

Strategic importance of the Indian Ocean Territories

This is a timely review and I commend Parliament's Joint Standing Committee of the National Capital and External Territories for drawing attention to the growing strategic importance of Australia's Indian Ocean Territories. The Australian Strategic Policy Institute (ASPI) does not take corporate views on any issues, as such the following comments on your terms of reference reflect my personal views only.

Changing regional security environment and security contingencies

Like the Asia Pacific, strategic competition between major powers is becoming more marked in the Indian Ocean Region (IOR). The region's greatest significance to Asia is because of the vital flow of petrol, oil and gas products shipped in tankers from the Gulf through the Straits of Malacca to North Asia. Any disruption to this shipping will have crippling economic impacts very quickly, including for Australia. The proliferation of anti-shipping missiles with extended ranges is also broadening the number and variety of potential threats against this shipping. China's growing presence in the IOR is driven by its own compulsion to secure its energy supplies.

Over the next few years we can expect to see a larger, more visible and sustained Chinese military presence in the IOR. This trend has been growing for some years as is shown by China's involvement in multilateral maritime security cooperation around the Horn of Africa, the development of a permanent Chinese military base in Djibouti and an increased People's Liberation Army - Navy (PLAN) submarine presence in the IOR. The most visible Chinese presence in the IOR has been in the development of port, road and rail infrastructure in Sri Lanka, Pakistan, Myanmar and elsewhere. China's One Belt One Road strategy is presented by Beijing as being motivated by economic and infrastructure development. But the strategy is also designed to build political and military influence around the IOR to the exclusion of other powers. As such, China's growing role is seen by India and other countries as presenting a strategic challenge.

The next decade will see a growth in Indian naval capabilities aimed in part in countering Chinese influence, especially with India's smaller neighbours. As in the Pacific a submarine arms race is emerging in the IOR. India and Pakistan are expanding their submarine capabilities and we can expect to see countries as diverse as Iran and Bangladesh develop limited capacities to operate submarines in the region.

The United States will likely want to expand its naval presence in the IOR. The predominant focus will be on the Gulf region, but we can expect a growing US bilateral defence relationship with India and an intent to maintain a more visible US military presence throughout the region.

Australia shares with Indonesia a deep strategic interest both in the Pacific and Indian Oceans. Our two countries act as barriers and facilitators for access from one ocean to the other. In the main this presents positive opportunities for cooperation with Indonesia and a strategic reason for Australia to enhance engagement with India. We are also uniquely placed to strengthen our alliance with the US by shaping American military engagement in the IOR and by providing enhanced access for the US via our west coast naval base, HMAS Stirling.

In 2011 the Obama/Gillard plan to enhance alliance cooperation anticipated that the US Marine Corps presence in Darwin was 'Phase one' and expanded US Air Force exercising in Northern Australia 'Phase two' of a rolling plan to grow defence ties. Phase three anticipated a 'rotational' presence of one or two major US Navy vessels operating out of HMAS Stirling. For reasons of timidity and a lack of strategic imagination phase three of expanded alliance cooperation never proceeded. I recommend that the Committee urges the Australian and US governments to now take this step. It is in Australia's interests to encourage a more visible US naval presence in the IOR. This would help to counterbalance a growing PLA-N presence and reassure worried littoral states.

USN rotational access would not amount to home porting a carrier battle group as is sometimes speculated in the media. The model for the US presence could be similar to the rotational access several US littoral

combat ships have to Singaporean port facilities for around nine months of the year. This is not basing as such, but it would support a more regular US presence in the IOR and facilitate opportunities for Australia to be involved with the US in exercising and training with other partner navies from India, Indonesia, Sri Lanka and elsewhere. HMAS Stirling's capabilities are limited and in time will need to be expanded to be able to home port the planned larger RAN submarine and surface ship fleet.

Separate to great power rivalries, the Committee should note that the IOR is also a growing conduit for transiting illegal drugs. Royal Australian Navy ships on tasking in the Gulf and Horn of Africa have intercepted frighteningly large quantities of drugs from East Africa heading across the IOR.

These developments point to the need for Australia to put a higher strategic priority on the IOR in terms of our surveillance and intelligence gathering capabilities and our capacity to protect ships and aircraft of interest to us. The 2016 Defence White Paper identified this priority. In this environment our Indian Ocean Territories will take on greater strategic importance in coming years because they strengthen our capacity to promote our own defence and security interests in the region.

Defence capability in the territories and associated infrastructure development

Cocos Island is a valuable strategic asset for Australia in the IOR because it can act as a 'lily pad' extending the strategic reach of RAAF aircraft undertaking intelligence, surveillance and reconnaissance (ISR) missions. It is important that the Committee should satisfy itself that plans to expand and strengthen the Cocos Island runway are well advanced. Among other aircraft it is important that the ADF has the capability to operate the P-8 maritime surveillance aircraft off Cocos. The P-8 is bigger and heavier than the P-3 and therefore requires a longer runway and strengthened hard stands. We should be able to operate the aircraft off Cocos without compromising its fuel and payload capacity and maintain appropriate fuel provisions on the island.

Cocos Island should also be able to sustain operations of Australian and US unmanned aerial vehicles, such as the Triton surveillance platform. ISR activities using Cocos Island are likely to become more important in the region as strategic competition intensifies. This means that it is time to stop under investing in the necessary infrastructure on Cocos Island in order to make sure it can meet all likely ADF and allied support needs in a more strategically contested region. Cocos island's small size means that it is unlikely to ever be more than a staging post for refuelling. Unlike Diego Garcia the island is not large enough to house a military base. Triton and other operations would be run from the Australian mainland.

More broadly, Australia should signal an intent to be able to defend the IOR territories in the event of conflict, even though this is a remote prospect. I doubt that it is necessary or viable to sustain a permanent ADF presence on either Cocos or Christmas Island, but the Committee might find it useful to explore whether a Reserve presence might be useful on either island, whether Defence maintains (or should maintain) any liaison relationship with Police or other Australian authorities on the islands and whether from time to time Defence should deploy to exercise and train on the islands. Just as with Australian oil and gas infrastructure off the North West shelf, it is important for Australia to demonstrate its sovereign control of the Indian Ocean Territories and this needs to be done with the regular and visible presence of ADF assets on patrol or on exercise.

The scope of maritime, air and other cooperation with Indo-Pacific partners

Strategic developments in the IOR make it more important for Australia to ensure effective Defence use of our Indian Ocean Territories, but we need to do this in a way that doesn't give rise to misapprehension in Jakarta or elsewhere about our strategic intent. It is in Australia's interests to engage Indonesia as closely as possible in developing a shared approach to surveillance and reconnaissance activities in the IOR. Such an approach might involve the following steps:

- Invite Indonesian participation in establishing an unclassified common operating picture of air and maritime movements in the eastern IOR. Singapore's multilateral International Fusion Centre (IFC) for maritime domain awareness at the Changi Naval base provides a model.
- Invite Indonesian involvement in P-8 operations using Cocos Island. This would be an extension of the joint maritime patrol concept.
- Invite Indonesian use of Cocos Island for its own aircraft patrols.
- Encourage an Indonesian naval visit to Christmas Island.

There are few if any negatives and many positive reasons why we should seek to be as open and collaborative as possible with Indonesia on shared approaches to security in the IOR. There may also be value in facilitating occasional Indian, Sri Lankan and Singaporean use of the Cocos Island runway as part of an expanded Defence exercise and training relationship with these countries.

Impacts on local communities

It's important that we should seek to engage Australian citizens on the Indian Ocean Territories to explain strategic trends in the IOR as we see them and to discuss how the Territories fit into our defence and security thinking. The Committee's report will be an important part of this engagement and explanation. Beyond the report, the Committee should recommend that Defence and other agencies should invest some effort on community engagement on the Indian Ocean Territories in the hope that Australia's citizens there will take a positive view of Defence's presence on the islands.

Peter Jennings
Executive Director, Australian Strategic Policy Institute

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