



Submission No 2

Inquiry into Australia's Defence Relations with the United States

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**Submission to the Australian Parliamentary Joint Standing Committee on Foreign
Affairs, Defence and Trade Defence Sub-Committee:
Inquiry into Australia's Defence Relations with the United States
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This submission will confine itself to a brief analysis of two key issues under investigation by the Committee. The first is the value of the Australia-US intelligence sharing arrangements and the second is the implications of Australia's participation in US missile defence plans.

Intelligence Sharing

Formed in 1947 under the direction of Prime Minister Ben Chifley, the intelligence partnership between the United States (US) and Australia remains a fundamental pillar of the alliance. It has grown steadily from war-time co-operation on signals intelligence and code breaking to become a broad-ranging and mature set of relationships between both civilian and military establishments.

On the whole, the intelligence sharing arrangements continue to serve Australia's national security and foreign policy interests.

Australia's contribution to the allied intelligence effort occurs at a number of levels – the hosting of the Joint Facilities at Pine Gap, the participation in formal intelligence sharing through liaison officers and allied conferences, and the direct provision of classified intelligence to counterpart organisations.

In order to continue to receive this high-value intelligence material and to participate in a joint intelligence sharing relationship with the United States, Australia must be able to demonstrate that it is meeting the expectations of the allied intelligence community in terms of providing accurate intelligence material and analysis on issues of mutual concern.

However, I believe there is a perception among some allied intelligence agencies, including in the US, that Australia has been failing in its 'burden sharing' responsibilities for a number of years. The evidence for this is anecdotal, and is based mainly on personal conversations with former colleagues in the US, Canada and the UK. But, if it is correct, it suggests a more fundamental problem with the Australian intelligence community than the AIC or the Government has been willing to admit.

This view is directed more at the analytical community rather than the collectors, but there is also a lingering perception that Australia's humint collection effort in Southeast Asia has not been responsive enough to the needs of our alliance partners.

In his final email correspondence to the Deputy Director of DIO in 1999, the Australian liaison officer, Merv Jenkins, had complained of the intense and growing "pressure" in Washington to provide more intelligence material, including material classified for Australian eyes only.¹ Although there are legitimate concerns about maintaining the integrity of the AUSTEO system, a truly co-operative intelligence sharing partnership should never need to resort to "pressure" from one side or the other. And I have yet to see evidence that the issues raised by the Jenkins case, including the procedures for the timely and secure transfer of assessed intelligence material, have been fully resolved.

Although some additional resources have been provided to the six national intelligence agencies in the wake of the September 11 terrorist attacks in New York and Washington, the Australian intelligence effort is still lacking in both human and financial resources. Australia can not, and should not, expect to match the US intelligence agencies in terms of size and resources. But more resources will be needed if are to continue to be valued partner in the allied intelligence community.

The priority for Australian intelligence is to concentrate on our immediate geographic neighbourhood, including the full range of political, economic and security issues in Southeast Asia. However, there has been a decline in the skill base among intelligence officers and analysts in recent years and this has serious implications for Australia's future intelligence sharing arrangements.

In a globalised employment market, Australian intelligence agencies must compete for high-quality graduates with companies in Australia and overseas. And the decline in Asian language skills among university graduates as a result of changes to the government's education funding is a major impediment to a more strategic intelligence effort in the region. It is fair to say that Washington now knows more about the political and security dynamics in Indonesia than Australia does. This situation is not in Australia's best national interests.

The war in Iraq has highlighted another potential flaw in the current arrangements. Australia's two main intelligence assessments agencies (the Office of National Assessments and the Defence Intelligence Organisation) apparently failed to alert the government to the significant and serious flaws in the US intelligence material concerning Iraq's nuclear, chemical and biological weapon programs before the war. This is despite the fact that they were in receipt of direct information from the US State Department's Bureau of Intelligence and Research (INR), the International Atomic Energy Agency and the UN inspectors themselves, indicating that many of the claims were either unsubstantiated or unproven.

¹ ABC *Four Corners*, 'Caught in the Crossfire', 16 April 2001.

The US *National Intelligence Estimate* of October 2002, parts of which have been released to the public, shows the extent of the concerns over much of the intelligence case against Iraq. Australian assessment agencies, and ONA in particular, have a history of close and co-operative working relations with INR and would have been fully aware of the concerns that this agency was expressing to the US government. At the very least, the Australian assessments on Iraq should have contained the caveat that there was a serious and sustained debate in the US intelligence community over the accuracy of some of the intelligence material being presented before the war.

There are three possible reasons for ONA's apparent failure to do this. One is the lack of independent sources on Iraq's weapons programs that would have allowed the Australian assessments staff the ability to judge the claims made by their US and UK counterparts. A second possible reason is a lack of analytical rigour within the intelligence assessment process itself. A final reason is that Australia's assessment agencies were unwilling to offer a contrary position given the clear political objectives of the Prime Minister to support US security policy.

In order to have complete confidence in the allied intelligence effort in the future, an independent inquiry in Australia may be necessary to determine the precise reasons for this breakdown in communication.

Missile Defence

The question of missile defence presents Australia and the US with a different set of strategic and policy challenges.

The US National Security Strategy and subsequent statements by the Bush Administration have identified the proliferation of nuclear, chemical and biological weapons and their ballistic missile delivery systems as one of the highest security priorities.

Missile defences have a unique role to play in changing the cost-benefit equation for proliferating countries. They can strengthen deterrence by limiting the options for aggressive behaviour by countries with small or undeveloped missile programmes. In this way it is hoped that missile defences, particularly strategic or national missile defences, will encourage countries such as North Korea and Iran to abandon plans for the development of long-range ballistic missiles.

For Australia, participation in US missile defence programmes must be based on a sound assessment of the emerging threat from ballistic missile proliferation and a calculation about what are the best technologies to meet that threat. The recent decision by the Japanese government to purchase the Standard Missile 3 for Aegis-equipped navy destroyers and the Patriot-3 system for the army is a useful guide for Australian defence planners in this regard. Australia also has the opportunity to contribute to US missile defence technologies through unique capabilities such as the Jindalee Over the Horizon Radar (JORN).

However, missile defences will need to be part of a much broader array of policy tools and instruments to reduce the threat of ballistic missile proliferation. In particular, non-proliferation efforts must address both supply-side and demand-side factors. In this regard, the sale of US missile defence technology would be in direct contravention of the Missile Technology Control Regime's strict guidelines. Countries such as the US, Japan and Australia will need to provide a clear set of policy directions on this issue to assure the international community that the norms of non-proliferation behaviour and the integrity of the non-proliferation regimes will be upheld.

Australia can ill-afford to step outside the boundaries of the existing non-proliferation regimes. The set of legal and normative constraints that have been built up and promoted by successive Australian governments over the past fifty years, including on issues such as the comprehensive nuclear test ban, are critical to Australia's long-term security interests. Any diminution or rejection of those normative restraints in our area of strategic interest by other countries would have serious consequences for Australia's defence and security policies.