Chemical weapons. Tow and Trood state:

[If conflict occurs between the Koreas] The U.S. would expect Australia to make a major military contribution and for any Australian government to refuse such a commitment would be tantamount to New Zealand defecting from long-standing alliance deterrence strategy in the mid-1980s. ANZUS would be effectively terminated.<sup>41</sup>

---

40 Professor William Tow and Associate Professor Russell Trood, Griffith University, *Submission 8*, p. 13.

41 Professor William Tow and Associate Professor Russell Trood, Griffith University, *Submission 8*, p. 13.

- 6.50 Perhaps as a result of our trade and historical links with the ROK Australia has adopted a differing position from that of the US in relation to engagement and communications with DPRK. While the Australian Ambassador in the DPRK has been instructed to withhold presenting his credentials for one year to signal Australia's concern over the nuclear issue the presence of an Australian embassy has allowed Australia to play a role in facilitating the DPRK involvement in the 'Six Power Talks'. While these talks have recently been suspended as a result of North Korean intransigence they continue to offer the best path toward the possible future denuclearisation of the Korean peninsula.
- 6.51 Despite some progress on the important disarmament issue the DPRK represents a current asymmetric or unconventional threat to the region, including Australia. The US Government submission to the inquiry referred to US and Australian initiatives 'to curb North Korea's illicit activities.'<sup>42</sup> Notable amongst these have been the interdiction of illicit drugs and counter proliferation activities. The drug interdiction activities focus on the movement of illicit drugs from North Korea which give indications of being a state sponsored means of raising foreign currency. Counter proliferation activities are designed to thwart prospects of WMD or related delivery systems transfers by Pyongyang to rogue states or international terrorists.

## Japan

- 6.52 This inquiry comes at a time when 'Japan's security identity is undergoing a fundamental review.'<sup>43</sup> Japanese Self Defence Forces have deployed armed to Iraq, a deployment that has proven potentially controversial in Japan but marks an acceptance of global security responsibilities by the Japanese Government and a transformation in the US-Japan relationship which in the past was intended to 'cocoon' Japanese power. Japan remains risk-averse, but is increasingly self-confident in its international responsibilities. Security policy changes will continue to be made in small, but cumulative steps toward a more self reliant position.
- 6.53 Japan is America's largest single trading partner and is arguably seen by the US 'as their most important single relationship.'<sup>44</sup> This relationship is not in conflict with Australia's relations with either country. Instead

---

42 US Government, *Submission 7*, p. 5.

43 Professor William Tow and Associate Professor Russell Trood, Griffith University, *Submission 8*, p. 11.

44 Mr Hugh White, Director, Australian Strategic policy Institute, 26 March 2004, *Transcript*, p. 46.

Dr Robyn Lim argues 'the health or otherwise of the US-Japan alliance is what is really critical for our security.'<sup>45</sup>

That alliance has provided Japan with nuclear and long range maritime security in ways that do not disturb Japan's neighbours...But if the US ever felt inclined to give up on Japan, that would have enormous implications for our own security...There is indeed some reason to worry that the North Korean nuclear and missile threat could rattle the US-Japan alliance. That's partly because North Korea's missiles can reach all parts of Japan, but cannot yet reach the continental US.<sup>46</sup>

6.54 Dr Lim also submits that consideration of Japan's strategic position is inextricably linked with China.

These two great powers of East Asia have never hitherto been strong at the same time. And whereas China has strategic ambition, Japan has strategic anxieties. Both could have consequences for Australian security.<sup>47</sup>

6.55 Dr Brendan Taylor, in evidence to a Senate References Committee described the tensions when he stated:

...because of the differing strategic outlooks and objectives of countries such as China and Japan which are still so divergent, there are still very real tensions there...Finally, while I think it is fair to say that the Chinese use of soft power in the South East Asia region has become significantly more adept over the past half decade or so and while its so called new diplomacy has become more adroit, in reality there still does exist a significant degree of fear and apprehension throughout South East Asia.<sup>48</sup>

6.56 An incident in November 2004 highlights Japanese tension over Chinese intentions. The incident involved the passage of a Chinese submarine through a Japanese strait while still submerged. 'The submarine's refusal to travel on the surface while transiting a Japanese strait, as required by international law, was headline news in Japan.'<sup>49</sup> Perhaps as a result Japan's new Defence policy outline named China as a threat, along with China's quasi-ally North Korea.'<sup>50</sup>

---

45 Dr Robyn Lim, Nanzan University, *Submission 13*, p. 11.

46 Dr Robyn Lim, Nanzan University, *Submission 13*, p. 11.

47 Dr Robyn Lim, Nanzan University, *Submission 13*, p. 6.

48 Dr Brendan Taylor, *Transcript Senate References 13 Sep 05*, p. 15

49 Robin Lim, *Rising China: Risk of miscalculation*, Defender Autumn 2005, p. 14.

50 Robin Lim, *Rising China: Risk of miscalculation*, Defender Autumn 2005, p. 14.



- 6.57 Sino Japanese tensions have escalated in 2005. The Chinese continue to raise the issue of Japanese atrocities in the lead up to and conduct of World War II. While the 'remember Nanjing' message is based on accurate history, the Chinese motivation for continually raising the issue appears to be more about the future relationship with Japan than the past. On the other hand Prime Minister Junichiro Koizumi's visit to the Yasukuni Shrine for Japan's 2.5 million war dead on 17 October 2005, his fifth since becoming Prime Minister, was a calculated gesture certain to increase tensions between Japan and both China and South Korea.
- 6.58 While Australian World War II veterans for many years harboured animosity toward Japan over the treatment of allied prisoners of war, time and reconciliation led by national icons, such as Sir Weary Dunlop, have largely removed this source of friction in Australia's relationship with Japan. Indeed General John Abizaid, Commander of US Central Command, when meeting with members of the Committee during the Committee delegation to the US, described his father's involvement in the Pacific Campaign of the Second World War and his understanding of the emotions that arose as a result of the conflict in the Pacific. General Abizaid expressed his admiration for the ability of the Australian Government and people to now establish strong ties with Japan to the extent that the Australian Army was currently protecting Japanese troops in the Al Muthanna Province of Southern Iraq.
- 6.59 Japan, the US and Australia now appear to share considerable economic and strategic interests. The next obvious step for the three countries is to consider whether a closer degree of strategic cooperation is appropriate, particularly in relation to the emerging China. To achieve this heightened level of cooperation the US Secretary of State and Australia's Foreign Minister Downer announced in May 'that the trilateral strategic dialogue between Australia and the US in Japan will now be upgraded to a full ministerial level of consultations.'<sup>51</sup>
- 6.60 The views of Australia's academic strategists are divided over the value of such a relationship. In evidence to the Senate References Committee into Australia's relationship with China, Professor James Cotton stated:
- To come to the Japan issue and cooperation amongst those parties in the region who have other kinds of relationships, I think we need to remember that there are still severe constitutional restraints on Japan's freedom of action. There really is not yet a US-Japan security alliance. There is a relationship where Japan agrees to be protected by the United States, and the United States agrees to protect Japan. Anything further than that is extremely
- 

51 Professor William Tow, Australian National University, *Transcript 9 Sep 05*, p. 3.

difficult to organise and often requires specific, ad hoc legislation—even, for example, for Japanese participation in Iraq. So the possibilities of turning that kind of relationship into anything broader are, I think, small.<sup>52</sup>

- 6.61 However, despite steady security policy change in Japan neither the US or Japan has seen the need to fundamentally change the nature of their alliance. And given the uncertainties of the future trends in China and the Korean Peninsula, the alliance will continue to form the basis of Japanese and US interests for the foreseeable future. Australian interests are well served by the current US-Japan alliance. The steady move to a more even distribution of defence responsibility between the two global economic powers is not seen as a concern by those making submissions to the inquiry.

## India

- 6.62 India is the world's largest democracy and at the same time is a nuclear power and an increasingly capable maritime power. Indian conflict with its neighbours Pakistan and China has been a source of instability in Asia for much of the second half of the 20<sup>th</sup> Century. During this period perceived Indian alignment with the Soviet block caused some tension between India and the US. Despite this tension, relations between India and Australia have been sound, reflecting shared Commonwealth values.
- 6.63 The emergence of India as a nuclear power caused some friction in Australia, particularly the 1998 nuclear tests. A brief suspension of military exchanges resulting from the nuclear tests has since been lifted. Despite the ongoing development of the Indian Navy as a genuine 'blue water' capability, evidenced by the purchase and refurbishment of former Soviet aircraft carriers, there is no evidence that India has hegemonic ambitions that will threaten stability further south.
- 6.64 The US India Defence relationship was characterised to the Committee delegation by the US Defence officials at the Pentagon, as the 'biggest mover in US foreign policy.' It has taken some time but India has been 'de-hyphenated' from Pakistan (the India - Pakistan relationship) and is now being considered as a significant ally in its own right. The US officials clearly understood the importance of India as the world's largest democracy and as also containing one of the largest moderate Muslim populations in the world.
- 6.65 While India is clearly worthy of individual attention from the US the challenge for US officials is to develop the bilateral relationship with India
- 

52 Professor James Cotton, Australian National University, *Senate Transcript 13 Sep 05*, p. 16.

while remaining a partner with Pakistan in the Global War on Terror. While progress has been made, most officials in the US regard the establishment of this balance as a work in progress.

- 6.66 While India may have been “de-hyphenated” from Pakistan, many officials now see India as being a balance to an emerging China. The strengthening US relationship with India was described by the SSI as being part of an informal process of channelling China’s power. US economic interests in both India and China were acknowledged as being too important for overt or military containment, but subtle and less militant shaping were assessed as offering significant long term benefit.
- 6.67 While US strategic planners may consider India as a benign foil for an emerging China, India’s own history with China is a source of tension. The 1962 Chinese invasion of India across the shared Himalayan border was a humiliating defeat for India and is likely to be a factor in the Indian view of Chinese strategic expansion.
- 6.68 RAND also offered some insight into the Indian perspective of the impact of the emergence of Chinese economic power. The delegation was briefed that Indian officials believed China’s economic success has been a source of great confidence and motivation for India. India, with its highly educated work-force, regards itself as better placed to compete in the global market place than most sectors of the Chinese economy.

## Conclusion

### Benefits of US Engagement in Asia Pacific

- 6.69 This chapter has undertaken to summarise the inquiry findings on a particularly complex series of strategic issues. Broadly it sought to codify the benefits and risks to Australia of US engagement in the Asia Pacific region and similarly report the benefits and risks to Australia of perceptions of our alliance with the US.
- 6.70 Despite the scope of the strategic issues involved, the Committee is able to conclude that US engagement in the Asia Pacific is regarded as a positive outcome by the majority of Australians and importantly it appears to be similarly welcomed by the majority of Governments in the region. Japan, Thailand, South Korea and the Philippines are bilateral alliance partners with the US in their own right and both India and Singapore have commenced ‘Strategic Framework’ discussions with the US. The extent of these arrangements with Asian nations also suggests that regional leaders may be far more pragmatic than some commentators report and that

comments that Australia's alliance with the US somehow distances Australia from Asia are also false.

- 6.71 Evidence to the inquiry indicates that not all groups agree with this assessment. Groups such as the MAPW and the WILPF argue that increased emphasis on the creation of multi-lateral organisations could provide the same level of security for the region and balance the emergence of any single regional power.

## China

- 6.72 The inquiry has been conducted in parallel with considerable debate about the role of an emerging China in regional and global affairs. China's strategic ambitions over the China Sea have caused deep concern in the Asia Pacific. The modernisation of the Chinese military exacerbates these concerns, particularly as more modern Chinese forces are able to threaten Taiwan and potentially delay or disrupt US defence of the island.
- 6.73 At the same time Chinese economic growth has fuelled the regional economy and underpinned prosperity in a number of countries, including Australia. The two views of China expressed to the inquiry describe China as either the great threat to regional security or the great economic prize for the region and the world. Evidence to the inquiry, and informed comment amongst regional strategists, is divided on which view should take precedence. The Committee however has formed the view that conflict with China is not likely. The relationship between China and the US differs markedly from the examples of clashing powers in the last century. The emergence of competing powers in Europe for example, shared common borders and had centuries of competition over disputed territory. China and the US are separated by an ocean and have little shared history. On the other hand each stand to share in the benefits of continued economic prosperity should peaceful coexistence continue.
- 6.74 Australia too stands to benefit greatly from a peaceful and prosperous relationship between the US and China. The Committee accepts the views of those who gave evidence to the inquiry stating that Australia has the potential to act as a mediator in any future periods of tension between its long term ally and its regional trading partner. While this may sound simple, global strategic realities are such that periods of tensions between powers rarely have simple solutions. Given that tension is most likely to arise over a dispute involving the future of a free and democratic Taiwan, Australia may be drawn closer to one side of the argument than the other by shared values and history, as well as by the formal terms of our alliance with the US.

- 6.75 The Committee therefore supports the 'studied ambiguity' of Australia's policy toward China and Taiwan. Australian influence with both major powers has the potential to be of more use in maintaining peace in the region than the direct offer of any particular military capability to the potential deterrent package aimed at preventing Chinese aggression toward Taiwan.

## Indonesia

- 6.76 Australia has a key role to play in supporting the development of Indonesian democracy. The US has been constrained in its ability to support the development of the security force structures in the world's third largest democracy by restrictions imposed by the US Legislature. As a result, the US values the relationship Australia has established with the Government of President Susilo Bambang Yudhoyono, and ongoing practical measures between Australia and Indonesia, particularly at the military level.
- 6.77 US officials, in discussions with members of the Committee, described how important Australia's bilateral relations with its regional neighbours are to stability in the Asia Pacific region, particularly as they can be used to increase the level of understanding of regional issues within America. The Australian leadership and facilitation of western access to Aceh in the aftermath of the Boxing Day Tsunami have demonstrated this regional leadership position to a wide audience in the US and highlighted the retarding effect of US restrictions on interaction with Indonesia.
- 6.78 The Committee supports ongoing Australian Defence and Federal Police engagement with Indonesia. Such engagement allows the transfer of Australian understanding of the primacy of Government over the security forces and in turn allows the Australian agencies to enhance their understanding of Indonesia, its people and culture.
- 6.79 During 2005 the US announced a series of incremental steps to allow increased interaction between the US and Indonesian security forces. The Committee notes that the increased US military access to Indonesia is based on a waiver by the Secretary of State:

[The US Secretary of State] has determined that it is in the national security interests of the United States to waive conditionality pertaining to Foreign Military Financing (FMF) and defense exports to Indonesia...

The decision will allow the United States to resume selected areas of military assistance for Indonesia. It continues the process of military reengagement with Indonesia that included the Secretary's decision to resume International Military Education

and Training (IMET) in February, and her decision to resume non-lethal Foreign Military Sales (FMS) in May.

In resuming Foreign Military Financing, the Administration plans to provide assistance for specific military programs and units that will help modernize the Indonesian military, provide further incentives for reform of the Indonesian military, and support U.S. and Indonesian security objectives, including counterterrorism, maritime security and disaster relief. The U.S. remains committed to pressing for accountability for past human rights abuses, and U.S. assistance will continue to be guided by Indonesia's progress on democratic reform and accountability.<sup>53</sup>

- 6.80 The Committee supports the increased US engagement with the Indonesian military. Increased interaction will further enhance Indonesia's capacity to defeat both terror groups and pirates operating from Indonesian territory. Training interaction will also continue the transfer of democratic standards of civilian control and accountability for the military.

---

53 US Department of State, *Indonesia National Security Waiver / Foreign Military Financing*, as quoted <http://www.state.gov/r/pa/prs/ps/2005/57272.htm>, accessed on 24 Nov 05.