



## **Submission No 16**

### **Inquiry into Australia's Maritime Strategy**

**Organisation:** The Australian Centre for Maritime Studies

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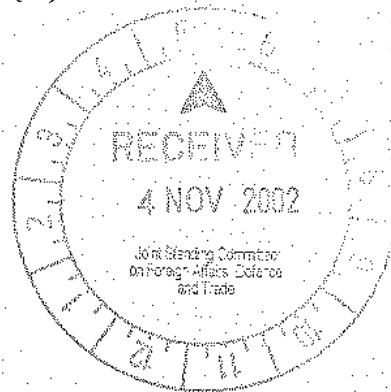


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The Secretary  
Joint Standing Committee on  
Foreign Affairs, Defence & Trade  
Parliament House  
CANBERRA ACT 2600



4 November 2002

Dear Sir,

### **Inquiry into Australia's Maritime Strategy**

Attached for the information of members of the Joint Standing Committee on Foreign Affairs, Defence & Trade is the Centre's submission to this important inquiry.

For your information, the Australian Centre for Maritime Studies is a private independent, non profit, association incorporated in the ACT whose objectives are, inter alia, to disseminate information across the range of maritime issues.

Our Board particularly welcomes this inquiry at this time of strategic uncertainty, not only in the light of recent terrorist activities but also in respect of emerging threats to the integrity of our maritime boundaries and ocean interests.

Members of our Board are available to meet with the Committee to expand on any of the points raised and to respond to particularly queries they may have.

Yours faithfully,

Harold Adams AM  
Chairman of the Board

**Joint Standing Committee on Foreign Affairs, Defence and Trade**

**INQUIRY INTO  
AUSTRALIA'S MARITIME STRATEGY**

**submission by**



**THE AUSTRALIAN CENTRE FOR MARITIME STUDIES**

**4 November 2002**

**JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS,  
DEFENCE AND TRADE  
INQUIRY INTO AUSTRALIA'S MARITIME STRATEGY  
SUBMISSION BY  
THE AUSTRALIAN CENTRE FOR MARITIME STUDIES**

***Introduction***

The Australian Centre for Maritime Studies welcomes this inquiry into Australia's Maritime Strategy and considers it to be both timely and relevant to Australia's national interests, having regard to the uncertain dynamics of Australia's strategic outlook.

This Centre is a private, independent, non-profit association incorporated in the ACT and was founded in 1979. Its objectives are to disseminate information across the broad range of maritime issues and as such covers the whole gamut of national maritime affairs.

The Centre produces two publications – *Maritime Studies* and the *Australian Maritime Digest* which are subscribed to by institutions and individuals both international and national. It also conducts seminars and conferences. The Board of the Centre is drawn from academics and professionals involved in the whole spectrum of maritime affairs.

The Centre has also made submissions to previous parliamentary inquiries, the most recent being our submission to the Peacock Public Defence Consultancy.

***Terms of Reference***

We note that the Inquiry aims to develop a comprehensive understanding of maritime strategy and its place within Australia's broader military strategy and defence policy, even though it is not limited to an examination of Australia's naval and maritime forces and their focus on the defence of Australia.

The Terms of Reference however refer to the integration of maritime strategy with other elements of Australian national power and it is the broader national maritime strategy which this paper addresses. In an inquiry of this type we consider national maritime affairs to be a component of Australia's economic policy, foreign policy, environmental policy, industrial policy and defence policy, and in this context we consider it important to develop national maritime strategies which embrace these

components of the national interest. In relation to defence, we consider the maritime component to be the driver of Australia's national security outlook.

### ***The Maritime Dimension of National Strategy***

Simple geography shows that Australia is a major land mass located within three great ocean systems. Furthermore Australia is, uniquely, the only continental land mass on the planet which comprises a single nation state. Our oceanic environment links us to the littoral and island nations of the Indian Ocean, the archipelagic and island nations of the Pacific, the countries of East Asia, the land masses of North and South America and the Antarctic. The oceans provide that essential highway which sustains our trade and our economic well-being, not only with our overseas markets, but also between Australian States.

As part of our wide ocean environment Australia has the third largest Exclusive Economic zone (AEEZ) in the world comprising 8.6 million square kilometres compared with our land mass of 7.8 million square kilometres. Australia is also responsible for vast areas of continental shelf that in many cases extend well beyond the EEZ boundaries. Taken together these areas present the nation with a management problem of major dimensions. As a maritime nation we are challenged with the task of developing the offshore resources of the Australian EEZ (AEEZ).

**Australia's marine industries contribute around \$30 billion a year to the national economy or eight per cent of gross domestic product.**

This management task also includes broad ocean surveillance coupled with control and defence of the whole AEEZ, which also includes the resource rich Australian Antarctic EEZ which lies distant in violent and largely uncharted waters. (Australia claims a significant part of the Antarctic continent and its maritime zones. The uncertainties of Antarctic sovereignty in this environment and the increasing pressure on its living and non-living resources is creating considerable challenges for Australia.)

In addition to the exercise of sovereignty over this vast area, Australia has an international commitment to provide Search and Rescue services over one-tenth of the world's oceans. The provision of charts for the safe navigation of ships and submarines is another international responsibility which Australia discharges over one-eleventh of the world's oceans and which includes extensive inshore areas important to the safe navigation of ships and submarines.

The composite of all these interests and commitments viewed in their totality suggests that Australia needs a comprehensive outlook across the range of its maritime interests in order for the national interest to be properly focused. Regrettably 'sea-blindness' has been a feature of the national outlook, including national security strategies and this has led to a lack of coordination at the national level and between States and instrumentalities. This is reflected in the fact that there are ten Federal ministers with some responsibility for maritime affairs, despite the establishment some years ago of a National Oceans Ministerial Council and its attendant administrative arrangements.

This inquiry is particularly important because it is in a position to identify these shortcomings and to make recommendations for the development of cohesive maritime strategies.

### ***Maritime Trade including Sea Lines of Communication (SLOC)***

Even though Australia does not possess a significant national shipping capability, our economy is both directly and indirectly totally dependent on the unhindered flow of trade. Apart from our dependence on coastal shipping for interstate trade, and on overseas shipping for our import and export trade, our dependence on imported oil from the Middle East is vital to our national economy.

Of indirect importance to Australia is the dependence of our major trading partners, particularly Japan, Korea, China and SE Asia, on the import of oil and raw materials to sustain their manufacturing base. In this respect Australia is an increasing supplier of raw materials and energy to these countries.

In the past 50 years there has been little or no disruption to these trade routes, but the emergence of sophisticated international terrorism suggests that major disruption to this trade could be caused by well-targeted attacks on international shipping, such as the mining of the Malacca Strait, which could be achieved at little cost to the terrorist organisation. The recent terrorist attack on the French tanker *Limburg* is indicative of this emerging threat.

### World Maritime Trade

Vital to Australia's economic well being is the security of maritime trade, particularly in the Western Pacific and Indian Ocean. The world's principal trading blocs, USA, EU, Japan/Korea/China/East Asia, comprise mercantile trading nations dependent on Middle East oil to sustain their economies. Australia's economy is tied to these principal trading blocs. Significant facts which are relevant to this vital trade.

- The three busiest container ports in the world are to be found in East Asia – Hong Kong (12,500,000 TEUs p.a.), Singapore (10,500,000 TEUs p.a.), Kaohsiung (Taiwan) (5,500,000 TEUs p.a.)<sup>†</sup>
- On any one day 40% of the world's mercantile marine is to be found in East Asian waters between Singapore and Korea.<sup>†</sup>
- The high percentage of the world's oil tankers which transits the Straits of Hormuz (NW Indian Ocean) and the Malacca Straits.

Any major disruption to these Sealines of Communication (SLOCs) would have a major impact on the day-to-day lives of Australians so that as part of our national security strategy Australia should have deployable maritime forces able to contribute to SLOC security operations including operations to counter piracy,<sup>‡</sup> an increasing problem in our immediate region. To quote Paul Dibb: 'Almost half the world's maritime trade passes through the confined straits and archipelagic waters of Southeast Asia and the South China Sea.' The economic implications of a major disruption to sea-borne trade would impact severely on Australia.

<sup>†</sup> 'Impact of Global Shipping Alliances on Pacific Rim Seaports', Professor Peter J. Rimmer, *Maritime Studies*, February 1998.

<sup>‡</sup> The International Maritime Bureau reported that in the period Jan-June 2000 161 piracy attacks occurred worldwide.

Because of the importance to Australia of maritime trade in the Indo-Pacific basin, our national maritime strategy should include cooperation with our major trading countries in developing effective protection measures for international shipping. This is an area where Australia should be proactive in developing collaborative protection measures.

### Shipping

Any consideration of national maritime strategy must include an assessment of Australia's shipping industry and its relevance to Australia's national economy as well as its utility in supporting operations offshore. Regrettably, due to intransigence on the part of both shipowners and maritime unions, Australian shipping has been allowed to decline to a shadow of its former strength. This despite a number of innovative steps taken to reduce running costs of ships. Relevant to this question of the decline of Australian shipping is the situation in Japan which operates a large merchant fleet despite having one of the highest wage structures in the Western world.

The Australian merchant fleet continues to diminish in terms of both deadweight and gross tonnages, particularly those engaged in international trade. At the same time the number of international voyages trading into Australia continues to increase and now

stands at 10,000 p.a. **The importance of shipping to the national economy is best understood when it is realised that \$155.0 billion imports and exports cross Australian wharves every year. Moreover, shipping services provided by overseas-owned ships have a major impact on Australia's deteriorating balance of trade.**<sup>1</sup>

In view of the importance of shipping in any consideration of national strategy, it should be a priority government policy to establish a task force comprising all stakeholders to determine how Australia can get back into the shipping business. Shipping is a significant component of national maritime and economic strategy.

### ***International issues including ocean governance***

Many nations within our region, particularly the island nation states of the Indian and Pacific Oceans, also have large EEZs which under the United Nations Convention on the Law of the Sea they are obliged to manage. The development of policies and issues relevant to EEZ management and control thus provide a range of vehicles by which Australia can engage with other nations on a bilateral or multilateral basis. Issues common to littoral and island states in which Australia is well placed to provide leadership and professional services are:

- delineation of sea boundaries
- resolution of sea boundary disputes
- archipelagic issues including passage rights
- sustainable yield fisheries management within EEZs
- sustainable yield high seas fisheries management
- policing and reporting illegal unregulated and unreported fishing
- offshore oil and gas development, including security considerations
- illegal immigration
- piracy
- coastal state control of foreign flag vessels
- environmental issues such as pollution, especially heavy metal pollution, marine pest control, ballast water dumping
- hydrography and chart production

<sup>1</sup> Details of Australia's overseas trade and its dependence on foreign shipping can be obtained from the Bureau of Transport and Regional Economics – Information Paper March 2002.



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- Antarctic management
  - education across the range of marine professions
  - search and rescue
  - disaster relief including environmental disasters (oil spills)
  - application of IMO developments

These are all issues common to the heritage of humankind. When one considers the millions of people within our region living within say 20 kms of the sea whose wellbeing is dependent on access to the sea and its resources, the application of measures identified above becomes a major task. The orderly and sustainable development of marine resources in the Indo-Pacific ocean basins represents a security challenge which must be resolved if current tensions involving such things as sea boundaries, protection of oil rigs, fishing rights, and piracy, are to be contained and the rule of law, international and national, complied with.

Australia can therefore correct its 'sea blindness' in part by committing to a policy of engaging in a pro-active way with our ocean neighbours in any of these areas of maritime enterprise. Specific defence-related activities such as surveillance, intelligence exchange, and policing, as well as technical assistance and education across the range of offshore activities all contribute significantly to national security and become vehicles for building trust and understanding between nations. Hydrography and oceanography are particularly relevant to regional engagement.

By these means Australia is able to shape its strategic environment and help provide an alternative to countries such as India and China which are currently extending their spheres of influence beyond traditional limits. Moreover, many of the countries of the Indian Ocean Littoral, as well as the island states, are members of the Commonwealth of Nations, so that that organisation, with Australian leadership, is ideally suited as a vehicle for a range of proactive projects.

### ***Second Level Diplomacy***

In the field of second level diplomacy it is clear that nations in our region can be usefully engaged in many areas of maritime enterprise, such as those listed in the paragraphs above. By engaging with nations in this way a collaborative approach to international and regional maritime issues can be advanced to the benefit of contributing nations. These many maritime fields are non-threatening and serve to promote the wellbeing of nations.

One could go so far as to say that collaborative maritime arrangements for the regulation of maritime enterprises can be seen as confidence-building vehicles between nations.

Within our immediate region a number of important issues have been identified which lend themselves to collaboration of this sort. They include the need to safeguard merchant shipping, to create a secure environment for exploitation of the resources of the sea, to preserve the marine environment, and to combat piracy and people smuggling. Underpinning any requirement to exercise a degree of control in these areas is the need for a regional approach to surveillance, intelligence and communications. This concept of cooperation between nation states provides a vehicle for Australia to undertake a regional leadership role in this field. This concept<sup>2</sup> has been proposed as long ago as October 1994 and is still particularly relevant at this time.

To give effect to the above proposals it is recommended that a study be commissioned comprising both government and non-government institutions such as the Centre for Maritime Policy at the University of Wollongong and the RAN's Sea Power Centre to make recommendations to government as to the appropriate vehicles for engaging nations in the Indo-Pacific oceans in this many-faceted field of common maritime interests.

### ***AEEZ Issues including Antarctic Issues***

It is a matter of concern that the Defence White Paper (December 2000) makes no reference to Australia's Ocean Policy arrangements set up in late 1998 to provide strategic planning and management of our Ocean domain. Security of our ocean domain in situations short of war is a continuing and vital national task and a component of both Oceans Policy and national security. The conduct of such operations within the AEEZ is a continuing feature of the ADF's operational profile involving:

- reconnaissance and surveillance;
- patrol and response within the AEEZ;
- security of offshore platforms;
- search and rescue;
- disaster relief;

<sup>2</sup> Captain Russ Swinnerton RAN & Desmond Ball, 'A Regional Regime for Maritime Surveillance, Safety and Information Exchanges', *Maritime Studies*, no. 78, Sept/Oct 1994.

- departmental cooperation with Fisheries, Customs and Immigration; and
- hydrography and oceanography.

Recent experience shows that the demands on the ADF to exercise national sovereignty over a limited area of the AEEZ, notably the northwest and northern portions, has made unforeseen demands on the RAAF and RAN. It is not unreasonable to predict that this will increase in the foreseeable future. To have allowed the RAN to have run down to the point where it can barely meet these para-military requirements (which could have been predicted) is testimony to the inadequate planning processes within the Department of Defence. One has to ask why it has taken so long to provide a replacement for the Fremantle class patrol boat force when this requirement was predicted many years ago.

It is not for a paper like this to discuss the merits or otherwise of a national coastguard to provide the infrastructure and resources necessary to provide control and protection of our sovereign EEZ rights. A coastguard is not necessarily a panacea to undertake this task but what is at issue is funding to undertake this task. Provided the RAAF's and RAN's maritime forces are adequately funded it would be a much more cost effective solution than a paramilitary agency under the control of the Attorney-General. What is essential, however, is to ensure that the efficacy of current arrangements is routinely reviewed with a view to developing over time more proficient arrangements so as to enable the Government to respond to changing circumstances. Defence involvement in Oceans Policy planning is thus integral not only to national security and Defence planning, but also to the day-to-day management of the AEEZ.

## ***Maritime Defence Issues***

### **o Strategy**

The geography of Australia and its ocean environment dictate the fact that Australia's defence must be maritime-based with an evolved maritime strategy being a central feature of the nation's defence strategy. In this context the objective of national security policy must be the creation of a benign strategic environment so that the national interests of regional countries can be promoted free from international tension or conflict. As explained above, proactive maritime initiatives provide a most

suitable vehicle for engaging with regional powers, thus contributing to the creation of a benign and friendly international environment.

#### SEA CONTROL

The concept of sea control is central to any maritime strategy. Sea control is multi-dimensional and includes control of the air. This requires organic air power at sea, mobile and in theatre and also an air warfare capability via air warfare capable surface combatants. Failure to achieve dominance in the air, on the sea, under the sea and in the littoral will prevent the ADF from achieving control of the sea. The current force structure of the ADF, specifically the lack of air warfare destroyers and organic air power prevents the ADF from achieving sea control currently against all but the most benign of adversaries.

In relation to Australia's defence strategy, control of our maritime environs should be the principal element. Defence of the so-called sea-air gap presupposes that any threat to Australia will manifest itself to the north or northwest as a precursor to invasion of the continent, a most unlikely event. Because of the unpredictable nature of future conflict and future national commitments, the principal determinants for Australia's armed forces – land, sea, and air – should be the need for deterrence and flexibility together with a surge capacity for more extensive or intensive operations and based on maritime capabilities. Moreover, because of their flexibility, ability to apply graduated force in situations short of actual conflict, and capacity for manoeuvre, maritime forces, including organic air power, have the ability often to resolve unforeseen and potential conflict without resort to actual military engagement. Central to this strategy is the requirement to provide a measure of sea control both to deny access to hostile or potentially hostile forces, and to enable our forces to be deployed within the region while providing security for the mainland and offshore islands.

#### o **Deterrence**

Deterrence as an element of national security has been a feature of Defence policy since the 1970s with the acquisition of the F111 strike aircraft. HMAS *Melbourne*, with up to 20 embarked Skyhawk aircraft, was also a significant deterrent force and

recognised as such within the region.<sup>3</sup> It remains a central feature to this day and is relevant to the future.

#### **Lessons from the Past in the Application of Seapower – the importance of deterrence**

- Prior to World War I Lord Kitchener recommended that Australia develop a standing army of 80,000 men for the defence of Australia. Fortunately, wiser counsels prevailed and Australia acquired a modern battlecruiser/cruiser force in 1913. This powerful naval force effectively deterred the German Asiatic Squadron from carrying out its plans for cruiser warfare in the Pacific. 'But for the Navy', Billy Hughes said, 'the great cities of Australia would have been reduced to ruins, coastwise shipping sunk, and communications with the outside world cut off.' All this achieved without a shot being fired.
- Likewise, when the Galtieri Government moved to invade the Falkland Islands in 1978 the British Government (the Right Hon. James Callaghan PM) deployed two submarines to the South Atlantic and the threat subsided. Later when there were no submarines deployed to the south Atlantic the Galtieri Government successfully invaded the Falklands.

Long-range missiles possess the capability to provide the national deterrent into the future. This element of force capability may be air-based as at present, or launched from submarine or surface ships. While their underwater environment provides submarines with stealth and natural protection, surface ships equipped with this weaponry have particular advantages of flexibility, sustainability, diplomatic usefulness and graduated force. In other words, there are particular advantages in having sea-based deterrent forces, as was evident during the Interfet operations in East Timor<sup>4</sup>.

#### o **Regional Engagement**

The concept of regional engagement as a means of promoting regional security should be developed as an important component of national security strategy, with the object of creating a benign regional security outlook. Increasingly it has been shown that forces deployed in this role should be sea-based, as this does not involve the territory

<sup>3</sup> Prior to the Indonesian invasion of East Timor the Australian Defence Attaché in Jakarta was invited to call on the Indonesian Defence supremo who asked him where Australia's carrier was. He was told it was refitting in Sydney. Two weeks later the Indonesian battalions rolled into East Timor.

<sup>4</sup> 'Another military blinding glimpse of the obvious is the utility of sea power in the East Timor operation. The persuasive intimidatory or deterrent value of major warships was not to me as the Joint Force Commander an incidental nice to have "add-on" but an important indicator of national and international resolve, and most re-assuring to all of us who relied on sea life lines. It was a classic case of the "presence" pillar of sea power.'

Major General Peter Cosgrove AC  
Joint Force Commander  
UN Force East Timor

of third parties whose neutrality may be compromised if facilities such as airfields are needed to support a particular operation. Maximum flexibility in terms of manoeuvre thus becomes a feature, which in itself is an important political consideration. Land, sea, sea-based air, and air forces all comprise components of forces suited to the regional engagement role. Furthermore it has been shown, such as in the Solomons, that on occasions such forces deployed in a timely manner may not need to be committed, their presence enabling a diplomatic outcome to be achieved. This capability moreover assists in shaping the strategic environment.

Because of the maritime nature of our immediate strategic environment, cooperation between regional maritime forces should be the central element in developing defence relations with neighbouring countries. Such confidence-building measures based on maritime cooperation should be actively pursued and should include exchanges of information and intelligence as well as personnel. Along with second level diplomacy the promotion of maritime force cooperation will assist in creating a benign strategic outlook.

#### ○ **Force Multipliers**

It is not the place in an inquiry of this sort to detail the force structure needed to support the maritime elements of defence strategy. However without the means of gathering and processing intelligence, together with supporting communications and command systems, the ability to dominate the maritime battlespace and to win will be denied. Particular emphasis is therefore required to ensure our forces have the information needed to successfully control situations short of war, and to prevail should hostilities break out. In view of our oceanic environment, space-based, land-based, and under-sea-based facilities, coupled with collaborative data from allies, should form the backbone to the intelligence and information systems. This information 'umbrella', extending well out into the oceanic environment, should provide the necessary intelligence required for exercising control of Australia's ocean environment in peace time, in periods of tension, as well as when hostilities break out.

It will also contribute significantly towards developing confidence-building bilateral maritime links with regional countries and island states within our ocean domain.

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- **The Alliance**

The United States has a well-developed national maritime defence strategy underpinned by an ability to exercise sea control where and when it needs it. This includes its sea-based deterrent forces, its carrier battlegroups and afloat support logistics. It is important that the maritime strategies of Australia and the US connect so that our strengths can contribute to an Allied strategic outlook. Central to cooperation at the strategic level is the requirement to ensure interoperability between US and Australian maritime units, and this requirement should be actively pursued at all levels. In terms of the communications and intelligence 'umbrella' there is the need to continue to foster strong links with the United States so that our forces can inter-operate with US units or in coalition with other countries. The need to integrate New Zealand into allied maritime strategies should not be overlooked, particularly in view of its long-standing association with Pacific Ocean island states.

- **Air Power**

Air power has been shown to be an important element of maritime power, and when withdrawn from maritime force structures severely limits the effectiveness of naval forces. Air power must therefore be integrated into maritime force structures in order to ensure that Australia can exercise proper and effective control of its ocean environs. This is particularly important in operations where the Army may be deployed offshore. Emerging concepts such as the 'littoral support ship' coupled with proven Vertical Take Off and Landing technologies need to be considered in developing appropriate maritime force structures.

### ***Marine Science, Technology & Engineering***

In view of Australia's vast oceanic province and the unique marine biodiversity of our offshore areas, as well as the ever-present threats from marine infestation, it is essential for Australia to encourage marine sciences across its whole range. Whilst Australia commands international respect for the work carried out by the Australian Institute of Marine Science and the Marine Division of the CSIRO, to mention but two outstanding institutions, as well as strong marine science faculties in universities such as James Cook, Flinders, Sydney, Melbourne and Curtin, it is essential for government to promote the development and application of marine science to Australia's advantage. There is a need

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for the nation to understand the requirement for a first class marine science base and here the Government also has a role to play. In addition, the expertise we have in the field of marine science lends itself to leadership within the region to enable regional countries, particularly the micro-states of the Pacific and Indian Ocean, to develop their marine provinces for the betterment of their people. This is seen as an important vehicle for engaging nations in our region in productive and important fields. The Australian Government has a particular role to play in coordinating marine science nationally and internationally. To this end, consideration should be given to establishing a task force to project our marine science skills into the Pacific Indian Ocean region.

Marine science is also important for supporting marine technologies. In the field of offshore structures and port developments there have been a number of innovative and ground-breaking techniques developed by Australian engineering firms for the national benefit as well as being adopted overseas. This nexus between marine science and technology is a field which needs to be encouraged as part of Australia's national maritime strategy.

### ***Marine Industries Including Shipbuilding***

Whilst our traditional ship-building industry, apart from warship construction, fitout and maintenance, has declined to near extinction due to government neglect and lack of enterprise on the part of government, unions and industry, it has been shown that Australia can lead the world in marine technologies.

Marine industries, like other components of national marine infrastructure such as shipping, are also an important component of national maritime strategy and should be considered a building block on which both economic and marine policies are developed. In the past two decades both civilian and defence marine industries have developed significantly to the point where many Australian companies have enterprises which are at the leading edge of world technology. They are supported by the Australian Maritime College and the Defence Science and Technology Organisation, both of which have world class sections.

In respect of naval projects Australian industry has shown it is capable of meeting the challenge of bringing into service, on budget and on time, complex sophisticated projects. Future projects should build on these achievements.



Australian companies are now in a position to be able to provide to countries of the region a range of defence hardware (and its through life support) which in the past they might have sourced from Europe and the USA. As part of regional engagement Australia should be developing programs (including soft financial arrangements) whereby regional countries look to Australia first for their naval hardware rather than distant sources in Europe and the USA. Warships, patrol boats, minewarfare vessels can all be offered to the region under such a program.

The fast catamaran industry, where production is based on successful Japanese industrial practices, has proved to be world class. Relevant to the success of this industry has been the great interest shown in Australian fast catamarans by the United States Defense Department. These developments of air-capable catamarans appear to have relevance to Australia's situation where the fast catamaran deployed to East Timor in support of the INTERFET operation proved particularly successful.

#### **Beneficial Aspects of Defence Industry**

A recent study<sup>†</sup> into the benefits to the Australian community of the ANZAC frigate program has revealed the following facts:

- over the 15-year span of the program, national GDP will grow by \$3.0 billion;
- 7850 full-time jobs have been created;
- the jobs created have reduced social security payments by \$66.0 million annually;
- 60% of companies involved have become exporters;
- the project has provided the incentive to move towards world's best practice.

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Similar benefits would have accrued from the submarine and minewarfare vessel programs.

(By way of contrast, the acquisition of aerospace platforms, both civilian and military, is invariably from overseas companies and represents a significant drain on Australia's balance of trade.)

<sup>†</sup> Case study of the ANZAC Ship project by Tasman Asia Pacific – February 2000.

Unfortunately, the Jones Act passed by Congress in 1864 is still on the books and this legislation prevents Australian shipbuilders from exporting directly into the United States.

As part of the Government's policies promoting a strong marine industry, consideration should be given to establishing a task force to determine how these important industries can continue to grow without prejudice to WTO protocols.

## **Education**

A key component of the Mission of the Australian Centre of Maritime Studies is to promote awareness of the importance of education, training and research in achieving Australia's maritime goals and achieving its maritime strategies. The Centre's activities directed to this objective include:

- Publications, including *Maritime Studies*, *Australian Maritime Digest* and *Occasional Papers*
- Developing promotional materials
- Organising national seminars and workshops on maritime themes
- Making submissions to national inquiries into maritime issues.

The successful implementation of a new Australian Maritime Strategy will depend not only on the establishment of the necessary physical infrastructure but also on the availability of people with the relevant skills and technical knowledge. The Centre is aware of the increasing concern being expressed nationally about the level of funding for higher education in Australia, and for research and development, both generally and in marine-related fields.

Accordingly the Centre recommends that the Inquiry takes into account the human resource implications of the maritime strategy and the requirement for new research and development initiatives. An assessment should be made of the capacity of the Australian higher education system to meet the new demands and of the adequacy of Australia's current maritime research capability, leading perhaps to specific funding proposals.

## **Summary**

1. Australia's maritime strategy must have a truly ocean outlook, and be a major driver in the development of national policies in the fields of defence, trade, foreign affairs, science and technology, and education.
2. In view of our strategic setting, maritime strategy should be a major component of national security.
3. Adopting a truly national maritime strategy as part of national security needs to include regional engagement across the range of maritime interests.
4. Second level diplomacy, whereby a range of vehicles in the maritime field should be pursued as a means of regional engagement, should be recognised as a means of promoting confidence and security in our region.

5. In respect of defence the key component of national security should be deterrence with sea-based deterrent forces the principal component.
6. The ability to deploy sea, land and air forces offshore should be a key element of defence strategy, defence force capabilities being redesigned to give emphasis to this capability.
7. Protection of international sea lines of communication which pass through the narrow waters of South East Asia is seen as being of increasing importance in view of the changing national security outlook.
8. Increased attention needs to be given to the development and coordination of our national oceans policy, particularly in respect to the management of the AEEZ and the Antarctic EEZ.
9. Supporting Australia's national maritime strategies is the need to have well-developed intelligence and information systems, as well as the requirement to recognise the need for coordination with the United States and New Zealand in the field of maritime strategy.
10. Marine science is seen as a principal driver of maritime enterprises, both civilian and defence, and is a field which needs the strongest government support.
11. Marine industries, including defence shipbuilding and the wave-piercing catamaran industry, are seen as an important component of national maritime strategy and should receive appropriate government support such as measures to obtain the repeal of the Jones Act in respect of Australian exports to the United States.
12. Increased effort on the part of the Government is required to promote Australian naval products into the Asia Pacific region as part of a coordinated national maritime strategy.
13. Human resource implications need to be considered in developing a national maritime strategy and to this end the Government needs to give consideration to the adequacy of tertiary level studies across the range of marine professions, particularly the marine science base.