

---

The Parliament of the Commonwealth of Australia

# Australia's Defence Relations with the United States

## Issues Paper

Joint Standing Committee on Foreign Affairs, Defence and Trade

March 2005  
Canberra

---





## Foreword

The *Security Treaty between Australia, New Zealand and the United States of America* (the ANZUS Treaty) which came into force on 29 April 1952 is a key element supporting Australia's national security. The Treaty has operated for more than 50 years and still remains relevant in a strategic environment increasingly challenged by terrorism and non-state actors. It is a result of this environment that the Treaty was first invoked following the 11 September 2001 terrorist attacks on the United States (US).

Since World War II, Australia and the US have developed strong defence relations. In particular, the last decade has seen a new level of defence relations encompassing Australian involvement in the first Gulf War and Australian involvement in US led coalitions in Afghanistan and Iraq.

The evidence to the committee is overwhelmingly in favour of the alliance and the security that it provides for Australia. There was some discussion about the ongoing relevance of the Treaty and whether there was a need to enhance the Treaty to more broadly reflect contemporary strategic needs. While there was little support for re-negotiating the Treaty, some groups suggested that Australia should be more cautious in how it manages the alliance.

The committee through its inquiry is examining how the alliance with the US can be developed to best meet each nation's security needs both in the Asia Pacific and globally.

This issues paper examines the key issues under consideration by the committee. In particular, the committee draws attention to alternative positions, and identifies where there are gaps in the evidence. At the conclusion of each section, the committee summarises the views presented in the evidence, and discusses possible directions arising from these discussions.

The committee invites readers to provide comments in those areas where the committee has identified the need for more evidence. While many individuals and organisations already have put forward their views in submissions and through public hearings, it is appropriate to offer further opportunity for public input and debate on this important topic. Chapter one provides advice on how you can participate in the inquiry by providing a written submission.

**Hon Bruce Scott, MP**  
**Chairman**  
**Defence Sub-Committee**





# Contents

Foreword .....	iii
Membership of the Committee .....	viii
Membership of the Defence Sub-Committee.....	ix
Terms of reference .....	x
List of abbreviations .....	xi

## ISSUES PAPER

<b>1 Introduction .....</b>	<b>1</b>
Background .....	1
Objectives.....	2
How to contribute? .....	2
<b>2 The ANZUS alliance .....</b>	<b>5</b>
Introduction .....	5
History.....	6
Mutual assistance .....	6
Relevance, benefits and costs .....	8
Alliance entrapment.....	10
Managing the alliance .....	12
Comments and possible directions .....	13
<b>Public knowledge of the value of the US alliance .....</b>	<b>13</b>
Comments and possible directions .....	15
<b>New Zealand and the ANZUS alliance .....</b>	<b>16</b>
Comments and possible directions .....	16

---

<b>3</b>	<b>Australian force structure, interoperability and intelligence</b> .....	<b>17</b>
	<b>Introduction</b> .....	<b>17</b>
	The new security environment?.....	17
	<b>Australian defence doctrine</b> .....	<b>19</b>
	Australian force structure.....	19
	Comments and possible directions.....	21
	<b>Interoperability</b> .....	<b>23</b>
	Definition and key features .....	23
	Objectives, advantages and other issues .....	24
	<b>Selecting defence equipment</b> .....	<b>26</b>
	Comments and possible directions.....	27
	<b>Intelligence</b> .....	<b>28</b>
	Comments and possible directions.....	30
<b>4</b>	<b>Combined defence exercises</b> .....	<b>31</b>
	<b>Introduction</b> .....	<b>31</b>
	The nature of US – Australia defence exercises.....	32
	Value.....	34
	<b>US–Australia Combined Training Facility</b> .....	<b>35</b>
	Comments and possible directions .....	36
<b>5</b>	<b>Dialogue with US on Missile Defence</b> .....	<b>37</b>
	<b>Introduction</b> .....	<b>37</b>
	The nature of modern Missile Defence.....	37
	Allied involvement .....	39
	Australia’s role.....	40
	<b>Advantages for Australia</b> .....	<b>42</b>
	Defence of Australia and Australian forces deployed overseas.....	42
	Greater deterrence .....	43
	Opportunities for scientific and industry participation in research and manufacture .....	43
	Development of policy and strategy .....	45
	Ability to contribute to the direction of the US Missile Defence program .....	45
	<b>Disadvantages and domestic perceptions</b> .....	<b>45</b>

Regional perceptions.....	48
Comments and possible directions.....	49
<b>6 US-Asia Pacific relations.....</b>	<b>51</b>
Introduction.....	51
US engagement in the Asia Pacific region.....	51
Specific Implications.....	55
ASEAN.....	55
China.....	57
The Koreas.....	58
Japan.....	60
India.....	61
Comments and possible directions.....	61
<b>7 Australian defence industry development.....</b>	<b>63</b>
Introduction.....	63
Access to the US defence market.....	64
Impediments to access.....	64
A case study – the JSF program.....	67
Comments and possible directions.....	69
<b>APPENDICES</b>	
Appendix A – List of Submissions.....	71
Appendix B – The ANZUS Treaty.....	73





## Membership of the Defence Sub-Committee

Chair	Hon B C Scott, MP	
Deputy Chair	Mr M Hatton, MP	
Members	Senator A B Ferguson (ex officio)	Mr R C Baldwin, MP
	Senator S Hutchins	Mrs T Draper, MP
	Senator D Johnston	Hon G J Edwards, MP (ex officio)
	Senator J A L Macdonald	Mrs J Gash, MP
	Senator M A Payne	Mr S W Gibbons, MP
		Mr B W Haase, MP
		Hon W E Snowdon, MP
		Mr B Wakelin, MP
		Mr K W Wilkie, MP
Secretary	Mr Stephen Boyd	
Inquiry Secretary	Ms Jennifer Cochran	
Defence Adviser	Lieutenant Colonel Fergus McLachlan	
Administrative Officers	Mr Paul Jeanroy Mrs Jessica Butler	



## Terms of reference

Since World War Two, Australia and the United States (US) have developed strong defence relations. In particular, the last decade has seen a new level of defence relations encompassing Australian involvement in the first Gulf War, the invoking of the ANZUS Treaty, and Australian involvement in US led coalitions in Afghanistan and Iraq.

The *Defence Update 2003* commented that Australia's alliance with the US 'remains a national asset' and the 'United States' current political, economic, and military dominance adds further weight to the alliance relationship.'

How should the Australian-US alliance be developed to best meet each nation's security needs both in the Asia Pacific region and globally focusing on but not limited to:

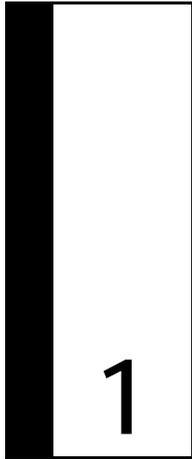
- the applicability of the ANZUS treaty to Australia's defence and security;
- the value of Australian-US intelligence sharing;
- the role and engagement of the US in the Asia Pacific region;
- the adaptability and interoperability of Australia's force structure and capability for coalition operations;
- the implications of Australia's dialogue with the US on missile defence;
- the development of space based systems and the impact this will have for Australia's self-reliance;
- the value of joint Defence exercises between Australia and the US, such as Exercise RIMPAC;
- the level of Australian industry involvement in the US Defence industry; and
- the adequacy of research and development arrangements between the US and Australia.



## List of abbreviations

ABM	Anti-Ballistic Missile
ADA	Australia Defence Association
ADF	Australian Defence Force
AIC	Australian Intelligence Community
ANZUS Treaty	Security Treaty between Australia, New Zealand and the United States
ASEAN	Association of Southeast Asian Nations
ASPI	Australian Strategic Policy Institute
AUSMIN	Australian-US Ministerial Consultations
DITR	Department of Industry, Tourism and Resources
DMO	Defence Materiel Organisation
DPRK	Democratic People's Republic of Korea
DSP	Defence Support Program
DSTO	Defence Science and Technology Organisation
FDI	Future Directions International
GDP	Gross Domestic Product
ICTs	Industry Capability Teams
ITARs	International Traffic in Arms Regulations
JSF	Joint Strike Fighter
MAPW	Medical Association for Prevention of War, Australia
MBTs	Main Battle Tanks

MOU	Memorandum of Understanding
NATO	North American Treaty Organisation
PRC	People's Republic of China
PSI	Proliferation Security Initiative
R&D	Research and Development
RGS	Relay Ground Station
RIMPAC	Rim of the Pacific Exercise
ROE	Rules of Engagement
ROK	Republic of Korea
RSL	Returned and Services League of Australia Limited
SAS	Special Air Service
SBIRS	Space-Based Infra-Red System
SDI	Strategic Defence Initiative
SMEs	Small and Medium Enterprises
UK	United Kingdom
UNAA	United Nations Association of Australia Incorporated
US	United States of America
WILPF	Women's International League for Peace and Freedom
WMD	Weapons of Mass Destruction



## Introduction

### **Background**

- 1.1 On 14 October 2003, during the 40<sup>th</sup> Parliament, the Joint Standing Committee on Foreign Affairs, Defence and Trade (the committee) commenced an inquiry into Australia's defence relations with the United States (US).
- 1.2 The committee received 20 submissions and conducted four public hearings between March and June 2004. When the Federal election was announced on 29 August 2004 the inquiry lapsed.
- 1.3 With the commencement of the 41<sup>st</sup> Parliament, the committee resolved to write to the Defence Minister, Senator the Hon Robert Hill, seeking re-referral of the inquiry. The Minister agreed to this request and on 17 January 2005 wrote to the committee requesting that it recommence the inquiry.
- 1.4 A range of evidence through submissions and from transcripts of public hearings has already been provided to the committee. There are, however, gaps in the evidence and there is a need to examine some areas in more detail. Rather than just advertise the terms of reference and seek submissions, the committee has decided to produce this issues paper in order to help focus debate on the key issues under consideration.

## Objectives

- 1.5 This issues paper uses evidence already provided to discuss the key topics under examination. The various chapters broadly reflect and discuss the matters identified in the terms of reference. The views of various groups are presented and, in particular, where there are alternative positions these are highlighted.
- 1.6 The key objective of the committee, through this issues paper, is to draw attention to alternative positions in the evidence, and note where there are gaps in the evidence. At the conclusion of each section, the committee summarises the views presented in the evidence, and discusses possible directions arising from these discussions. The committee invites readers to comment on these possible directions, and also provide comments in those areas where the committee has identified the need for more evidence.
- 1.7 Each key section or chapter will have a clearly marked area entitled 'comments and possible directions' which contributors can focus on and use to help them develop their submissions.
- 1.8 It is important to note that issues discussed in this paper reflect the information currently available to the committee and do not represent the considered or ultimate views of the committee, which will be contained in the final report of the inquiry.
- 1.9 When further evidence has been collected, through new submissions, further public hearings may be held in the second half of 2005.

## How to contribute?

- 1.10 The issues paper has been widely circulated. Those groups and individuals that provided submissions during the 40<sup>th</sup> Parliament have been provided with a copy of the issues paper and invited to make a new submission. In addition, the committee has issued a press release and advertised details about the issues paper in *The Australian*. Through this approach the issues paper has been circulated more widely to a range of interested individuals and organisations.
- 1.11 The committee encourages all interested groups and individuals to comment on the matters raised in this issues paper. In drafting your submission, please take a moment to read the committee's guide to writing a submission which can be found on the committee's website at <http://www.aph.gov.au/house/committee/jfact/index.htm>

1.12 If you require further advice about making a submission, please phone or email the Secretary of the Defence Sub-Committee on (02) 6277 2368.

1.13 **Written comments on the issues paper should be emailed by Friday, 13 May 2005 to:**

Mr Stephen Boyd  
Secretary  
Defence Sub-Committee  
Parliament House  
CANBERRA ACT 2600  
Email: [stephen.boyd.reps@aph.gov.au](mailto:stephen.boyd.reps@aph.gov.au)

## The ANZUS alliance

### Introduction

- 2.1 The *Security Treaty between Australia, New Zealand and the United States of America* (the ANZUS Treaty) which came into force on 29 April 1952 is a key element supporting Australia's national security. The Treaty has operated for more than 50 years and still remains relevant in a strategic environment increasingly challenged by terrorism and non-state actors. It is a result of this environment that the Treaty was first invoked following the 11 September 2001 terrorist attacks on the United States (US).
- 2.2 The evidence to the inquiry is overwhelmingly in favour of the alliance and the security that it provides for Australia. There was some discussion about the ongoing relevance of the Treaty and whether there was a need to enhance the Treaty to more broadly reflect contemporary strategic needs. While there was little support for re-negotiating the Treaty, some groups suggested that Australia should be more cautious in how it manages the alliance. In particular, these groups suggested that Australia needed to ensure that it was seen as being independent in developing foreign and strategic policy and was not overly constrained or influenced by US policy.
- 2.3 This chapter will provide an overview of the ANZUS Treaty, and examine some of the concerns raised about Australia's independence, and suggested strategies for managing the alliance. In addition, some groups proposed that more could be done to promote the value of the alliance and increase public knowledge.

## History

- 2.4 The ANZUS Treaty was drafted in the shadow of the cold war and the increasing instability arising from the consolidation of communist power on the mainland of China, and overt communist aggression in Korea.
- 2.5 The *North Atlantic Treaty* that established the North Atlantic Treaty Organisation (NATO) was signed on 4 April 1949, and was the type of arrangement that both Australia and New Zealand wished to create for the Pacific. At the same time, both Australia and New Zealand were concerned that NATO implied that British and American attention would be focused on the European theatre at the neglect of the Pacific. The US was initially reluctant to commit to a specific treaty covering the Pacific region. This position, however, was reversed following the victory of communist forces on mainland China in 1949, and the attack on the Republic of Korea in June 1950. Through this period the threat of communism was seen as more of a threat than a military resurgent Japan.
- 2.6 By the end of 1950 both Australia and New Zealand concluded that a regional defence pact would help to increase security in the region. New Zealand favoured a Pacific pact which would make an attack on one signatory an attack on all as a corollary of a peace treaty which would permit limited Japanese rearmament. This view was accepted by the US.
- 2.7 On 19 April 1951 President Truman announced that Australia and New Zealand had proposed an arrangement between them and the United States 'which would make clear that in the event of an armed attack upon any one of them in the Pacific each of the three would act to meet the common danger in accordance with its constitutional processes; and which would establish consultation to strengthen security on the basis of continuous and effective self-help and mutual aid.'<sup>1</sup>
- 2.8 On 12 July 1951 the final text of the Treaty was agreed followed by formal signing on 1 September 1951. The Treaty entered into force on 29 April 1952.

## Mutual assistance

- 2.9 A copy of the Treaty can be found at Appendix B. The committee as part of its previous inquiry into the ANZUS Alliance examined in detail the guarantees of mutual assistance under the Pact contained in Articles II, III,

---

1 cited in Joint Committee on Foreign Affairs and Defence, *Australian-United States' Relations, The ANZUS Alliance*, Canberra, 1982, p. 4.

IV and V.<sup>2</sup> One of the key issues examined by the then committee was the operation and effect of Article IV which is reproduced below:

**Article IV**

Each Party recognises that an armed attack in the Pacific Area on any of the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes.

Any such armed attack and all measures taken as a result thereof shall be immediately reported to the Security Council of the United Nations. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.

2.10 Article IV does not commit the US to the use of military force were Australia subject to armed attack. A possible response by the US could include assisting Australia with the supply of military equipment or diplomatic pressure or by the application of economic sanctions or a combination of all these means.

2.11 The then committee in assessing the impact of Article IV was not unduly concerned about the degree of flexibility contained in the Treaty. The point was made that the deterrence effect was and remains significant. The then committee concluded that 'the deterrence factor would increase to the extent that any aggressor would have to consider that the more effective an intended act of aggression against Australia, the more likely would become United States involvement in Australia's defence.'<sup>3</sup> A similar point was made by the Australian Strategic Policy Institute (ASPI) in evidence to the current inquiry:

What is important about Article IV is not that we can assume that the United States would send their armed forces to defend Australia, it is that any potential attacker would have to think very carefully about whether they wouldn't.<sup>4</sup>

2.12 Similarly, Dr Robyn Lim commented that the main benefit of the 'alliance has always been that anyone contemplating an attack on us, or on our vital interests anywhere in the world, would have to calculate the likely response of the United States.'<sup>5</sup>

---

2 Joint Committee on Foreign Affairs and Defence, *Australian-United States' Relations, The ANZUS Alliance*, Canberra, 1982, pp. 5-16.

3 Joint Committee on Foreign Affairs and Defence, *Australian-United States' Relations, The ANZUS Alliance*, Canberra, 1982, p. 12.

4 Mr Peter Jennings, ASPI, *Submission 11*, p. 8.

5 Dr Robyn Lim, *Submission 13*, p. 2.

## Relevance, benefits and costs

2.13 Evidence to the inquiry was overwhelming in its support for the value and relevance of the alliance, and the contribution that it makes to Australia's national security. It was suggested that the alliance remains as relevant if not more relevant than when it was first conceived to offset the insecurities that arose following World War II. Defence stated:

...the invocation of it on September 11 is testimony to the fact that it is relevant. In its first few years, of course, it was not called upon at all—it just existed. I think it is becoming more relevant as time goes on and is more relevant to us now as issues like the global war on terror and proliferation security and the range of things in which we cooperate with the United States on a global basis actually grow.<sup>6</sup>

2.14 In addition to the overall security benefits and deterrence effect arising from the alliance, there are also a range of immediate military benefits including access to intelligence and defence equipment sourced from the US. In addition, both the US and Australia engage in a range of effective and valuable training exercises. The US Ambassador to Australia stated:

The alliance we have today is far different than the alliance we first contemplated in 1951. No-one could have foreseen then that we would share the kind of intelligence that we do today. Together we each have a window to the world that would not exist if we were apart. Our militaries exercise, plan and deploy together around the world. Each of us is able to enhance our security by leveraging our individual assets with the assets of our ally for the mutual benefit of us both. We know more, talk more, consult more and trade more because we know each other more as a result of this alliance.<sup>7</sup>

2.15 The question was raised during hearings whether the ANZUS Treaty could be re-written with the objective of making it more relevant to the current strategic environment. There was no support for this proposal. Most groups believed that the Treaty was adequate and there would be few advantages from opening up a lengthy negotiation process. Professor William Tow and Dr Russell Trood commented that the 'treaty's current language and context provides the sufficient flexibility to allow it to remain viable in its current form.'<sup>8</sup> Defence stated:

---

6 Mr Shane Carmody, Deputy Secretary, Department of Defence, 26 March 2004, *Transcript*, p. 3.

7 HE Mr Tom Schieffer, US Ambassador to Australia, 21 June 2004, *Transcript*, p. 3.

8 Professor William Tow and Dr Russell Trood, Griffith University, 2 April 2004, *Transcript*, p. 48.

I also make the point that sometimes when you seek to change or alter things that have longstanding significance, unless they are fundamentally ineffective, you run the risk of coming out with a less substantial outcome. I do believe it works well for us. It has stood us in good stead and continues to work well.<sup>9</sup>

- 2.16 In contrast to the positive appraisals of the alliance, some groups did raise reservations. The Medical Association for Prevention of War, Australia (MAPW) suggested that by hosting facilities on Australian soil 'that relate to preparing for or fighting a nuclear war...Australia's involvement adds to the threat of nuclear war.'<sup>10</sup> MAPW in relation to the impact of the ANZUS Treaty stated:

...the ANZUS Treaty must truly serve the security needs of Australians, rather than simply the needs of the most powerful party to the Treaty.

Further, it must not undermine global security. Unless it fulfils these conditions, which are no more than the very reasons for Australia's participation in the Treaty, it has failed us and should be abandoned.<sup>11</sup>

- 2.17 The United Nations Association of Australia Incorporated (UNAA) suggested that the ANZUS Treaty was no longer relevant. First, the UNAA was critical of the US policy of pre-emption and that this undermines 'the role of the United Nations and the international protocols that Australia has helped to develop over many years.'<sup>12</sup> Second, the UNAA suggested that Australia should set its own directions, but feedback from UN sources suggest that 'Australia is increasingly seen as following rather than leading such international debates.'<sup>13</sup> In view of these issues, the UNAA concluded that 'ANZUS has become more of a hindrance than a help.' The UNAA stated:

There has been some public debate about ANZUS, but there is apparently no inclination by the Government to renegotiate it in a way that brings it up to date. According to Daniel Fitton a researcher at Georgetown University, USA (*The Canberra Times*, 12 April 2004) ANZUS is outdated for several reasons - it no longer includes New Zealand, it makes no mention of terrorism, and it is very imprecise about the obligations of the treaty

---

9 Mr Shane Carmody, Deputy Secretary, Department of Defence, 26 March 2004, *Transcript*, p. 4.

10 Medical Association for Prevention of War, Australia, *Submission 16*, p. 6.

11 Medical Association for Prevention of War, Australia, *Submission 16*, p. 6.

12 United Nations Association of Australia Inc, *Submission 18*, p. 2.

13 United Nations Association of Australia Inc, *Submission 18*, p. 2.

partners. "Australia should take the opportunity to make its formal security commitments relevant for today."<sup>14</sup>

## Alliance entrapment

2.18 Overall, the majority of evidence supported the broad objectives of the alliance and its part in underpinning Australia's national security. However, many of these groups that held this position did warn against Australia being subject to 'alliance entrapment', and asserted that it was necessary for Australia to carefully manage the alliance and ensure that Australia's independence is not compromised.

2.19 Professor William Tow suggested that there were benefits arising from the alliance but there was the need to consider the case of 'alliance entrapment.' Professor Tow stated:

...do the perceived gains from the alliance still outweigh the potential costs that may be incurred by affiliating with it? The answer is probably yes, although the committee may want to consider the notion of alliance entrapment. This is a classical concept of alliance politics in which one ally becomes involved in a particular situation that perhaps, left on its own, it would not wish to become involved in. In particular, there may be some implications from the US pre-emption doctrine of the Bush administration in September 2002. On the other hand, I tend to agree with Coral Bell in her latest book where she indicated that the US pre-emption doctrine may now be dying a quiet death, in which case the notion of an alliance engagement problem is probably less than it might otherwise be.<sup>15</sup>

2.20 During hearings, the capacity of the alliance to withstand diverging interests and indeed Australia's ability to promote its interests was examined. The Australia Defence Association (ADA) commented that the alliance should not be 'a blank cheque from the Americans to us, and it is not a blank cheque from us to the Americans.'<sup>16</sup>

2.21 Some groups suggested that Australia's closeness to the US restricted Australia's ability to articulate its own interests. Future Directions International (FDI) commented 'we may be too close at present, which can limit our ability to manoeuvre in accordance with our own national

---

14 United Nations Association of Australia Inc, *Submission 18*, p. 3.

15 Professor William Tow, Griffith University, 2 April 2004, *Transcript*, p. 48.

16 Mr Neil James, Australia Defence Association, 2 April 2004, *Transcript*, p. 25.

interests when they do not coincide with the US.<sup>17</sup> FDI concluded that 'we need to maintain a careful balance while being a close ally and 'confidant' with the US.'<sup>18</sup> Professor William Tow agreed with the point made by FDI. He stated:

There can at times be—more in terms of appearance than actual substance—the image of acquiescence or perhaps of Australia being too obsequious in certain situations. That is probably as much about how Australia is perceived by outside parties as the extent to which that is perceived by your ally. Clearly with the so-called deputy sheriff image in Australia's alliance policy with the United States, which selected Asian leaders have cultivated over the past six or seven years, it has been somewhat problematic for Australia to exercise maximum diplomatic leverage in the region. I am not saying it is a decisive element, but perhaps Australia should have been a bit more conscious of the image—or of the danger of the image being created—from the outset in terms of the so-called resuscitation of the alliance, which was very much on this government's mind after it was elected in 1996.<sup>19</sup>

2.22 The US Ambassador addressed the issue of alliance partners having diverging interests. He suggested that the alliance could tolerate different conclusions between the partners. He commented that 'we have often come to a different conclusion in the past on why we are here or on why we are doing this or that, but more often than not we have come to agreement—and that is on a bipartisan basis.'<sup>20</sup>

2.23 The Returned and Services League of Australia Limited (RSL) in addressing this matter commented that it 'believes most strongly that it is mandatory that Australia maintain absolute independence in any matter or action within the alliance and that the US Government and its planning and executive bodies, civil or military, are clearly aware of this independence in thought, word and deed.'<sup>21</sup>

2.24 The Women's International League for Peace and Freedom (WILPF) believed Australia was unable to exercise sufficient independence. The WILPF stated:

The Howard Government's present deference to the US has led Australia into a position whereby Australia is apparently unable to exercise the requisite degree of independence of thought in order

---

17 Future Directions International, *Submission 3*, p. 1.

18 Future Directions International, *Submission 3*, p. 1.

19 Professor William Tow, Griffith University, 2 April 2004, *Transcript*, p. 49.

20 HE Mr Tom Schieffer, US Ambassador to Australia, 21 June 2004, *Transcript*, p. 6.

21 Returned and Services League of Australia Ltd, *Submission 1*, p. i.

to serve Australia's national interests where they may not coincide with the interests of the US.<sup>22</sup>

- 2.25 ASPI commented that 'it is inevitable that America's global dominance is a major factor shaping how Australia defines its own strategic interests and equally inevitable that Australia's overall impact on US is small.'<sup>23</sup> In this type of relationship, ASPI suggested that it is vital 'that we should do what we can to maximise our national access and influence in key decision-making forums in Washington.'<sup>24</sup> ASPI suggested that in addition to existing Australian-US Ministerial Consultations (AUSMIN) and strategic dialogues between officials, 'there would be value in looking at new ways of engaging the US policy community.'<sup>25</sup>

## Managing the alliance

- 2.26 In view of the previous concerns that there was a perception that Australia is often acquiescent in its alliance with the US, a number of proposals were made to ensure that Australia exercised sufficient independence. Dr Ron Huisken, for example, proposed the following alliance management rules:

- in approaching alliance management—and particularly, of course, the big milestones in the alliance that come up, as they did in the case of Iraq—the first of these commonsense rules of thumb is to approach every major decision, especially those involving potential joint military operations, as if the alliance did not exist and, in fact, pose the question of whether we should enter into an alliance over the issue in question;
- the second rule is: do not aspire to be a loyal ally, but have the courage to affirm on each occasion that we are allies because we agree and that we do not agree because we are allies; and
- the third rule is: do not give any weight to the view that we should suppress our interests and instincts in order to accumulate favours or put the US in our debt and thereby make their assistance to us more probable in some future hour of need.<sup>26</sup>

- 2.27 Dr Huisken concluded that in recent alliance examples, 'I do believe that to varying degrees we stepped away from those rules of thumb in the most recent circumstances.'<sup>27</sup>

---

22 Women's International League for Peace and Freedom, *Submission 17*, p. 2.

23 Mr Peter Jennings, ASPI, *Submission 11*, p. 3.

24 Mr Peter Jennings, ASPI, *Submission 11*, p. 3.

25 Mr Peter Jennings, ASPI, *Submission 11*, p. 3.

26 Dr Ron Huisken, Australian National University, 21 June 2004, *Transcript*, p. 18.

27 Dr Ron Huisken, Australian National University, 21 June 2004, *Transcript*, p. 18.

## Comments and possible directions

- 2.28 Evidence to the inquiry has been overwhelming in its support for the US alliance. The ANZUS Treaty remains relevant and the immediate military benefits including intelligence sharing, access to leading defence equipment and participation in training exercises is significant.
- 2.29 There were, however, concerns that there is a perception that Australia is not sufficiently independent and is overly acquiescent in supporting US strategic policy.
- 2.30 **The committee seeks additional comments on the following matters:**
- **there is a perception that Australia, in its alliance with the US, does not exercise sufficient independence and is acquiescent to US strategic policy.**
    - ⇒ **Is this a major concern and to what extent does it undermine Australia's standing in the region?**
  - **what should Australia do, if anything, to demonstrate that it exercises sufficient independence in its alliance relationship with the US?**
  - **what can be done to increase Australian access to and influence in key decision-making forums in Washington?**

## Public knowledge of the value of the US alliance

- 2.31 While most groups in evidence to the inquiry noted the value and relevance of the US alliance, there was a view that more could be done to increase public knowledge of the value of the alliance. The RSL stated:

I thought it was obvious that the Australian public, from the way the media presents their attitudes – if that is what they do – is not aware of what ANZUS is all about, especially the youngsters today. Whoever is running the government, the Australian parliament should let its people know why ANZUS, for example, is important. And I do not think we do. I do not think we make any effort at all. We just let the press run with it and let the media say what it wants.<sup>28</sup>

The RSL proposed that the 'Australian Government should consider publishing a lucid, convincing and easily available booklet or pamphlet on Australian Defence policy.' The RSL further stated that this 'accessible document should clearly

---

28 Brigadier John Essex Clark (Retd), Returned and Services League of Australia Ltd, 26 March 2004, *Transcript*, p. 44.

describe the importance and value of the Australian-US defence alliance, in order to assist the Australian people to understand the complex yet nationally important issues involved.'<sup>29</sup> Similarly, the ADA supported 'the need to better publicise to the Australian public the need for our alliance with the United States and the mutual benefits and advantages involved.'<sup>30</sup>

2.32 Opinion polling on the value of the US alliance has demonstrated positive results. ASPI reported that in the last three Australian Election Surveys 'support for the proposition that the ANZUS alliance is 'fairly' or 'very' important to protect Australia's security has run close to 90%.'<sup>31</sup> ASPI, however, warned that while public support for the alliance is strong, public sentiment can change quickly as occurred in New Zealand during the 1980s and 1990s.

2.33 ASPI also suggested that where public opinion is based on sentiment rather than 'extensive knowledge', there remains a case to bolster public information. ASPI stated:

There is a strong case to argue that the Government and Parliament should do more to bolster an informed public understanding of the alliance. Over the long term a greater emphasis on learning about the US and on promoting more interaction between our peoples will help to sustain a national consensus in favour of the alliance.<sup>32</sup>

2.34 ASPI, as part of its submission, examined the state of American studies in Australian universities and concluded that 'the findings are disturbing because they show the very limited range of American studies available in Australian universities.'<sup>33</sup> Of 42 tertiary institutions examined, only five offered undergraduate programs majoring in American studies. ASPI reported that the Australia and New Zealand American Studies Association maintains a register of Australian postgraduate students currently studying US related topics. At March 2004 there were only 31 students on the register. ASPI stated:

No one would argue with the need for Australians to study Asia. But given America's global economic and strategic importance, the lack of opportunities for young people to study the US is a huge national deficiency. Our lack of detailed knowledge about the

---

29 Returned and Services League of Australia Ltd, *Submission 1*, p. 9.

30 Australia Defence Association, *Submission 5*, p. 10.

31 Mr Peter Jennings, ASPI, *Submission 11*, p. 4.

32 Mr Peter Jennings, ASPI, *Submission 11*, p. 11.

33 Mr Peter Jennings, ASPI, *Submission 11*, p. 6.

US suggests that Australia is missing opportunities to strengthen and extend our current relationship.<sup>34</sup>

The government could help to reverse this situation with a number of initiatives designed to increase Australian knowledge and understanding of America.<sup>35</sup>

2.35 ASPI proposed the following measures to increase knowledge of Australia-US relations:

- funding a number of **Percy Spender Scholarships**;
- supporting the development of a **Cooperative Research Centre on the United States**; and
- the Government should consider providing funding for an **Australian-US Young Leaders Dialogue**.<sup>36</sup>

## Comments and possible directions

2.36 A number of groups supported the need to increase public knowledge of the value and importance to Australia of the US alliance. The RSL, for example, proposed that the Australian Government should publish a booklet on Australian defence policy which includes an outline on the value of the US alliance.

2.37 In addition, ASPI reported that there was a lack of opportunities for tertiary study in Australia-US relations.

2.38 **The committee seeks additional comments on the following matters:**

- **is there a need to increase public knowledge of the value and importance of the US alliance?**
  - ⇒ **if yes, what measures can the Government take to increase public knowledge of the value and importance of the US alliance?**
  - ⇒ **is there room to include in school curriculums more learning opportunities about the US alliance?**
  - ⇒ **what can be done to increase the level of Tertiary research devoted to studying Australia-US relations?**
  - ⇒ **is there support for the development of a Cooperative Research Centre on the United States that would seek to develop new commercial, research and innovation links with the US.**

---

34 Mr Peter Jennings, ASPI, *Submission 11*, p. 6.

35 Mr Peter Jennings, ASPI, *Submission 11*, p. 6.

36 Mr Peter Jennings, ASPI, *Submission 11*, p. 7.

## New Zealand and the ANZUS alliance

- 2.39 New Zealand's role in the ANZUS alliance has been affected by its policy of restricting visits to its ports by nuclear powered ships, and ships carrying nuclear weapons. This policy has strained its relationship with the US and in practical terms has reduced the level of defence cooperation between the two countries. In relation to defence exercises, for example, Australia exercises with both countries but there are limited tri-nation defence exercises.
- 2.40 While there was limited evidence received on this matter, it requires further examination. First, New Zealand's nuclear ship visit policy has been in force since 1984 and there is still no resolution on this matter between the US and New Zealand. While this is solely a matter for these two countries, the question needs to be raised regarding the impact this matter is having on the effectiveness of the ANZUS alliance and the ability of the countries to operate effectively together.
- 2.41 The RSL commented that 'as far as maritime forces were concerned, the New Zealand forces had suffered as a result of not having that access to operations with the major part of the alliance.'<sup>37</sup> Similarly, FDI commented that 'the New Zealand-US problems have placed an additional burden on Australia to work with New Zealand to keep reasonable levels of interoperability and to keep them operationally in the fold.'<sup>38</sup>
- 2.42 As part of the International Force in East Timor, Australian and New Zealand forces were directly involved and operated together while US forces provided a support function. If Australia, New Zealand and the US are increasingly involved in combined operations, then there are persuasive reasons why they should be exercising together.
- 2.43 In view of this, the committee is keen to examine some of the enhanced benefits for the ANZUS alliance if the current disagreements between the US and New Zealand could be reduced:

### Comments and possible directions

- 2.44 **The committee seeks additional comments on the following matters:**
- **what are the advantages that could arise for the parties of the ANZUS alliance if New Zealand was 'welcomed' back into the alliance?**
    - ⇒ **what are some of the advantages arising from increased tri-nation defence exercises and increased information sharing?**

37 Rear Admiral Ken Doolan, RSL, 26 March 2004, *Transcript*, p. 32.

38 Mr Lee Cordner, Future Directions International, 2 April 2004, *Transcript*, p. 2.

## Australian force structure, interoperability and intelligence

### Introduction

- 3.1 The Australian Defence Force (ADF) is increasingly involved in coalition operations with United States (US) Forces. An ongoing challenge for the ADF is to determine the most effective way it can contribute to these operations. This raises questions about the suitability of Australia's force structure. Australia's force structure is based around its key strategic objective of ensuring the defence of Australia and its direct approaches. Evidence to the inquiry discussed the adequacy of Australia's force structure for coalition operations.
- 3.2 A key requirement for operating in coalition operations is the ability to be interoperable in a range of key areas. The importance of interoperability to ADF operations will be examined and the key issues raised in evidence will be discussed.
- 3.3 The final section of the chapter examines the significance of intelligence sharing between Australia and the US. The discussion will explore the key benefits and disadvantages of the intelligence sharing arrangements.

### The new security environment?

- 3.4 The terrorist attacks of 9-11 together with the rise of non-state adversaries are causing nations to evaluate and reconsider their national defence strategies and priorities. Defence and intelligence forces, in addition to meeting conventional threats, must also be able to react to and defeat

asymmetric threats which are a feature of the terrorist environment. The US Ambassador to Australia emphasised the threat posed by global terrorism and the need to reconsider our approaches to security. The US Ambassador stated:

Terrorism is the bane of our time. It can strike at home or abroad. Whether it is at a centre of finance, like the World Trade Centre, or a centre of recreation, like Bali, the lives of our citizens can be snuffed out in a moment of irrationality. Terrorism will be at the centre of our alliance for many years to come. The focus of our efforts cannot be limited to the region of our neighbourhoods. The terrorists of our day are transnational: they plan their attacks in one country, prepare for their execution in another and carry them out wherever the innocent may gather. The threat of terrorism means that we will have to look at our security in different ways than we have in the past. We must quarantine the terrorists from weapons of mass destruction and we must quarantine those who would provide them such weapons from the rest of the world. The safety of all of us depends upon the safety of each of us.<sup>1</sup>

3.5 During evidence to the inquiry, the point was made that Australia's defence doctrine needed to be more responsive to the new security environment. Dr Rod Lyon stated:

These new threats to our security are corrosive of our traditional understanding of warfare. The mode of attack common to such groups is asymmetrical and nonlinear. It casts doubt upon the durability of our current doctrine of defence, which envisages closing with an adversary in the air-sea gap. In a world of globalised weak actor threats, geography is a less important determinant of strategy than it has been in the past.<sup>2</sup>

3.6 Some groups, however, supported the continuation of the defence doctrine being based around conventional threats. Dr Carlo Kopp stated:

Long-term force-structuring priorities should not be driven by near-term needs in the war on terror. Both Australia and the United States must maintain and increase investment levels in top-tier military capabilities, especially long-range air power, in order to balance the long-term regional effect of growth in Chinese and Indian strategic military capabilities. Both Australia and the

---

1 HE Mr Tom Schieffer, US Ambassador to Australia, 21 June 2004, *Transcript*, p. 3.

2 Dr Rod Lyon, University of Queensland, 7 April 2004, *Transcript*, p. 14.

United States must have realistic expectations of what the alliance can provide in deliverable military capabilities.<sup>3</sup>

- 3.7 The new security environment presents challenges for both the US and Australia in how they operate together and are best able to respond to global terrorist threats. The following sections will examine these issues in more detail.

## Australian defence doctrine

- 3.8 Australia's defence doctrine is articulated in the 2000 Defence White Paper, *Defence 2000, Our Future Defence Force*, and through the Defence update, *Australia's National Security, A Defence Update 2003*. The 2000 White Paper sets out Australia's key strategic interests and objectives in order of importance. These strategic objectives, shown below, aim to:
- ensure the Defence of Australia and its direct approaches;
  - foster the security of our immediate neighbourhood;
  - work with others to promote stability and cooperation in Southeast Asia;
  - contribute in appropriate ways to maintaining strategic stability in the wider Asia Pacific region; and
  - support global security.<sup>4</sup>
- 3.9 The committee, as part of its inquiry into Australia's maritime strategy, examined Australia's strategic objectives. The committee concluded that Australia's defence objectives and strategy must reflect the need to defend Australia and its direct approaches together with a greater focus on, and acquisition of, capabilities to operate in the region and globally in defence of our non-territorial interests.<sup>5</sup>

## Australian force structure

- 3.10 As part of the inquiry into Australia's defence relations with the US, evidence was received on the adequacy of Australia's force structure to operate effectively in coalitions with the US. Some groups asserted that Australia's current force structure that has been developed over recent decades is suitable for coalition operations. Mr Hugh White stated that 'the Defence Force that we develop, and have been developing over recent

---

3 Dr Carlo Kopp, Defence Analyst and Consulting Engineer, 2 April 2004, *Transcript*, p. 38.

4 *Defence 2000, Our Future Defence Force*, 2000, p. X.

5 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Australia's Maritime Strategy*, June 2004, p. xvi.

decades in Australia, provides a robust foundation for us to give the United States the kind of support it needs and should expect under the alliance from Australia.’<sup>6</sup>

- 3.11 Mr White asserts that Australia’s defence capabilities developed as a result of the defence of Australia strategy provides an effective contribution for coalition operations. Mr White stated:

I do not have any doubt at all that, from within the force structure that was foreshadowed in the 2000 white paper and which has been developed through successive Defence capability plans, we have an adequate range of options to meet the kinds of demands that Australian governments would want to be able to offer to the US. It is worth making the point that I think there was a very important line in the government’s Defence policy review published early last year that it would expect the contribution to global coalition operations to be of the same – I think they used the phrase ‘niche’ there-high-value niche capabilities as we have offered in the past.<sup>7</sup>

- 3.12 Mr White noted that the ADF’s force structure comprised two key groups of capabilities. The first comprises maritime capabilities such as F/A-18s, F-111s and their future replacements. In addition, there are submarines, a surface fleet and P3 Orions. Mr White commented that these ‘are world standard, very sophisticated systems which can, or at least should, be able to mix it with pretty high-threat environments anywhere in the world.’<sup>8</sup> The second part of Australia’s force structure comprises ‘mostly light land forces and special forces.’<sup>9</sup> Mr White noted that they ‘are primarily developed in our case for operations in our neighbourhood but they have proven in places like Afghanistan and Iraq to be a very capable contribution to coalition operations elsewhere in the world.’<sup>10</sup>

- 3.13 Mr White was opposed to the need for heavy armour and, in particular, the purchase of the Abrams tanks. Mr White stated:

I have not been a supporter of the purchase of the Abrams tanks precisely because it seems to me that, although I do believe it is important that Australian infantry have the best and most cost-effective support they can have, we are primarily an infantry army. What we need for our own neighbourhood is primarily a light infantry up to maybe a light mech level army, well

---

6 Mr Hugh White, Director, ASPI, 26 March 2004, *Transcript*, p. 47.

7 Mr Hugh White, Director, ASPI, 26 March 2004, *Transcript*, p. 54.

8 Mr Hugh White, Director, ASPI, 26 March 2004, *Transcript*, p. 47.

9 Mr Hugh White, Director, ASPI, 26 March 2004, *Transcript*, p. 47.

10 Mr Hugh White, Director, ASPI, 26 March 2004, *Transcript*, p. 47.

supported, all the fire power that you need, but it does not seem to me that a heavy tank is a cost-effective way of providing that kind of support.<sup>11</sup>

- 3.14 Other groups however, did support the need to be able to contribute more than just air and maritime forces to coalition operations. Dr Robyn Lim commented that 'for us and other US allies, the benefits of alliance come with costs and risks attached.'<sup>12</sup> She summarised the view held by a number of submissions when she stated:

And the practical manifestation of what lubricates alliances, especially in the more difficult kinds of crises, is "boots on the ground". We need to be able to contribute capable ground forces and hence risk casualties - not just send frigates, aircraft and logistics/humanitarian force elements.<sup>13</sup>

- 3.15 It is this understanding of the need to share the risks associated with ground operations that best sums up the need for new tanks. The ADA commented that 'we are buying this tank to protect the infantry and reduce casualties.'<sup>14</sup> Dr Lyon agreed, commenting that the types of deployments the ADF will most likely be involved in are political stabilisation which is predominantly land based. Dr Lyon stated:

The stabilisation efforts that you put in will have to be land based because you will be rebuilding or reconstructing societies, not flying an aircraft at 30,000 feet or sitting on a frigate offshore. It seems to me in that environment, where you are going to be putting ADF lives at risk, then the tank is a valuable force protection unit.<sup>15</sup>

- 3.16 Dr Lyon commented that the current ADF is still fundamentally 'sized and built for an environment that dates from the Cold War.'<sup>16</sup> He concluded that Australia needs to review its force structure which means 'a revisiting of the defence white paper of 2000.'<sup>17</sup>

## Comments and possible directions

- 3.17 There is disagreement in the evidence about the extent to which the new security environment should influence defence doctrine and ultimately
- 

11 Mr Hugh White, Director, ASPI, 26 March 2004, *Transcript*, p. 55.

12 Dr Robyn Lim, Nanzan University, *Submission 13*, p. 5.

13 Dr Robyn Lim, Nanzan University, *Submission 13*, p. 5.

14 Mr Neil James, Executive Director, Australia Defence Association, 2 April 2004, *Transcript*, p. 17.

15 Dr Rod Lyon, University of Queensland, 7 April 2004, *Transcript*, p. 20.

16 Dr Rod Lyon, University of Queensland, 7 April 2004, *Transcript*, p. 14.

17 Dr Rod Lyon, University of Queensland, 7 April 2004, *Transcript*, p. 14.

force structure. The ADF is experiencing change and modernisation but is this sufficient and can more be done to ensure that it can meet its strategic objective of defending Australia and our non-territorial interests? At the same time, while conventional threats exist, there is increasing risk from terrorism and non-state adversaries. In addition, Australia may increasingly be asked to help in nation building exercises that place our land forces under risk.

3.18 The committee as part of its report on *Australia's Maritime Strategy* examined the defence of Australia doctrine. Through that report the committee made a series of conclusions culminating in the need for a new Defence White Paper. In particular, the committee concluded that in developing a new White Paper, the Government should take into account the conclusions made by the committee including:

- Australia's strategic objectives be the defence of Australia and its direct approaches together with greater focus on, and acquisition of, capabilities to operate in the region and globally in defence of our non-territorial interests;
- clear articulation of why Australia's security is interrelated with regional and global security;
- the continuation of the commitment to 'self-reliance' in those situations where Australia has least discretion to act;
- focusing on measures that will enhance interoperability with Australia's allies such as the US; and
- developing and implementing a maritime strategy which includes the elements of sea denial, sea control and power projection ashore.<sup>18</sup>

3.19 In relation to the purchase of new main battle tanks (MBTs), the committee previously concluded that the MBTs 'will provide a positive addition to the Army and the ADF's broader objectives.'<sup>19</sup>

3.20 In view of the committee's conclusions about Australia's Defence strategy as part of its report on *Australia's Maritime Strategy*, the committee will not be revisiting the debate surrounding the merits or otherwise of the Defence of Australia doctrine.

**3.21 The committee seeks additional comments on the following matters:**

- **is Australia's force structure adequate for its current and future roles as part of the US alliance?**

---

18 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Australia's Maritime Strategy*, June 2004, p. 71.

19 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Review of the Defence Annual Report 2002-03*, August 2004, p. 41.

- have Australia's recent contributions of air, maritime and niche special forces squadrons adequately met our alliance responsibilities?
- if more can be done to enhance Australia's force structure, what are the key capabilities that should be enhanced?

## Interoperability

### Definition and key features

3.22 Interoperability refers to the ability of different forces to operate safely and effectively together in joint or combined operations. It can be challenging for the forces of different nations to achieve desired levels of interoperability. Interoperability is not only a potential obstacle between the forces of different nations but can also be problematic for the forces of the same nation operating together.

3.23 Interoperability can exist at different levels. This can start with the ability to communicate effectively through to seamless operation of complex platforms in a network centric environment. In addition, interoperability also refers to knowledge of doctrine, strategy and tactics that is often gained through joint defence exercises. Mr White stated:

Interoperability is an extremely broad term. It refers to the capacity of armed forces to cooperate together. At one level that simply means we need to be able to talk to one another. It can mean anything, in other words, from having interpreters so that we can speak another's language all the way up to the kind of very intense systems based interoperability that we aim for between, for example, Australian naval ships and US naval ships. The US does not aim for anything like that with most countries in the Asia-Pacific, but that does not mean you cannot cooperate with them.<sup>20</sup>

3.24 Interoperability is not solely based on operating the same equipment. The Returned and Services League of Australia Limited (RSL) stated:

...there is a lot more to interoperability than just the equipment. In fact, I would suggest that all those other aspects: doctrine, tactics, training, communications, logistics, planning and understanding of how your coalition partner fights at both the tactical and the

---

20 Mr Hugh White, Director, ASPI, 26 March 2004, *Transcript*, p. 51.

operational level are in some respects more important than the actual equipment.<sup>21</sup>

3.25 The key elements of interoperability are summarised as follows:

- communications;
- doctrine;
- equipment;
- logistics; and
- planning.

## Objectives, advantages and other issues

3.26 For defence forces operating in coalition operations there are clear advantages to having effective interoperability. Defence stated:

Interoperability with US forces and the ability to contribute to multinational coalitions are central themes in Australia's policies, acquisition programs and training plans. Australia's effective, high-end contributions to US-led coalition operations in Afghanistan and Iraq demonstrate the high degree of interoperability and the shared values that characterise the Australia-US relationship.<sup>22</sup>

3.27 The RSL noted that there could be certain inefficiencies created when interoperability was ineffective. In particular, the RSL advised that the danger of fratricide increased when forces operating in coalition had poor interoperability. The RSL commented that 'if you do not have interoperability, you are leaving yourself wide open for fratricide—being hit by friendly fire.'<sup>23</sup>

3.28 The RSL also noted the significance of the application of the laws of war and the rules of engagement applied by Australian forces and coalition forces. In particular, the RSL noted that Australia is a signatory to the jurisdiction of the International Criminal Law and the 'Rome Statutes' whereas the US is not. In an operational context, the RSL noted that Australia can refuse operational requests from the US and may 'red card' an 'apparently non-lawful operational request.'<sup>24</sup>

---

21 Air Vice Marshal Alan Titheridge, Returned and Services League of Australia Ltd, 26 March 2004, *Transcript*, p. 33.

22 Department of Defence, *Submission 6*, p. 7.

23 Brigadier John Essex Clark (Retd), Returned and Services League of Australia Ltd, 26 March 2004, *Transcript*, p. 34.

24 Brigadier John Essex Clark (Retd), Returned and Services League of Australia Ltd, 26 March 2004, *Transcript*, p. 34.

3.29 Professor Paul Dibb discussed the importance of interoperability and described a hierarchy which we should comply with. First is the need for effective interoperability between our own forces. The second is interoperability with US forces and the third is interoperability with other coalition forces. Professor Dibb, however, was critical that Australia was focusing too much on the second priority at the expense of our first priority. Professor Dibb stated:

My issue is whether we are drifting away from those priorities. For instance, is there now a certain amount of recidivism amongst the three single service chiefs who are going back to their territorial separateness? My answer is yes. Did we see in the Iraq war our Army operating separately from Navy and Air Force and largely subordinate to American operations? The answer is yes. Did we see our Air Force operating largely separately from our own Navy and Army and operating with the Americans? The answer is yes. I think it is for the first time since the Vietnam War that we are starting to move away from jointness as our first priority and towards interoperability with the United States as our first priority.<sup>25</sup>

3.30 However, while acknowledging the importance of interoperability with the US, Defence is undertaking a series of Joint ADF communications projects, including significant investment in combat identification. Defence would counter Professor Dibb's comments by citing the successful Australian F/A-18 close air support to the Special Air Service (SAS) forces in western Iraq, the intimate cooperation between the Australian P3C maritime patrol aircraft and the Australian Navy ships in the northern Arabian Gulf and C130 and helicopter support to all force elements. Significantly these same force elements have achieved high levels of interoperability with their coalition partners, perhaps best evidenced by the Naval Gunfire Support provided to US and UK Marine forces during the early stages of the conflict.

3.31 Interoperability between US and Australian forces is given significant attention by both countries. As part of an Australia-US Ministerial Meeting in October 2002, the participants agreed to a strategic level review of Australia-US interoperability. A number of areas for improvement were identified including 'information exchange; harmonisation of some capability development; and cooperative science and technology experimentation.'<sup>26</sup> In addition, Defence reported that it will be

---

25 Professor Paul Dibb, Australian National University, 26 March 2004, *Transcript*, p. 63.

26 Department of Defence, *Submission 6*, p. 8.

establishing an Office of Interoperability which will be part of the new Defence Capability Group.

## Selecting defence equipment

- 3.32 The objective of achieving high levels of interoperability has led to claims that there is an over emphasis on acquiring US defence equipment. A further concern arising from this is that Australia may not be acquiring the most effective defence equipment to support our capability needs. The RSL explained that there was not the need for equipment to be identical for interoperability purposes. The RSL commented that 'as long as that equipment can achieve the same effect – whether it be an artillery piece or a rifle; it does not matter whether it is American or anything – and as long as your systems and your doctrine are reasonably compatible so that you know what each is doing and how each plans, then you have achieved the important part of interoperability.'<sup>27</sup>
- 3.33 Dr Lyon, however, suggested that for Australia to be interoperable with the US, Australia will increasingly need to purchase US defence equipment.<sup>28</sup>
- 3.34 Defence appears to be taking a balanced position between these views by cooperating with potential coalition partners through standardisation agreements. Standardisation agreements between the four traditional anglo-allies, (America, Britain, Canada and Australia) are designed to ensure that when an ally procures an alternate platform or system, it can be made to operate alongside similar systems chosen by alliance partners. Standardisation includes ammunition technical specifications, frequency and Information Technology protocols and fuel types. While in cases such as the selection of the Abrams tank or C130J, full interoperability is achieved, in others, such as the selection of the Tiger Helicopter, adjustments will be made to the configuration to ensure it can achieve interoperability. The inclusion of the US Hellfire missile on the Tiger is an obvious example.
- 3.35 The ADA argued that interoperability should not drive the procurement of defence equipment. In particular, the ADA noted that doctrine was far more important than the equipment. The ADA addressed the claim that there was an over emphasis by Defence to purchase US equipment:

---

27 Brigadier John Essex Clark (Retd), Returned and Services League of Australia Ltd, 26 March 2004, *Transcript*, p. 41.

28 Dr Rod Lyon, University of Queensland, 7 April 2004, *Transcript*, p. 21.

I do not know whether that is true or not; you would have to ask the current government. Our position would be that you can achieve interoperability with dissimilar equipment at times, and we should not necessarily always buy American just for purported interoperability purposes. A good example is the attack helicopters. Quite frankly, the European helicopter was the best helicopter. That is why it was eventually chosen—because it came out on top. We applaud that decision and we are watching with interest other similar procurement decisions that are being taken at the moment.<sup>29</sup>

## Comments and possible directions

- 3.36 The need for high levels of interoperability is an increasing feature of modern operations. As technology advances and there is an increasing move to network centric warfare, there are greater demands placed on forces operating a part of coalitions. At the same time, as the evidence has demonstrated, effective interoperability is also underpinned by effective communications, knowledge of doctrine, equipment, planning and logistics. Defence forces around the world first seek to achieve interoperability between their own forces, and then interoperability with the forces of other nations when participating in combined operations.
- 3.37 The evidence generally supported the need for the ADF to achieve high levels of interoperability with the US in order to facilitate combined operations. However, concern has been raised about the implications of focusing too much on this objective. First was the concern that Australia may be placing too much emphasis on achieving high levels of interoperability with the US at the expense of acquiring the most effective defence equipment. In addition, a further point was made in the evidence that the ADF seem to be less concerned with achieving high levels of interoperability between our own forces.
- 3.38 **The committee seeks additional comments on the following matters:**
- **is the ADF adequately meeting the challenge of achieving effective interoperability with the US?**
    - ⇒ **as technology costs increase and there is an increased emphasis on network centric warfare, will the ADF be able to maintain sufficient levels of interoperability with the US and at what cost?**
    - ⇒ **what impact will technological developments have on ADF equipment acquisition?**

---

29 Mr Neil James, Australia Defence Association, 2 April 2004, *Transcript*, p. 15.

- ⇒ **what are the key capabilities where the ADF cannot afford to fall behind?**
- ⇒ **has the ADF placed too much emphasis on achieving interoperability with the US at the expense of interoperability between Australian forces?**
- **does Defence, in seeking high levels of interoperability with the US, place too much emphasis on acquiring US defence equipment?**
  - ⇒ **if so, what are the implications of this trend?**

## Intelligence

3.39 Australia collects and analyses intelligence material through a range of sources, comprising the Australian Intelligence Community (AIC). This intelligence is shared on a needs basis with the US and other allies. At the same time, the US shares intelligence with Australia. This feature of the alliance is the least stated but possibly one of the most significant aspects of Australia's defence relations with the US. ASPI stated:

Without the alliance, Australia would be substantially blind in many critical areas of intelligence gathering and assessment. We cannot afford the investment levels necessary to duplicate America's intelligence gathering capability.<sup>30</sup>

3.40 The intelligence sharing arrangements allow both Australia and the US to focus on specific areas of interest. This creates efficiencies and reduces the likelihood of duplication. In relation to this matter, the RSL stated:

The advantages of this sharing are far greater than any disadvantages, and the RSL asserts that there is considerable value to Australia in this longstanding agreement. The main value to us of this arrangement is that our resources dedicated to intelligence can be focused on specific areas of threat that are of immediate interest to us. This results in better intelligence than if the resources had to be allocated over a much wider range of defence and security threats. Both nations benefit from this intelligence sharing.<sup>31</sup>

---

30 Mr Peter Jennings, Australian Strategic Policy Institute, *Submission 11*, p. 9.

31 Brigadier John Essex Clark (Retd), Returned and Services League of Australia Ltd, 26 March 2004, *Transcript*, p. 29.

3.41 A concern was raised that Australian intelligence agencies 'have failed to appreciate the shift in US strategic priorities after September 11.'<sup>32</sup> Dr Carl Ungerer stated:

As a result of the global war on terrorism, US expectations of our contribution to the intelligence effort against al-Qaeda and related groups in South-East Asia have increased significantly. The expectation is high and it is growing. This issue goes to the heart of Australia's intelligence collection and analysis responsibilities in Indonesia and South-East Asia. Throughout 2001 and 2002 and prior to the atrocity in Bali, Australia's intelligence efforts have been directed more towards people-smuggling issues and transnational crime.<sup>33</sup>

3.42 It was not possible to corroborate the previous claim but ASPI attempted to counter the view that Australia was not fulfilling its burden sharing responsibilities. ASPI stated:

As, I think it would be fair to say, the senior official in Defence responsible for managing at least the defence aspects of our intelligence relationship with the United States, I never had a senior US official say, 'Australia isn't pulling its weight overall.' We had lots of discussions where they would say, 'I wish you were doing more on country X or issue Y,' but, viewed as a whole, I think in fact they regarded us pretty strongly.<sup>34</sup>

3.43 The RSL drew attention to some disadvantages of the intelligence relationship between Australia and the US. The RSL stated:

The disadvantages of sharing are that there may be a too-ready acceptance of each other's intelligence at times. Politicisation of the shared intelligence may not be apparent. As a result of that, Australia's national interest may be diminished if we too readily accept the views of the US or any other allied nation's intelligence perspective.<sup>35</sup>

3.44 A similar point was made by ASPI in relation to the intelligence used to justify involvement in the Iraq war. ASPI commented that 'after Iraq we need to ask if Australia was too dependent on US-sourced intelligence.'<sup>36</sup> Notwithstanding this point, ASPI concluded that 'Australia would have

---

32 Dr Carl Ungerer, University of Queensland, 2 April 2004, *Transcript*, p. 3.

33 Dr Carl Ungerer, University of Queensland, 2 April 2004, *Transcript*, p. 3.

34 Mr Hugh White, Director, Australian Strategic Policy Institute, 26 March 2004, *Transcript*, p. 53.

35 Brigadier John Essex Clark (Retd), Returned and Services League of Australia Ltd, 26 March 2004, *Transcript*, p. 30.

36 Mr Peter Jennings, ASPI, *Submission 11*, p. 9.

been in a far worse situation if it were required to make assessments about Iraq without access to US intelligence.<sup>37</sup>

- 3.45 Some groups raised concerns about the US-Australian defence facility at Pine Gap. The Medical Association for Prevention of War, Australia suggested that Australia should review the lease of Pine Gap, and 'those functions associated with nuclear war fighting should be abandoned.'<sup>38</sup> Similarly, the Women's International League for Peace and Freedom supported the need for a review of Pine Gap, and proposed that an Ethical Advisory Committee be set up in order to monitor intelligence operations at Pine Gap.<sup>39</sup>

### Comments and possible directions

- 3.46 Australia's intelligence sharing arrangements with the US are a vital part of the US alliance. It is one of the most significant features of the alliance. The committee's objective in relation to this aspect of the inquiry is to ensure that the intelligence sharing arrangements are operating as effectively as possible. In addition, it is essential that the AIC can demonstrate that it can exercise sufficient independence in the analysis of intelligence.
- 3.47 The committee notes that the secrecy surrounding the operations of the AIC preclude detailed public scrutiny. The following matters are as far as possible at the framework level. At the same time, it is acknowledged that some of the points can only be addressed by Government.
- 3.48 **The committee seeks additional comments on the following matters:**
- **is the intelligence sharing arrangements between the US and Australia adequately serving Australia's security needs?**
    - ⇒ **if not, how can the arrangements be enhanced?**
  - **do Australian intelligence agencies exercise sufficient independence in their analysis and assessments?**

---

37 Mr Peter Jennings, ASPI, *Submission 11*, p. 9.

38 Medical Association for Prevention of War, Australia, *Submission 16*, p. 2.

39 Women's International League for Peace and Freedom, *Submission 17*, p. 6.

## Combined defence exercises

### Introduction

- 4.1 Coalition operations are likely to be the norm for like minded western forces for the foreseeable future. Few nations will have the complete range of military capabilities required to take unilateral military action but more importantly few nations are likely to risk the strategic isolation that might result from such an act.
- 4.2 Building and maintaining a coalition is a demanding task. Australia experienced the demands of coalition leadership during the East Timor intervention in 1999. More often however Australia is likely to contribute forces to a coalition led by an ally. Given the global role and reach of the US, the US military is likely to be the lead organisation in such a coalition, whether building a group of like minded nations as occurred in Iraq in 2003 or acting on behalf of the UN Security Council as had previously occurred in the Balkans.
- 4.3 Interoperability with US forces and the ability to contribute to multinational coalitions are central themes in Australia's policies, acquisition programs and training plans.<sup>1</sup> The policy and acquisition components of interoperability are addressed in chapter 3. This chapter will explore the types of shared training experiences with the US military that are necessary to achieve the high standards of interoperability achieved in recent years in Afghanistan and Iraq, but also evident through the extensive security cooperation over five decades.

---

1 Department of Defence, *Submission 6*, p. 7.

## The nature of US – Australia defence exercises

4.4 Defence traditionally organises itself to command in three organisational levels – the strategic, the operational and the tactical. These levels are not universally applied, for example a four man Special Forces patrol would normally be regarded as a tactical formation but their actions may have strategic consequences. However the three levels are sufficiently well understood to provide a useful framework against which to discuss military interoperability.

4.5 The Australia Defence Association (ADA) describes the importance of exercising at all three levels:

Given that the United States is our major ally and that we operate with them quite closely within Australia, the region and even further afield, we have to exercise at every level. The current suite of exercises between the two countries is extensive and time-tested...The command post exercises and the strategic level map exercises are important because they set the broad criteria of what each country can and cannot bring to the table. The operational level exercises, particularly those involving deployment, are important because you basically need to test what you promised to bring to the table. The lower level tactical level exercises at unit and subunit level are important because people need to get to know each other and the operational culture.<sup>2</sup>

4.6 In order to explain this element of the Australia-US Defence relationship, the following definitions should be noted:

- training – preparation of skills for individuals or teams that will allow them to respond to an expected range of circumstances (many ADF pilots for example are trained in the US);
- exercises – part of the training continuum, usually toward the end of a training cycle and used to validate higher order skills for collective groupings (would usually start at sub unit level and may conclude with complicated groupings across services and countries);
- joint – exercises or operations involving more than one service (an amphibious exercise would involve at least Army and Navy elements); and
- combined – exercises or operations involving more than one country (an exercise might be combined and joint if the US Navy was supporting an amphibious exercise in Australia).

---

2 Australia Defence Association, *Submission 5*, p. 23.

4.7 Major exercises such as the well known Kangaroo or Crocodile series of exercises aim to provide training benefit for all three levels of command and are both joint and combined. They may contain the following elements:

- high level staff discussions. Officials such as the Commander US 7<sup>th</sup> Fleet may meet with Australia's Deputy Commander Joint Operations Command in Australia. They will discuss each other's capabilities, and in particular what forces may be available in each country to support particular military response tasks. Discussions at this level will then drive exercise planning and objectives at the remaining levels.
- operational level planning may be conducted using a Command Post Exercise or Map Exercise. This level of exercise play is increasingly enabled by sophisticated computer based simulations. Commonality of 'architecture' for such simulations will allow future interactions to occur without forces leaving their home bases, even if these are on different continents. Where 'real' exercise play is involved it is often the large scale deployment, operational manoeuvre and logistic support that create the most significant training advantage at this level of command. In discussion of the importance of this level of interaction with US forces, Defence stated:

Exercise participation helps establish the fundamentals of interoperability such as the connectivity of our communication and data systems, and an appreciation of our approach to issues such as rules of engagement (ROE). Importantly, our performance in major joint exercises builds confidence within the US that we are a capable coalition partner. A further benefit is the opportunity afforded by these exercises for ADF officers to fill important command positions within a large joint [and combined] force conducting complex operations.<sup>3</sup>

- tactical level exercise activity is where 'the rubber meets the road'. Commonality of equipment or platforms is important but the ADA believes common doctrine, or 'good understanding of each other's underlying operational culture',<sup>4</sup> is more important. The interaction of individuals and teams at the level where combat occurs is where the greatest understanding is achieved.

---

3 Department of Defence, *Submission 6*, p. 8.

4 Australia Defence Association, *Submission 5*, p. 5.

## Value

4.8 Evidence to the inquiry overwhelmingly supports the value of combined exercises with the US. Whether these are combined single service exercises such as Rim of the Pacific 2000 (RIMPAC), Red Flag or Pitch Black or combined joint exercise such as Tandem Thrust or Crocodile, numerous benefits were reported. The RSL stated:

The seventh point was the value of joint defence exercises between Australia and the USA such as RIMPAC. The value of such exercises is immense, both in terms of the experience gained during the exercises—in planning and during—and in terms of effective interoperability of Australian forces with those of the USA in time of war. This value was demonstrated in the UN naval blockade and multinational invasion of Iraq.<sup>5</sup>

4.9 Similarly, the ADA commented that 'a defence force fights as it trains.'<sup>6</sup> Benchmarking with organisational peers is an important component of the maintenance of standards and 'Combined exercises with allies and potential coalition partners are essential to maintaining ADF efficiency at world class standards.'<sup>7</sup> The ADA concluded that such exercises 'increase the chances of operational success and reduce the likelihood of casualties.'<sup>8</sup>

4.10 Significant advantages are also reported from the US perspective. Future Directions International stated:

The seamless integration of ADF units into US led operations in the Middle East and elsewhere, and the US integration into Australia-led operations like East Timor, is a direct result of many years of combined training.

Similarly, many US commanders have experienced the ADF first hand during combined training exercises and are therefore confident in Australian operational competence.<sup>9</sup>

---

5 Returned and Services League of Australia Ltd, *Submission 1*, p. 6.

6 Australia Defence Association, *Submission 5*, p. 8.

7 Australia Defence Association, *Submission 5*, p. 8.

8 Australia Defence Association, *Submission 5*, p. 8.

9 Future Directions International, *Submission 3*, p. 7.

## US–Australia Combined Training Facility

- 4.11 Discussion of a combined US–Australia Training Facility has attracted significant attention. However the exact nature of such an arrangement is not yet clear. Defence stated:

At the Senate legislation committee in February I mentioned that the joint training centre concept is still being investigated and that we have commenced some scoping options. We do not expect to have them completed until about June. Australian officials met in early March in Canberra to try and progress the joint training centre concept a bit further and to establish a sort of task list of things that we might want to address. We currently have a small Australian delegation in Hawaii—they are actually there today—with US Pacific Command officials for further discussions. The focus that really started was a joint training centre for Australia and the United States, but, more importantly, Pacific Command would probably be the principal US user.<sup>10</sup>

- 4.12 The range of options appear to vary from a formalising of existing US access to Australian training areas such as Shoalwater Bay and Bradshaw Field Training Area through to an Australian version of the US Combat Training Centre, examples of which are currently operated in both the US and Europe. Dr Rod Lyon and Ms Lesley Seebeck suggest that ‘opportunities should be explored to maximise the range of joint training between the two countries, including training in the difficult areas of urban operations and ‘stabilization’ missions.’<sup>11</sup>

- 4.13 What is agreed is that the proposed facility will not be a US base on Australian soil. The US Ambassador stated:

I have not heard anybody talk about the necessity of basing anything in Australia. As far as I am aware and as far as I have heard General Myers, the Chairman of our Joint Chiefs of Staff, was here in January and he specifically said that that was not contemplated by anybody. Admiral Fargo, the Commander of our Pacific Command, has said the same thing. Doug Feith, the Under Secretary of Defense for Policy in the Defense Department, who is in charge of all this, said the same thing when he was here. So I do not think anybody contemplates the need for a base or a request for a base in Australia.<sup>12</sup>

---

10 Mr Shane Carmody, Deputy Secretary, Department of Defence, 26 March 2004, *Transcript*, p. 8.

11 Dr Rod Lyon and Ms Lesley Seebeck, University of Queensland, *Submission 4*, p. 7.

12 US Government, *Submission 7*, pp. 14-15.

4.14 Regardless of whether US forces will be permanently based at the combined training facility, support for the concept is not universal. The Women's International League for Peace and Freedom believe that 'no US base or 'training facility' can be in the long term interest of Australia as it will diminish Australia's standing with SE Asian and Pacific countries.'<sup>13</sup>

## Comments and possible directions

4.15 Evidence to the inquiry has been overwhelmingly in support of the value of combined exercises with the US. Submissions highlight the high standards of interoperability achieved in recent operations in the Middle East as examples of the benefits of such exercises. The dangers of such issues as fratricide and the importance to modern operations of ROE mean that such interoperability is not a trivial issue.

4.16 The issue raised in earlier discussions about the nature of the alliance and possible perceptions about the lack of Australian independence mean that support for a combined US–Australia Training Facility in Australia is not universal. The exact nature of this facility was not clear at the time of the initial hearings and should be the subject of ongoing examination.

4.17 The committee notes that some of the issues where additional information is requested can only be addressed by specific sources such as the US Government or the Australian Department of Defence.

4.18 **The committee seeks additional comments on the following matters:**

- **what would be the most desirable concept of operation for a combined US–Australia Defence Training Facility?**
  - ⇒ **what are the outcomes of the most recent negotiations concerning this facility?**
- **to what extent are issues such as 'National Command' and 'Rules of Engagement' exercised during combined training?**
- **are the opportunities presented by common software architecture for simulation systems being maximised to ensure the ADF can participate in the full range of US exercises as cost effectively as practical?**
- **to what extent has the tempo of both US and Australian military operations hampered training interaction and will any reduction have a detrimental impact on interoperability?**

---

13 Women's International League for Peace and Freedom, *Submission 17*, p. 7.

## Dialogue with US on Missile Defence

### Introduction

- 5.1 Australia, like many other countries, is concerned at the destabilising effect of the proliferation of weapons of mass destruction (WMD) and of their delivery systems, such as ballistic missiles.<sup>1</sup> This threat, combined with that of global terrorism, require a range of policies and tools that go beyond the traditional need for a strong defence force.
- 5.2 In late 2003 Australia agreed in principle to greater participation in the United States (US) Missile Defence program. Since then, Australia has been working with the US to determine the most appropriate forms of Australian participation in the program. This dialogue has generated debate in Australia and the region concerning the Missile Defence program in general, and Australia's current and potential future involvement.

### The nature of modern Missile Defence

- 5.3 Missile Defence is a non-nuclear defensive system that is not intended to threaten other states. Its purpose is to negate the threat of ballistic missiles and discourage other states from investing in ballistic missile systems.<sup>2</sup> Therefore Missile Defence can 'strengthen deterrence by limiting the

---

1 Department of Defence, *Submission 6*, p. 10.

2 Dr Richard Brabin-Smith, Australian Strategic Policy Institute, *Strategic Insights 5, Australia and Ballistic Missile Defence: Our policy choices*, April 2004, p. 2.

- options for aggressive behaviour' by states with small or undeveloped missile programs.<sup>3</sup>
- 5.4 Since the end of the cold war WMD and their means of delivery, such as ballistic missiles, have undergone considerable change. Despite the efforts of the international community, concerns remain over the proliferation of WMD and their delivery systems. The number of states that have access to ballistic missile technology has increased and there are now 'many different levels of capability, in areas such as range, warhead and decoys.'<sup>4</sup> Therefore, there is now a wider range of potential ballistic missile threats.
- 5.5 The capabilities required for Missile Defence are extensive and diverse and include a highly complex and integrated system of systems. The components of which include:
- intelligence;
  - early warning;
  - tracking and interception of missiles during the boost, mid-course and terminal phases of their trajectories; and
  - a highly responsive command and control system.<sup>5</sup>
- 5.6 It is noteworthy that there are a number of short-comings associated with Missile Defence. For instance, it is highly expensive and it will take considerable time to develop and refine the technology required to establish an effective system.
- 5.7 The US Missile Defence plans have changed since the cold war years and the Strategic Defence Initiative (SDI or 'Star Wars'). The objective of SDI was to defend against attack by thousands of warheads, whereas today's missile defence program is limited to defend against tens of missiles and warheads.<sup>6</sup> The US Ambassador stated:

In the 1980s we were talking about strategic missile defence, that we were trying to have a deterrent for the Soviet Union or China per se. What we are talking about here is a very limited defensive system that would deter a rogue state from launching a handful of missiles. This missile system could be quickly overcome by the great powers because they have enough capacity to overcome it.

---

3 Dr Carl Ungerer, University of Queensland, *Submission 2*, p. 3.

4 Dr Richard Brabin-Smith, ASPI Strategic Insights 5, *Australia and Ballistic Missile Defence: Our policy choices*, April 2004, p. 2.

5 Dr Richard Brabin-Smith, ASPI Strategic Insights 5, *Australia and Ballistic Missile Defence: Our policy choices*, April 2004, p. 3.

6 Therefore it is misleading to use the term 'son of Star Wars' to describe the current US Missile Defence program. Dr Richard Brabin-Smith, ASPI Strategic Insights 5, *Australia and Ballistic Missile Defence: Our policy choices*, April 2004, p. 2.

But what we seek is more security from the attack of the rogue state that might have a handful of weapons and might try to blackmail us or blackmail our allies into doing something not in our own interest.<sup>7</sup>

- 5.8 The US Missile Defence program is intended to defend the US homeland, its friends and allies, and deployed forces overseas.<sup>8</sup> Current plans include the development and deployment of a broad range of sensors, trackers and interceptors, with a focus on putting a modest level of capability into service in the short term, and thereafter, higher levels of capability.<sup>9</sup>

## Allied involvement

- 5.9 The US has emphasised that the Missile Defence program will be structured to encourage the participation of friends and allies, and that cooperation is proposed at either Government to Government or Industry to Industry contracting/subcontracting level.<sup>10</sup> The levels of interest and participation are left to each ally to determine.<sup>11</sup> To date, both the British and Japanese Governments have made commitments to work with the US on Missile Defence.

- 5.10 On 12 June 2003, the United Kingdom signed an Memorandum of Understanding (MOU) with the US on Ballistic Missile Defence which established a basis for industry participation.<sup>12</sup>

The UK stated that the decision did not commit the Government to any greater participation in the US Missile Defence Program but kept open the prospect of acquiring such capabilities in the future.<sup>13</sup>

- 5.11 Defence stated a number of European aerospace companies have also expressed an interest in participating in the Missile Defence Program and have signed MOUs with Boeing to investigate possible areas for cooperation.<sup>14</sup>

---

7 HE Mr Thomas Schieffer, US Ambassador to Australia, 21 June 2004, *Transcript*, p. 13.

8 US Government, *Submission 7*, p. 7. See also Dr Ron Huisken, *Submission 10*, pp. 6-7 and Dr Richard Brabin-Smith, ASPI Strategic Insights 5, *Australia and Ballistic Missile Defence: Our policy choices*, April 2004, p. 2.

9 Dr Richard Brabin-Smith, ASPI Strategic Insights 5, *Australia and Ballistic Missile Defence: Our policy choices*, April 2004, p. 4.

10 Department of Defence, *Submission 6*, p. 11.

11 US Government, *Submission 7*, p. 7.

12 Department of Defence, *Submission 6*, p. 11.

13 Department of Defence, *Submission 6*, p. 11.

14 Department of Defence, *Submission 6*, p. 11.

- 5.12 Japan already has some key elements of a Missile Defence system and has sought a major commitment to Missile Defence in its future budget proposals. Defence stated:

Missile Defence, in light of the missile and nuclear threat from North Korea, is a major element in changing Japanese defence posture, which is increasingly recognising the need for Japan to enhance its defence capabilities.<sup>15</sup>

## Australia's role

- 5.13 Australia has a history of cooperation with the US in Missile Defence. For over 30 years the Joint Defence Facilities, formerly at the Joint Defence Facility at Nurrungar and now as the Relay Ground Station (RGS) at Pine Gap, have been involved in detecting the launch of ballistic missiles.<sup>16</sup> Defence stated:

This has been a major contribution to strategic stability, and to the detection of the launch of theatre ballistic missiles (for example Iraq's use of SCUD missiles to attack Iraq during the first Gulf War).<sup>17</sup>

- 5.14 The RGS currently supports the Defence Support Program (DSP) satellites. It is planned that the DSP satellites will be supplemented by Space-Based Infra-Red System (SBIRS) within a few years, providing an enhanced Ballistic Missile Early Warning capability. Defence stated that under a formal arrangement with the US, Australia will continue to be involved in the mission. Moreover, that the RGS at Pine Gap has been designed to accept data from the DSP and SBIRS satellites, and that the ballistic missile launch early warning information could be used in any US Missile Defence system.<sup>18</sup> Therefore, Australia will continue to have an integral role in Missile Defence for as long as Australia continues its involvement in the DSP and SBIRS programs.<sup>19</sup>

- 5.15 Defence stated Australian involvement in the DSP system also 'includes a presence at the central processing facility in the US and some research and development conducted by the Defence Science and Technology Organisation (DSTO).'<sup>20</sup>

---

15 Department of Defence, *Submission 6*, p. 12.

16 Department of Defence, *Submission 6*, p. 12. See also Dr Richard Brabin-Smith, ASPI Strategic Insights 5, *Australia and Ballistic Missile Defence: Our policy choices*, April 2004, pp. 2-3.

17 Department of Defence, *Submission 6*, p. 12.

18 Department of Defence, *Submission 6*, p. 12.

19 Dr Richard Brabin-Smith, ASPI Strategic Insights 5, *Australia and Ballistic Missile Defence: Our policy choices*, April 2004, p. 4.

20 Department of Defence, *Submission 6*, p. 12.

- 5.16 On 4 December 2003 the Minister for Defence announced that Australia had 'agreed in principle to greater participation in the US Missile Defence program.'<sup>21</sup> The Minister stated 'Australia was working with the US to determine the most appropriate forms of Australian participation that will not only be in our strategic defence interests but also provide maximum opportunities for Australian industry.'<sup>22</sup> The Government's decision was guided by its assessment of Australia's strategic interests. Specifically, it 'considered the security of Australian interests in the longer term, in a global and regional environment made less certain by the threat from the proliferation of WMD and of ballistic missile capabilities.'<sup>23</sup>
- 5.17 In February 2004 Defence stated Australia had not yet committed to any specific activity or level of participation in the US program.<sup>24</sup> Specifically, the mechanisms to progress cooperation had been discussed, including the option of establishing a working group and developing an MOU. Defence stated:
- They could include:
- expanded cooperation in Ballistic Missile Early Warning activities;
  - acquisition of, or other cooperation in the fields of, ship-based and ground-based sensors;
  - cooperation in the exploitation and handling of data from sensors; and
  - science and technology research, development, testing and evaluation.<sup>25</sup>
- 5.18 Defence stated at this stage, Australia 'does not envisage a "missile shield" that could provide comprehensive protection against all forms of missile attack on Australian population centres.'<sup>26</sup> Further:
- The cost of such a system would be prohibitive. But by participating in the system, Australia will contribute to global and regional security, and to the security of Australia and its deployed forces, and to those of its friends and allies.<sup>27</sup>

---

21 Senator the Hon Robert Hill, *Media Release*, 4 December 2003.

22 Senator the Hon Robert Hill, *Media Release*, 4 December 2003.

23 Department of Defence, *Submission 6*, p. 10.

24 Department of Defence, *Submission 6*, p. 10.

25 Department of Defence, *Submission 6*, p. 12.

26 Department of Defence, *Submission 6*, p. 11.

27 Department of Defence, *Submission 6*, p. 11.

- 5.19 The US Government stated that the 'framework agreement currently under negotiation will provide Australia the opportunity to explore areas of interest to itself.'<sup>28</sup>
- 5.20 Missile Defence should not be expected to generate large financial costs for Australia over the next decade as the program is 'still in its infancy, and Australia would not be purchasing hardware until a more effective and proven capability has evolved.'<sup>29</sup>

## **Advantages for Australia**

- 5.21 The advantages of Australia's dialogue with the US on Missile Defence have been clearly reported in the inquiry's evidence. These broadly include: the defence of Australia and Australian forces deployed overseas; greater deterrence; opportunities for scientific and industry participation in research and manufacture; development of policy and strategy; and the ability to contribute to the direction of the US Missile Defence program. The evidence to the inquiry addressing these points is broadly discussed in the following paragraphs.

## **Defence of Australia and Australian forces deployed overseas**

- 5.22 While Australia does not face immediate threat from ballistic missiles, the Government believed it was necessary to address possible future threats to Australia and Australian forces deployed overseas.<sup>30</sup> Defence stated:

Missiles are attractive to many nations as they can be used as an asymmetric counter to traditional military capabilities. Ballistic missiles have been used in several recent conflicts, including the 1991 Gulf War, the Afghan Civil War, the war in Chechnya, and the recent war in Iraq. Of particular concern, many countries with questionable commitment to non-proliferation are also developing WMD-capable missiles of increasing range and sophistication. Some of these countries are actively assisting others with such programs.<sup>31</sup>

- 5.23 Many states in the broader region have nuclear missile capabilities or programs including China, India, Pakistan, North Korea. However, as

---

28 US Government, *Submission 7*, p. 8.

29 Dr Ron Lyon, Lecturer and Ms Lesley Seebeck, PhD candidate, University of Queensland, *Submission 4*, p. 7.

30 Department of Defence, *Submission 6*, p. 10 and Senator the Hon Robert Hill, *Media Release*, 4 December 2003.

31 Department of Defence, *Submission 6*, p. 11.

Dr Richard Brabin-Smith stated, 'it is difficult to conclude that the risk of attack would warrant major investment in Australia's own missile defences.'<sup>32</sup> The most credible threat would be against ADF deployments to distant theatres, and Australia could 'reasonably expect the US to provide theatre defence for any off-shore operation needing protection against ballistic missile attack.'<sup>33</sup>

- 5.24 The majority of the evidence to the inquiry supported the Australian Government's current approach and that Missile Defence and 'other defence measures against these possible threats should continue to be investigated.'<sup>34</sup>

### Greater deterrence

- 5.25 Deterrence resulting from the Australia-US alliance is particularly significant for Australia. Evidence to the inquiry supported the theory that this element would be enhanced through Australia's greater participation in the Missile Defence program. Dr Brabin-Smith recognised the strategic implications and stated:

There can be no doubt that an effective missile defence system would raise the threshold for serious entry into the club of proliferates or rogue states. This would do more to decrease the prospect of proliferation than to increase it.<sup>35</sup>

- 5.26 Dr Ron Huisken also states that 'Australia's decision to join the US missile defence program will make us a more direct player in this very big league'.<sup>36</sup>

### Opportunities for scientific and industry participation in research and manufacture

- 5.27 Australia's greater participation in the Missile Defence program could generate opportunities for Australian industry, as has been experienced previously. For example, the Minister stated Australia's 'decision last year to invest in the systems development and demonstration phase of the Joint

---

32 Dr Richard Brabin-Smith, ASPI Strategic Insights 5, *Australia and Ballistic Missile Defence: Our policy choices*, April 2004, p. 6.

33 Dr Richard Brabin-Smith, ASPI Strategic Insights 5, *Australia and Ballistic Missile Defence: Our policy choices*, April 2004, p. 6.

34 Brigadier John Essex Clark (Retd), Returned and Services League of Australia Ltd, 26 March 2004, *Transcript*, p. 30.

35 Dr Richard Brabin-Smith, ASPI Strategic Insights 5, *Australia and Ballistic Missile Defence: Our policy choices*, April 2004, p. 7.

36 Dr Ron Huisken, Australian National University, *Submission 10*, p. 7.

Strike Fighter program is already paying dividends, with nine contracts awarded to Australian companies to date.<sup>37</sup>

- 5.28 Greater participation could also generate important opportunities to build on the strength of the relationship in defence science. Enhanced engagement with the US on this issue would provide Australian science and industry with the opportunity to participate in research and manufacture at levels previously not addressed.<sup>38</sup> The US Government stated:

Australia's participation in Missile Defence will enable the Australian Government to see and consider the entire array of systems and programs that form a layered defense against all ranges of missiles at every party of the trajectory of an offensive missile (boost, mid-course, and terminal phases).<sup>39</sup>

- 5.29 Conversely, Australia has a 'variety of niche industrial capabilities of interest to the United States for its own defence, such as radar, sensor and data fusion technologies.'<sup>40</sup> Dr Carl Ungerer stated 'Australia is well placed to offer technical support and assistance to the development of US missile defence systems for existing capabilities such as the joint facilities of Pine Gap and the Jindalee over the horizon radar.'<sup>41</sup>
- 5.30 The opportunities to conduct more joint scientific investigations, could add to Australia's understanding of Missile Defence, and of 'advanced defence technologies more generally, and add a contemporary dimension to our relationship with the US.'<sup>42</sup>
- 5.31 In addition Defence stated 'Such capabilities and technologies are of considerable interest for our own application in intelligence, surveillance, reconnaissance and defensive systems - even if these are not oriented towards defence against ballistic missiles.'<sup>43</sup>

---

37 Senator the Hon Robert Hill, *Media Release*, 4 December 2003.

38 Future Directions International, *Submission 3*, pp. 19-20.

39 US Government, *Submission 7*, p. 8.

40 US Government, *Submission 7*, p. 8.

41 Dr Carl Ungerer, Lecturer, University of Queensland, 7 April 2004, *Transcript*, p. 3.

42 Dr Richard Brabin-Smith, ASPI Strategic Insights 5, *Australia and Ballistic Missile Defence: Our policy choices*, April 2004, p. 8.

43 Department of Defence, *Submission 6*, p. 12.

## Development of policy and strategy

5.32 Evidence to the inquiry recognised that Missile Defence would need to be part of a much broader array of policy tools and instruments to reduce the threat of ballistic missile proliferation. The FDI US-Australia Foundation considered this advantageous and stated:

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 defence against potential missile/nuclear threats to Australia.<sup>44</sup>

## Ability to contribute to the direction of the US Missile Defence program

5.33 Importantly, Australia could also play a useful role contributing to the development of the approach by the US to address regional interests and concerns about Missile Defence.<sup>45</sup>

## Disadvantages and domestic perceptions

5.34 Some evidence to the inquiry highlighted the potential disadvantages of the US Missile Defence program in general. The primary concern raised was that the program could in fact threaten international peace and security, and 'lead to the further proliferation of weapons of mass destruction, and missiles and other means for their delivery.'<sup>46</sup> Professor Paul Dibb stated for example:

What else does China have? It has 20 intercontinental ballistic missiles. If I were in Beijing, I would look at the ballistic missile shield of 40 interceptors in the US and say: 'I don't know whether I believe the Americans will stop at 40. They have enormously impressive technology and, if it is successful, it could effectively disarm China.' If that were the case, my concern would be that that would lead to a regional arms race, with China proliferating missiles and warheads, India reacting in turn and Pakistan

---

44 Future Directions International, *Submission 3*, p. 19.

45 Mr Peter Jennings, Australian Strategic Policy Institute, *Submission 11*, p. 12.

46 Women's International League for Peace and Freedom, *Submission 17*, p. 5 and Medical Association for Prevention of War, Australia, *Submission 16*, p. 7.

reacting in turn to that. At very least, we should be debating this issue and not just be accepting everything we are told.<sup>47</sup>

- 5.35 However, as Dr Brabin-Smith stated 'it is difficult to determine whether Australia's involvement in or potential acquisition of defences against ballistic missiles would prompt an arms race in our immediate region.'<sup>48</sup>
- 5.36 Other concerns raised in the evidence about the Missile Defence program related to the weakening of international obligations and understandings. The Women's International League for Peace and Freedom (WILPF) stated that the Missile Defence system 'not only violates the 1967 UN Outer Space Treaty but also required the abrogation by the US' of the Anti-Ballistic Missile Treaty.'<sup>49</sup> WILPF stated 'Australia should not condone, be a party to, or cooperate with any nation that violated the Outer Space Treaty or puts its own interests above the collective interests of every other country.'<sup>50</sup> In addition, the 'demise of the ABM treaty has lifted all restrictions on this development program, and left other states reliant solely on US statement of intent regarding the scale of deployments.'<sup>51</sup>
- 5.37 The Medical Association for Prevention of War, (MAPW) Australia, the Women's International League for Peace and Freedom (WILPF) and the United Nations Association of Australia Incorporated (UNAA) requested that the Government reverse the decision for Australia to take part in the Missile Defence program.<sup>52</sup> WILPF stated that Australia should instead adopt a neutral position as this 'would be in Australia's best long-term interests, maintaining our independence and keeping us in line with other countries who are working toward a reduction in militarism.'<sup>53</sup>
- 5.38 Dr Carlo Kopp and the Australia Defence Association stated that the criticism of participation in the US Missile Defence program 'appears to be centred in political issues rather than the technical and military-strategic issues of concern.'<sup>54</sup>

---

47 Professor Paul Dibb, Chairman, Strategic and Defence Studies, ANU, 2 April 2004, *Transcript*, p. 61.

48 Dr Richard Brabin-Smith, ASPI Strategic Insights 5, *Australia and Ballistic Missile Defence: Our policy choices*, April 2004, p. 5.

49 Women's International League for Peace and Freedom, *Submission 17*, p. 5. See also Medical Association for Prevention of War, Australia, *Submission 16*, p. 7.

50 Women's International League for Peace and Freedom, *Submission 17*, p. 5.

51 Dr Ron Huisken, Strategic and Defence Studies, ANU, *Submission 10*, p. 7.

52 Medical Association for Prevention of War, Australia, *Submission 16*, p. 7, Women's International League for Peace and Freedom, *Submission 17*, p. 5 and United Nations Association of Australia Inc, *Submission 18*, p. 4.

53 Women's International League for Peace and Freedom, *Submission 17*, p. 6.

54 Dr Carlo Kopp, Defence Analyst and Consulting Engineer, *Submission 9*, p. 13 and Australia Defence Association, *Submission 5*, p. 7.

5.39 Concerns were also raised in the inquiry evidence in relation to the level of public knowledge, and the level of public and Parliamentary debate and scrutiny, of Australia's involvement in the US Missile Defence program. In particular, the Returned and Services League of Australia stated:

The process and results of this dialogue should be communicated openly to the Australian people and whatever decision made must be justified clearly and unambiguously in the national interest.<sup>55</sup>

5.40 Dr Brabin-Smith stated:

Because the level of missile defence capability that the US is planning is limited, it should neither upset the stability of the nuclear balance nor cause Russia or China to expand their strategic nuclear forces. But this is a key judgement. Our government needs to satisfy itself independently that this is the case, and to explain it carefully to the Australian people...<sup>56</sup>

5.41 Whilst the MAPW requested that Australia no longer be involved in the Missile Defence program, the organisation stated that 'As a preliminary step, this issue must have far greater parliamentary and public scrutiny.'<sup>57</sup> In particular, MAPW raised the following matters as those that should be addressed:

- the nature and magnitude of the missile threat to Australia;
- possible ways of responding to the threat;
- likely impact of Missile Defence on the prospects for disarmament;
- role of Pine Gap in the proposed Missile Defence system;
- likely impact of missile Defence on the security of Australians; and
- the possible social and economic costs to Australians.<sup>58</sup>

5.42 In addition, MAPW stated that detailed consideration should be given to the potential health and environmental consequences of the operation of the Missile Defence system. Specifically, 'the possibility of a missile being intercepted and its nuclear, biological or chemical contents being dispersed over populated (or any) areas has not even begun to be addressed.'<sup>59</sup>

---

55 Returned and Services League of Australia Ltd, *Submission 1*, p. 5.

56 Dr Richard Brabin-Smith, Australian Strategic Policy Institute Strategic Insights 5, *Australia and Ballistic Missile Defence: Our policy choices*, April 2004, p. 7.

57 Medical Association for Prevention of War, Australia, *Submission 16*, p. 7.

58 Medical Association for Prevention of War, Australia, *Submission 16*, p. 7.

59 Medical Association for Prevention of War, Australia, *Submission 16*, p. 7.

- 5.43 Moreover, the WILPF stated that there is 'a sizable citizen opposition' to the Australian and Japanese Government's involvement in the Missile Defence program.<sup>60</sup>

## Regional perceptions

- 5.44 Dr Huisken stated Missile Defence is likely to be 'one of the underlying strategic developments that will shape the character of relationships critical to the security of the Asia Pacific over the longer term, notably US-China, China-Japan but possible also US-Russia.'<sup>61</sup>

- 5.45 The Australian Government does not believe that Missile Defence will threaten regional stability.<sup>62</sup> The intent of such system is defensive, not offensive and as Dr Brabin-Smith stated 'it's not as if we would be seeking to protect the advantage of our own ballistic missiles.'<sup>63</sup>

- 5.46 The US Government stated 'Major world powers understand the true intent behind the United States Government's current development and deployment of MD technology and thus, no new arms race has occurred.'<sup>64</sup> The US Ambassador stated:

I think that we have tried to consult across Asia and brief people on what missile defence is all about. I think we have largely been successful in getting the message across that it is not aimed at great powers; it is aimed at rogue states and terrorists who might acquire missile technology or a missile and then launch it. As a result of that, I think that the reaction in the region has been quite good.<sup>65</sup>

- 5.47 In relation to how states in the Asia-Pacific region viewed Australia's dialogue with the US on Missile Defence the Department of Foreign Affairs and Trade stated 'There have been pretty much low-level reactions in the region.'<sup>66</sup>

China was at first concerned. When the United States made its announcements a couple of years ago, it was vocal in its concern,

---

60 Women's International League for Peace and Freedom, *Submission 17*, p. 5.

61 Dr Ron Huisken, Australian National University, *Submission 10*, p. 6.

62 Department of Defence, *Submission 6*, p. 11.

63 Dr Richard Brabin-Smith, Australian Strategic Policy Institute Strategic Insights 5, *Australia and Ballistic Missile Defence: Our policy choices*, April 2004, p. 5.

64 US Government, *Submission 7*, p. 7.

65 HE Mr Thomas Schieffer, US Ambassador to Australia, 21 June 2004, *Transcript*, p. 5.

66 Ms Susan Dietz-Henderson, Assistant Secretary, Strategic Affairs Branch, International Security Division, Department of Foreign Affairs and Trade, *Transcript*, p. 63.

but has been pretty low key in recent times. Other countries in the region have probably been satisfied or happy to just wait and see how things develop. At this stage we do not see that there has been any negative reaction that would cause us to rethink our decisions.<sup>67</sup>

5.48 In particular, 'Indonesia has made comments of a mixed nature-some a little critical, some supportive or at least understanding.'<sup>68</sup> Dr Ungerer stated:

As I understand it, one of the principal concerns of the Indonesian government is that there could be some sort of falling debris over Indonesia as a result of any interception of missiles that may occur in the atmosphere.<sup>69</sup>

5.49 Evidence to the inquiry stated that it is important for the Australian Government to make its reasons and intentions in relation to Missile Defence clear to regional governments.<sup>70</sup> Moreover, Dr Ungerer stated it was necessary to establish a 'Clear set of policy directions on this issue to reassure the international community that the norms of non-proliferation behaviour and the integrity of the non-proliferation regimes will be upheld.'<sup>71</sup>

## Comments and possible directions

5.50 The evidence to the inquiry indicates that the support for the alliance extends to the dialogue with the US concerning greater participation in the Missile Defence program. Moreover, that continued dialogue has 'no real disadvantage at this stage.'<sup>72</sup>

5.51 **The committee seeks additional comments on the following matters:**

- **how would funding of Australia's enhanced involvement in the Missile Defence program be absorbed within the current Defence budget?**

---

67 Ms Susan Dietz-Henderson, Assistant Secretary, Strategic Affairs Branch, International Security Division, Department of Foreign Affairs and Trade, *Transcript*, p. 63.

68 Ms Susan Dietz-Henderson, Assistant Secretary, Strategic Affairs Branch, International Security Division, Department of Foreign Affairs and Trade, *Transcript*, p. 63.

69 Dr Carl Ungerer, Lecturer, University of Queensland, 26 March 2004, *Transcript*, p. 9.

70 Dr Richard Brabin-Smith, Australian Strategic Policy Institute Strategic Insights 5, *Australia and Ballistic Missile Defence: Our policy choices*, April 2004, p. 5. See also Returned and Services League of Australia Ltd, *Submission 1*, p. 5.

71 Dr Carl Ungerer, Lecturer, University of Queensland, *Submission 2*, p. 4.

72 Australia Defence Association, *Submission 5*, p. 7.

- **should Australia choose not to participate in the Missile Defence program, how could Australia achieve a similar level of deterrence against potential future threats?**
- **what type of involvement in the program could be provided by DSTO, the private sector, and Australian research institutions?**
- **what should the Government do to improve domestic knowledge of the US Missile Defence program, and Australia's current and potential enhanced involvement?**
- **if Australia chose to have greater participation in the Missile Defence program and had the ability to influence the US strategic position:**
  - ⇒ **should Australia represent regional issues and concerns?**
  - ⇒ **if so, what regional interests and concerns should Australia advocate?**

## US-Asia Pacific relations

### Introduction

- 6.1 Discussion of the Australia–United States (US) defence relationship primarily concerns military cooperation and interoperability but the relationship continues to be founded upon higher order issues such as shared values and interests. The evidence to the inquiry strongly indicates that the two countries ‘continue to share a remarkable degree of overlapping security interests’.<sup>1</sup> From an Australian perspective, foremost amongst these interests is the need for a stable Asia-Pacific to allow us to continue to maintain security and economic prosperity. While the Asia-Pacific region may not be the foremost regional concern from a US perspective, few would argue it is not an area of significant importance.
- 6.2 This chapter will provide an overview of the benefits and risks to Australia of US engagement in the region and the associated regional perceptions of this engagement. The chapter will also consider the specific implications of Australia and US engagement with ASEAN, China, Japan, the Korean peninsular and India.

### US engagement in the Asia Pacific region

- 6.3 US engagement in Asia, ‘while it has a long history, is not simply a legacy of the past.’<sup>2</sup> In 2001 the US economy accounted for one third of global

---

1 Mr Peter Jennings, Australian Strategic Policy Institute, *Submission 11*, p. 3.

2 US Government, *Submission 7*, p. 3.

Gross Domestic Product (GDP)<sup>3</sup> which means the US clearly has economic and security interests in every corner of the globe. These include significant trading relationships in Japan, Korea and the growing south Asian economies. The Asia-Pacific region is therefore important to current US global initiatives and to the US ability to meet security challenges in the future.

- 6.4 The US Government submission to the inquiry reminded the committee of President Bush's comments about the US role in the Asia-Pacific region, to the Australian Parliament in October 2003, when he stated:

Our nations have a special responsibility throughout the Pacific to help keep the Peace, to ensure the free movement of people and capital and information, and advance the ideals of democracy and freedom. America will continue to maintain a forward presence in Asia, and to continue to work closely with Australia.<sup>4</sup>

- 6.5 The submission expanded on the issues raised by the President when it stated:

The number and variety of international initiatives in which both our countries are involved demonstrates this fact. These include efforts to get North Korea to dismantle its nuclear program, the initiative to curb North Korea's illicit activities, the informal US/Australia/Japan security tri-laterals (now expanded to include counterterrorism), US-Australian coordination on Indonesia and East Timor, and Australian leadership of the intervention in Solomon Islands – just to name a few. In addition, Australia, Japan, and eight other countries are actively participating with the US in the Proliferation Security Initiative (PSI).

- 6.6 The majority of submissions regarded the US role and engagement in the Asia-Pacific region as a positive one. For example the Australia Defence Association (ADA) stated:

In general terms the US remains a force for good in world affairs. It is certainly better than the alternatives. This is especially so in the Asia-Pacific region where the overall strategic architecture is, or is potentially, more multipolar than other regions of the world, particularly in the longer term.

The strategic presence of the US in the Asia-Pacific region, and the web of collective defence alliances involved, make regional

---

3 US GDP figures are quoted from the World Bank ([www.worldbank.org](http://www.worldbank.org)) by the Australian Strategic policy Institute, *Submission 11*, p. 2.

4 US Government, *Submission 7*, p. 3.

conflicts less likely not more likely. No other country, especially another democracy, could fulfil the role of the US in this regard.<sup>5</sup>

- 6.7 The Australian Strategic Policy Institute (ASPI) agreed. They regard the stabilising influence of the US as a key to preventing strategic competition in the region:

...there is the role that the United States plays in the stability of the wider Asia-Pacific. My own view is that for Australia, particularly after the end of the Cold War, this has become the most important benefit to Australia of the alliance. If the Asia-Pacific did not have a stabilising and effective United States presence it would be a very different part of the world and one that would potentially be much less congenial to Australia's interests. In particular, the United States' role is critical in preventing the emergence of intense strategic competition between the major powers in our part of the world.<sup>6</sup>

- 6.8 Submissions to the inquiry do not include the same level of commentary on the views of other regional countries. However the scale of the network of US bilateral relationships with countries in the region suggests that their presence is regarded as central to stability in the Asia-Pacific region. These US bilateral relationships include Japan, Korea, Thailand and the Philippines and an increasingly warm dialogue with China.

- 6.9 However, contrary views were also expressed to the inquiry, although usually in more general terms. One example is the view expressed by the Medical Association for Prevention of War, (MAPW) Australia who argued that more should have been done to 'develop a more comprehensive system of regional security in the Asia-Pacific region'<sup>7</sup> based on multilateral agreements:

Multilateral agreements, such as the Treaty of Raratonga (1985) are a positive example of regional cooperation. The treaty defines the South Pacific Nuclear Free Zone prohibiting the manufacture, possession or testing of nuclear devices, and also prohibits the dumping of nuclear waste in the Pacific oceans.<sup>8</sup>

- 6.10 Finally, the thematic issue of the perceptions of Australia's independence from the US, is worthy of consideration in this regional context. Despite much public discussion over the unfortunate labelling of Australia as a

---

5 Australia Defence Association, *Submission 5*, p. 4.

6 Mr Hugh White, Director, Australian Strategic Policy Institute, 26 March 2004, *Transcript*, p. 46.

7 Medical Association for Prevention of War, Australia, *Submission 16*, p. 6.

8 Medical Association for Prevention of War, Australia, *Submission 16*, p. 6.

'deputy sheriff' for advancing US interests in the Asia-Pacific region, the true position is not clear.

- 6.11 On the one hand some submissions argue that the Australian posture shift from one embracing South East Asia as the primary focus of strategic interest, to one of unqualified support for the US has made us a regional outcast. Professor William Tow and Associate Professor Russell Troad stated:

To some policy-makers in Beijing, Kuala Lumpur and elsewhere in the region, the Australian posture appeared to clearly shift away from assigning primacy to cultivating ties and mutual interests with them and toward unqualified Australian support of American power and its interests in Asia. For such critics, this trend appeared to intensify with the Australian military intervention in East Timor during late 1999.

- 6.12 On the other hand officials in contact with their regional peers did not report this as an accurate view. Defence stated:

I do not think it is true that we are seen to be a tool of the United States. Again, the nations that I deal with in the region see us as pretty independent. We tend to make the point that we are. We tend to make the point that we have differences, and some of those differences are quite real. We have had differences of opinion with the United States on a range of issues, from the International Criminal Court to a range of others. We do have differences, and those differences are quite clear. When we are representing our own interests in the region, we make the point that we are sovereign and do have differences.<sup>9</sup>

- 6.13 It appears that our regional neighbours understand that currently many of Australia's interests are shared with the US and we are therefore within our rights in promoting them despite a perception they may be the interests of the US. Whether this makes Australia regional outcasts as a result of our close relationship with the US is not clear. Indeed many of our neighbours share similar bilateral relationships with the US.

---

9 Mr Shane Carmody, Deputy Secretary, Department of Defence, 26 March 2004, *Transcript*, p. 23.

## Specific Implications

### ASEAN

- 6.14 The ten countries that combine to form the Association of South East Asian Nations have a combined population of approximately 500m people. They are a diverse group, difficult to describe as homogeneous, despite the words of the 1967 ASEAN Declaration which declare that the organisation 'represents the collective will of the member nations'<sup>10</sup>.
- 6.15 However it is reasonable to summarise that, at least privately, the majority 'support the US commitment to the stability of East Asia and its sustained preparedness to underline this commitment with military forces either based in or routinely deployed to the region.'<sup>11</sup> This support manifests itself in several bilateral alliances. Some of these have significant historical weight – the Philippines in particular occupies a special place as one of the few former US colonies – while others are more pragmatic.
- 6.16 Despite this general acceptance of the US role in the region Australia's alliance with the US has not always been an asset in our engagement with the ASEAN member countries. Our relationship with our largest immediate neighbour, Indonesia, is illustrative of this divergence.
- 6.17 The Defence submission to the inquiry 'calls for the US to incorporate Indonesia more closely into its 'global war on terror' by providing greater financial and training support for South East Asian countries – and especially Indonesia – to combat terrorist cells in that country.'<sup>12</sup> When citing similar positive engagement with the US over Indonesia the Government can point to Australia's success in winning a softening of terms from the International Monetary Fund for a financially extended Indonesia to repay or extend loans during the Asian crisis in 1997.'<sup>13</sup> However, despite these efforts to positively influence US and international policy in relation to Indonesia tensions in the relationship remain. The Australian military intervention in East Timor in 1999, despite being at the request of the Indonesian Government, was a contributor to this tension, as was a perception that Australia endorsed the Bush administration's new pre-emption strategy directed against 'rogue states'.<sup>14</sup>

---

10 <http://www.aseansec.org>, p.1

11 Strategic and Defence Studies Centre ANU, *Submission 10*, p.5.

12 Professor William Tow and Associate Professor Russell Trood, Griffith University, *Submission 8*, p. 8.

13 Professor William Tow and Associate Professor Russell Trood, Griffith University, *Submission 8*, p. 7.

14 Professor William Tow and Associate Professor Russell Trood, Griffith University, *Submission 8*, p. 7.

6.18 It appears the ASEAN member countries accept that Australia's relationship with the US helps anchor the US in the region. It is also understood that Australia has the potential to shape US policies to better serve regional needs and interests. However for Australia 'taking advantage of these circumstances is as demanding as it is potentially rewarding'<sup>15</sup>. Dr Ron Huisken states:

While we can never hope to avoid all criticism that we have failed one side or the other, our longer term credibility is clearly dependent above all on the perception as well as reality that our policies, while reflecting a uniquely broad mix of interests and affiliations, are home grown.<sup>16</sup>

6.19 Dr Huisken is consistent with the majority of submissions when he states that when it comes to our relationship with ASEAN countries 'there can be little doubt that Australia has lost ground in this regard'<sup>17</sup>. Huisken went on to say that 'to some extent, this has been the inescapable consequence of doing what we had to do, as in East Timor in particular.'<sup>18</sup> But most submissions also agree that the Australian Government realignment from the Asia-first policy of its predecessor, to a revival of the US and European relationship has been a significant factor.

6.20 While a number of submissions draw attention to the impact of this policy shift at the public level, few make comment on the real strategic implications.

6.21 The degree to which members of ASEAN, the US and Australia are engaged to defeat global and regional terrorist organisations, and to prevent the proliferation of the components of weapons of mass destruction suggests that real cooperation goes much deeper than public comments or perceptions might suggest. Defence, gave us an insight into this deeper layer of cooperation:

The US has had a number of security initiatives. In recent years, in the context of the global war on terror, it has been promoting the counter-terrorism capabilities in the region—in places like Malaysia and elsewhere. It is also very interested in helping the Philippines resolve things like the Abu Sayyaf terrorism problem. I think that since 9/11 a lot of US interest in the region has been on the global war on terror. It has also been on proliferation, and

---

15 Strategic and Defence Studies Centre ANU, *Submission 10*, p.5.

16 Strategic and Defence Studies Centre ANU, *Submission 10*, p.5.

17 Strategic and Defence Studies Centre ANU, *Submission 10*, p.5.

18 Strategic and Defence Studies Centre ANU, *Submission 10*, p.5.

cooperation with everybody, including us, on proliferation security.<sup>19</sup>

- 6.22 The actual views of the members of ASEAN about Australia's defence relationship with the US are a significant gap in the evidence to the inquiry. In particular the real impact on our regional neighbours of US and Australian engagement in the 'war on terror', both within the region and more globally, is not clear to the inquiry.

## China

- 6.23 The vast majority of submissions agree that US relations with an increasingly sophisticated People's Republic of China (PRC), as one of the major economic, political and military powers within the Asia-Pacific region, are key to regional stability. Australia's excellent long term relationship with the US and its increasingly productive relationship with China are viewed as both a strength, in which Australia can contribute by maintaining open dialogue, and a potential area of future tension should the US and China have a major disagreement, particularly over Taiwan.
- 6.24 The ADA believe the US serves as a constraint to potential Chinese expansion ambition in the long term when they stated:

While China, in particular, remains subject to an authoritarian government and culture, the dominant but self-restrained strategic presence of the United States in the Asia-Pacific remains an important constraint on the emergence of China as a potential contributor to strategic instability. We simply do not know, and cannot accurately foresee, what will happen in our wider region over the next half century.<sup>20</sup>

- 6.25 ASPI highlighted the potential for future tension. Their strong recommendation that Australia maintain the important relationships it has developed with both countries as a tool able to reduce future disagreement best sums up the position taken in a number of submissions. ASPI stated:

There is clearly a risk that, over the longer term, US-China relationships could become more adversarial. That could pose Australia quite an acute choice. But that would be much less a generalised choice between the US and the region and more a specific choice between supporting the US and supporting China on a particular point. I think there is a policy implication from

---

19 Mr Shane Carmody, Deputy Secretary, Department of Defence, 26 March 2004, *Transcript*, p. 24.

20 Australia Defence Association, *Submission 5*, p. 5.

that – that is, that we should work very hard both with the US and with China to prevent that from happening.<sup>21</sup>

- 6.26 Future Directions International (FDI) provided additional insight into the potential for future tension with China from a US perspective when they stated:

Clearly China continues to emerge economically and also militarily. It would be fair to say that China's influence in the region and globally is growing commensurately. However, China has also, historically and today, not really demonstrated any hegemonic tendencies in the way some others have. China has been very clear about what it sees as its own territorial sovereignty, which of course includes the South China Sea, Taiwan and other places like that, but it has never seriously indicated any strategic hegemonic aspirations beyond that.

China will continue to become stronger. Its current incredible economic growth may well plateau for all sorts of reasons. It is really outstripping its capacity, and that will be a factor. This is in turn putting increasing strategic pressure on India and of course on Japan.<sup>22</sup>

- 6.27 The general tone of submissions regarding the relationship between China, the US and Australia remains optimistic. Australian dialogue and trade with China and our close relationship with the US are unlikely to be in conflict. A Griffith University submission summarises this position:

...there is strong basis for optimism that Australia will continue to avoid an 'ANZUS' nightmare of having to make a choice between the US and China in a future regional crisis. Barring any such contingency, the core interests that have served as the glue for sustained alliance ties between Australia and the US remain in place.<sup>23</sup>

## The Koreas

- 6.28 The Korean Peninsular represents one of the most likely locations for regional conflict. The increasingly unstable Democratic People's Republic of Korea (DPRK) Administration of Kim Jong Il has recently declared itself a nuclear power and remains reclusive and belligerent. However the
- 

21 Mr Hugh White, Director, Australian Strategic Policy Institute, 26 March 2004, *Transcript*, p. 50.

22 Mr Lee Cordner, Managing Director, Future Directions International, *Transcript*, 2 April 2004, p. 36.

23 Professor William Tow and Associate Professor Russell Trood, Griffith University, *Submission 8*, p. 13.

progress, albeit irregular, on peace talks between the DPRK with the Republic of Korea (ROK) has given cause for optimism in the population of the south. This in turn has led to pressure from the ROK's Roh Government toward the US, encouraging them to soften their hard line stance toward North Korea and has led to adjustments of the disposition of US forces on the peninsular.

- 6.29 For Australia, with our significant trade relationship with the ROK and historic ties dating back to the Korean War, tension on the Korean Peninsular is of significant concern for a number of reasons. Were the DPRK to develop or gain access to long range missiles, parts of Australia could be subject to the threat of nuclear attack, a prospect discussed in more detail in chapter 5. More immediately however the threat of conventional military action on the peninsular would result in significant alliance pressure (whether real or implied) to join a US/ROK coalition. While air and maritime contributions would be valued it is likely such a coalition would also seek a significant contribution of ground forces, with a commensurate increase in the risk of casualties given the possible involvement of Nuclear, Biological and Chemical weapons.

[If conflict occurs between the Koreas] The U.S. would expect Australia to make a major military contribution and for any Australian government to refuse such a commitment would be tantamount to New Zealand defecting from long-standing alliance deterrence strategy in the mid-1980s. ANZUS would be effectively terminated.<sup>24</sup>

- 6.30 Perhaps as a result of our trade and historical links with the ROK Australia has adopted a differing position from that of the US in relation to engagement and communications with DPRK. By 'normalising' diplomatic ties with North Korea, Australia has played an important role in facilitating the DPRK involvement in the 'Six Power Talks'. While these talks have recently been suspended as a result of North Korean intransigence they continue to offer the best path toward the possible future denuclearisation of the Korean peninsular.
- 6.31 Despite slow progress on the important disarmament issue the DPRK represents a current asymmetric or unconventional threat to the region, including Australia. The US Government submission to the inquiry referred to US and Australian initiatives 'to curb North Korea's illicit activities.'<sup>25</sup> Notable amongst these have been the interdiction of illicit drugs and counter proliferation activities. The drug interdiction activities

---

24 Professor William Tow and Associate Professor Russell Trood, Griffith University, *Submission 8*, p. 13.

25 US Government, *Submission 7*, p. 5.

focus on the movement of illicit drugs from North Korea which give indications of being a state sponsored means of raising foreign currency. Counter proliferation activities are designed to thwart prospects of WMD or related delivery systems transfers by Pyongyang to rogue states of international terrorists.

## Japan

6.32 This inquiry comes at a time when 'Japan's security identity is undergoing a fundamental review.'<sup>26</sup> Japanese Self Defence Forces have deployed armed to Iraq, a deployment that has proven divisive in Japan but marks an acceptance of global security responsibilities by the Japanese Government and a transformation in the US-Japan relationship which in the past was intended to 'cocoon' Japanese power. Japan remains risk-averse, but is increasingly self aware. Security policy changes will continue to be made in small, but cumulative steps toward a more self reliant position.

6.33 Japan is America's largest single trading partner and is arguably seen by the US 'as their most important single relationship.'<sup>27</sup> This relationship is not in conflict with Australia's relations with either country. Instead Dr Robyn Lim argues 'the health or otherwise of the US-Japan alliance is what is really critical for our security.'<sup>28</sup>

That alliance has provided Japan with nuclear and long range maritime security in ways that do not disturb Japan's neighbours...But if the US ever felt inclined to give up on Japan, that would have enormous implications for our own security...There is indeed some reason to worry that the North Korean nuclear and missile threat could rattle the US-Japan alliance. That's partly because North Korea's missiles can reach all parts of Japan, but cannot yet reach the continental US.<sup>29</sup>

6.34 Dr Lim also submits that consideration of Japan's strategic position is inextricably linked with China.

These two great powers of East Asia have never hitherto been strong at the same time. And whereas China has strategic

---

26 Professor William Tow and Associate Professor Russell Trood, Griffith University, *Submission 8*, p. 11.

27 Mr Hugh White, Director, Australian Strategic Policy Institute, 26 March 2004, *Transcript*, p. 46.

28 Dr Robyn Lim, Nanzan University, *Submission 13*, p. 11.

29 Dr Robyn Lim, Nanzan University, *Submission 13*, p. 11.

ambition, Japan has strategic anxieties. Both could have consequences for Australian security.<sup>30</sup>

- 6.35 However despite steady security policy change in Japan neither the US or Japan has seen the need to fundamentally change the nature of their alliance. And given the uncertainties of the future trends in China and the Korean Peninsula, the alliance will continue to form the basis of Japanese and US interests for the foreseeable future. Australian interests are well served by the current US-Japan alliance. The steady move to a more even distribution of defence responsibility between the two global economic powers is not seen as a concern by those making submissions to the inquiry.

## India

- 6.36 India is the world's largest democracy and at the same time is a nuclear power and an increasingly capable maritime power. Indian conflict with its neighbours Pakistan and China has been a source of instability in East Asia for much of the second half of the 20<sup>th</sup> Century. During this period perceived Indian alignment with the Soviet block caused some tension between India and the US. Despite this tension relations between India and Australia have been sound, reflecting shared Commonwealth values.
- 6.37 The emergence of India as a nuclear power caused some friction in Australia, particularly the 1998 nuclear tests. The brief suspension of military exchanges however has since been lifted. Despite the ongoing development of the Indian Navy as a genuine 'blue water' capability, evidenced by the purchase and refurbishment of former Soviet aircraft carriers, there is no evidence that India has hegemonic ambitions that will threaten stability further south.
- 6.38 Submissions to the inquiry have made little specific comment on the impact of US relations with India on Australia. They also lack depth in the discussion of North East Asia generally.

## Comments and possible directions

- 6.39 The relationship between US global strategy and Australian interests in the Asia-Pacific is a significant topic and could quite easily be the subject of a separate inquiry. Very few submissions were received that described the view of Australia's relationship with the US from outside of the traditional Australian defence debate.

---

30 Dr Robyn Lim, Nanzan University, *Submission 13*, p. 6.

**6.40 The committee seeks additional comments on the following matters:**

- **how is the Australia-US alliance viewed by China, India, Japan and the ROK?**
- **how is the Australia-US involvement in the 'war on terror', both regionally and globally, viewed by members of Association of Southeast Asian Nations (ASEAN)?**
- **how has the emergence of non-state threats influenced regional perceptions of the Australia-US alliance?**
- **what can be done to ensure regional perceptions about Australia's strategic outlook are balanced?**

## Australian defence industry development

### Introduction

- 7.1 Defence 2000 describes Australian industry as ‘a vital component of Defence capability, both through its direct contribution to the development and acquisition of new capabilities and through its role in the national support base.’<sup>1</sup> The Government’s objective is ‘to have a sustainable and competitive defence industry base, with efficient, innovative and durable industries, able to support a technologically advanced [Australian Defence Force] ADF.’<sup>2</sup>
- 7.2 The then Minister for Defence, the Hon John Moore, MP, further clarified the Government’s approach to Australian Defence industry when he stated:
- Government would continue with its policy of extracting the best possible outcomes for Australian taxpayers. We will not limit the ADF to purchases from Australian industry alone, nor will we pay unreasonable premiums for domestically produced equipment and services. However, a significant amount – at least half – of new investment is expected to be spent in Australia.<sup>3</sup>
- 7.3 The Government has made it clear, therefore, that Australia’s defence industry must do more than survive. It must also be efficient and cost competitive.

---

1 Commonwealth of Australia, *Defence 2000 – Our Future Defence Force*, 2000, p. 98.

2 Commonwealth of Australia, *Defence 2000 – Our Future Defence Force*, 2000, p. XV.

3 Hon John Moore, MP, Minister for Defence, *Media Release, New Opportunities for Australian Industry*, 6 December 2000.

7.4 Submissions to the inquiry supported the need for a strong and vibrant Australian defence industry. They have also noted that maintaining this industry is increasingly difficult, given the relatively small size of the ADF and thus the Australian domestic market. It is broadly agreed that our close strategic relationship with the US should give Australian companies better access to the United States (US) military market, allowing them to achieve economies of scale not possible in Australia alone. This chapter will review access and impediments to the US defence market and use the Joint Strike Fighter (JSF) as a case study of current progress.

## **Access to the US defence market**

7.5 The US defence market is significant. The Department of Industry, Tourism and Resources (DITR) reported that the US is 'poised to spend more on defence in 2003 than the next 15-20 biggest spenders combined.'<sup>4</sup>

7.6 However the Department went on to describe the realities of the market as they relate to potential Australian exporters when it stated:

This perspective indicates that the US military market is large, suggesting great opportunities for exporters, but also that this market is well supplied with domestic suppliers underpinned by very significant R&D [Research and Development] expenditures, indicating that exporters should not be complacent about the difficulties of entering the market.<sup>5</sup>

7.7 Australian companies can access the US military market in two ways: through direct sales to the US Government, or by selling to US firms as part of their global supply chain. Australian companies have been successful in both cases. In recent years we have seen penetration of the 'direct to Government' sales route by the Australian manufacturers of fast catamaran transport ships and penetration of supply chains by a number of companies gaining selection for JSF contracts.

## **Impediments to access**

7.8 While our close strategic relationship with the US is a significant asset, the challenges to participation in the US defence market should not be underestimated. DITR state:

---

4 Department of Industry, Tourism and Resources, *Submission 14*, p. 2.

5 Department of Industry, Tourism and Resources, *Submission 14*, p. 2.

The challenges to participation in the US defence market include the US export licensing process and normal commercial difficulties of international business, such as physical distance, time differences, information costs, risk perceptions and overcoming incumbency advantages.<sup>6</sup>

7.9 The majority of these impediments can and are being overcome by determined Australian companies in a range of trade areas. However the US export licensing process is a specific impediment to Australian industry seeking opportunities in defence related industries and projects. The export licensing process 'controls the export of information from US companies to foreign companies'<sup>7</sup> for national security reasons.

7.10 Submissions did however acknowledge the US right to maintain its strategic position by making security decisions in its national interest. Defence stated:

If you went to the absolute point of integration then the United States would treat the Australians as Americans and provide them with access to everything. It is reasonable to assume that the United States also wants to retain some element of its strategic edge—that is the way it has become and the way it maintains its status as a superpower. Our challenge is to be as close as we can be—to be right up next to that and as linked in as we can, either treated in exactly the same way or developing a system which allows us to have access to most of the data.<sup>8</sup>

7.11 US protection of defence technology has two components. The first of the two components seeks to ensure US forces never have to face technology developed by US companies. Defence acknowledges the importance of this component when they stated:

The US of course develops this technology and does not want it spread worldwide where other people could use it or counter it. Hence, it has legislation that protects how it shares that information and to whom it provides that information. Being a close ally of the US, we of course seek access to that technology, but it is not always available.<sup>9</sup>

7.12 Defence identified this type of intellectual property as being of significant importance to Australia as well as the US. In some cases it is necessary for

---

6 Department of Industry, Tourism and Resources, *Submission 14*, p. 7.

7 Department of Industry, Tourism and Resources, *Submission 14*, p. 7.

8 Mr Shane Carmody, Deputy Secretary, Department of Defence, 26 March 2004, *Transcript*, pp. 13-14.

9 Mr Edwin Ho, Acting Director General Industry Policy, Department of Defence, 26 March 2004, *Transcript*, p. 13.

Australia to customise US equipment for Australian conditions or threat profiles. Defence stated:

I would add that there are a couple of areas where we are particularly aggressive in our relationship with the US, and this is one part of it. It is not that we need access to all source code. That is not what we are on about here. But we do need access to those components which are particularly important to our specific way of war fighting. An example of that is electronic warfare self-protection, where we want to modify the US systems to operate more effectively in our areas of operation against the sorts of systems that we might see in our region. We have been successful in gaining sufficient access to make those changes for our own purpose.<sup>10</sup>

- 7.13 The second element of protection seeks to ensure the success of companies and capabilities deemed essential to US national interest, such as ship building capacity. The US Government Jones Act, for example, is intended to protect strategic industries. Defence describes the impact of this type of legislation:

Ships are excluded from coverage of the free trade agreement. You are correct that the US has legislation that prevents the US Defense Department buying ships that are not US built. However, this does not preclude our involvement. In the case of Incat and Austal, they form alliances with US companies and provide the technology transfer, but the ships can be built in the US if the US wishes.<sup>11</sup>

- 7.14 The other specific example of restrictive US licensing processes quoted in submissions to the inquiry relate to the International Traffic in Arms Regulations (ITARs). These regulations control access to such things as the design of a relevant aircraft part, which an Australian company might need if it was to make a successful bid to produce that part for a US company. DITR explained the impact of ITARs:

There is the additional problem of the ITAR export licensing arrangement, which is a sort of regulatory barrier. Developmental projects are not extremely well planned with a clear and unchangeable plan. Things change and opportunities crop up, and the ITAR process might prevent us from taking advantage of those opportunities, so it is an extremely tough game. So far a bunch of

---

10 Air Vice Marshal Kerry Clark, Head Capability Systems Division, Department of Defence, 26 March 2004, *Transcript*, p. 13.

11 Mr Edwin Ho, Acting Director General Industry Policy, Department of Defence, 26 March 2004, *Transcript*, p. 17.

companies have got small contracts. Most of them think that they are going to be able to work those through to the next phase.<sup>12</sup>

- 7.15 DITR explained that procedurally ITAR required significant adjustment and effort by Australian companies. DITR stated:

Another level of this sort of export licensing arrangement is that the international trade in arms regulations of the United States are quite cumbersome. They impose a requirement for firms to have a so-called technical assistance agreement so that if they want information about a part that they want to bid on they need to be cleared to be able to get the design for that part. That requires that the United States company puts this technical assistance agreement process through the US government. That means the Australian company needs to provide information. So there has been a large learning experience by the Australian companies in what sort of information they need to provide and how they need to make sure of that.<sup>13</sup>

- 7.16 Australia is in the process of seeking a treaty level ITAR exemption from the US. However DITR report that 'this appears held up in the US Congress' and other technicalities may yet limit the value of such an exemption. 'The Canadian experience suggests that an ITAR exemption does not apply to developmental aircraft such as the JSF.'<sup>14</sup>

## A case study – the JSF program

- 7.17 The US JSF program is expected to result in the production of between 2,000 and 5,000 aircraft for use by the US military and a number of allies, including Australia. Dr Rod Lyon and Ms Lesley Seebeck regard the JSF project as 'an indication of the likely future direction of major platform development.' They stated:

That project, thus far, has been characterised by lean manufacturing technologies, networked development and burden sharing, and a multi user paradigm...Burden sharing with allies helps lower the unit cost to the US, but also buys a network of allies with similar capability. Those allies receive an advanced

---

12 Mr Mike Lawson, General Manager Industries Branch, Department of Industry Tourism and Resources, 2 April 2004, p. 5.

13 Mr Mike Lawson, General Manager Industries Branch, Department of Industry Tourism and Resources, 2 April 2004, p. 3.

14 Department of Industry, Tourism and Resources, *Submission 14*, p. 7.

capability they could not otherwise hope for, interoperability with the US, and R&D [Research and Development] and technical opportunities for their own economies.<sup>15</sup>

7.18 Australian companies are actively pursuing engagement in this program. Where in the past they may have sought to supply Australian aircraft with components they are now seeking niche capabilities in the broader production program. DITR commented that 'this project has been welcomed by the [Australian] industry as providing unprecedented access to business opportunities in the US defence field.'<sup>16</sup>

7.19 Australian access to the JSF program appears to reflect Australia's strong strategic relationship with the US. DITR stated:

As a potential JSF customer, the Australian Government has been able to open doors for Australian companies. A number of SMEs [Small to Medium Enterprises], as well as larger companies, have indicated that they have gained considerably more access than previously to senior people and to opportunities through Government facilitation, and this has been vital to winning work.<sup>17</sup>

7.20 In addition, coordination and facilitation by Government Departments appears to be generating benefits. DITR stated:

The creation of Industry Capability Teams (ICTs), facilitated by staff from the Defence Materiel Organisation (DMO) and the DITR, has promoted a "Team Australia" approach that has enabled firms to understand their major competition is overseas rather than down the road. The ICTs have facilitated various teaming arrangements amongst SMEs and between SMEs and larger Australian companies that have allowed firms to win work that they would not otherwise have won.<sup>18</sup>

7.21 Unfortunately the Australian defence industry involvement in the JSF program is not always a positive experience. Despite having a pre-eminent place amongst US allies, Australian companies still face political pressures competing in the US. ASPI stated:

The US is an extremely tough market for defence industries. Even very good companies with world beating products—and there is one just across the border—find it incredibly hard to sell into the US market. It is a fact of life that this is not, if you like, a

---

15 Dr Rod Lyon and Ms Lesley Seebeck, University of Queensland, *Submission 4*, p. 8.

16 Department of Industry, Tourism and Resources, *Submission 14*, p. 9.

17 Department of Industry, Tourism and Resources, *Submission 14*, p. 9.

18 Department of Industry, Tourism and Resources, *Submission 14*, p. 9.

commercial or even a technological or even a military level playing field.<sup>19</sup>

- 7.22 Finally despite all the discussion of the JSF project as a leading innovator in the type of global cooperation sought by Australian companies it is not clear that the prime contractor is overly supportive of this approach. DITR stated:

While the top management of Lockheed Martin are aware that it is important to engage with competitive companies in the international partner countries, such as Australia, the people tasked with the job of actually producing the aircraft under an extremely tight schedule are less convinced of the benefits. There are significant challenges for them to engage with foreign companies, including Australian companies.<sup>20</sup>

## Comments and possible directions

- 7.23 Evidence to the inquiry has been supportive of the need to maintain an Australian defence industry as a vital component of defence capability. There has been no disagreement with the Government view that these companies must also be efficient and cost competitive. Almost all submissions have agreed that, in order to survive, Australian companies require access to the US military market, the largest in the world.
- 7.24 Most submissions acknowledge the US right to protect its security by guarding access to military technology and information. However the consensus appears to be that Australia's long term status as a key US ally should entitle the removal of all but the most important of these restrictions.
- 7.25 **The committee seeks additional comments on the following matters:**
- **is the Australian Government providing sufficient assistance to Australian defence industry in its quest to win business in the large US military market?**
  - **has Australia's very good relationship with the US Executive level of Government extended to the legislative level of Government where licensing processes are managed?**
  - **does Australia need a full suite of industry capabilities or should we seek niche roles?**

---

19 Mr Hugh White, Director, Australian Strategic Policy Institute, *Transcript*, p. 66.

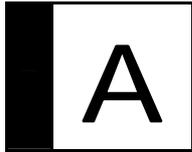
20 Department of Industry, Tourism and Resources, *Submission 14*, p. 9.

- **is our own Defence Department doing enough to support leading edge Australian industry capabilities such as the fast catamaran?**

**Senator Alan Ferguson**

**Chairman**

**16 March 2005**

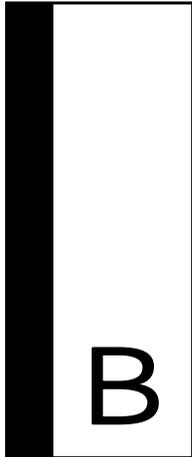


## Appendix A – List of Submissions

### Submission received during the 40<sup>th</sup> Parliament

Submission No	Individual/Organisation
1	The Returned and Services League of Australia Limited
2	Dr Carl Ungerer, University of Queensland
3	Future Directions International (FDI) Propriety Limited
4	Dr Rod Lyon and Ms Lesley Seebeck, University of Queensland
5	Australia Defence Association
6	Department of Defence
7	United States Government
8	Professor William Tow and Associate Professor Russell Trood, Griffith University
9	Dr Carlo Kopp
9.1	Dr Carlo Kopp - supplementary submission
9.2	Dr Carlo Kopp - supplementary submission
10	Dr Ron Huisken, Australian National University
11	Mr Peter Jennings, Australian Strategic Policy Institute
12	Queensland Government
13	Dr Robyn Lim, Nanzan University
14	Department of Industry, Tourism and Resources
14.1	Department of Industry, Tourism and Resources – supplementary submission

<b>Submission No</b>	<b>Individual/Organisation</b>
15	Mr Peter Goon
16	Medical Association for Prevention of War, Australia
17	Women's International League for Peace and Freedom
18	United Nations Association of Australia Incorporated



## Appendix B – The ANZUS Treaty

**Australian Treaty Series 1952 No 2**  
**DEPARTMENT OF EXTERNAL AFFAIRS**  
**CANBERRA**

**Security Treaty between Australia, New Zealand and the United States of  
America [ANZUS]**

**(San Francisco, 1 September 1951)**

**Entry into force generally: 29 April 1952**

**AUSTRALIAN TREATY SERIES**

**1952 No. 2**

Australian Government Publishing Service

Canberra

(c) Commonwealth of Australia 1997

---

## **SECURITY TREATY BETWEEN AUSTRALIA, NEW ZEALAND, AND THE UNITED STATES OF AMERICA**

### **THE PARTIES TO THIS TREATY,**

**REAFFIRMING** their faith in the purposes and principles of the Charter of the United Nations and their desire to live in peace with all peoples and all Governments, and desiring to strengthen the fabric of peace in the Pacific Area,

**NOTING** that the United States already has arrangements pursuant to which its armed forces are stationed in the Philippines, and has armed forces and administrative responsibilities in the Ryukyus, and upon the coming into force of the Japanese Peace Treaty may also station armed forces in and about Japan to assist in the preservation of peace and security in the Japan Area,

**RECOGNIZING** that Australia and New Zealand as members of the British Commonwealth of Nations have military obligations outside as well as within the Pacific Area,

**DESIRING** to declare publicly and formally their sense of unity, so that no potential aggressor could be under the illusion that any of them stand alone in the Pacific Area, and

**DESIRING** further to coordinate their efforts for collective defense for the preservation of peace and security pending the development of a more comprehensive system of regional security in the Pacific Area,

### **THEREFORE DECLARE AND AGREE as follows:**

#### Article I

The Parties undertake, as set forth in the Charter of the United Nations, to settle any international disputes in which they may be involved by peaceful means in such a manner that international peace and security and justice are not endangered and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.

#### Article II

In order more effectively to achieve the objective of this Treaty the Parties separately and jointly by means of continuous and effective self-help and mutual aid will maintain and develop their individual and collective capacity to resist armed attack.

#### Article III

The Parties will consult together whenever in the opinion of any of them the territorial integrity, political independence or security of any of the Parties is threatened in the Pacific.

#### Article IV

Each Party recognizes that an armed attack in the Pacific Area on any of the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes.

Any such armed attack and all measures taken as a result thereof shall be immediately reported to the Security Council of the United Nations. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.

#### Article V

For the purpose of Article IV, an armed attack on any of the Parties is deemed to include an armed attack on the metropolitan territory of any of the Parties, or on the island territories under its jurisdiction in the Pacific or on its armed forces, public vessels or aircraft in the Pacific.

#### Article VI

This Treaty does not affect and shall not be interpreted as affecting in any way the rights and obligations of the Parties under the Charter of the United Nations or the responsibility of the United Nations for the maintenance of international peace and security.

#### Article VII

The Parties hereby establish a Council, consisting of their Foreign Ministers or their Deputies, to consider matters concerning the implementation of this Treaty. The Council should be so organized as to be able to meet at any time.

#### Article VIII

Pending the development of a more comprehensive system of regional security in the Pacific Area and the development by the United Nations of more effective means to maintain international peace and security, the Council, established by Article VII, is authorized to maintain a consultative relationship with States, Regional Organizations, Associations of States or other authorities in the Pacific Area in a position to further the purposes of this Treaty and to contribute to the security of that Area.

#### Article IX

This Treaty shall be ratified by the Parties in accordance with their respective constitutional processes. The instruments of ratification shall be deposited as soon as possible with the Government of Australia, which will notify each of the other signatories of such deposit. The Treaty shall enter into force as soon as the ratifications of the signatories have been deposited.[\[1\]](#)

### Article X

This Treaty shall remain in force indefinitely. Any Party may cease to be a member of the Council established by Article VII one year after notice has been given to the Government of Australia, which will inform the Governments of the other Parties of the deposit of such notice.

### Article XI

This Treaty in the English language shall be deposited in the archives of the Government of Australia. Duly certified copies thereof will be transmitted by that Government to the Governments of each of the other signatories.

**IN WITNESS WHEREOF** the undersigned Plenipotentiaries have signed this Treaty.

**DONE** at the city of San Francisco this first day of September, 1951.

FOR AUSTRALIA:

[Signed:]

PERCY C SPENDER

FOR NEW ZEALAND:

[Signed:]

C A BERENDSEN

FOR THE UNITED STATES OF AMERICA:

[Signed:]

DEAN ACHESON

JOHN FOSTER DULLES

ALEXANDER WILEY

JOHN J SPARKMAN

[\[1\]](#) Instruments of ratification were deposited for Australia, New Zealand and the United States of America 29 April 1952, on which date the Treaty entered into force.