



Submission No 5

Inquiry into Australia's Defence Relations with the United States

Organisation: Australian Defence Association

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AUSTRALIA DEFENCE ASSOCIATION

**SUBMISSION TO THE DEFENCE SUB-COMMITTEE OF
THE JOINT STANDING COMMITTEE
ON FOREIGN AFFAIRS, DEFENCE AND TRADE
INQUIRY INTO AUSTRALIA'S DEFENCE RELATIONS WITH
THE UNITED STATES**

Introduction

1. This submission, to the inquiry conducted by the Defence Sub-committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade into Australia's Defence Relations with the United States, is provided by the Australia Defence Association (ADA) at the request of the sub-committee. The submission is formatted with numbered paragraphs to assist with any follow-up questions.
2. Founded in Perth in 1975 by a retired RAAF Chief, a leading trade unionist and the director of a business peak body, the ADA remains an apolitical national organisation spread across every state and mainland territory of the Commonwealth. The Association is not formally or informally affiliated with any other body and is commonly acknowledged as Australia's only truly independent and bipartisan community watchdog and 'think-tank' on national security issues. Apart from limited numbers of standard subscriptions for ADA publications, the Association receives no funding from the Government or from sources outside Australia.
3. The policies and activities of the ADA are supervised by a board of directors elected by the membership. This submission has been approved by the ADA Board of Directors and was prepared by a group of retired defence specialists and other experts convened for the purpose. Not all these contributors are ADA members.
4. In terms of national defence, the ADA seeks to promote, foster and encourage the best form of defence for Australia. In particular, the Association seeks the development and implementation of national security structures, processes and policies encompassing:
 - a. an accountable, integrated, responsive and flexible structure for making national security decisions;
 - b. professionally, intellectually and morally robust means of assessing Australia's strategic situation;
 - c. adequate national resources being allocated to national security according to such assessments;
 - d. the implementation of a national security strategy based on the protection of identifiable and enduring national interests;
 - e. the development and maintenance of adequate forces-in-being capable of executing such a strategy; and
 - f. the development and maintenance of manufacturing and service industries capable of sustaining defence force capability development and operations.

5. On a national basis the ADA maintains a comprehensive website at >www.ada.asn.au< and publishes a quarterly journal, *Defender*, and a monthly bulletin, *Defence Brief*. Both publications enjoy a high-level and educated readership in political, military, public service, academic and community circles. The Association also contributes to public, academic and professional debates on national security matters in the broader sense (including intelligence and security intelligence matters).

6. **Terms of Reference.** This submission addresses, to varying extents, all nine terms of reference detailed in the motion establishing the inquiry.

Background

7. The Association has been a disinterested observer of, and occasional participant in, the Australian national security debate for three decades. Given the nature of this inquiry we believe it worth noting that the current level of Anti-American hostility in Australian public life is perhaps the most virulent it has been since the mid 1960s.

8. The causes of this situation are many and varied. Major ones include:

- a. a long period of comparative peace and stability in the world, and in Australia's strategic situation, since we were last seriously threatened with direct military attack on our territory and a direct threat to the lives and lifestyles of most Australians;
- b. the marked proportional reduction in the Australian population, through death and inwards migration, of those with sound knowledge of the foundations of Australia's alliance with the United States in the latter half of World War II;
- c. a growing reduction in the teaching of, and appreciation for, Australian history in our schools and universities;
- d. a growing tendency for the Australian media to analyse developments in the alliance mainly by their perceived effect on, or meaning for, the domestic party-political debate; and
- e. ideological opposition to phenomena such as 'globalisation' seeking a ready conduit for glib or simplistic public expression.

9. Australian governments and Australians as a whole are not perfect. Neither are US governments and Americans. Both countries share much in common but still have major differences in their perception of the world. Both Australia and the United States have sometimes harboured major misconceptions and resentments about the other. Significant US command mismanagement of Australian forces in the New Guinea campaigns of 1942-43, for example, has caused longstanding and ongoing problems in Australia. US resentment at what they perceive as Australia's unwillingness to allocate adequate resources to our common defence remains a perpetual problem. On balance, however, the alliance between Australia and the United States has been a good thing for both countries, for the Asia-Pacific region and for international peace and security generally.

THE APPLICABILITY OF THE ANZUS TREATY TO AUSTRALIA'S DEFENCE AND SECURITY

10. The ANZUS Treaty came into force in 1951. The world has changed significantly since this happened. The Commonwealth, for example, on which Australia relied wholly for its defence for the first half of the 20th century, has moved from a closely integrated strategic, collective defence and trade mechanism into a loose grouping of States with a slowly diluting common heritage in the Westminster system.

11. The ANZUS alliance, however, has successfully adapted to this changing world because it has been in everyone's interests for it to do so. Over the 1951-1967 period it has steadily replaced the (British) Commonwealth as the cornerstone of Australia's defence.

12. What the region would be like today with no ANZUS Alliance is, of course, impossible to specify with any certainty. This is especially so because the hypothetical absence of the alliance (and presumably similar US links with other countries such as Japan and South Korea) would probably have resulted in a much different regional strategic situation. In summary, without the ANZUS Treaty and the alliance of common interests and attitudes it represents, Australia would probably have had to:

- a. commit significantly greater portions of our national resources to defence and intelligence gathering, probably in the order of 2-3 times current spending;
- b. depend on social measures such as near-universal conscription to sustain a much larger ADF;
- c. divert significant national resources to subsidise a wide range of defence industries that would otherwise be quite uneconomic;
- d. risk-manage our participation in regional and international events from a far weaker position; and
- e. actively consider the development of an independent nuclear deterrent if other countries in the region moved to acquire nuclear arsenals.

13. New Zealand has managed to avoid such measures since its withdrawal from ANZUS commitments in the late 1980s. They have only been able to do this, however, because of New Zealand's small size, limited importance and relative geographic isolation, and because the United States and Australia have continued to underwrite New Zealand's defence and security.

14. The ANZUS Treaty also provides Australia with the opportunity and access to provide our assessments on international issues directly to the United States via both formal and informal means. The United States values frank and forthright advice from its proven allies like Australia and the UK. Everyone in the world wins by this as even the views of a sole superpower can be tempered or otherwise improved by valued independent counsel. Australian leverage should not be overestimated but neither should its practical or moral value be ignored.

15. In the 19th century the British Prime Minister, Lord Salisbury, noted that countries do not have permanent friends only permanent interests. Australia's alliance with the United States involves both costs and benefits, but the latter far outweigh the former. For the foreseeable future it remains in both countries interests that we share a formalised and mutually supporting approach to international peace and security.

16. This is especially so while collective security mechanisms such the United Nations continue to be hamstrung, essentially because liberal-democratic countries remain a minority of the membership.

17. The Australia Defence Association considers that the ANZUS Treaty and the evolving ANZUS relationship is as important today as it has ever been. Furthermore, the Association does not consider that this is likely to change in the next decade and probably much longer.

THE VALUE OF US-AUSTRALIA INTELLIGENCE SHARING

18. Given Australia's overall geo-strategic situation, the key advantages offered by Australia's intelligence sharing arrangements with the United States are essentially fourfold:

- a. first, the arrangements represent a longstanding and proven arena of intelligence and technology exchanges;
- b. second, the arrangements allow Australia access to means, volumes and currency of intelligence that could not be replicated using wholly Australian resources;
- c. third, the arrangements save money and effort in both countries but more so in Australia's case; and
- d. fourth, the arrangements allow Australian regional expertise (and a non-US perspective) to be brought to bear for wider benefit.

19. Some of the recent (post-1998) allied intelligence assessments on Iraqi WMD remain uncertain, or may indeed be wrong to at least some degree. This does not alter, however, to any significant degree the four fundamental advantages outlined above.

THE ROLE AND ENGAGEMENT OF THE US IN THE ASIA-PACIFIC REGION

20. In general terms the United States 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, especially in the longer term.

21. The strategic presence of the United States 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 fulfill the role of the United States in this regard.

22. 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.

23. On current projections the Chinese economy will rival that of the United States by 2050 and demographic trends will continue to develop in China's favour. The United States is going to great lengths to prevent a situation where China feels bound to develop into a major strategic competitor to the United States.

24. Such a development is in no country's interests. Until China democratises, in detail and irreversibly, there appears to be no viable alternative for Australia than to continue encouraging major US involvement in the region. This means Australia should not shrink from such support for fear of somehow upsetting authoritarian regimes in the region.

THE ADAPABILITY AND INTEROPERABILITY OF AUSTRALIA'S FORCE STRUCTURE AND CAPABILITY FOR COALITION OPERATIONS

25. There is an important distinction between the two principal forms of achieving interoperability: common doctrine and commonality of equipment or platforms (including their supply and maintenance chains). The first is more important than the second.

26. With common doctrine, based on a good understanding of each other's underlying operational culture, forces can work together even when their weapons and other systems are partially or wholly different. In the later case, compatibility of communications is vital.

27. In terms of sustainability (and financial accounting) it is, of course, of considerable benefit to Australia when equipment commonality allows deployed ADF elements to tap into US logistic and maintenance lines of support. Recent deployments reinforce this lesson.

28. Commonality of equipment for commonality's sake must, however, be avoided in ADF capability development. In some cases, such as the Armed Reconnaissance Helicopters, choosing a platform used (somewhat differently) by US forces would have resulted in a second best capability outcome. Distinguishing US platforms/systems which are affordable for Australia, applicable to Australia, and which achieve both interoperability and capability superiority, requires careful and considered analysis of a range of cradle-to-grave issues in each case.

29. In every major situation requiring the employment of the ADF outside Australia since 1900 the resultant operations have entailed working with the armed forces of likeminded countries. In recent times, the trend to coalition operations has increased and it is likely that few, possibly no, ADF warlike operations in the future will be unilateral ones.

30. With the exceptions of our participation in the Malayan Emergency (1948-1960) and Confrontation (1964-66) all ADF major deployments outside our immediate region since the early 1940s have directly involved operations with US forces. In virtually all cases, ADF units have operated under US operational and tactical command as part of a wider allied effort.

31. In Australia's immediate region we have recently had to lead multinational coalitions in operations in Bougainville, East Timor and Solomon Islands. Some of these operations have involved US forces directly. Others have involved US diplomatic, intelligence or logistic support.

32. In most cases, certainly since the demise of SEATO in 1971, Australia's involvement in allied and coalition operations has occurred outside the framework of standing multilateral military command arrangements. Much ADF doctrine, training and technology is maintained voluntarily at NATO or similar standards in order to maintain the potential for high levels of interoperability with the US (and UK).

33. As a consequence of this strategic situation the ADF continually faces an 'interoperability sandwich'. Interoperability requirements with the United States are generally of high orders of complexity, and this is increasing as US military power pulls away from the rest of the world, especially in terms of its supporting economic resources and technology. Interoperability requirements with regional states, particularly in the South Pacific, are invariably of much lower orders of technical complexity but may still involve complex political, cultural and economic difficulties. ADF elements that are highly interoperable with US forces can, however, adapt to operations with regional forces comparatively easily. The opposite is not the case.

34. The ADF must remain capable of at least medium levels of interoperability with the United States across the board. High levels of interoperability must be maintained to the maximum degree that funding constraints will allow.

35. It is not possible to specify that the future security of Australia will not require the ADF to mount and sustain high intensity operations in our region or further afield. It would be a dangerous mistake to gamble that future operations will all be lower intensity constabulary operations as in East Timor or Solomon Islands.

36. As the 1991 and 2003 Gulf War experiences showed, it is a profound strategic mistake for Australia to maintain forces incapable of participating in high intensity modern warfare in other than very small, specialised and so-called 'niche' situations. The situation where one Australian Service, or elements within it, are equipped and trained to a markedly higher average interoperability standard than the others must also be avoided.

THE IMPLICATIONS OF AUSTRALIA'S DIALOGUE WITH THE US ON MISSILE DEFENCE

37. In our immediate region it is likely that some of the more advanced countries will procure and field at least tactical and operational-level range missiles over the next twenty years.

38. The ADF will therefore continue to require the updating of its capabilities for the air defence of deployed forces and northern Australia. Even excluding the emerging threat of ballistic missile technology being exploited by actual or potential 'rogue states' it is a prudent step to begin providing the ADF with some means of theatre missile defence (TMD). Such a TMD system is most likely to be American.

39. Any decision to participate in possible multilateral national missile defence (NMD) arrangements to counter strategic-range missile threats is at least several years off. Any major investment decisions are even further off.

40. Criticism of dialogue with the United States on this issue appears to be based more on polemics, and perceived domestic party-political advantage, than on any real recognition of negative consequences.

41. Continued dialogue with the United States concerning missile defence has no real disadvantages at this stage.

THE DEVELOPMENT OF SPACE-BASED SYSTEMS AND THE IMPACT THIS WILL HAVE FOR AUSTRALIA'S SELF-RELIANCE

42. Unless Australia's defence budget was increased significantly, we would not be able to develop, deploy and sustain comprehensive space-based systems unilaterally. Some independent capability in surveillance and communications satellite technology remains essential, however, not least because it allows Australia some independence of action in emergencies, and some ability to independently verify information or intelligence provided under alliance intelligence sharing arrangements.

43. Given the limited national resources allocated to defence purposes in Australia, and given the problem faced across the board in updating ADF platforms, weapons and equipment to modern standards, Australia appears to have little alternative to dependence on US space-based systems for the foreseeable future.

44. Continued co-operation with the United States also appears to offer the best method of keeping up with the latest technological and operational standards in this regard.

45. When the United States manages to field effective space-based anti-ballistic missile systems (ie. more than just surveillance systems) Australia will be faced with having to make important strategic decisions. Unless missile proliferation trends reverse Australia may have little choice but to independently field such a system or join a multilateral (US-led) arrangement. Neither option is likely to be cheap.

THE VALUE OF JOINT DEFENCE EXERCISES BETWEEN AUSTRALIA AND THE UNITED STATES

46. Defence forces with low levels of combined training with foreign forces, or low rates of personnel exchange programs, inevitably suffer marked professional atrophy due to insufficient and discontinuous benchmarking with

international standards. Such forces also invite defeat because they lack deterrent credibility.

47. A defence force 'fights as it trains'. Combined exercises with allies and potential coalition partners are essential to maintaining ADF efficiency at world-class standards. This is especially so as the ADF is forced to make up for its low numbers and relatively limited resourcing by maintaining higher levels of overall operational efficiency.

48. Given the high incidence of actual operations in conjunction with US forces it remains eminently sensible to maintain a high degree, tempo and spread of combined training with such forces. This increases the chances of operational success and reduces the likelihood of casualties. It also increases the likelihood that conflicts will be resolved with shorter durations and less suffering for the civil populations involved.

49. Combined US-Australian military exercises also have a clear deterrent value in that they underline democratic resolve to maintain international peace and security.

50. For a range of strategic, economic, sociological and host country reasons the US is withdrawing large forward-deployed forces from Europe and North Asia to bases in the continental United States. US forces based in Japan and the Central Pacific already exercise extensively in Northern Australia, because our northern training areas allow types and durations of training not available in their more densely populated base locations. For similar reasons, the Singapore Armed Forces also extensively train and exercise in Australia.

51. Hosting such training is logical on a range of strategic, diplomatic and domestic economic and social grounds. It fits neatly with Australia's strategic and moral responsibilities as a leading member of the Western alliance and a good international citizen. Australia's regional neighbours are generally comfortable with such US training in Australia. With the exception of Indonesia, where combined training has been suspended by the US on human rights grounds, all our immediate neighbours also host regular training with, or visits by, US forces.

52. If the United States is interested in expanding such training in Australia and Australian waters this should be encouraged. This includes formation-level interoperability exercises with US forces and the possible pre-positioning of US equipment for long periods to facilitate such training. The point that such facilities would not be 'US bases' needs to be emphasised to the less well informed or deliberately anti-American segments of the Australian public.

THE LEVEL OF AUSTRALIAN INDUSTRY INVOLVEMENT IN THE US DEFENCE INDUSTRY

53. Levels of Australian industry involvement in US defence industry are improving but still patchy. Key constraints continue to be US economies of scale advantages and US legislative, policy and security restrictions that depend more on American domestic politics than their ostensible justification. Congressional pork-barreling remains a major obstacle to widespread reform.

54. The proposed free trade agreement between Australia and the United States is likely to improve the levels of Australian industry integration in US defence industry. In particular, the removal of the 50 per cent US tariff on ship repair undertaken outside the United States provides a good opportunity for Australian maritime industries.

55. It is a great pity, however, that the 'Jones Act' which requires all US ships to be built in US shipyards will remain intact under the proposed free trade agreement. This remains a significant obstacle in areas, such as innovative hull technologies, where Australian shipbuilders have otherwise built up a world-class competitive advantage. Future negotiations with the United States on expanding our free trade arrangements should tackle such issues.

THE ADEQUACY OF RESEARCH AND DEVELOPMENT ARRANGEMENTS BETWEEN THE UNITED STATES AND AUSTRALIA

56. Research and development arrangements with the United States are the subject of both formal and informal agreements and practices. In general, however, they are affected by similar constraints to those that affect industry involvement above. It is likely that the United States will always retain a reluctance to involve even key allies in some research and development for security, economic, trade protection and domestic political reasons.

57. Future negotiations with the United States on expanding our free trade arrangements should tackle such issues.

CONCLUSIONS

58. Although the level of apparent anti-Americanism in contemporary Australian society remains high, it is much lower or negligible among informed groups and individuals. The broad mass of informed Australians show affection and respect for past assistance from the United States, and respect for its continuing international leadership and democratic vitality. Australian governments of all political persuasions support the alliance. They should do more to publicise the benefits of the alliance and the lack of rationality in most of the glib anti-alliance alternatives offered by its critics.

59. For the foreseeable future there remains little alternative to Australia and the United States remaining linked by a formal security alliance. The strength of this alliance comes from national self-interest in both countries but its vitality after half a century is sustained by a range of shared values and outlooks in a world where the democracies remain a minority. These shared aspects have cultural and moral dimensions as much as political or strategic ones. The alliance remains as relevant to both countries today as it ever did.

60. If the ANZUS alliance did not exist both the United States and Australia would have to spend more, on a permanent basis, to ensure their respective national security. In Australia's case, the additional defence expenditure would be of a much higher order, would require major sacrifices in other areas of government expenditure, and would significantly distort the Australian economy and lifestyle.

61. Recognising the electoral delicacy of such negotiations, and acknowledging the American political inertia underlying protectionist obstacles such as the 'Jones Act', Australia should pursue further liberalisation of US constraints on Australian industry and research and development participation with its US counterparts.

RECOMMENDATIONS

62. The Australia Defence Association recommends that the committee especially review the following aspects in compiling their report:

- a. the need to better publicise to the Australian public the need for our alliance with the United States and the mutual benefits and advantages involved;
- b. the advantages the alliance provides in assisting the ADF to attain and maintain world-class standards;
- c. the strategic and operational requirements to maintain high levels of interoperability with US forces across the ADF in detail and not just in small 'niche' areas;
- d. the expansion of combined training with US Forces, including the greater use of Australian training areas and other facilities in Australia;
- e. the need for continued dialogue with the United States concerning missile defence issues, including Australian participation in TMD and perhaps, eventually, NMD arrangements; and
- f. further free trade negotiations be undertaken with the United States to remove the remaining obstacles to Australian industry participation in US defence procurement, including the exclusion of Australian shipbuilders from the provisions of the US 'Jones Act'.