On Balance – Is the US Rebalance Good for Australia?

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Group Captain Graham Edwards joined the RAAF in 1984. His early postings included maintenance, engineering and project posts at No. 481 Wing RAAF Base Williamtown, Headquarters Logistics Command Melbourne, and Rockwell California. He later managed the project engineering and production for the F-111C Avionics Update Program and F-111G Digital Flight Control System upgrade. In 1999, he was posted to Tactical Fighter Group RAAF Williamtown as the officer-in-charge of the Weapon System Support Flight. In 2001, Group Captain Edwards enjoyed a short posting to No. 81 Wing as the senior logistics engineer before being selected as the Chief Engineer Tactical Fighter Systems Program Office.

After completing Australian Command and Staff course in 2004, he returned to Tactical Fighter Systems Program Office as the Commanding Officer. Later postings included Director Strategy in the Defence Materiel Organisation’s Aerospace Systems Division, Project Director Australian Super Hornet, and Director Aerospace Combat Projects in the Tactical Fighter Systems Program Office. In January 2012, Group Captain Edwards was appointed Officer Commanding Airborne Early Warning and Control Systems Program Office at RAAF Base Williamtown.
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Abstract

This paper addresses the question of whether the US rebalance to the Indo-Pacific is good for Australia. It overviews the considerations that drove the policy and identifies the broad strategies being pursued by the US. The paper details the steps being taken to realise the policy and then considers the opportunities and issues for Australia. It also assesses how other Indo-Pacific countries are responding and the impact on Australia of these regional responses.

The paper notes that one of the key considerations has been the perception that Australia has been placed in the awkward position of supporting the US initiative without offending China, its most important trading partner. The paper concludes that while the US refocus will present strategic opportunities for Australia over the next decade, the challenge will be to ensure that the Indo-Pacific region maintains its multilateral character rather than deteriorating into a ‘with us or against us’, bipolar mentality.
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Introduction

US President Barak Obama, during his historic speech to the Australian Parliament in November 2011, signalled that the US was turning its strategic attention to the Indo-Pacific region with the intent to advance security, prosperity and human dignity across the region.1 In formally welcoming him, Australia’s Prime Minister Julia Gillard emphasised that President Obama was—as had been his predecessors since the Second World War—an important security ally, economic partner and friend of Australia.2

A month earlier, US Secretary of State Hillary Clinton had introduced the ‘pivot’ label for the US strategic refocus.3 After political commentators suggested the label had negative connotations that the US was disengaging from other regions and thus risking an erosion of US global influence, the term was refined by US National Security Advisor Tom Donilan to ‘rebalance’.4 From Australia’s perspective, one of the key considerations has been the perception among some commentators and China-watchers that Australia has now been placed in the awkward position of supporting the US initiative without offending China, its most important trading partner.

This paper overviews the considerations that drove the policy and identifies the broad strategies being pursued by the US. In analysing its diplomatic, military and economic facets, the paper will first detail what steps are being taken to realise the policy. It then considers the direct opportunities and issues for Australia, as well as how other Indo-Pacific countries are responding and the impact on Australia of these regional responses. The paper concludes that while the US refocus will present strategic opportunities for Australia over the next decade, the challenge will be to ensure that the Indo-Pacific region maintains its multilateral character rather than deteriorating into a ‘with us or against us’ bipolar mentality.

The rebalance – its considerations and strategies

The US rebalance appears to have been driven by four considerations.5 First and foremost is the growing economic power of the Indo-Pacific region. Its increasing economic power offers trade and investment opportunities that could grow the US economy. But it also increases trans-national competition for goods and services which could constrain the US economy.

Second is China’s growing military capability and its apparent willingness to use military power to achieve national objectives. This is of concern to the US because of the impact that any actual or potential Chinese military aggression could have on the significant sea-lanes that traverse the Indo-Pacific region, and the potential that the US could be drawn into a Chinese-related conflict with an ally or security partner, such as Japan or The Philippines.

The third consideration is that the reduction in US military involvement in the Middle East theatre of operations has enabled the US to move its strategic weight and focus elsewhere. Lastly, the need to reduce government expenditure and debt is constraining the US military budget, which impacts the capability of its armed forces but also means that the US increasingly needs its allies and security partners to share more of the burden.

Hillary Clinton announced in 2011 that six integrated strategies were to be pursued in the Indo-Pacific region over the next decade, covering diplomatic, military and economic dimensions.6 The first strategy—to deepen working relationships with emerging powers, including China—underpins the other strategies and therefore has diplomatic, military and economic dimensions. The second strategy—to engage with regional multilateral institutions—has diplomatic and economic dimensions, whereas the third strategy—to advance democracy and human rights—is being pursued diplomatically. The fourth and fifth strategies—forging a broad-based military presence across the Indo-Pacific and strengthening bilateral security alliances—are largely military focused. The sixth strategy—expanding trade and investment opportunities for the US—is primarily economic.
**Diplomatic aspects of the rebalance**

The US clearly intends to use diplomatic means to achieve its objectives in the Indo-Pacific region, as three of the rebalance strategies have diplomatic dimensions. In pursuance of its strategies to deepen working relationships with emerging powers and advance democracy and human rights, the US has significantly increased its diplomatic visibility and presence in the region, exemplified by the US President making high-profile visits to the region, including to Australia, and attending each of the annual East Asia Summits from 2011.

Although the current US Secretary of State, John Kerry, has been somewhat preoccupied with issues in the Middle East, his predecessor Hillary Clinton visited Indo-Pacific countries at a 50 per cent greater rate than her three predecessors. Key messages have been about using international law and norms to address inter-state disagreements, the need to ensure that commerce and freedom of maritime navigation are not impeded, that emerging powers build trust with their neighbours, and the promotion of democracy and human rights.

Bilaterally, the US has reaffirmed its formal security arrangements with Australia, Japan, The Philippines and South Korea. It has also established formal bilateral ‘partnerships’ with Indonesia, Vietnam and India. Closer engagement with China, including through US-China Strategic and Economic Dialogues, has been pursued bilaterally across a comprehensive range of security, economic, human rights and climate issues. US participation in regionally-important multilateral institutional forums and meetings, including the East Asia Summit, ASEAN Regional Forum and the Shangri-La Dialogues, has also significantly increased.

So are these diplomatic efforts in the Indo-Pacific region of benefit to Australia over the next 10 years? If the US interests being pursued are compatible with Australia’s interests, and their approaches within the region are complementary, then the US rebalance should benefit Australia.

A review of current Australian Government foreign affairs policy, as well as that of the previous Labor Government, indicates that Australia has bipartisan objectives similar to the US, and recognises the need for enhanced regional engagement to improve security and prosperity. Like the US, Australia also recognises the importance of multilateral approaches within the Indo-Pacific region and is seeking expanded membership of important multilateral forums to include Australia, US and China.

The response from Indo-Pacific countries other than China has generally been positive, with a level of circumspection consistent with the strength of their formal alliances or partnerships with the US. A number, particularly ASEAN countries, have expressed a preference for the US to engage with the region’s multinational institutions and consider that bilateral relations were previously hampered by a perceived US lack of interest in these institutions. Multilateral engagement is also seen as a way for regional countries to avoid Chinese opprobrium that might arise from closer bilateral engagement with the US. In addition, Indonesia noted in 2013 that the rebalance appeared too military focused, suggesting the US needed to do more diplomatically to promote the utility of the rebalance.

China’s thinking is more difficult to gauge. A 2012 US Congressional Research Service report asserted that China’s official response has been to welcome cautiously a constructive role by the US in promoting peace, stability and prosperity in the Indo-Pacific, while hoping the US will respect China’s interests and concerns, concluding that the official Chinese assessment is that the rebalance does not present a significant threat. However, these positive but measured indications contrast with others which assert that Chinese officials and experts have responded with growing criticism that the rebalance is targeting China, reinforcing ‘cold-war style’ alliances, and attempting to contain China’s rise.

On balance, increased US diplomatic engagement in the region is a positive benefit to Australia, particularly since it has generally been received positively by most Indo-Pacific countries and is compatible with Australia’s national interests. However, the US-China relationship is the most critical within the region. And a positive and constructive relationship between them is essential to maintaining the multilateral character of the region, rather than deteriorating into a ‘you are with us or against us’ bipolar mentality, where regional states are forced to choose between one or the other.
Military aspects of the rebalance

Three of the broad strategies under the rebalance policy have a strong military dimension. First, in accordance with the strategy of forging a broad-based military presence, the US Navy is increasing the size of its Pacific fleet to 60 per cent of the total US Navy fleet, the US Air Force is deploying its most capable assets to the region and dispersing them over a wider geographic area, the US Army is realigning major assets from Afghanistan to Indo-Pacific missions, and the US Marine Corps has established an ongoing rotational deployment to Darwin.20

Interestingly, the US has adopted a ‘places rather than bases’ approach, using rotational deployments into allied/partner countries with increased joint training and capacity-building objectives rather than seeking to establish more US permanent bases.21 This force posture approach is considered to have less strain on the US budget because it involves lower personnel numbers and lower deployment costs; it also increases the US military’s agility to respond throughout the region, sets an expectation for non-US countries to take a greater share of the security burden in the future, and avoids the anti-US sentiment that has arisen around some large permanent US bases located on non-US territory, notably in Japan.22

Second, considering the strategy to strengthen bilateral security alliances, the US has reaffirmed its security-related agreements with Australia, Japan, South Korea and The Philippines. In doing so, the US has increased its access to host nation bases for deployments and/or the pre-positioning of military equipment.23 Third, the strategy to deepen working relationships with emerging powers, including China, has had some small but notable steps. These include senior military engagements, and planning for combined regional exercises with a humanitarian aid/disaster relief focus.24

So what are the direct benefits for Australia of these initiatives, which have included the continuation of Marine deployments to Darwin, as well as increased short-term deployments of US aircraft to the Northern Territory? They have also involved two star-ranked ADF officers being seconded as planning officers within the US Pacific Command and Army Pacific headquarters, and the potential for HMAS Stirling in Western Australian to be used more regularly by the US Navy.25

The 2012 Force Posture Review found that an ‘increased and more visible ADF [military] presence is warranted … in the Northern Territory’.26 Certainly, the US Marine and Air Force deployments to the Northern Territory will increase the opportunities for ADF units to undertake bilateral and multilateral training, improving interoperability with US and other regional partners while concurrently building trust among these partners. For example, Australia-US-Indonesia and Australia-US-China exercises have been held in the last two years.27 Further, the Marines could impart invaluable amphibious operations experience as Australia’s new Adelaide-class Landing Helicopter Dock ships are brought into service, and the ADF addresses the complexity of operating these large ships across the spectrum from humanitarian aid through stabilisation operations to the higher end of warfare.28

At a local level, US deployments to the Northern Territory, and potentially to HMAS Stirling, will have economic benefits for Australia. Feeding, accommodating and entertaining up to an additional 2500 military personnel, and potentially maintaining some of their equipment, will provide a noticeable stimulus to the local economy. There is also the potential for the US to contribute to upgrading some ADF training facilities in the Northern Territory.

The military initiatives directly involving Australia deepen Australia-US security interdependence and strengthen the alliance beyond a mere reaffirmation of the alliance’s relevance and currency. This is fundamentally important to Australia when the Defence Issues Paper, released to inform the 2015 Australian Defence White Paper, unambiguously asserted that ‘the alliance with the US remains integral to our defence and security arrangements [and] ... is set to continue’.29 This would seem to leave little latitude for any alternatives to be introduced in the forthcoming Defence White Paper.

So how have other Indo-Pacific countries responded militarily to the rebalance? US treaty partners Japan, South Korea and The Philippines have been vocal proponents of the rebalance. These countries are supporting similar initiatives to those involving Australia, such as allowing access to ports, airfields and bases for the forward deployment of US military capabilities; increased combined training exercises; and the procurement of (or access to) advanced US military equipment and capabilities. Militarily important
regional countries such as Singapore, Indonesia, Vietnam and India have been more reticent, limiting their public commentary to avoid Chinese criticism, while quietly supporting the rebalance policy aims.  

While China has so far responded relatively cautiously at the diplomatic level, at the military level it has been openly critical, asserting that the rebalance’s force posture and alliance changes are detrimental to mutual trust and cooperation. Some Chinese commentary has been even more critical, taking a nationalistic view that the rebalance is trying unreasonably to contain China’s growing influence in the region.

Robert Ross has argued that the military aspects of the pivot are actually inflaming regional tensions, especially the boosting of the US military presence on the Korean peninsula, and US involvement in disputed maritime territorial claims. Michael Spangler, in a similar vein, contends that the rebalance is emboldening some US allies, notably Japan and The Philippines, to take more assertive stances against China with respect to their territorial claims, and that these actions are undermining the US-China relationship.

So while the rebalance aims to promote security across the region—and it is evident that many regional countries, especially Australia, will gain value from these initiatives—it is the US-China relationship that is most critical and of most concern. For Australia, balancing the relationships between its most significant security partner, the US, and its most significant trading partner, China, will be paramount.

**Economic aspects of the rebalance**

The rebalance strategy intends to expand US trade and investment in the Indo-Pacific region. To date, the most visible outcomes have been the finalisation of a US-South Korea Free Trade Agreement and a refocus on negotiating the Trans Pacific Partnership trade agreement. The Trans Pacific Partnership is considered a key vehicle for the US to increase its access to Asian markets, stimulate a growth in exports, and set a new standard for multilateral free trade agreements. For example, US agricultural exports to partner countries are anticipated to increase by US$3 billion per annum, while US agricultural imports will increase by US$1billion. The US envisages that this agreement will become the basis for a broader agreement that eventually could include all Indo-Pacific countries, including China.

Australia is an active negotiator of the Trans Pacific Partnership. However, like many of the other negotiating countries, Australia is resisting US proposals regarding intellectual property rights and investor state disputes. The impact on Australia’s health system (and its Pharmaceutical Benefits Scheme) of changing pharmaceutical intellectual property rights is of particular concern, while the potential ability of investor state dispute clauses to constrain sovereign government action has become evident with Philip Morris Asia using the Australia-Hong Kong trade agreement to challenge the Australian Government’s cigarette plain packaging laws. Other negotiating countries have similar concerns and are also negotiating for greater access to the US agricultural market. These concerns are significantly delaying the finalisation of the agreement.

While the Trans Pacific Partnership has been delayed by negotiation, there has been a significant rise in bilateral free trade agreements being formalised across the Indo-Pacific region with countries other than the US, including China. Furthermore, Indo-Pacific countries have been exploring multilateral free trade agreements via APEC (of which the US and China are members) and also the ASEAN+3 and ASEAN+6 forums (which include China but not the US). As a result, there are concerns in the US that it could be left out of a resultant highly-integrated and rapidly-growing Asian economy or have reduced negotiating power.

The increased US focus under the rebalance on establishing the Trans-Pacific Partnership and the potential reduction in US negotiating power should aid in addressing Australia’s residual concerns with finalising this trade agreement. It is generally agreed that finalising the agreement would be in Australia’s interest, as high-quality, comprehensive free trade agreements would stimulate the competitiveness of Australian firms, and provide Australian consumers with more access to better-value goods and services.
Conclusion

Since 2011, the US has been rebalancing its international engagement efforts to the Indo-Pacific region to advance economic prosperity, security and human dignity. Its rebalance strategies have diplomatic, military and economic dimensions that should have a positive strategic impact on the region over the next 10 years. The increased US diplomatic engagement has been generally received positively within the region and is compatible with Australia’s national interests. The military initiatives deepen Australia’s security capability and interdependence with the US and other Indo-Pacific countries.

Additionally, the US focus on finalising the Trans-Pacific Partnership is considered to be in Australia’s interest as comprehensive free-trade agreements have the potential to stimulate Australian firms and provide Australian consumers with better-value goods and services. The key risk, however, remains the US-China relationship where positive, ongoing engagement is needed to ensure that the Indo-Pacific region maintains its multilateral character rather than deteriorating into bipolarity, where countries are forced to choose one over the other.
Notes


5 Manyin, Pivot to the Pacific? The Obama Administration’s ‘Rebalancing’ Toward Asia, pp. 1-2.

6 Clinton, ‘America’s Pacific Century’.

7 Obama, ‘Remarks by President Obama to the Australian Parliament’.

8 Manyin, Pivot to the Pacific? The Obama Administration’s ‘Rebalancing’ Toward Asia, pp. 16-8.

9 Obama, ‘Remarks by President Obama to the Australian Parliament’.

10 Manyin, Pivot to the Pacific? The Obama Administration’s ‘Rebalancing’ Toward Asia, summary page.


13 Manyin, Pivot to the Pacific? The Obama Administration’s ‘Rebalancing’ Toward Asia, pp. 17-8. The ASEAN Region Forum (ARF) is a regular security dialogue among 27 regional nations that expands regional dialogue beyond the 10 member states. Although they are not members, the US, Australia and China have observer status and are often invited to participate in the dialogue.


15 Manyin, Pivot to the Pacific? The Obama Administration’s ‘Rebalancing’ Toward Asia, pp. 17 and 19.


17 Manyin, Pivot to the Pacific? The Obama Administration’s ‘Rebalancing’ Toward Asia, pp. 18-9.

18 Green and Cooper, ‘Revitalizing the Rebalance’, p. 35.

19 This paper considers that the rebalance strategy ‘deepens … working relationships with emerging powers, including China’, and has strong diplomatic and military facets.


Green and Cooper, ‘Revitalizing the Rebalance’, pp. 31-5.


Manyin, Pivot to the Pacific? The Obama Administration’s ‘Rebalancing’ Toward Asia, pp. 18-9.


The Trans Pacific Partnership currently includes 12 Pacific Rim countries: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the US and Vietnam.


Manyin, Pivot to the Pacific? The Obama Administration’s ‘Rebalancing’ Toward Asia, p. 22.


Manyin, Pivot to the Pacific? The Obama Administration’s ‘Rebalancing’ Toward Asia, pp. 22-3.

ASEAN members are Brunei, Indonesia, Malaysia, The Philippines, Singapore, Thailand, Myanmar, Cambodia, Laos and Vietnam. ASEAN+3 adds in China, Japan and South Korea. ASEAN+6 additionally includes India, Australia and New Zealand.
