Comments Pertinent to the
Inquiry Into Naval Shipbuilding

By the Senate Foreign Affairs, Defence and Trade Committee,
Parliament of Australia.

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"It is upon the Navy, that under the good providence of God, the wealth, prosperity and peace of these islands and of the Empire do mainly depend."

— The Articles of War, the Royal Navy

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Preamble:

The Committee's Inquiry looks at four parameters of vital interest to Australia's strategic position:

a. The capacity of the Australian industrial base to construct large Naval vessels over the long term and on a sustainable basis;

b. The comparative economic productivity of the Australian shipbuilding industrial base and associated activity with other shipbuilding nations;

c. The comparative economic costs of maintaining, repairing and refitting large naval vessels throughout their useful lives when constructed in Australia vice overseas; and

d. The broader economic development and associated benefits accrued from undertaking the construction of the large naval vessels.

This submission addresses these terms of reference in a broader strategic framework which is essential to seeing the specific questions within the context of Australia's strategic requirements.

Former US Secretary of State Henry Kissinger once changed the old homily when he stated: "If you don't know where you're going, any road will take you there." This witness, in a current strategic manual, suggests, rather: "If you don't know where you're going, any road will ultimately lead to disaster." And current pressures on defence spending and on the workload of Australian Defence officials has brought their concerns down to more-or-less immediate and short-term considerations, rather than on the long-term grand strategic and military strategic requirements of Australia.

The Defence Department, in its submission to this Inquiry, questioned the wisdom of building large warships in Australia, warning that local construction had the potential to hurt the wealth of the nation by drawing scarce skills away from non-defence projects, and noted that there was "no strong strategic reason" to build the Navy's next generation warships in Australia.[3]

That argument reflects, nominally, only short-term concerns about labor availability, but more realistically, reflects the Navy's traditional "cultural cringe" about Australian project leadership. It does not reflect the ultimate strategic reality in which Australia must survive and prosper over the next half-century, and that the RAN must reverse its century-long failure to fully embrace and work with the national infrastructure.

Similarly, the arguments in the submission by Western Australian small-vessel shipbuilder Austal that local shipbuilding capabilities could not compete in commercial or naval markets for very large steel ships, such as the planned amphibious vessels for the RAN, and that construction of such vessels could hurt the existing shipbuilding industry by draining its workforce, are short-term, self-serving

[3] See Defence Department submission, also cited in *The Australian*, March 31, 2006: "Defence casts doubt on building warships here", by Patrick Walters, National Security Editor.

to the company, and fail to address the actual strategic realities in which Australia should function when making such vital national decision as the Inquiry is addressing.

The submission by Adelaide-based submarine and surface combatant builder ASC that the Navy's future warships should be built more on commercial lines, with far shorter service lives, to avoid "costly mid-life refits", also reflects self-serving approaches to the subject, and fails to consider the historical reality of defence systems development or Australia's strategic requirements.

Moreover, the strategic environment in which Australia must operate within the next decade — quite apart from the contextual realities of the next half-century — are changing so substantially that basing decisions on the viability of large-ship Naval construction solely on short-term commercial parameters could severely jeopardise Australian security and economic competitiveness in the longer-term.

The Australian public expects that the Senate will, on all matters, act as the chamber of review on all aspects of the governance of the Commonwealth, and therefore take the longer-term and broader view of issues, helping the Government and Society to think beyond immediate pressures and short-term desires. And it is upon the matter of Australia's maritime dependencies which the foundation of the national strategic interests lies in the longer-term.

Moreover, failure to provide for the maritime mission to the fullest would do a great disservice to the Royal Australian Navy, which is arguably, in almost all respects, one of the most capable, efficient, and highly-regarded navies in the world, man-for-man and dollar for dollar.

1. The Strategic Environment Impacting Australian Naval Capabilities Over the Foreseeable Future

1.1. ***Maritime Trade Dependence:*** Australia is significantly more dependent on maritime trade for its economic and strategic survival than at any time in its history, and will become more dependent on this aspect of its life over the coming decades. It is, in fact, far more dependent on maritime trade for continued prosperity and survival than was the United Kingdom when it operated with the Royal Navy's *Articles of War*, and the pertinent chapter cited at the head of this Submission.

Australia's present fortunate strategic circumstances, for example, do not reflect any immediate, or immediately-foreseeable threats to the delivery of vital commodities, such as energy, to Australian shores, nor a threat to Australian commodity exports caused by actions of a hostile maritime nature. However, the degree of dependence on such exports and imports, and the nature of potentially hostile capabilities impacting Australia is changing now and is expected to change dramatically over the coming decade.

Australia's present production of petroleum was expected to decline by 15 percent in 2003-04, and again further in FY 2004-05.[4] In fact, Australia's self-sufficiency in

[4] Akmal M, Thorpe S, Burg G and Klign N, ABARE, *Australian Energy: National and State Projections to 2019-20,* eReport 04.11, August 2004, pp.36-37. Cited in FDI's study, "Australia's Energy Options", submitted to Parliament in October 2005.

crude oil production fell from 90 percent in 2001 to 70 percent in 2004. In other words, 30 percent of Australian oil, by 2004, had to be imported; a major change from just three years earlier. More dramatically from an Australian strategic perspective, over the next decade from 2004 (ie: by 2010), Australian self-sufficiency was forecast to drop to somewhere between a further 20 percent and 50 percent, a factor which places a significant demand on the onshore and maritime infrastructure requirement for Australia. And even of the domestic production of energy, militarily vulnerable offshore oil and gas in 2004-05 supplied some 85 percent of national energy demand, As well, most major Australian hydrocarbon prospects lie offshore, as do the resources being tapped for Australia's most significant LNG exports to buyers such as Japan and the People's Republic of China (PRC).[5] The vulnerability of the most vital Australian strategic assets, then, is substantial, which accounts substantially for the devotion of Australian special forces resources and deployment to essential infrastructure protection.

In a conventional conflict environment, Australia's offshore energy infrastructure would be substantially more vulnerable even than in a period of unconventional (terrorist/subversive) threat, placing the greatest onus for protection on the Navy and the Air Force. The broader threat context is discussed in detail later in this submission, but includes the changing reality of growing naval capabilities and clear evidence of maritime strategic intent by the navies of the PRC, India, Malaysia, Indonesia, Iran, Israel, and Pakistan.

In particular, changes are occurring in the regional security situation, including (i) very substantial changes in the naval capabilities of India and the PRC, projecting more strongly into the Indian Ocean and with a view to dominance of choke points and sea lanes of communications (SLOCs) vital to Australian trade; (ii) the growing possibility of strategic competition between India and the PRC, not in the immediate term, but within a decade and beyond [ie: during the anticipated life-cycle of the proposed Australian Naval vessels], which could involve the security of vital Australian maritime imports and exports; and (iii) the proportionately declining capability of extra-regional Australian allies (US, UK, Japan) to substantially act within the Indian Ocean maritime environment to the benefit of Australia.

1.2. ***The Changing Geopolitical and Threat Environment:*** At all times in an historical perspective, the linear projection of past, or existing, threat/conflict environments has failed to adequately prepare a nation for the future. Defence forces traditionally prepare "to fight the last war". Australia's defence planners have made remarkable progress in overcoming this syndrome. However, although the RAN is, in fact, gearing toward a rôle in coping with a ballistic missile threat to the fleet and to Australian infrastructure (with the acquisition of Air Warfare Destroyers), there is little evidence that full account has been taken of the substantially changing global strategic environment which will challenge Australia over the coming half-century. This goes well beyond a mere understanding and extrapolation of defence technology and weapons trends, and goes into an understanding of the changing nature of sovereignty, and historical aspirations of competing societies.

[5] "Australia's Energy Options", Future Directions International; Perth, 2005.

Some of the longer-term aspects of the strategic framework in which Australia must operate were outlined in the paper *Can Australia Survive the Next 50 Years?*, presented to the Australia-Israel Chamber of Commerce *Future Paradigms* series of lectures, on March 28, 2006, in Perth. As those aspects are extremely pertinent to determining the framework of future Australian defence (and particularly naval) procurement, that paper is attached herewith as Appendix B.

Fundamental to the emerging "Age of Global Transformation" is the reality that sovereignty issues are transforming substantially, and that India and the PRC, in particular, are engaged in a major strategic process which has a number of variables which could lead to (a) strategic implosion within the PRC, leading to possible external misadventures; (b) strategic competition between India and Pakistan; (c) strategic competition between the PRC and the United States; (c) possible unmanageable disintegration of Indonesia due to the already-evident "fissiparous tendencies" within what could be described as the Indonesian (Javanese) Empire, with profound implications for Papua New Guinea, Australia, and the key South-East Asian SLOCs; and (d) major strategic changes with regard to Iran and other Middle Eastern and Horn of Africa nations, again vitally impacting SLOCs critical to Australia.

Already, within the coming year or two it is possible that Australian maritime trade could be substantially impacted by a resumption of the Eritrea-Ethiopia conflict, possibly jeopardising the security of the Red Sea/Suez SLOC. As well, within the coming year or two, it is possible that Iran could embark on strategic, hostile military operations against Israel (and other Western targets), significantly resulting in closure of the Persian Gulf/Strait of Hormuz SLOCs and Indian Ocean-based naval actions between Israel and Iran.

Within this framework, even in the short term, it is clear that Australia's interests only coincide with, or overlap, US strategic interests to a certain degree, and that Australia must undertake military planning which is independent to some degree from US operations.

Increasingly, over the coming decade, and particularly beyond the coming decade, Australia will have strategic military interests which are distinct from those of the United States, and Australia cannot expect to be dependent upon the US for strategic protection. This is not to deny the ongoing need for a strong US-Australia strategic relationship.

> [*See the FDI submission by this Author to the Joint Standing Committee on Foreign Affairs, Defence and Trade, Parliament of Australia, February 1, 2004; copy attached as Appendix C.*]

Australia's trade and strategic relationships with a variety of Asian states had, by 2006, already caused differences in priorities between the US and Australia, differences which, at this stage, caused no US-Australia friction. However, it cannot be assumed in the longer term that Australia and the US will always have an identity of interest on all strategic issues. Moreover, it would be unreasonable to expect that Australia should be able to expect to rely on the United States for its strategic survival. Indeed, giving the changing strategic framework, it is as likely that the US

will depend as much in, say, two decades, on Australia as Australia depends on the US.

Moreover, Australia has now spent a century as a strategic dependent of, first, the United Kingdom, and later as a strategic dependent of the United States. It is clearly time, given Australia's growing needs and the changing environment, that Australia begin to assume strategic responsibility for its own survival, not merely as a junior partner in a coalition condition, but as a leader in its own right. Whether Australia wishes to face this challenge or not, the reality is that it has no alternative to the assumption of mastery over its own fate, or face relative strategic decline in relationship with the region.

Everything about the changing — and increasingly fluid — strategic environment facing Australia impacts on the missions of, and demands on, the Royal Australian Navy, and yet the principal considerations with regard to Australia's ability to sustain itself as a maritime-dependent nation has failed to take into account maritime industrial self-sufficiency or leadership.

The specifics of the growing asymmetry between Australia's blue water naval capabilities and those of other regional and extra-regional powers since the 20th Century need further detailed study. Until this point — that is, from the late 19th Century colonial period and throughout most of the 20th Century — Australia's strong naval professionalism, including its ability to sustain global naval projection gave Australia a marked strategic advantage over all other regional powers, including the People's Republic of China. That is no longer the case. Not only do other regional powers (including India, and, to a degree Pakistan and Iran) have a strong blue water naval projection capability, a number of states now are beginning to assume naval supremacy over Australia in a numerical and technological sense.

Even disregarding the PRC's substantial penetration of the Indian Ocean (which represents only part of Australia's maritime region of interests), the Indian Navy (IN) is substantially more capable already in many areas of maritime power projection. At present, and within the framework of foreseeable conflict scenarios of the coming decade, this should not represent a threat to Australian interests, but in the event of an India-PRC conflict — which on no account can be absolutely discounted — India would find Australia's ongoing supply of LNG to the PRC of strategic concern, placing the question of vulnerability of Australian energy facilities at the centre of the equation.

India already has deployed naval surface-to-surface weapons systems (such as the *BrahMos* supersonic anti-shipping cruise missile, against which the RAN has no existing or potential guaranteed defences. [*BrahMos* is a modified and advanced version of the Russian 3M-55 (SS-N-26) *Onyx* anti-ship missile.] The PRC has a similar capability in the SS-N-22 *Moskit* (*Sunburn*) ASM (anti-shipping missile), currently deployed in the Indian Ocean.[6]

[6] The PRC's People's Liberation Army-Navy (PLAN) deployment in the Indian Ocean is approximately as follows: Submarine(s) detached for patrol: 1-2 SS (*Improved Kilo*-class or *Kilo*-class); Escort units: Possibly 1 DDG (*Sovremennyy* 956A) as surface action group flagship, with the SS-N-22 *Moskit* ASMs; 1-2 DD (*Luda*); 2+ FF (*Jiangwei* and *Jianghu*); 10 PGG/PTG

[Significantly, the PRC's People's Liberation Army-Navy (PLAN) is already deploying high-speed catamaran warship technology copied from Australian technology, but coupled with advanced surface-to-surface missile capability. In other words, China has taken Australian maritime technology and coupled it with other systems to achieve a naval capability which Australia has yet to match. When FDI raised the matter of the PRC's unlicensed acquisition of the catamaran technology with Austal, the Western Australian shipbuilder which originated it, the company replied that it was beyond China's capability to copy the Austal technology, a statement which defies logic.]

India currently maintains a fleet-deployed naval air capability which Australia cannot at present match, and India is building a substantial extension of its maritime air power component with two new major carriers (with fourth-generation MiG-29MKI fighters, superior to Australian tactical aircraft), and expanded shore-based, long-range maritime air capability, all with offensive strike capability (air-launched *BrahMos*, apart from other systems). The PLAN is also planning its foray into carrier-based air power within a decade or so.

In the submarine field, India and the PLAN already field substantial, advanced capabilities which, although possibly not at the same qualitative capability of Australia's *Collins*-class submarines, certainly surpass Australia's capabilities in terms of numbers. In this regard, Pakistan's submarine capabilities are growing, and have a capability in the area of Australia's SLOC interests, while ASEAN navies certainly are adding to their submarine capability in areas of Australian SLOC interests. At the same time, Iran's clerical Government not only has a significant submarine capability with three imported Russian *Kilo*-class (Proj. 877 EKM) submarines, it also has a stated intent to block Western (including Australian) interests in acquiring oil through the Straits of Hormuz linking the Persian Gulf with the Indian Ocean.

The maritime threat environment is, therefore, becoming more dense, more complex and capable, and more potentially hostile, at a time when Australia will be required to be strategically more self-sustaining and more capable.

The longer, then, that Australia delays in acquiring the instruments of an independent, self-sustaining maritime defence capability, the more its places itself in jeopardy.

2. The capacity of the Australian industrial base to construct large Naval vessels over the long term and on a sustainable basis.

2.1. ***Australia's historical naval shipbuilding capabilities.*** Australia has for a century proven capable of building, and even designing, warships and commercial ships of all sizes and missions. Indeed, the construction of ships is a technology which has long been mastered by Australia. The only questions which arise, from the standpoint of this Inquiry, are the matters of (i) cost-effectiveness, and (ii) advanced systems integration. The hull and propulsion systems, on average, are valued at 40 percent or

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(*Houjian, Houxin, Huangfen*, and *Houku*); 10 PC (*Hainan* and *Shanghai-II*); MCM Forces: 2+ MSC (2+ T-43); Amphibious forces: 1 LST (1 *Yuting*) possible, mix of LCU and LSM, other small landing craft; Support force: 1-2 oilers, 2+ large freighters used as ammunition/stores ships. *Source*: Global Information System.

less of the overall system (ie: the total warship), and these aspects (hull and propulsion) represent the least complex aspects of the projects.

It is significant, then, that Australia has, with very few exceptions,[7] opted for foreign designs when selecting its major warship solutions. Australia has the demonstrated capability to design, build, and integrate complex ships, including naval vessels. The design development and systems integration entailed in the *Collins*-class submarines demonstrated that scale and complexity were within Australia's grasp. Moreover, it is significant that the United States Navy (USN) is currently considering an Australian advanced catamaran design solution for its Littoral Combat Ship (LCS) following the successful — albeit almost forced — decision by the Royal Australian navy to use an Australian civil catamaran solution (HMAS *Jervis Bay*) as a logistical solution during the East Timor transition from 1999 onwards.

It is logical to assume, then, that an Australian capability exists to evaluate the specific Australian mission requirement for a new amphibious ship, and then to design a ship specifically for that requirement, and build it. That is well within the Australian skill-set. Moreover, with the same creative, Australian private-sector input which developed the high-speed catamaran solutions for the LCS competition in the US (and, indeed, for China's new class of patrol catamaran; see ***Appendix D:*** *People's Liberation Army-Navy 2208-class PTG*), it is probable that a more cost-effective solution could be achieved to the true strategic requirement than from the foreign competitors currently bidding for the two-ship contract.[8]

2.2. ***Australian Submarine-building Capabilities.*** Australia proved, with its construction of six *Collins*-class conventional patrol submarines that it had, a considerable cost to the taxpayer, been able to build some of the best submarines in the world. Despite the media's desire to repeatedly transform developmental challenges into "problems", and repeat them, *ad nauseum*, as clichés, the *Collins*-class

[7] One of the few recent exceptions has been the selection of a local design, and local systems integration, for the 12 56.8m *Armidale*-class patrol vessels, which were designed, built, and deployed in record time (to replace *Fremantle*-class, starting 2005; lead ship commissioned June 24, 2005). However, it is important to recognise that the RAN did not regard the *Armidale*-class vessel as being a "major warship", and did not impose on it the same constraints as it did on the more complex and larger AWDs and the proposed amphibious ships now under consideration.

[8] Based on the RAN's desire for a foreign design, Australian contracts have teamed with foreign shipbuilders on this bid. Tenix has teamed with Spanish shipbuilder Navantia; Armaris of France has teamed with ADI. Significantly, the Australian naval tradition of the past century has been in many respects more accomplished than the naval traditions of Spain and France, and yet the RAN feels more comfortable in allowing contractors from Spain and France to take the lead on this Australian vessel requirement. As well, *Defense & Foreign Affairs Special Analysis* on February 22, 2006, in a report entitled *RoK Moves to Develop Defense Supply Relationship with Australia*, noted: "The Republic of Korea, which has been moving to expand its defense export programs into South-East Asia — notably Indonesia — has begun to focus on the export of technology to Australia, particularly related to the Royal Australian Navy's three-ship Air Warfare Destroyer (AWD) program, due to enter service in 2013. The AWD parallels in many key aspects the RoK Navy's three-ship KDX-III *Aegis*-equipped destroyer program, due to enter service in 2008-12." While Australia should unquestionably learn from the experiences of others, it begs the question as to which country Australia would not be prepared to play second fiddle, especially given the reality that Australian combat naval operations during the past century certainly rival those of Spain and France in many respects, and those of the Republic of Korea in virtually all respects.

built by ASC has proven to be almost unparalleled in terms of its silence of operation, perhaps only bettered by Japanese-built submarines. It has repeatedly proven its capability to defeat even US anti-submarine warfare sensors in rigorous fleet exercises.

But despite its success, and despite the reality that neighboring powers are now eclipsing Australia's great power projection capability with the *Collins*, due, if nothing else, to their ability to field greater numbers of good boats — such as the *Kilo*-class and *Improved Kilo*-class of Russian-built SSKs — Australia has allowed its submarine-building expertise to wither away. If considerations of economic viability were all that were at stake, the Australian Government would not now attempt to teach a submarine builder how to be a major surface combatant vessel builder, granting ASC the contract to build the three Air Warfare Destroyers (AWDs). There will be an expensive learning curve in that exercise, but to what end? If the Commonwealth was committed to ensuring the retention of industrial capabilities within the country, then why would it consider allowing the ASC submarine skills to be eroded? The move begs the question as to whether it would have been better for Australia to have committed to (a) building more *Collins*-class submarines for the RAN, improving the design as it moved forward; and/or (b) pursuing, as it should have done from a much earlier time, the sale to the export market of *Collins*-class boats, instead of accepting "conventional wisdom" that the vessels were "too expensive" for the world market.

While it may have been desirable to also build an advanced surface combatant capability at ASC, in order to create competitive advantages with existing frigate-builder Tenix, it should be recognised that the decision was taken for strategic and political reasons, not based on developing an economic — or even an optimal infrastructural — rationale for the naval shipbuilding capability of Australia. Indeed, the momentum to build up the long-term capabilities of Australia in this sector at one stage seem then to be overturned at the next stage by jumping to new projects. Thus, skills are built for the long term, and then abandoned, indicating a lack of a consistent, bipartisan understanding of Australian strategic needs spanning the terms of governments.

2.3. ***RAN Project Support Capabilities.*** In the run-up to the delivery of the *Collins*-class submarines to the RAN by ASC in 1993, the RAN lost its long-held in-house capability to manage refits for the *Oberon*-class submarines, which had been in RAN service for some three decades. The RAN had, because of budget constraints, moved so much of its capability from "tail" (ie: support) to "teeth" (ie: combat capability) that it lost its ability to manage routine tasks which hitherto had been handled without question. As a result, the *Oberon*-class submarines left service prematurely and Australia experienced an unnecessary capability gap before full service capability had been achieved for the *Collins*-class.

It is possible that the real problem is not the capability of Australian industry to meet the design, build, integration, and support needs of the RAN, but, rather, the confidence level of the Royal Australian Navy and the Defence Department. Whereas many government suffer from a "not invented here" syndrome, favoring local thinking over foreign, the reverse is true in Australia, not just with regard to Naval shipbuilding, but to many aspects of defence thinking. Such a mentality condemns

Australia to a "junior partner", or follower, position into the indefinite future, with the unfortunate reality that Australia may not have access, within a few decades, to a "senior partner".

3. The comparative economic productivity of the Australian shipbuilding industrial base and associated activity with other shipbuilding nations.

3.1. ***Direct economic productivity.*** It is generally assumed that in the construction of low-value added ships — large oil tankers, bulk carriers, and similar vessels — countries with low skill-sets and low wages have an advantage. This is certainly true when the predominant portion of the vessels' costs is in steel assembly and engine installation. It is not true of higher-value-added vessels, such as warships, or even specialist ships such as research vessels, and even some LNG carriers. The measure of this lies in the reality that high-wage states, including the US, Canada, Italy, France, Spain, Germany, the Netherlands, the United Kingdom, Sweden, Israel, and others, all maintain viable shipbuilding, and particularly warship-building, industries. Significantly, high-wage countries such as Israel, Sweden, Denmark, and others which maintain sophisticated warship construction capabilities are significantly smaller in resource, and overall GDP terms, than Australia.

3.2. ***Economic productivity versus strategic security.*** Economic productivity has as much to do with the relative commercial appeal of certain forms of risk, and optimal approaches to capital formation, as it does with direct economic viability of a project. In some instances, then, certain forms of investment may be less attractive to normal commercial investment than others. However, certain forms of infrastructural investment are vital to develop a long-term national strategic capability, and the support of a national security capability certainly falls within the category of a vital strategic requirement.

As outlined in Appendix B, all major powers in the world achieved their status by long-range planning, usually commencing their focus some 50 years in advance of realisation. Australia, although progressing gradually, although often erratically, toward improved wealth, has not yet begun to undertake coordinated planning for the long-term, independent strategic positioning of the nation in a "grand strategy" sense.

As a result, the planning for an economically viable, strategically critical Naval construction and support capability within Australia has never occurred. Australia, for commercial reasons, and during the two World Wars, developed an innovative, world-class shipbuilding, aerospace, and defence industrial capability, much of which was not only allowed, but encouraged, to dissipate with the end of major hostilities so as not to compete with "parent" British capabilities. It is worth recalling that Australia developed the first motorised torpedo in the world, as well as developing many of the initial, and follow-on, milestones for the world aerospace industry, and in all instances abandoned the leadership it should have retained in these arenas.

Theodore Roosevelt, before he became US President in 1904, was appointed as Assistant Secretary of the Navy in 1897, after having already authored the well-received *History of the Naval War of 1812*. It was from that early "bully pulpit" that he began to shape the destiny of the United States as a great, self-sustaining and wealthy power by ensuring the US the ability to defend its seaways. He not only

foresaw the changing global strategic dynamic, he also understood the specialist technologies which were then required to develop the US shipbuilding industry to make it independent of foreign supply. This marked the beginning of US strategic capability, which blossomed into certainty — and success — when the US went to war with Spain in 1898.

What is significant is that the US consistently pursued maritime leadership from that time, and its major compromises as a strategic power were when it neglected shipbuilding leadership (such as the belated move of the US Navy from battleships to carriers, which not only penalised the US at, and following, Pearl Harbor, but also can be said to have created the sense of vulnerability which allowed Japan to contemplate the Pearl Harbor and Philippines attacks — immediately followed by the attacks on Darwin — in the first place).

Australia's shipbuilding industry, in the private sector, has demonstrated a strong capability toward innovation, speed, and economy of action. Australian ship exports have grown significantly, including the export sale of Australian designed and built patrol vessels during the past few years to the Republic of Yemen (10 Bay-class-derived fast patrol boats for the Yemen Navy; patrol vessels for the Kuwaiti Ministry of Interior, etc.). Moreover, Australia in the 1990s and early 21st Century successfully built an entirely new submarine construction industry and a new class of submarine (*Collins*-class) which surpassed virtually any other conventional submarine capability in the world. The fact that the then-Government-controlled Australian Submarine Corporation (now ASC) failed to capitalise on this capability in the export marketplace reflected not that the industrial capability was inferior, but that the corporate management and export experience were insufficiently experienced and open to competing on the world market.[9] Moreover, it is worth comparing the fact that Sweden, a country substantially smaller than Australia in population and GDP terms, not only designed and produced the original submarines on which the *Collins*-class was based, it also produces one of the few fourth-generation advanced fighter aircraft in the world.[10]

The development of advanced technology defence systems, from aircraft to ships, creates a broad network of technological and scientific value throughout the national economy. Participation in defence projects as a component manufacturer creates little other than direct employment. The Committee is urged to study the development of the Israeli Rafael family of companies, which began entirely in the defence sector and now — while still undertaking key defence research, development, and production

[9] Australian Submarine Corporation, for example, failed in the 1990s to follow up direct offers of introduction and help in promoting the sale of Australian-built submarines to the Egyptian Navy, despite guaranteed US funding of the project, even though the then-Commander-in-Chief of the Egyptian Navy had requested such help through this writer. The Egyptian Navy still has not achieved its goal of acquiring the new submarines it needs, because of a combination of political factors which Australian industry involvement could have overcome.

[10] Sweden's population in 2002 was 8,876,744, with a GDP of compared with Australia's almost 20-million in the same year. GDP comparisons are Sweden US$227.4-billion (2000); Australia US$394-billion (2000). Australia, in 1946, produced the world's fastest piston-engine fighter, and later designed the fighter developed in the UK as the English Electric Lightning. Today, Australia produces no major combat or civil aircraft as a prime contractor; Sweden produces light transport aircraft and the Saab JA-37 *Gripen* fourth-generation fighter.

pertinent to Israel's unique security requirements — creates spin-off companies which utilise the capabilities in the civil sector. The measurable contribution to the Israeli civil economy is in the billions of dollars, but the immeasurable contributions in security and in stimulating a base of research, and capabilities, are possibly more valuable.

An Australian commitment to full management of Naval ship construction, from conception, through to design, manufacturing, systems integration, and support, can be both directly and indirectly profitable. There is little doubt that it will compete with other sectors of the economy for capital formation and employment, and this generates a challenge for the private and public sectors. However, the failure to make the commitment has a higher, and more dangerous longer-term cost to the society.

The appeal of other capital investments and the demand of other employers, currently facing the Australian economy, is short-term, and will pass or change in nature. The requirement for Australia to develop an independent, self-sustaining and deep strategic industrial capability is long-term, critical, and overdue. Simply stated, Australia cannot expect to become a major strategic power if it does not develop and mature its critical strategic industrial infrastructure as quickly as possible. And if it fails to become a major strategic power, given the current and foreseeable changes in the global strategic framework, then it will gradually deteriorate in terms of its ability to determine its own destiny, including its economic and social outcomes.

4. The comparative economic costs of maintaining, repairing and refitting large naval vessels throughout their useful lives when constructed in Australia vice overseas.

4.1. The cost of maintaining, repairing, and refitting large naval vessels throughout the service lives will remain more economic if appropriate skills and facilities exist in Australia compared with undertaking such actions abroad. The cost must be measured not only in direct economic terms, but also in terms of (i) the ability to maintain acceptable overall fleet operational readiness levels while individual ships are off-line for maintenance or repair; and (ii) the risk to the actual ability to have critical work undertaken on the vessels in times of crisis. In most instances, in other words, it would be necessary to have larger numbers of vessels available — with commensurate manning and initial capital costs — if one or more vessels are to be rotated through maintenance, repair, or refit at any given time.

4.2. The suggestion by one Australian company (ASC) that the RAN should consider having "commercial standard" vessels built for naval combat operations — in other words, ships built to a lighter construction standard than warships — so that they would be more economical to build, and thus could be discarded rather than having their service lives extended through refits and upgrades, does not reflect the reality of the combat environment.

Firstly, there are many instances in which vessels built to a purely commercial ship standard would not meet appropriate survival or operational criteria in true conflict situations. For example, combat vessels not only need to be kept afloat after being struck by a weapon or suffering (for example) a collision at sea, as do all ships under the Safety of Life at Sea (SOLAS) requirements, in order to help ensure the safety of

crew, the reality is that warships must often continue in operation after suffering combat damage, and the reality is that merely "saving lives" after an initial hit is often not able to considered. Subsequent damage in a combat situation is possible — unlike a merchantman which has suffered an accident — and the necessity exists for the warship to continue its combat functions for as long as possible.

Secondly, in most instances, the ship — the hull and machinery — is not the main technological or cost concern; it is the overall system. Service life extensions and mission changes are the norm; they are not the exception. The ship is merely a platform, and upgrades to offensive and defensive systems, sensors, and other functions are ongoing. Indeed, it is the need to modify weapons systems "on the fly" to perform new missions which is the most pressing need when a crisis hits. The modification of ships, aircraft, and other systems by the British forces during the Falklands crisis in 1982 was profound and urgent; there was no question of weapons systems being taken off-line for protracted periods of time (or to be sent abroad) for modifications or service. The requirement must be met in-country. Australia's urgent response to the East Timor crisis, with the rapid acquisition, militarisation, and use of the commercial ship, the *Jervis Bay*, was another example.

That is not to deny that progress in technology and techniques in the commercial shipbuilding and ship repair sectors should be studied, and used, by the naval shipbuilding sector. The cross-fertilisation of skills, technologies, and techniques has been long overdue. However, it would be a mistake to believe that "commercial shipbuilding approaches" can satisfy the combat naval requirement. The construction of the Austal *Armidale*-class warships to commercial standards, for example, and the use of unarmored aluminium hulls and superstructures means that those warships have limited viability in a true combat environment. They are useful only as patrol ships in unopposed power projection missions. And the "successful" deployment of the *Armidale*-class and the Austal *Bay*-class Customs patrol vessels should not be mistaken for a true naval construction capability, despite the company's very efficient use of manufacturing processes which could contribute to a naval shipbuilding capability.

5. The broader economic development and associated benefits accrued from undertaking the construction of the large naval vessels.

This point has been addressed in the above sections of this submission, although the matter could be addressed in greater depth in a more comprehensive study if required.

6. Conclusions and Recommendations

6.1. Australia has all of the essential ingredients to have a strategic, and cost-effective, capability in the maritime defence sector, moving into the long-term, and particularly at a time when changing global strategic realities demand that Australia achieve self-sufficiency in this area. However, it is equally clear that lack of long-term thinking has consistently squandered this capability, and consistently — at great expense to the taxpayer — reverses the momentum toward this essential asset development.

6.2. Australia has consistently underplayed its skills in the strategic industrial base arena by willingly embracing the rôle of junior partner in its own defence projects. This has added cost to the projects and allowed the priorities and parameters implicit in imported major systems to be imposed on Australian requirements. Given that Australia faces strategic realities which demand increasingly self-sustaining leadership in national security affairs, it is vital that Australia recognise its skills in the national security industrial resource arena, catalogue them, and begin to develop an over-arching strategic industrial strategy for the future.

6.3. In the short-term, to preserve capabilities already extant in Australia, it is essential that the Commonwealth move to order at least two additional *Collins*-class submarines, not only to maintain the skill base, but also to meet the growing challenge of a proliferating threat to Australia's maritime interests. At the same time, the Commonwealth Government — and Australian industry — should begin to work together more effectively to develop an international marketing capability to sell Australian strategic industrial capabilities to qualified and allied states abroad.

6.4. Australia's capabilities to design, build, and integrate systems, with regard to major naval vessels is unquestioned, if inadequately supported. However, where Australia has shortfalls, in particular, is in some areas of systems and in on-board weapons. Australia has had a policy of procurement of such capabilities, including whole vessel design, from other states, often from lesser powers. But now Australia faces a new strategic environment, and is being eclipsed and challenged by weapons systems built and deployed by, for example, the PRC and India. This places Australia at a strategic disadvantage.

6.5. The practice throughout the Western world of minimising career and capital formation geared toward heavy industry in favor of service industries has destroyed much of the foundation of a balanced strategic economy. This applies as much to Australia as to the US and Western Europe. To overcome some of this distortion of the national infrastructure, and to aid in the development of a viable maritime industry going forward, it will be necessary to take a strong stand toward bolstering the trade skills sectors, as well as, at the same time, striving toward a maritime industry which is highly-automated. By adopting to the fullest degree possible a process of automation and high-technology solutions, along with fully-flexible labour practices, Australia can compensate for its high labour costs, thus continuing to attract investment and orders to Australian shipyards. This practice, which I adopted at my Ailsa-Perth group of companies in the UK in the 1980s and 1990s, we called "Sunrise Engineering", and we successfully moved heavy engineering away from the high-cost, environmentally unfriendly "sunset industry" approach.

Appendix A

Gregory R. Copley

Director and Acting Chief Executive, Future Directions International (FDI) (Perth, Western Australia).

President, The International Strategic Studies Association (a Global organization based in Washington, DC, USA).

President, Global Information System, Inc.

Editor-in-Chief, Defense & Foreign Affairs Publications.

Historian, author and strategic analyst Gregory R. Copley, 59, has, in a career of more than four decades in strategic analysis, for more than 34 years worked at the highest levels with various governments around the world to help create a global strategic environment which would reduce conflict and promote economic well-being and international stability.

He is the author of the new study, *The Art of Victory: How Nations Can Survive and Individuals Succeed in the Coming Global Transformation*, which was will be published in as a major release book by Simon & Schuster, New York, in October 2006.

He is the Editor-in-Chief and founder (in 1972) of the *Defense & Foreign Affairs* group of publications. He is founder (in 1982, with Dr Stefan T. Possony) and President of the International Strategic Studies Association (ISSA), the global non-governmental organization (NGO) for senior professional officials involved worldwide in the formulation of national and international strategic policy. And he was the founder, in 1999, of the Global Information System (GIS), an on-line, encrypted-access core strategic intelligence database and system for use by governments worldwide.

In 2001, Gregory Copley was one of the founding directors of Australia's new grand strategy research organization, Future Directions International (FDI) (formerly the Centre for International Strategic Analysis: CISA), in Perth, Western Australia. He remains actively involved with FDI as a Director, and is currently Acting Chief Executive of that institute.

As well, he has been extensively involved as an industrialist in heavy engineering enterprises, ship and yacht design, and airline development.

Mr Copley, who retains his domicile in Australia, is a sixth-generation Western Australian, born on October 28, 1946.

Apart from his open information and other activities, he has, since the early 1970s, been heavily involved in classified strategic analysis and operations for governments worldwide. This has involved the preparation of strategic philosophies for the restoration of elected government in certain countries, including input into the preparation of constitutions and electoral processes. It has, on numerous occasions,

involved urgent work of a practical and political nature to halt existing conflicts or to prevent the imminent outbreak of hostilities.

Mr Copley, through *Defense & Foreign Affairs*, also undertakes special conferences and seminars for very senior political, government and defense personnel, often at cabinet or head-of-service level, on how to cope with current and projected strategic crises. He has personally also acted as an adviser on national planning issues to a number of governments at Head-of-Government or Cabinet level.

He is the author of several thousand articles, open and classified papers, speeches and numerous books on strategic, defense, aviation, and other subjects, including two books of poetry. Mr Copley's recent books include the annual 2,500-page *Defense & Foreign Affairs Handbook*, an encyclopedia with chapters on (in the current edition) 245 countries and territories worldwide. He has authored and edited 16 separate editions of this unique encyclopedia since 1976. The book has gone to senior government officials in more than 170 countries — including some 130 heads-of-state and heads-of-government — each year, and Judge Clark, when he was National Security Advisor to US President Ronald Reagan, said it was:

> "indispensable to the running of the National Security Council".

Gregory Copley wrote the *Defense & Foreign Affairs Handbook on Egypt*, the first edition of which appeared in 1995. Another book by Copley — *Ethiopia Reaches Her Hand Unto God: Imperial Ethiopia's Unique Symbols and Structures of Power* — appeared in 1998, as did a book which he co-wrote and edited, *Managing the Era of Great Change*. He also co-wrote and edited *The Global Strategic Condition*, published in 1999, and *Conflict or Calm? Views of the Coming Decade*, published in 2000.

One of Gregory Copley's earliest books, *Australians in the Air*, was published by Rigby in 1973, and is still regarded as the definitive history of Australian aviation. Before that, when he was 18 and 19 years old, he ghosted the first drafts of the autobiography of noted Australian aviation pioneer, Sir Norman Brearley: *Australian Aviator*. He had also edited and written several editions of the *Australian Aviation Yearbook* in the 1960s, and founded and edited *Aero* aviation magazine, which was at that time the largest-selling aviation journal in Australia. He also established and ran, during the 1960s (until 1971), a Sydney-based 24-hour-a-day news-wire service providing worldwide news to Australian, New Zealand, British and other newspapers, radio and television, following an initial career as an award-winning defense and aviation journalist in Western Australia.

A small selection of significant analysis openly published in *the Defense & Foreign Affairs* publications included:

- Analysis and supporting intelligence in April 1972 as to how the Sadat Government would expel the Soviets from Egypt (contrary to official Western belief at the time). Proven correct within six months.

- Analysis in early 1973 as to how the demographic, economic and strategic trends would precipitate the break-up of the USSR by the early 1990s (with Stefan Possony).

- Reporting, in advance of Western government sources, the penetration of the Peruvian Government of Soviet arms sales, and the Peruvian, Argentinean and Bolivian plans for attacks on the Pinochet Government in Chile (1973-74).

- Analysis in 1973 on the prospect for a space-based, energy-derived weapons system to be used in an ABM (anti-ballistic missile) mode to suppress a Soviet first strike capability (by Dr Stefan Possony). Information noted by then ex-Governor of California Ronald Reagan who later developed it as the Strategic Defense Initiative (SDI).

- Analysis during the mid-1970s to the effect that the USSR was devoting some 13 to 14 percent of GNP to defense. Official CIA view at the time was around four percent. Subsequent red team/blue team exercises confirmed our analysis.

- Detailed analysis, supported by original intelligence, in 1974-75 to the effect that radical, revolutionary activity would lead to the destabilization of Iran and the overthrow of the Shah.

- Detailed projections in the late 1980s as to the "end of the age of ideology" and the withdrawal — in the face of the collapse of ideological communism and the Soviet economy — of the USSR from Eastern Europe, preparatory to the transformation of the Soviet Union. At this stage, no-one else was making such projections.

- Detailed analysis in early 1990 as to how and why Iraq would attempt to emerge as a major regional "great power" and would be forced to expand its access to the Persian Gulf in an attempt to outmaneuver. Subsequent analysis and reports in June-July 1990 specified and forecast accurately how Iraq would invade Kuwait (when, how and why). No other intelligence service matched the accuracy or timeliness of this prediction which, had it been acted on by the major powers, would have prevented the invasion of Kuwait and the subsequent Gulf War.

- First major reporting on the Libyan-Iraqi deployments in the Sudan before and during the Gulf War, and their strategic impact on the Red Sea environment.

- First major reporting in the 1980s and early 1990s on India's emergence as a new great power.

- First "clean sheet" analysis during the 1970s and 1980s of Australia's strategic environment, leading to *The Dibb Report*, and the subsequent transformation of Australian defense planning base by (then) Minister of Defence Kim Beazley.

- Significantly different analysis than was popular on the strategic origins and conduct of the conflict(s) in the former Yugoslavia in the 1990s and the emergence of a new anti-Western power *bloc* centered around the People's Republic of China (PRC), North Korea (DPRK), Iran, Sudan and other states.

- Unique analysis during 1996 of the impending energy crisis in Asia, and the PRC's strategic response to this, coupled with its Islamist insurgency problem.

- Unique analysis from the early 1990s to current period on radical Islamist (political, as opposed to Islamic/religious) strategic activities including terrorism. And so on: there were many more pioneering works of analysis in the journal, which continues serving the international community.

- Unique and detailed intelligence and analysis on the change of leadership in Pakistan in 1999, and the subsequent Indo-Pakistani conflict.

- Early and detailed analysis during the 1990s until 2003 on the potential for energy supplies from West Africa and Libya.

- First revelations, in 2002, of the illness of Libyan leader Mu'ammar al-Qadhafi, and ongoing revelations in the 1999-2004 timeframe of the Libyan weapons of mass destruction (WMD) programs, and the attempted coup against Qadhafi in December 2002.

- Detailed intelligence from the early 1990s to 2006 on the North Korean WMD programs (nuclear weapons and ballistic missiles) and their links with Iranian and Iraqi WMD programs. … And so on.

Gregory Copley won the 1990 Award of The Asian Council, of Japan, for his work in strategic policy. He was at that time the only non-Asian to have won this Award.

He has chaired dozens of conferences and seminars on strategic issues, and spoken at these and many other international conferences on defense and strategic issues around the world. He has lectured extensively on psychological strategy, grand strategy and intelligence matters to a wide range of professional audiences in classified and unclassified sessions in various countries [notably the US, UK, Germany, Singapore, Sweden, Taiwan, South Africa, Egypt, India, Pakistan, Japan, Australia, Nigeria, etc.]. He lectured on several occasions to the US Air Force School of Special Operations, for example. Mr Copley has been invited on several occasions to testify before the US Congress and notably provided key testimony to the US House of Representatives Hearings on Nigeria, relating to that country's constitutional crisis and human rights, in August 1993. He also authored a study, *Nigeria's New Government*, when President Ibrahim Babangida came to office. In 1998, he undertook two major briefings to the US Congress (including one to the Senate Foreign Relations Committee) on changes in Africa. He has also provided testimony to the Australian Parliament.

Gregory Copley became concerned with the decline of shipbuilding in Britain during the 1970s and 1980s, and felt that the decline had, by the 1980s, begun to eat into the core capability of Britain's maritime capabilities. As a result, he set out, in 1987, to save from closure the Clyde, Scotland, shipbuilding facility, Ailsa Shipbuilders. The Ailsa company, which became the Ailsa-Perth Group, was founded by the Marquess of Ailsa in 1885. The Scottish Ailsa-Perth shipyard was sold in February-March 1996, once it became clear that the company — and the craft of shipbuilding in Britain — was once again secure. In 1994, his Ailsa-Perth Group acquired the former Royal Docks at Chatham, near London, and Ailsa-Perth Marine Ltd. — of which Mr Copley was Chairman — which were actively involved in the repair, refit and construction of ships and large yachts. The Chatham Royal Docks, founded in 1554, was the site of the construction of Viscount Horatio Nelson's flagship, HMS *Victory*. Mr Copley sold up his shipbuilding interests in 1997 to focus more completely on his international relations activities. In the variety of Ailsa companies owned by Mr Copley, he employed directly and indirectly many hundreds of engineers and engineering workers.

Before he sold his Ailsa interests, Mr Copley acquired the then-120-year-old G. L. Watson & Co. Ltd. yacht and ship design bureau in 1994. G. L. Watson & Co. designed more head-of-state and Royal yachts than any other firm in the world, and has also designed four America's Cup racing yachts.

Among his Scottish activities, Gregory Copley served for a period, under Sir Ian MacGregor, as Vice-Chairman of Highland Express, the Scottish national airline, at the request of the (then) UK Secretary of State for Defence, George Younger (now Viscount Younger, Chairman of Royal Bank of Scotland).

In September 1997, at the *Strategy'97* conference chaired by Copley in Washington DC, former US Secretary of State Alexander M. Haig, Jr., praising Copley as a strategic philosopher and close colleague of Stefan Possony, said that Gregory Copley had

> "... made a significant contribution in helping to bring about an end to the Cold War".

Earlier, in his book, *The Conservative Decade: Emerging Leaders of the 1980s*, author James C. Roberts had said of Copley:

> "Gregory R. Copley, at age 33, is already the potentate of his own mini-empire of foreign affairs concerns. A native of Australia ... Copley manages a thriving Washington-based enterprise ... He does much of the writing himself, displaying a literate style and an encyclopedic knowledge of international and strategic realities as he threads his way through matters as diverse as the coup in Afghanistan and the RAF's newest fighter plane. Surveying Copley's enterprises, it can be said that his activities are as far-flung as those of the US State Department and that his grasp of world realities is vastly superior."

For his work in the build-up to the 1991 Gulf War, when tensions were quietly running high between the Kingdom of Saudi Arabia and Great Britain, Saudi Cabinet Minister Bandar Bin Abdallah Bin Abdulrahman Al Saud said in a letter to Copley:

> "In a very critical moment, your impressive efforts contributed positively to clear major problems and set the record straight between both countries."

Lt.-Gen. Aliyu Mohammed, former Chief of Staff the Nigerian Army and now National Security Advisor to President Olusegun Obasanjo, said of Copley and *Defense & Foreign Affairs*:

> "*Defense & Foreign Affairs* publications and conferences have always been unique in their assiduous and impartial attention to African strategic affairs, so often ignored or undervalued in international publications. During my tenure as National Security Advisor to the President of Nigeria and as Chief of Staff, Nigerian Army, *Defense & Foreign Affairs* pointed out — as no other publication did — the significant and ongoing strength of Nigerian (and African) contributions to World peacekeeping efforts ... It is important that *Defense & Foreign Affairs* continue to provide its impartial analysis and unique grand strategy perspective for the coming generation of military and political leaders."

The late US Congressman Sonny Bono, a Member of the House of Representatives National Security Committee and the Subcommittees on Military Procurement & Military Personnel, noted in 1997:

> "Both you and Dr Stefan Possony, your co-founder [of *Defense & Foreign Affairs*] have been no strangers to Capitol Hill, and your writings and occasional testimony have been greatly appreciated."

Australian Federal Opposition Leader] and former Minister of Defence Kim Beazley, MP, said, on the 25th anniversary *of Defense & Foreign Affairs* in 1997:

> "... Your publication has been an invaluable source of intelligence. The thoroughness with which you have reported the affairs of states which do not necessarily ring bells in day-to-day media headlines in Europe and US has been a valuable policy tool. ... Keep up your good work over the next 25 years."

Mr Copley has been the recipient of a number of awards, orders and decorations and holds two honorary military commissions.

Publications:

Mr Copley has authored several thousand articles, papers, lectures and reports, mainly on strategic and defense issues, but also on yachting and other marine topics, published over a period of more than 40 years.

Books include:

The Art of Victory: How Nations Can Survive and Individuals Succeed in the Coming Global Transformation. New York, 2006: Simon & Schuster.

The Defense & Foreign Affairs Handbook. 16 editions, 1976-2006 (Ed.).

Ethiopia Reaches Her Hand Unto God: Imperial Ethiopia's Unique Symbols, Structures and Rôle in the Modern World. 1998.

The Defense & Foreign Affairs Handbook on Egypt. 1995.

The Defense & Foreign Affairs Handbook on Azerbaijan. 2006.

The Global Strategic Condition. 1998 (Ed.).

Managing the Era of Great Change. 1997 (Ed.).

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Lessons of the South Atlantic War. 1982 (Ed.).

Force Modernization. Budget Versus Threat: Building a Defense Capability in the Face of Rising Costs. 1986 (Ed.).

Australians in the Air. 1974.

Australian Aviation Yearbook, various editions in the 1960s. etc.

Appendix B

Can Australia Survive the Next 50 Years?

By Gregory R. Copley

Can Australia survive the next 50 years? We are so assured in our belief in the permanence of our condition that this seems merely a rhetorical question. But how many people can name one-tenth of the sovereign states which existed just 300 years ago, a twinkling of time in history's march? All things have their time, and pass; and nations are no exception.

Societies, of which the nation-state is but one example, evolve and adapt constantly, even without the type of great upheaval which comes, as it is coming now, only rarely throughout history. Constant, imperceptibly-occurring change is the wave pattern of history. What we are beginning to experience is the exceptional *tsunami*.

The question we are addressing today raises many more questions, not all of which can be answered in a brief session. But what I want to emphasise are some of the definitions which are important, and issues such as the context of our future; the framework of international society; the question of what I call "identity security"; and, most significantly, "globalisation", and why it is a critical strategic factor for us at this time. First, some definitions:

What do we mean by "survive"? We should also ask what we mean by "Australia". History has shown that "survival" of a species or society must equate to victory, because without victory there is no survival: no guarantee of the physical perpetuation of bloodlines, culture, language, beliefs and values. "Victory" is not just "winning". Winning — when viewed down the silent, windswept plains of history — is tactical, a phenomenon which is, by definition, explosive, transitory, and ephemeral. Victory is slow-burning and transcendent. Victory requires that goals be won or achieved on an ongoing basis. It is neither a permanent nor secure phenomenon. Society too often mistakes the process of conquest for victory itself, which is the sustained delivery of a complex pattern of successes. To be victorious, then, implies the command of an epoch and the fundamental alteration of history.

Survival, then, must look beyond immediate gratification; it must look to future generations, because, ultimately, what drives us as humans individually or collectively is that we must ensure that our legacy and bloodline endures.

Victory, then, is infinitely more important than war and peace. Without victory — victory over nature, victory over adversaries, victory over self, victory over ignorance — a society fades to extinction. Mankind can tolerate the uncertainties and costs of conflict, but without victory there is no lasting peace, or any real peace at all: no prosperity, no control over destiny, no guarantee of survival. Victory at its essence *is* the survival of the species.

So when I ask whether Australia can "survive", I mean can it survive in control of its own destiny, its own language, values, and identity? When I speak of "Australia", I speak of it as that geopolitical entity: a society of people of common national identity

and purpose, attached at least to some important degree to this continental landmass and its surrounding oceans.

Whatever happens to our society, the landmass will remain, but the name we have given to it is very recent and has no guarantee of permanence, unlike the rocky outcrops and coastlines which weather down only over millennia. Populations will continue to inhabit the landmass for the foreseeable future. But will these people bear resemblance to the people who today call it Australia? The populations of all areas of the world except Africa are, ultimately, immigrant peoples, because mankind originated in Africa and spread over the globe. But most Australians are recent immigrant peoples, tracing their ancestry to the Eurasian landmass. And today, the people we call Australians, like peoples the world over, are again on the move, and in the case of Australians after only a handful of generations on this island continent.

It is possible that we could have already witnessed the pinnacle of the society which we call Australia. But equally, we may have glimpsed only our beginning. The decline, or success, of Australia — as the society which we think it is — rests solely with the present generations of inhabitants of this land. We are at a pivotal point in the history of our nation, within the context of a transitional time for all human society.

Australia was a fortunate creation of an age — an historic window — of rigidly-structured relationships between states.

But the age which cosseted our birth and adolescence as a nation-state has now ended, and with it the guarantee of survival. The foundations of the modern nation-state structure —evolving since the Treaty of Westphalia in 1648 — have been eroded by globalisation. We are already in the Age of Global Transformation in which we will see, once again, what we can call a period of *cratocide* and *cratogenesis*: the murder and birth of nations.

We have not seen the like of this age since the Mongol hordes effectively introduced their leveling globalisation in the 12th Century, literally destroying the hierarchies of almost all Asian, Middle Eastern, and European states from the Pacific to the Atlantic. Leaders, social structures, cities, and states were leveled by the nuclear winter of the day. And the globalisation of Genghis Khan so opened and hastened communications between societies that the bubonic plague was enabled to be spread with lightening speed from China's Pacific coast to Europe's Atlantic shores. Some 60 percent of China's population perished by plague, and much of Europe's.

The globalism of the post-Cold War period and early 21st Century is little different, and we are about to see its destructive force as well as its creative power, and the remarkable opportunities which will result. But what of Australia in this period of intense change? And the manmade phenomenon is not all we must consider; nature, as always, has its say.

We know that global warming threatens coastal environments and island communities around the world and the viability of life in regions like the arid lands of China's Xinjiang Province or in Africa's Sahel. The last Ice Age drew to an end around 10000 BCE. By 8000 BCE, the major cities of the lower Indus Valley were beneath the sea. Glaciers and snowcaps melted and the sea rose,

dark in history's forgotten time before Egyptian pharaohs. The changes faced by the inhabitants of these cities were gradual. The waters lapped incessantly higher over the years. Societies had time to adjust, and drift away to higher ground.

Our egos tell us that these upheavals are in the past; that today is different; that the future is different. That we have tamed change. And yet life changes constantly, and strategic reality changes as the contextual environment changes. *Now we are coming to a confluence of various strands of profound contextual manmade and natural change.* We are on the brink of *a global shift of humanity* which has aspects in common with the end of the last Ice Age, an era which brought the birth of agriculture and the consequent rise of towns and cities.

Significantly, the great technological developments, particularly in the last century, were created to give one society commercial or strategic advantage and dominance over others. The end of the Cold War saw the technologies of computerisation, transportation, communications, and wealth generation transform from the anvil of competition to become the very mediums of societal integration. By turning around the technologies from separation to integration, the current Age of Globalization was born.

Along with the new technologies, the corresponding loosening of societal constraints has initiated a surge of people from rural areas to coastal urban clusters on a more profound scale and speed than even the shift from hunter-gatherer nomadic tribalism to agricultural settlements. This is particularly evident already in, for example, China.

We are also on the edge of the era in which mankind will move into the near-space environment — including Chinese military operations on the moon — almost seamlessly, with impact in the coming decade on defense and communications, medicine, and other sciences.

To highlight the volatility of the historic patterns, it is necessary to remember that Australia did not exist 300 years ago. Neither did the US; nor did Italy or Germany. Now, the impact of globalisation is so profound that we will again see this almost volcanic reshuffling of our societies, creating and destroying nation-states. We have tamed neither history nor our environment. And our new age of globalisation, which is the product of technology coupled with the ending of the bi-polar global strategic situation, is occurring concurrently with climate change. This climate change affects the whole matter of water dispersal and the viability of habitats.

Within this historic process of global climate change, which is *not* able to be rationally blamed on a few governments or human actions, we will see entire societies moved, destroyed as distinct entities, or created as new communities. Areas will become depopulated, or populated; human numbers will ebb and flow as the age of near-instant global communications transmits evolving viral infections, including ideas.

Why, then, should Australia be spared great upheaval? What can be done to ensure that the nation-state of Australia, which has struggled to define itself as an ideal

society, will not only survive but be able to achieve the excellence, prosperity, and fairness to which it aspires?

The Chinese and Indian Dilemmas

Within this framework, the Chinese and the Indian leaderships are more keenly aware than most that the strategic races in which they are engaged are races with themselves, rather than against any outside entity. Both China and India have to face challenges of satisfying increasingly restive, urbanising masses of humanity in the face of growing demands for food, water, wealth, and prestige. But what both of these governments do to address those demands will impact how they interact with the rest of the world; it will govern the competition between China and the US; between India and China; and so on. The domestic demands for prestige and identity — in other words, for unity and clarity of purpose — will be what drive China to dominate and militarise space in the next decade, not fear of the United States.

But the effect will be the same. We will, within one or two decades, face a world in which China, India, the US, and perhaps others, will be the great global players. Australia will need to chart its own course among these giants, and cannot expect, on all issues, to be strategically at one with the United States. Nor, given the changing patterns of pressure, can the US be expected to always be the guardian of Australia's strategic survival. We already, in the past 50 years, had moved away from dependence for strategic survival on Britain to dependence on the United States. Now we must transfer dependence for strategic survival to ourselves, while retaining and even strengthening our traditional friendships.

Indeed, we need to consider planning to ensure that Australia becomes one of the great powers 50 years from now. The United States' rise to global power status was planned during the first decade of the 20th Century, largely by President Teddy Roosevelt; Japan's rise to global power status was planned at the same time. And the People's Republic of China's leaders, in the 1960s spoke of their country's rise to global power status in 50 to 100 years. The rise of these powers was planned and pursued. As the saying goes in the US: failure to plan means planning to fail.

As with China and India (although with different pressures), Australia, too (as are all societies), is in a race with itself — a race to prepare itself for survival in the coming 50 years — more than it is in a competition with other powers.

The End of the UN

Australia, at the end of World War II, believed that it was at the beginning of an age of certainty and fulfilled hopes. The world at that time was fractured, uncertain, and engulfed in the potential for change. Humanity could have faced then the uncertainty that we face now. Instead, the uncertainty was quelled by the conferences of great powers at Yalta and in San Francisco, which created the arbitrary — and often sweepingly inequitable — division of the world's people into a structure of nations which were immediately given supposedly "permanent" legitimacy.

The creation of the United Nations locked the spoils of war into the care of the conquering parties, and the subsequent decolonization of much of the world was

automatically swept into this process. Many believed that a permanent and defined structure had come as the salvation for all humanity.

The UN was blindingly successful in resolving the immediate threat of post-war chaos and uncertainty. It froze the competition between nations into a Cold War in which nothing was, or could be, resolved, as long as the framework remained. But it was never likely to be anything other than a temporary solution to humanity's perpetual internecine competition.

Yet today we view the UN as a permanent edifice; a promise of tomorrow, freezing the comfortable *status quo* into a definition of the future. History has shown that there can be no such permanence in a world constantly changing. We must recall with humility that the same beliefs shaped the creation of the first "United Nations" at Delphi — the *amphyctiony* between the constantly warring city states of Hellas — 2,500 years ago, and the formation of the League of Nations after World War I.

The UN will gradually become largely irrelevant because its principle job, the freezing of the *status quo* in 1945 terms, is finished. The UN staved off, for as long as possible, chaos and lawlessness. Now, global society will define itself in more natural terms, not through the artifice of the old men of Yalta. Humanity is on the move as never before; the boundary fences have been trammeled by people, ideas, electronic signals, and the flood of goods and money.

Confederal structures of multi-society governance will come and go. Australia, then, should not count on the United Nations to enforce a continuation of the artificial legitimacy of the global structure; it will need to increasingly build its own modalities for security, power projection, and influence.

The Leveling of Hierarchies

The current phenomenon of globalization flattened the world's industrial and social hierarchical structures with the leveling effect of a nuclear weapon. This, indeed, is the nuclear Winter. Not the post-apocalyptic gauntness of starving survivors searching for food, but rampant, steroidal, and healthy hordes searching for purpose and leadership.

Alvin Toffler hinted at the problem in 1970 in *Future Shock*, when he talked of the rôle of the computer in transforming decisionmaking hierarchies. But he could not have imagined the assault on the value systems of societies by the computer-aided structures of the post-Cold War world, in which technologies created for the very purpose of sustaining opposing power *blocs* became the technologies of societal integration.

Hierarchies, social frameworks, all fell before the shock wave of globalization. And yet many of us are still in denial of this; still seeking the stability of the pole stars of old orders, or wandering aimlessly in the well-fed freedom of our super-industrial society. In the hope of imposing order, to compensate for the growing pace, scale, and seemingly unmanageable nature of change, we create more and more legislation and impose greater political correctness. The flattening of social hierarchies — which is exemplified by the lateral flow of information, the heightened rôle of the media, and

the destruction of the prestige and vertical authority of leaders and governments — increases anxiety and the need to rebuild hierarchies.

Identity Security: Cohesive Society versus Globalisation

The tools of communication, travel, and wealth creation have developed to the point where the most fundamental bearings of human societies — geographical, cultural, historical, religious, and linguistic points of reference — have become clouded, and often lost.

If, within this global, moving crowd, peoples lose their sense of identity and historic points of reference, then they lose much of their ability to act collectively for their own survival. Disorientation leads to panic and chaos. That is what began to reoccur following the end of the Cold War: horizons and historical reference points were being swept away.

Of critical importance in our organizational process throughout history has been the cohesion of the family, clan or tribe, nation, and, ultimately, the nation-state or super-society. This structured approach — essentially dictated by a natural evolutionary process — provided protection, cooperative achievement, and a continuity of experience and learning which built, generation-on-generation.

But globalization — when it hit with the Mongol hordes and as it strikes us today — creates a visceral reaction because it threatens our identities. The reaction is an urge to find something familiar, something comfortable, something identifiable, while the waves of globalism surge over us, sweeping away familiar landmarks, obliterating history, overturning long-held beliefs.

For some societies, everything which they believed and on which their lives and confidence had been based was washed away, the few mementos of their past now worthless in the new world.

In part, the global interaction which began with the end of the Cold War had initially reflected a new-found sense of safety, as societies intermingled at an unprecedented rate and scale. Yet basic human needs remained essentially unchanged. After food, water, shelter, and a pool of reproductive partners, the next most basic need is for identity. Identity and context give us purpose. These human needs — identity, purpose and context — are now being swamped by globalism. This causes us to search for, and emphasise, what makes us unique. Why else do we see everywhere today the Australian flag flying, and symbols of raw nationalism being raised, and "political correctness" stressed as a mechanism to cope with change, when 40 years ago these actions were not seen as necessary?

History has demonstrated that instability and conflict follow when belief foundations are challenged, when societal and contextual affiliations are removed, when identity is erased or forgotten, or become overwhelmed by an external, powerful invading belief system. Our technologies and modalities of global integration have raced ahead of our emotional ability to adjust to this reality.

When the formal structures of many Muslim societies were overwhelmed by modern society, it was the reactive need for identity and purpose, for example, which caused some Muslims to create the current *jihadist* response to the upheaval which challenged their sense of order.

But as much as perhaps we might wish to rush in to help, the reality is that no state or society can give identity to another society. No state can give another society a guarantee of survival, prosperity, and cultural and linguistic dominance or independence. Each society must *achieve* its own identity. Former Palestinian leader Yasir Arafat struck a chord when he said that any state given to the Palestinians by their enemies was not worth having. People have to feel, viscerally, who they are, and to what they belong.

How, Then, Do Nations Achieve Victory?

The survival and success of nations, at the best of times, is no accident. In difficult times — times of transition, turmoil, change — it requires conscious planning, great coordination, and a vision and understanding of the threats and opportunities facing the society.

Creating a national grand strategy, then, is at the core of survival and prosperity into the indefinite future. But that grand strategy must not only outline national objectives, and the means of achieving them, within a conscious understanding of the developing global environment; it must also articulate a vision of the society itself. The questions of "who are we?", and "who do we wish to be as a people?" are at the core of it all. In other words, we need to define who we are as Australians. That is the fundamental starting point.

And we really *don't* know who we are as Australians. We know, for sure, that we are not merely, for the most part, the descendants of Anglo-Celtic colonists any more than we are, for the most part, descendants of the original immigrants who came to these shores some 60,000 years ago. We are, in essence, all of our origins and collective experience, as well as our present and our future.

Quo Vadis Australia?

Wither Australia? Our first task is to recognize that we have come of age, and have been thrust into the world with wealth, strengths, and capability at a moment in history when we will need all of our assets and skills to survive. Australia is too large and wealthy to be ignored, and, in some respects, too small to dictate terms to the world. It must, perforce, in a world of major powers on the prowl for their own survival, be quick to manœuvre, with great understanding of strategic context and trends, and with great unity of identity. For Australia to be divided, bickering, and uncertain in the age which faces us will bring upon us an inability to compete, an inability to grow, and a vulnerability to the dominance of others, in commercial, political, social, or cultural senses. How, then, can we guarantee our victory?

We can do it by understanding the world in which we must manœuvre, and understanding who we are as a people. And, as a nation which holds the spectrum of experience and values from our original immigrants of the past 60,000 years, to our

newest immigrants who arrived this morning on aircraft from the outside world, we need to develop a sense of Australian identity which cradles us all. Much of this has already developed naturally within us, without introspection. But this identity is as yet incomplete, and does not yet gird us for unity and efficiency of action as a society.

We need to see how the strengths of our original inhabitant societies can blend with — and perhaps provide a fundamental basis for — all of the other immigrant societies to achieve a mutually-supportive national identity going into the future. This, in essence, entails creating a population strategy for Australia; but to call it a "population strategy" is inadequate. It is necessary to create a more conscious common understanding of who we are, so that we speak as a nation of truly deeply-rooted and unique common values and ideals, projecting the reality of a capable and self-sustaining nation, worthy of leadership.

Only by understanding who we are, and how we can build a common identity from our various strands, can we be sure that we have the inherent strength to survive the next 50 years and beyond. Without a durable sense of identity we will erode as a nation, leaving behind this beautiful landscape to be peopled by societies of other values, and other hopes and dreams.

And as much as I love this land, I love Australia more.

Appendix C

Comments Pertinent to the Inquiry Into Australia's Defence Relations With the United States of America

By the Defence Sub-Committee
of the Joint Standing Committee on Foreign Affairs, Defence and Trade,
Parliament of Australia.

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February 1, 2004

1. Introductory Remarks: the Context and Framework of the US-Australia Strategic Relationship

The US-Australian strategic and defence relationship, embodying the Australia-New Zealand-US (ANZUS) Treaty and a wide range of other formal and informal aspects, is arguably the most significant and overriding aspect of Australia's security for the immediate future, apart from the issue of national self-reliance.

However, the US-Australian relationship is not in itself a comprehensive and total safeguard for Australia's strategic needs even at this time, and nor is its shape and viability guaranteed in the medium- and long-term.

The relationship is, in fact, approaching a watershed which provides the opportunity for both Australia and the US to re-evaluate and re-energize the Alliance and its objectives.

What is inevitable is that the continued growth of Australia as a strategic power — in the economic, social, political as well as defense sense — will automatically determine that an increasing number of Australian priorities will differ from those of the United States. Inevitably, then, the US-Australian relationship will need to reflect Australia's autonomous and regional roles just as Australia has historically recognized the reality that the US has strategic priorities elsewhere in the world which do not necessarily or automatically consider Australia.

That in itself does not necessarily mean that the US-Australia defence relationship will diminish. Indeed, it may well expand in some respects, as has been the case since the September 11, 2001, terrorist attacks on the US. The changing realities, however, will determine that the relationship becomes more a matter of partnership, rather than dependence by Australia on the US.

But before that point is reached, it is important to note that — in terms of major defence operational capabilities — Australia has already committed itself for the medium- and possibly longer term to a significant defence technological dependence on the United States which will transcend the lives of the current US and Australian governments and, indeed, their successor governments. In respect of Australian defence independence, it is fair to say that Australia is now more dependent than ever on its relationship with the United States, largely as a result of technology commitments, such as the decision by the Royal Australian Air Force (RAAF) to proceed with the F-35 Joint Strike Fighter (JSF) procurement. This commitment essentially extends aspects of the relationship for at least three more decades.

It is also fair to note that a technical choice — the decision in 1963 to purchase the (then) General Dynamics F-111C strike aircraft instead of the British Aircraft Corporation (BAC) TSR.2 — was pivotal in changing Australia's principal defence alignment from the United Kingdom to the United States. By 1963, the ANZUS treaty between Australia, New Zealand and the US was already 12 years old, and yet the treaty signing itself had not caused Australia to move its defence priority from Britain to the US. Rather, the treaty itself became a useful tool when, literally a dozen years after its signing, the Government of Prime Minister Sir Robert Menzies decided that the time was ripe for change, and the F-111 contract became the nexus and visible sign of that change.

The F-111 fleet has been in RAAF service for more than three decades already, and will remain so for several more years, an indication of the length of impact of such decisions, which require constant interaction and a trusted supplier relationship to remain effective.

However, apart from the interaction and relationships built around defence systems decisions, strategic relationships such as ANZUS are essentially political and perceptional. The fact that ANZUS only acquired true strategic impact for Australia when the Government of Sir Robert Menzies reached the conclusion, in 1963, to switch great-power allegiance from the UK to the US, demonstrates the fact that the Alliance itself is only part of the process.

Equally, the reality is that political and perceptional differences between the New Zealand Government of Prime Minister David Lange and the US Administration of President Ronald Reagan in 1985 caused a fissure in ANZUS, effectively removing New Zealand from the Alliance, despite the fact that New Zealand's function in intelligence collection in South-East Asia and the South Pacific were — at that time — unique and virtually irreplaceable in the short-term. What is apparent, in hindsight, is that the mis-communication between the Australian and US governments were of a nature which could easily have been prevented had a more intimate and balanced dialogue been in place. Moreover, the schism occurred despite the underlying belief by most US and New Zealand thinkers that there was an absolute transparency of mutual support and trust between the two societies, based largely on mutual US-New Zealand commitments to fight together in World War II, Korea and Vietnam.

Australia assumed the burden of ensuring that the loss of New Zealand-provided intelligence to the ANZUS alliance — and to the UKUSA Accords intelligence process — did not allow serious gaps to occur in the Alliance readiness. This,

however, was at some cost to Australia, and allowed the US to proceed with the strategic abandonment of New Zealand without further thought.

The true cost of that political/perceptional mis-step has only become apparent with the passing of almost two decades: New Zealand's entire political process turned essentially inward and isolationist, and the wealth of New Zealand's contribution to stability and shared strategic projection in the South Pacific was consistently reduced. This has, in the view of this analyst, had a long-term deleterious affect on New Zealand's economic wealth, its political influence and strategic viability. During the same period, Australia has grown significantly in terms of global strategic influence, both because of its world-class defence and intelligence capabilities and because of its political-economic growth, despite the fact that other regional states have themselves grown substantially in terms of their own defence/strategic capabilities.

Australia, at all stages of the ANZUS Treaty's life, has had, *de facto*, greater influence in Washington than has New Zealand, largely as a function of its greater geographic, geopolitical, population and economic scope than New Zealand, so it must be assumed that any disruption in the Australia-US relationship at a political/perceptional level would be treated with far greater urgency and depth than occurred with the US-NZ schism of 1985.

It would, however, be a mistake to believe that this is a universal truth which would apply to all US administrations. The scope exists for diminished or changed US belief in the importance of the US-Australia relationship [that is, a change from the mutual security-oriented nature of the Alliance at present and for most of ANZUS' existence], something which was demonstrated during the US Presidency of Jimmy Carter (1977-1981) and the Presidency of William Clinton (1993-2001).

It should also be stressed that while political/perceptional fluctuations have existed at the leadership and public levels of the US commitment to Australia, strategically, there has been a fairly uniform belief (and commitment) at middle-level ranks of the US Armed Forces and Department of Defense (DoD) in the value of the US-Australian defence relationship. This level of the bilateral relationship has also been the easiest for Australian officials to access and maintain. As a result, Australian officials have placed their greatest emphasis on these "working level" relationships. And this in turn has resulted in very successful teaming of US and Australian defence and defence intelligence capabilities, earning Australia and Australian defence and intelligence personnel enormous respect among their US counterparts.

In essence, because this aspect of the US-Australia defence relationship has proven so successful and practical, Australia has neglected almost entirely until this point in ensuring the success of the relationship at a Cabinet and Head-of-State level. This has meant that, regardless of the constancy of the Australian commitment and contribution to the Alliance, there have been significant periods (1977-81 and 1993-2001) when Australia's larger strategic interests and voice have been ignored in Washington. These periods represent significant gaps in opportunities for Australian strategic progress and engagement in world affairs and periods of missed economic opportunities.

Even during periods when Australia's commitment, constancy and capability have been appreciated, such as during the Reagan era (1981-1989), they have been undervalued, largely because of Washington's preoccupation with other arenas. However, during the Carter Administration era, it is also fair to say that Australia's commitment was also to an extent ignored because of US perceptions that Australian security had been compromised by Soviet penetration. And this meant that — despite the UKUSA Accords on intelligence sharing between Australia, Canada, the UK and US — Australia was not trusted with key intelligence and policy planning access by Washington, and Canberra was not fully aware or informed of this unilateral abrogation of the relationship by the US.

The US-Australia strategic and defence alliance, therefore, has been asymmetric: it has, naturally, been regarded as more important by Australia than by the US, largely because for Australia the Alliance is its paramount strategic policy constant. For the US, the ANZUS Alliance represents only one of a number of such alliances worldwide.

Two factors have assisted in starting to partially break the asymmetric nature of the US-Australia security relationship:

- 1. The September 11, 2001, terrorist attacks on the US, leading to the "war on terror" and the Coalition war against Iraqi Pres. Saddam Hussein, and the shared perception of a terrorist/radical threat to mutual interests which became inconized by the *al-Qaida* terrorist attack in Bali; and

- 2. The shared US-Australian perception that nuclear weapons, delivered by long-range ballistic missiles, represented a potentially hostile capability which could threaten both Australia and the US from a variety states, both currently and potentially.[11]

The speed and capability of the Australian responses to mutually-perceived threats and needs in the "war on terror" and then in Iraq were so significant that — especially in the climate of international isolation which surrounded initial US decisions to react in Afghanistan and Iraq — Australia's contribution became politically as well as militarily significant to Washington. This provided a window of unique access for the Australian Government to elevate the nature of the ANZUS relationship from wholly asymmetric to something resembling a partnership of equals.

This access has been only partially exploited by the Australian Government, which continues to function largely on the basis of its established bureaucratic links rather than on firmly embedding the bilateral security relationship at all levels of the

[11] A variety of regional states have either the current or potential capability at some time over the next decade or more to use ballistic missiles to reach Australian targets: the People's Republic of China (PRC), India, the DPRK, Pakistan and Iran. As in all threat assessments, the maxim remains that the will of a government to act in a hostile fashion can change rapidly, but the capability to represent a threat is based on a measurable force structure, which takes time to develop. As a result, threat assessments must first consider the capability — rather than the will of the governments — of all states, and defensive capabilities to meet threats must be based on potentially hostile capabilities, judiciously assessed in concert with ongoing evaluations of the political trends and will of the foreign governments which hold these capabilities.

political and governmental process in the US. However, a start has been made on elevating the ANZUS relationship to a point where Australia can make major strategic gains from it.

What remains an open question at this point is how this nascent opening in the relationship will progress, or regress, following elections in late 2004 in both Australia and the US. Clearly, given the history of the relationship since 2001, the return to office of both incumbent leaderships would enable the progress — which was begun on the basis of mutually-perceived conditions — to continue. However, it is clear that changes in the governments of either or both states in late 2004 — based on the known and presently-possible alternatives to both the administrations of George W. Bush and John Howard — will mean a period of pause, re-evaluation and almost certain change in the nature and direction of the bilateral relationship.

Without even considering the qualities and values of potentially new administrations in either countries, such an hiatus is inevitable, based on the fact that the alternate leadership in Australia, and all of the known alternate candidates for the US Presidency, represent such a radical departures from the current leaderships. However, it is at this point that the strength of the middle-level relationships which have embodied the working nature of the US-Australia bilateral defence relationship will be effective in safeguarding at least an ongoing constancy at operational levels of the ANZUS Alliance.

However, total reliance on operational, middle-level relationships does not progress the overarching strategic potential of the Alliance.

The Australian Government, at political and Defence/Armed Services levels, has consistently missed the opportunities available to it to advance the Alliance so that it is seen in Washington at the highest levels as one of the most strategically-important relationships of the United States, not just of Australia. By focusing virtually exclusively on bureaucratic relationships with either US career civil servants, uniformed personnel and appointed officials, Australia has missed its opportunities to take full advantage of the broader spectrum of official and unofficial assets which influence and sustain policy directions in the United States. Apart from Administration assets (White House, National Security Council, Department of State, Department of Defense and the Intelligence Community), there are two major areas where policy is effectively made or governed and where it is conceived and influenced:

- The US Congress and particularly its committees; and
- The non-governmental strategic policy community.

The unity of policy formulation and budget control within the Australian governmental system is not mirrored in the United States. And in the US, Congress strenuously guards its privilege and power, through its standing committees and subcommittees, to shape defence and strategic policy formulation and to govern scrupulously how it is administered through its control of two key elements:

- Budget, and the line-item control over funding for, and progress of, specific defence (and other governmental) programs and conflict engagement; and

- Promotions of uniformed flag/field rank officers and key levels of appointed bureaucrats, including all ambassadorial appointments.

Australian diplomatic and Defence/Armed Services personnel, by insisting on virtually only sustaining working-level relationships with their career or uniformed counterparts in the US, have consistently rejected the opportunities to embrace relationships with either Congress (on a meaningful and ongoing basis) or with the highly-professional and well-connected non-governmental policy networks which pervade Washington. There has been a willful neglect by Australian officials — based on prejudices developed from the way policy is formulated in Canberra — to understand how defence and strategic policy is shaped in the United States. Even when Washington "think tanks" are engaged by the Australian diplomatic or defence process, they are not effectively or necessarily wisely engaged: there is little understanding of which institutions can help with which tasks.

By failing to embrace and systematically address the overall complexity of the US strategic policy arena — which includes the Congress as a priority of equal stature to the White House; the "educational" base which includes "think tanks"; the media at many levels; as well as the Administrative labyrinth of defence and intelligence offices — the Australian strategic community fails to adequately command US priorities. Equally, Australian leadership, if it is to improve the benefits to Australia, needs to elevate the defence relationship with the US to a level of constant dialogue between heads-of-government — as is the case between, say, the US and the UK — in the knowledge that all other forms of political and economic bilateral benefit will flourish beneath this umbrella.

Evidence of the value of this approach has been seen in US-Australian strategic relations since September 11, 2001, when the Australian Government and Prime Minister Howard have attempted to compound and capitalise the impact of the profound and recent US-Australian defence cooperation in Afghanistan, East Timor and Iraq. But these Australian attempts to expand upon the new-found recognition of Australia's value as an ally were undertaken essentially as *ad hoc* responses. The US recognition of Australia's roles in Afghanistan, Iraq and East Timor should have been a signal for Australia to re-examine the methodology, as well as the objectives, of the Australia-US defence relationship.

It is timely and significant, therefore, that the Defence Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade of the Parliament of Australia has taken this initiative to examine Australia's Defence Relations With the United States.

2. The Applicability of the ANZUS Treaty to Australia's Defence and Security

It is significant that there is no structural alternative at present, for either Australia or the United States, to the ANZUS Treaty if the security interests of both countries are to be comprehensively met. ANZUS is not a treaty which merely benefits Australia and provides it with a security guarantee. Rather, it provides both signatories — in this discussion, Australia and the US; New Zealand's needs and contributions aside for the moment — with different aspects of their needs.

Significant security pressures on the United States and very real pressures on the US Armed Forces since September 11, 2001, were eased by the availability and commitment of Australian forces. In real, operational terms, Australian technological and equipment resources as well as force structures and — most importantly — military skills provided a critical edge to US-led military efforts in the 2001-2004 timeframe, on a scale rarely seen before. Perhaps only the reliance by the US World War II Theater Commander, Gen. Douglas MacArthur, on Australian commanders and complete Australian military formations, particularly at the early stages of US engagement in that war, parallels the level of US reliance on Australia for defence purposes seen in the 2001-2004 timeframe.

Indeed, in the Afghanistan and Iraq engagements of the 2001-2004 timeframe, Australia's commitment of ground, naval and air forces in many areas routinely exceeded the quality and effectiveness of comparable US forces. This was a direct result of Australia's development of highly-professional military skills, coupled with a force structure which balances high-technology with practicality and which is compatible, operationally, with US and NATO forces.

Quite apart from the high value obtained from the relatively small numbers of Australian personnel in Afghanistan, Iraq and East Timor, the significant contribution of Australian submarine patrol capabilities to the overall ANZUS requirement has been disproportionately high, and recognised as such by the US Navy. The same applies to ongoing Australian contributions to alliance-wide intelligence requirements [discussed below].

What has been significant since September 11, 2001, is that there was widespread recognition by the US leadership as well as the military of Australia's value, and value-added, as a defence and strategic partner. This has changed, to some extent, the nature of the ANZUS Treaty to one of perceived higher value to the US. However, given the changing and diverse nature of strategic pressures facing the US leadership — in the White House, Congress and Administration — some of the perceived value and importance of the ANZUS Treaty has already begun to waste away at political levels.

In viewing the applicability of ANZUS to the future security and defence of Australia, however, it is important to understand that the third leg of the treaty — NZ — has, since 1985, been inoperative. This, then, begs the question as to whether ANZUS should be replaced by a new A-US treaty, or whether the New Zealand aspect of it should be revived.

At face value, the restoration of New Zealand's role in ANZUS is of greater concern to Australia than to the US, although the substantially increased burden of South Pacific defence responsibilities for Australia eventually impacts on how much capability Australia can deliver to the Alliance. This becomes especially true as physical demands on the Australian defence structure move more to the north and west to safeguard vital resource, sea-lane and littoral assets in the Middle East and Africa, South and Central Asia and South-East Asia.

It becomes a *prima facie* argument, therefore, that the re-inclusion of New Zealand as an effective partner in ANZUS would provide substantial relief to the Australian and

US defence burdens (in economic as well as practical terms), while adding qualitatively to the mission of South Pacific peacekeeping, surveillance and security. Equally, from an overarching strategic standpoint, the return of New Zealand to full partnership in ANZUS would begin to deliver political and economic benefits to New Zealand. This would then substantially contribute to Australian security as well as to Australasian economic and social vitality.

New Zealand's restoration to full ANZUS partnership is therefore seen as a significant goal for Australia, but one which has not been addressed in recent years because of two main reasons:

- The US has not yet been sufficiently pressed, at the highest levels, to see the value of resolving its differences with New Zealand and many US Defense officials remain skeptical of New Zealand's reliability as a partner; and

- New Zealand's politicians and public felt empowered by the 1985 snub of the US, and have yet to realise the economic cost which the gesture — and the subsequent isolationist and disarmament policies — has had for the country.

It therefore remains Australia's burden — as New Zealand's closest ally and partner — to begin the process of rebuilding the relationship. Australia has, since 1985, been the conciliator between the US and New Zealand, to the point where some New Zealand officials now believe that the problem has been resolved (it has not) and where some US officials also believe that the problem is not worth reconsidering. The issue is therefore moribund, and requires a plan which could, through cautious confidence-building measures coupled with extremely careful public diplomacy steps, re-ignite the relationship. Australia's diplomacy, therefore, would need to be equally vigorous and sensitive with both the US and New Zealand, and would require both to put past attitudes aside. And in the case of New Zealand, careful rewording of legislation would also be required, perhaps compensated by some US gestures.

Given that Australia has now recommitted to the US defence relationship by its purchase of, among other things, the F-35 fighter, and given that, in any event, the US strategic stature as the dominant world military power will require Australia's attention and friendship for the next decade (and possibly much longer), it must be construed that ANZUS remains a core of Australia's defence and security thinking. That does not imply that all other existing and potential security treaties and approaches must be ignored, or even be subordinate to ANZUS. Quite the contrary: the fluid strategic environment of the coming decade will dictate that ANZUS must be a flexible instrument.

As with the instance of New Zealand participation in ANZUS, once again, it would be timely for Australia to consider a re-evaluation of the Treaty with a view to adding detail and depth to it, within the constraint that the Treaty be viewed as a flexible, living instrument. This could, and possibly should, include a plan to embrace Australia's allies in the Pacific into ANZUS, possibly under Australia's umbrella,

coincident with the evolution of the cohesive regional community proposed by an Australian Senate paper of August 2003.[12]

The ANZUS Treaty, in summary, remains relevant for Australian strategic interests, but requires re-examination in the light of New Zealand's situation and evolving global trends, some of which are discussed below. In essence, the concept of re-engaging New Zealand, coupled with the energizing of the South Pacific *bloc* as part of the ANZUS family, offers an opportunity for the treaty to become geopolitically more relevant and effective, while helping to broaden regional prosperity and mutual interests.

This will become more relevant both to Australia and to the US as the People's Republic of China (PRC) assumes a greater strategic role in East Asia and as the US-Japan treaty relationship develops to see Japan assume a more autonomous defence role. The same prospect applies to the Republic of Korea (RoK), assuming a continuation and eventual success of the move toward resolution of Korean Peninsula tensions. There are also reasons to believe that the PRC relationship with or toward Taiwan (Republic of China: ROC) can also be effectively managed without conflict.

All of these developments may necessitate a new set of Australian treaties or strategies, independent of ANZUS, which consider Australian requirements in East Asia. Similarly, ANZUS was not created specifically to consider the emergence of South Asian and South-East Asian states as Australian strategic priorities, and the emergence of India as a great power — similar to the emergence of the PRC — requires separate thinking, some of which needs to be reflected in Australia's engagement within ANZUS. Equally, it will require consideration of separate Australian strategies and possibly treaties.

In essence, ANZUS was considered originally in the light of the Cold War and the US-Australian perceived requirements to act within a Pacific and East/South-East Asian context. The Treaty, however, has proven flexible enough to consider the post-Cold War world, but now needs re-examination in light of Australia's likely need to develop companion, but independent strategies and *modus vivendi* to cope with other challenges and alliances.

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[12] This would be consistent with a proposal in the report by the Australian Senate Committee on Foreign Affairs, Defence & Trade — entitled *A Pacific Engaged: Australia's relations with Papua New Guinea and the island states of the south-west Pacific*, released on August 12, 2003 — which recommended that an "eminent persons group" be established to investigate the feasibility of creating a new South Pacific economic and political *bloc,* a "Pacific Economic and Political Community" (PEPC). This PEPC would share a common currency and labor market. Such a *bloc*, which would automatically feature Australia as its centerpiece, given Australia's economic and strategic size in the region, would create a powerful new alliance structure — almost a unified new state in some senses — which would effectively link Australasia with the US north-eastern Pacific zone. The report suggested that the proposed community, which would effectively be an evolution of the current loose alignment of South Pacific states with Australia and New Zealand, would have as its goal sustainable economic growth, a common defense and security policy and strategic interoperability, common legal provisions where applicable and common health, welfare and education approaches. The report noted: "Over time, such a community would involve establishing a common currency, preferably based on the Australian dollar. It would involve a common labor market and common budgetary and fiscal standards."

ANZUS, therefore, will move eventually from being the sole overriding strategic treaty — without discounting other arrangements such as the Five-Power Treaty Arrangements and ANZUK, etc. — to being the major treaty among a balanced set of treaties which safeguard Australia's interests.

3. The Value of US-Australian Intelligence Sharing

While it could be argued that the superpower — and global — status of the United States dominates the defence aspect of the partnership between Australia and the US, it is far less clear that the US dominates, from the standpoint of value, in the area of intelligence-sharing within the Alliance. The US, with its space dominance, has greater resources to contribute in the area of technical intelligence collection (SIGINT, PHOTINT, COMINT, etc.) — intercepts and overhead imagery in particular — and this dominates both the volume of output and budgets.

But within the South Pacific, South-East Asian and East Asian regions — and possibly much of the littoral of the Indian Ocean — it is Australia which has a significant volume and quality of intelligence to contribute to the Alliance, both of a technical nature and particularly, but more importantly from Australian human intelligence (HUMINT) sources and analytical capability.

Indeed, the sheer volume of US-supplied technical intelligence product and imagery holds the potential to distort balanced Australian policymaking because it lacks a balance of contextual input from well-established HUMINT sources and contextual analysis. The lessons of US intelligence relating to the build-up and *cassus belli* for the 2003 Coalition war against Iraq should be of salutary importance when considering the value of the US contribution to US-Australian intelligence sharing. Given the overwhelming nature of intelligence which was available[13] to justify the *cassus belli*, what was significant was that the US intelligence community failed to comprehend, coordinate and present that material in the form of assessments which could have significantly assisted the political and military prosecution of the war. This was largely attributable to the lack of historic continuity in US HUMINT and the function of related experience in developing assessments.

The US has, in the late- and post-Cold War periods, addressed emerging crises on an *ad hoc* basis, throwing intelligence resources at problems as they arise, without regard to the necessity for a pre-existing basis of cultural and political context to shape policy before action is engaged. This is an expensive approach to policy, triggering as it does high-cost responses before adequate understanding of the problem is reached, based on sound context-based analysis.

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[13] Significant quantities of intelligence were available from private sources, as well as US, European and Israeli intelligence product before the war to highlight the nature of activities conducted by the Administration of Iraqi Pres. Saddam Hussein in concert with Syria and Libya, in particular, to justify the claim that Iraq had violated the tenets of its 1991 agreements and UN rulings. That this material was not compiled into a comprehensive analytical case for US, Australian and other Coalition leaders highlights both a failure of intelligence at policy or analytical levels, as well as a failure at strategic policy levels. The author, who was directly engaged in intelligence issues to do with this subject during the timeframe concerned, has substantial documentation to justify these points, which are not discussed in detail here because they are merely illustrative of the areas of concern in the US-Australia intelligence arena.

What recent history has demonstrated is that technical intelligence and overhead imagery is critical in warfighting, and therefore the US capability is invaluable to Australian defence capabilities when the US and Australia are engaged in coalition military activities. Equally, however, HUMINT has been vindicated as a critical element of defence and strategic warning capability, and in this regard, Australia's continuity of capability is critical to both Australia and the US. As well, Australia's battlefield, tactical reconnaissance capability has proven superior to that of almost all other military forces, something which was demonstrated effectively during post 9/11 operations in Afghanistan and during the 2003 conflict in Iraq.

The US has consistently underplayed its deficiencies in many areas of intelligence collection and interpretation and, indeed, appears to refuse to accept that such deficiencies exist. The failings of US intelligence capabilities — particularly in areas of HUMINT and the ability to assess intelligence within broader geographic, cultural and historic contexts — can have profound disadvantages for US alliance partners such as Australia.

In summary, while Australia benefits significantly from the global technical collection capability of the United States in the intelligence arena, Australia has significant intelligence capabilities and experience of its own at both a collection level, in terms of tactical military capability, and at an analytical and interpretive level. There is, however, little evidence that Australia has developed the confidence in its own capacity to undertake global strategic assessments to the degree required of a nation entering the realms of middle power status. There is an evident need to broaden debate and expertise outside the narrowest realms of classified analysis in Australia, and an increased willingness for analysts and collectors in the classified or "black" arena to understand that — particularly in the modern information environment — they do not necessarily hold all of the keys to balanced final intelligence product.

Having said that, the lack of independent analytical capability in Australia, in terms of strategic intelligence assessments, has only now begun to be addressed.

Even with this shortcoming, which applies largely to providing the Australian Government with independent, world-class support for policymaking, Australia's intelligence contribution to the Alliance — and, indeed, to the entire UKUSA Accords framework — remains extremely strong and professional. Australia needs to promote this contribution, and even high potential contribution, to a greater degree at the highest levels of the relationship.

4. The Role and Engagement of the US in the Asia-Pacific Region

It is clear that the nature of the US engagement in the Asia-Pacific region has changed substantially during the half-century of the ANZUS Alliance, and is now changing still further. The key factors governing the US posture in the Asia-Pacific region for the coming decade centre around:

- The growth — and increasing sophistication — of the People's Republic of China (PRC) as a major economic, political and military power in the region;

- The potential for resolution or transformation — either through evolutionary politics or conflict — of the Korean Peninsula state of war;

- The development of regional capacities for the refinement of threats related to ballistic missiles and nuclear warheads (principally by the PRC and DPRK, but also by India and potentially the ROC: Taiwan), as well, in response, as the US-led developments of technologies — principally anti-ballistic missile (ABM) systems — to counter the threats at an operational level, and strategic actions to force constraint at other levels;

- The development of increasing strategic autonomy by Japan from the post-World War II attitudes and perceptions;

- The ongoing need of the US, as a global power, to sustain a physical presence in the Asia-Pacific region, as well as the Indian Ocean region, simply to safeguard and project US economic interests;

- The development of Central Asia as a new area of US energy dominance, with attendant military-strategic implications for the PRC, Russia, the Arabian Peninsula and Persian Gulf states, Red Sea/Suez sea lanes of communications (SLOCs) linking with Asia-Pacific SLOCs, and so on.

The implication of almost all of the trends in the region is for a different set of US force deployment responses in East Asia and the Western Pacific, and into the Indian Ocean, than have existed through the latter part of the 20th Century. Changes will occur as to the size of deployments, depending primarily on whether or not the Korean Peninsula situation moves toward conflict and whether or not the PRC moves toward a military resolution of its confrontation with Taiwan/ROC. In the event that the Korean and Taiwan situations continue to move toward possible non-military solutions, changes in US deployments and operational mode will occur more qualitatively because of the need to deploy smaller force structures more flexibly.

Substantial changes already occurred in the mode of deployment of US forces in the Republic of Korea in 2003, partly as a response to the *Minju Dang* (Millennium Democratic Party: MD) candidate Roh Moo-hyun, 56, who won the December 19, 2002, Presidential election on the basis of a continued engagement of the DPRK and criticism of the US hard line against the Pyongyang Government. The approach of Pres. Roh's Government led the US George W. Bush Administration to take the US 2nd Division out of the direct line-of-fire along the Demilitarised Zone (DMZ) and force the ROK Armed Forces to take the initial brunt of any prospective DPRK attack. This forced the ROK to rely less on the US to suffer the major consequences of a surprise DPRK attack, while at the same time giving the US far greater strategic military depth and flexibility in any possible conflict with the DPRK.

This significant change in US military deployment in South Korea — described here simplistically — significantly altered the nature of possible warfighting on the Korean Peninsula and the way the US viewed its military options in the area. Similarly, the Bush Administration process of strenuous engagement of the DPRK leadership indicated that the US was not moving forward on the basis of a perpetuation of the *status quo ante* on the Peninsula.

This reflected not only the reality that the DPRK Administration of Kim Jong-Il was reaching possibly its most unstable point, but also reflected the changing — and yet divided — approach of the PRC toward the DPRK (with part of the People's Liberation Army leadership supporting the DPRK, and part working toward a peaceful transformation of the situation in North Korea). As well, the new US approach showed a recognition of the inevitability of a reduction and eventual removal of US forces from the Korean Peninsula, either through conflict or political evolution. But it also reflected the reality that the stability, size and options available for US force deployment in Japanese territory are also changing and will eventually lead to a US withdrawal of some or all of the existing US force structure there.

The PRC leadership knows that any Korean or Taiwan-related conflict would prolong the US East Asian deployments, which inclines the dominant elements in Beijing (including former Pres. Jiang Zemin, Chairman of the Central Military Commission) toward policies which help facilitate the US withdrawal. Diminished US military presence in East Asia increases PRC options to exercise regional authority. The question remains as to whether competing elements in the PRC leadership will have the patience to see a strategy of restraint pay dividends for Beijing. [As a related observation, it is worth noting the fact that the PRC leadership has accepted with remarkable equanimity the deployment of US, Australian, European and Russian military deployments into Central Asia, ostensibly to wage the "war on terror", but which also place a new and significant potential military challenge on its Western frontier. Many Chinese analysts believe that this deployment of potentially hostile forces was designed to balance any possible PRC move to act aggressively against Taiwan; even so, the PRC engaged with, rather than against, the states combating terrorism, and this response, perhaps more than any other, was a watershed in US-PRC strategic relations.]

The process of strategic transformation in the East Asia/Western Pacific region — including the gradual realignment of the US-Japan strategic relationship — will take place over the coming two decades or so, but many changes will occur in US force capabilities in the region within that time.

In a significant review of the US-Japan alliance published in January 2004, US Lieutenant-Colonel (P) William E. Rapp noted:

> "Japan is risk-averse, but increasingly self-aware, dramatic (in Japanese terms) security policy changes will continue to be made in small, but cumulative steps. These changes in security policy and public acquiescence to them will create pressure on the alliance to reduce asymmetries and offensive burdens since the ideal, long-term security future for Japan does not rely on the current role vis-à-vis the United States. Both Japan and the United States must move out of their comfort zones to create a more balanced relationship that involves substantial consultation and policy accommodation, a greater risk-taking Japanese role in the maintenance of peace and stability of the region, and coordinated action to resolve conflicts and promote prosperity in the region."

> "Because neither country has a viable alternative to the alliance for the promotion of security and national interests in the region, especially given the uncertainties of the future trends in China and the Korean Peninsula, for the next couple of decades the alliance will remain central to achieving the interests of both Japan and the United States. A more symmetrical alliance can be a positive force for regional stability and prosperity in areas of engagement of China, proactive shaping of the security environment, the protection of maritime commerce routes, and the countering of weapons proliferation, terrorism, and drug trafficking. Without substantive change, though, the centrality of the alliance will diminish as strategic alternatives develop for either the United States or Japan."[14]

Both Japan and the US have clearly been probing new defence options in Asia and the Pacific to achieve their strategic objectives. The US interests in Asia are now more diffuse than they were for much of the post-World War II era: the US must focus strongly on current or potential operational requirements built around potential operations related to Korea, Taiwan and Afghanistan, along with instabilities in Indonesia and the South China Sea (Spratlys). For the first time, developments after September 11, 2001, necessitated that the US for the first time truly see the Pacific and Indian Ocean theatres as being integral, and yet without the same fixed basing which had been available during the Cold War. As well, US budgets are now more constrained than in the past: airlift is severely challenged within the US force structure, as is aerial refueling capacity.

Inevitably, the US must rely more on strategic partnerships throughout the regions, and these relationships must vary in their nature given the challenges and resources available.

This does not mean that the US will — or can — forsake traditional basing requirements. The steady reconstruction of capability for US deployment through Guam is symptomatic of the reality that the US will not let its relationships with its Pacific microstates wither in the near future. As well, the US requirement to develop terrestrially-based anti-ballistic missile (ABM) capabilities means that US use of facilities in the Marshall Islands will also continue into the foreseeable future, regardless of developments in the Compact of Free Association between the US and Marshalls.

Nonetheless, constraints on US forces and budgets will mean that the US will increasingly need to rely on Australian force capabilities to meet mutual strategic goals, particularly in the Indian Ocean and South-East Asia. The US reliance on Australian defence capabilities in the post September 11, 2001, period seems unlikely to diminish except in the event that the US unilaterally abandons its "war on terror" and its commitment to developing and furthering its energy and strategic interests in Central Asia and its need to maintain at least a degree of partnership with Indian defence forces.

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[14] Rapp, William E.: *Paths Diverging: The Next Decade in the US-Japan Security Alliance*. Carlisle, Pennsylvania, USA, January 2004: US Army Strategic Studies Institute.

In light of the recent focus on Indian Ocean deployments and crises best addressed from the Indian Ocean, the decision of the Australian Government in the mid-1980s to move some 50 percent of Royal Australian Navy basing to Western Australia now seems insightful and provident.

In summary, US defence strategies and deployments in the Asia-Pacific region — including, by association, the Indian Ocean and Central Asia — will become increasingly constrained by budgets and existing capabilities. This has been recognised within the current phase of US defence restructuring. It was revealed at the beginning of February 2004 that US Defense Secretary Donald Rumsfeld was planning a "sweeping revision" of the US command apparatus throughout Asia and the Pacific, a region which draws on a force of some 300,000 US service personnel: the largest combatant command in the US Defense forces.

Among the command elements likely to be dismantled in the Republic of Korea are: the United Nations Command (UNC), US Forces Korea (USFK), Combined Forces Command (CFC) and the Eighth US Army. This would remove one US four-star billet, but a new four-star Army slot would be the Command of US Army forces Pacific, based at Ft. Shafter, Hawaii, currently a three-star slot.

In Japan, it was expected that the United States Forces Japan (USFJ) command would be abolished and be replaced by an operational corps headquarters under a lieutenant-general.

US Pacific Command spokesman Capt. (USN) John Singley said:

> "The Pacific Command is currently reviewing plans to strengthen our defence posture as part of a larger US Government global effort in that regard. We are currently consulting with our allies and partners in the region and will continue to do so before any decisions are made."
>
> "Some of these plans are near-term. Others are further in the future. The aim of the global posture review is to strengthen our defence relationships with key allies and partners, improve flexibility, enable action regionally and globally, exploit advantages in rapid power projection, and focus on overall capabilities instead of numbers."[15]

The US and ROK governments had already announced in 2003 that the US HQ in Korea would move from the Seoul area to a new site some 75 miles south, along with the move of the US 2nd Div., noted above. At the same time, the US made it clear that it was moving to smaller, more flexible ground force structures, effectively making the brigade, rather than the division the principal unit of ground force maneuver in future conflict. This Army restructuring was less significant to US-Australian defence relations in terms of the Pacific, but will obviously be of critical importance to future US-Australian joint operations in any area of the world.

5. The Adaptability and Interoperability of Australia's Force Structure and Capability for Coalition Operations

[15] Halloran, Richard: *US Pacific Command facing sweeping changes; Rumsfeld plan is designed to make forces more responsive*. In *The Washington Times*, February 2, 2004.

The lessons of military operations in Afghanistan, but more importantly in Iraq during 2003, provided the governing criteria for US force restructuring. In this regard, the high "return on investment" of relatively small unit operations by Australian, British and Polish forces during the 2003 Gulf War II combat clearly made an impression on the US plans to re-think future force structures.

Australia has faced defence budget and manpower constraints for a longer period than the
US and has been forced to make small unit operations the basis for its defence projection. In essence, the brigade has been the major ground force unit of the Australian Army for some time, paying only theoretical regard to the division as a unit of maneuver only in a major war.

Australian forces have had sufficient experience in recent conflicts — including Gulf War I in 1991 and the later engagements in Afghanistan and Gulf War II, as well as East Timor — to know that Australian Army, Navy and Air Force elements have greater flexibility than most forces in the world, and, at the same time, sufficient experience to ensure that they are essentially interoperable with US and other NATO forces, as well as those of South-East Asian states.

This flexibility and interoperability is a product of experience. By comparison, the performance of the Argentine Air Force during the Falklands war of 1982 was exemplary, albeit constrained by inferior equipment. This capability was a direct result of the regular exercises conducted between Argentine and US air forces. On the other hand, the performance of the Argentine Army and Navy were poor in almost all senses, largely because they had little experience on which to base any of their actions — resulting in poor equipment choices, among other things — and virtually no experience at exercising with foreign powers.

This does not mean that Australian defence planners can rest on their laurels. However, in the areas of interoperability and flexibility, Australian forces are an example to the rest of the world. Ideally, while it is critical to continue to learn lessons from failures in conflict, it is equally important that Australian defence analysts begin the process of learning from and codifying for future use the successes of Australian forces in recent and current conflicts.

6. The Implications of Australia's Dialogue With the US on Missile Defence

The underlying principle of the current work on missile defence in the US, Israel, Europe, Japan and other states is that nuclear weapons proliferation, coupled with the development of longer-range ballistic missiles, already poses a threat to the stability of the international environment. The response to that nuclear weapon/ballistic missile threat is seen to be in the form of surface-based anti-ballistic missiles (ABMs).

Arguably, the missile defence theories currently being espoused — and being codified in actual ABM systems — revolve around the creation of highly-expensive and complex weapons systems to defeat the relatively primitive (but massive) threat posed by the ballistic missiles and their nuclear warheads. The threats presented are largely counter-city threats, rather than counter-force. As presently structured, most current and foreseeable threats in this regard are not, for the most part, from weapons which

could be described as "war-winning". Rather, they are designed largely to be systems of blackmail and political coercion, or, at best, "defeat-avoiding".

In the case of the DPRK, Iran, Iraq and Libya, for example, the concept of creating viable ballistic missile forces along with nuclear or biological warheads was designed to give the holders the ability to withstand attack or pressure from the US or other external forces. The DPRK and Iran leaderships have, in particular, indicated that they have felt that the survival of DPRK leader Kim Jong-Il to this point was solely based on the belief abroad that North Korea had a capability to defend itself with nuclear weapons (albeit a capability which was never publicly accepted by the US, but which was widely believed to be the case for some years).

The reality has been, for some years, that technologies exist which can detect ballistic missile launches in real-time anywhere in the world. As well, it has been theoretically possible for some years to create space-based, energy-derived ABM systems which could automatically track and destroy ballistic missiles at apogee. This concept was to have been developed into reality under the US Reagan Administration's Strategic Defense Initiative (SDI). Instead, political opposition — led largely by the Soviet Union's support mechanisms in the West — meant that SDI was abandoned when Pres. Ronald Reagan left office. Incoming Pres. George H. W. Bush transformed SDI into a far more expensive terrestrially-based approach, based on existing technologies, removing it from being an internationally-controlled system to an ABM system which defended only sovereign targets against limited ballistic missile attack.

Given the momentum of the work, the Clinton Administration which replaced the Bush 1 Administration merely continued the momentum of the ABM programs at a limited level.

What this political curbing of SDI achieved was the lengthening of the life of antiquated and obsolescent weapons systems — long-range ballistic missiles with nuclear or biological warheads — when they could already have been eliminated.

The reality is, however, that effective neutralisation of the ballistic missile/nuclear weapons threat has not yet occurred, and the ballistic missiles of the PRC, DPRK and India pose capabilities which Australia must recognise for at least the coming decade or two.

The implications of Australia's dialogue with the US on cooperation in ABM programs primarily include the opportunity that Australia should be able to develop the technical understandings to create credible strategies and policies for defense against potential missile/nuclear threats to Australia. Developments of the post-Cold War era meant that the threat of nuclear weapons has moved from the essentially East-West mutually assured destruction (MAD) scenario which held NATO states and Warsaw Treaty states hostage, to an era in which the threat of nuclear attack has become more fluid and unstable, and more possibly directed to targets outside the NATO or Eastern *bloc*, however unlikely such an attack might be.

As well, Australian engagement with the US on this issue allows Australian science and industry the opportunity to participate in research and manufacture at levels previously not addressed. At the same time, Australian technologies, such as those

developed for the *Jindalee* OTHR program may well offer innovative contributions to US and international thinking in the ABM field.

Appendix D

People's Liberation Army-Navy *2208*-class PTG

PLAN prototype 2208-class modified trimaran patrol craft

Type: Guided-missile patrol craft (PTG), with modified trimaran hull design.

Manufacturers: No data available at this time..

Program History: No data available at this time. First images of this craft in the finishing stages of its construction appeared on the Internet in May 2004. Reportedly, the PLAN intends to build at least 30 of these units.

Variants: None known to date, but likely in near future. Note that this unit may be the proof-of-concept for other advanced marine vehicle (AMV) design warships.

Current Operators: People's Liberation Army Navy (PLAN)

Data for :

Dimensions: Length: Beam: and **Draft:** Characteristics data not available at this time.

Displacement: Light load: Standard: Full Load: and **Overload condition:** Displacement data not available at this time.

Performance: (Baseline variant): Speed: Maximum:, Patrol/Endurance:, Max. Endurance: . Max. Speed Range:, Typical Patrol Range: . Endurance: Performance data not available at this time.

Accommodation: Unknown at this time. It is likely that the crew size is greater now than due to need for personnel to run the various tests associated with sea trials and weapon and sensor system integration.

Power Plant (All entries are "Poss."): Main engines (CODAG): Diesel engines. Two MTU 16V396 TB94 marine diesels for cruising. **Gas Turbines:** One or two gas turbines for boost power. **Auxiliary engines:** One diesel auxiliary motor for ship's electrical load while pierside; one gas turbine auxiliary motor to provide pneumatic power to start the "boost" gas turbines as well as additional pierside peak power. **Propulsion:** Four KaMeWa waterjets. These are likely to be similar to those used on the *Skjold*-class PTGA unit. **Electrical:** No data at this time. **Notes:** CODAG assessment based upon the size of the intake/uptake panels visible port and starboard on the *2208*-class.

Navigation: Gyrocompass, log, GPS receiver, LORAN, Weatherfax. echosounder.

Communications: Radio: HF, VHF, and UHF communications systems each with dedicated antennae. The HF transceivers have whip antennae. There are two or three VHF transceivers and probably two UHF transceivers, with these probably having monopole or dipole antennas fitted atop the bridge or attached to the forward mast. **Satellite communications (SATCOM):** The *2208*-class PTG does not appear to have a SATCOM system installed at this time. It is likely that a mobile SATCOM transceiver would be employed as needed. **Data link systems:** The *2208*-class PTG during its fitting-out and sea-trials time period has been fitted with data link antennas. These highly-visible data link antennae are related to probable telemetry links for the platform as well as for any missile-firing tests.

Mission Equipment: Radar: Air/surface search radar: One SR47C (PRC copy of Thales [formerlyThomson-CSF] DRBV-15A. If this warship is to be stealthy, the SR47C is not the optimal choice. The antenna of the DRBV-15A would act as a corner reflector. It is assessed that the DRBV-15A set is intended for use during the sea trials and integration tests. It is a projection that the set which will be fitted to production units of the *2208*-class will be a low-probability-of-intercept (LPI) multi-mode radar set like the Thales *Scout* or *Pilot*. **Navigation/surface search radar:** One Type 765 navigation/surface search set is identified by one source, but the antenna mount and slotted waveguide do not appear to be the same as Type 765 radars seen elsewhere in the PLAN. **Electronic surveillance (ES):** Radiofrequency (RF) intercept antennas are mounted on the forward mast; this system is a probable radar warning receiver (RWR) with electronic intelligence (ELINT) receiver capability. The frequency coverage for an ELINT system is typically between 0.5 to 18.0 or 20.0 GHz. **Optronic: Fire control (FC) sensor:** The optronic sensor fitted atop the bridge area appears to be derivation of the unit fitted to the Type 730 30mm close-in weapon system. The optronic FC system (FCS) would be limited in its ability to direct the forward AK-630 30mm gun against inbound antiship cruise missiles such as the *Harpoon*, *Exocet*, or *Hsiung Feng II*. The optronic FCS would be far more effective against low-flying fixed-wing aircraft and ground-based attack or naval rotary-wing aircraft. **Night vision devices (NVD):** NVDs would enhance performance of the various littoral warfare missions of the *2208*-class **Countermeasures:** Two offboard countermeasures launchers reportedly capable launching chaff and/or flares are fitted reportedly atop the superstructure.

Armament: Antiship cruise missiles (ASCM): The main armament of the *2208*-class PTG appears to consist of four ASCM C-801 or C-802 launch tubes fitted in two housings atop the aft end of the superstructure. This arrangement provides each pair of ASCMs with a housing covered with radar absorbing material (RAM). No reloads are carried aboard the "*2208*". Each housing could be used to launch a single, large land-attack cruise missile (LACM). **Guns: Close-in weapon system (CIWS):** Single gun mount associated with Russian AK-630 30mm CIWS. The gun fire control radar (GFCR) for the AK-630 is not fitted which reduces both the probability of detection (Pd) of in incoming threat missile and the probability of a hit (Ph). Lacking the GFCR, the AK-630 is not a true CIWS. **Additional weapons:** The *2208*-class PTG has been designed with littoral warfare as a key task. It is likely that the *2208*-class has at least one 12.7mm heavy machineguns (HMG), two 7.62mm light machineguns (LMG), and infantry weapons, such as assault rifles and rocket-propelled grenades. **Possible additions/options:** Naval mines and wake-homing torpedoes launched over the transom.

Armor Protection: The *2208*-class PTG does not appear to have any ballistic protection. Fitting of ballistic protection panels around the machinery spaces and at key spots around the combat direction spaces during construction would have been within the capability of the builder.

Survivability: The key to survivability for the *2208*-class PTG probably comes from the reduced radar cross section (RCS), high speed, and maneuverability of the baseline design. The improvements in the *2208*-class RCS are achieved by: 1. a substantial reduction in the number of 'corner reflectors" on the deck, 2. the attention paid to the external finish of the ship, 3) the adoption of a wave-piercing hull form similar to that developed by INCAT and

Austal Ships of Australia with a central hull, and 4. the selective application of RAM to key areas to reduce the strength of radar signals "painting" the skin of any *2208*-class PTGs.

Additional element of survivability for the *2208*-class PTG is the warship's small size. A sea-skimming ASCM might have difficulty locking on to the unit and, dependent upon the Sea State conditions at that time, might overfly the ship. During Operation *Praying Mantis* against Iranian naval forces in August 1988, several *Harpoon* missiles failed to engage damaged Iranian *Kaman*-class PTGs when those craft had settled too low in the water for a *Harpoon* missile to detect them as a valid threat. Another consideration is the fuzing of ASCM warheads; these weapons were intended to penetrate the hull plating or shell of a warship such as a frigate or destroyer and then detonate within the hull. As was noted in the missile attack on USS *Stark*, the two attacking ASCMs (*Exocet*) came close to exiting the hull of that guided-missile frigate. In the case of an attack on a *2208*-class PTG, the ASCM would probably transit the hull without detonating unless it struck a piece of machinery such as one of the diesel powerplants.

Design Notes: There are a number of interesting design features in the *2208*-class PTG.

The major externally-observable features on the *2208*-class are: 1. a modified trimaran hull with two wave-piercing foils; 2. overall faceted external surfaces above the waterline; 3. a configuration of the central hull intended to provide useable internal volume, a common problem in AMV designs; 4. two missile launcher housings on the upper deck aft, each probably fitted with two ASCMs; 5. a single high rate-of-fire automatic cannon on a faceted pedestal; 6. a bay mounted in the aft end of the superstructure. Note that this is not fitted flush with the transom; 7. two noticeable apertures aft of amidships on the superstructure, set close together; and 8. an extremely high degree of attention paid to the finish of the superstructure; note that the apparent smoothness of the external hull probably indicates an external coating of RAM.

Analysis:

1. The *2208*-class appears to be an attempt to develop a stealthy fast-attack craft (FAC).

Importance: The *2208*-class PTG design may be the proof-of-concept for a number of advanced marine vehicle (AMV) designs. There are other applications for this PTG, especially in the role of an interceptor -- using its low RCS to gain an advantageous firing position to launch cruise missiles at US Navy or ROCN surface units.

2. The *2208*-class may be an attempt to develop a stealthy surface delivery vehicle to lay mines or employ torpedoes in the path of a US carrier battlegroup (CVBG) or amphibious ready group (ARG).

Importance: The *2208*-class PTG design may be employed in other roles. This does not constitute a technical leap in capability; all torpedo boats (PT) and most PTGs have had a minelaying capacity. A photograph of the *2208*-class PTG while being completed showed an aft bay suitable for a wide range of missions. The *2208*-class could be fitted with a pair of 533mm torpedo tubes pointing aft over the transom.

3. The *2208*-class appears to have an extremely high degree of attention paid to the finish of the external hull; note that the apparent smoothness of the external hull may indicate an external coating of RAM over a metallic or fiberglass skin beneath.

Importance: The *2208*-class may have an overall lower radar cross section (RCS). The selection of power plant is likely to be a means of hiding the platform acoustic signature as well. The *2208*-class may be sufficiently quiet to permit it to get within striking range of the Republic of China (Taiwan) to conduct LACM attacks.

4. The configuration of the *2208*-class PTG appears to have features of several craft, some deigned in the PRC and some elsewhere.

Importance: The designers of the *2208*-class may have decided to take shortcuts in the design and reduce the timeline in developing the prototype. Additionally, the designers appear to have used the forward end of the *Huchuan*-class hydrofoil torpedo boat (PTH) and as a result the designers increased the useable internal volume.

5. The *2208*-class appears to be a catamaran with a central hull which is kept elevated out of the water.

Importance: If a pure catamaran design is subjected to battle damage, the port or starboard wave-piercing foil may suffer catastrophic failure. If there is a central hull as in the *2208*-class, the forces generated upon impact may be reduced to a survivable level. The designers of the *2208*-class may have decided to take advantage of this design feature and also. The designers appear to have used the forward end of the *Huchuan*-class PTH; this seems to be a clever shortcut since the bow structure of the *Huchuan*-class PTHs had to withstand the impact of hitting the water if the craft slammed into a wave. Given that the *Huchuan*-class PTH was capable of attaining 50 knots in calm water, it is a reasonable projection that the various operators of this craft had some experience with impact-generated forces.