

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY (1975)

Editor's Introduction

Drafted under the Labor government, the 1975 Strategic Basis was submitted to the new Fraser Cabinet in 1976, which did not accept the paper and asked for a new document to be submitted instead.

The 1975 Strategic Basis found the same 'strategic influences' as in 1973, but a 'more uncertain' outlook (para 277). International terrorism was mentioned for the first time (paras 50, 247). Australia's neighbourhood, comprising Indonesia, New Guinea, Melanesia and Polynesia, was 'substantially free from the prospect of major power confrontation and from issues sustaining substantial adversarial relationships', and the integration of Portuguese Timor into Indonesia 'on politically acceptable terms' was in Australia's interest (paras 108, 112, 210, 235). But while the global balance remained stable, it was compatible with significant change in relationships at a regional level (paras 8, 20, 30-35, 37, 38, 71). Soviet naval presence in the North West Indian Ocean was increasing and required an Australian capability for surveillance and response, although South East Asia was of secondary importance to the super powers (paras 10, 22, 52-53, 221, 232). The end of the Vietnam War created uncertainty and tension in South East Asia — but these were limited — and influencing developments in that region militarily was beyond Australia's capability (paras 82, 85-90, 93, 98, 187, 197-200, 229).

The US alliance should be sustained because Australia would depend on it should a major threat develop (paras 156, 157, 225). But 'Australia's obligations are first to itself', as it had to deal with regional threats on its own (paras 159, 204, 275, 282). The maintenance of 'present favourable circumstances' was a task for the 'political arm of policy', while defence policy was primarily about adverse contingencies— although no need existed to prepare for combat operations in South East Asia or a substantial Indonesian assault on PNG (paras 229, 241, 278, 280).

As major threats would take time to develop, the force-in-being of the 'Core Force' had to include capabilities for the—unlikely—case of low-level, short warning conflict with Indonesia or PNG (paras 123, 153, 154, 203, 236-238, 242, 243). Capabilities for major contingencies were not necessarily cost-effective in that task and of a lower priority, although 'careful attention' should be paid to 'warning time, decision time and various lead times' in the expansion base (paras 155, 248, 249, 255-259). The Australian environment and geography were important for determining force structure characteristics, and would be subject of studies and exercises that would also help precise lead times (paras 251-253, 274, 276). Improved infrastructure in northern Australia, in particular in Darwin, was of increasing importance (para 268). While Australia should be technologically superior in the region, expansion considerations applied here as well (para 254, 262, 263). There was no present need for nuclear weapons, but for periodic reviews due to the 'possible requirement to keep the lead time for Australia matched' with that of other countries (para 264).

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OCTOBER 1975

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This paper was endorsed by the Defence Committee on 3 October 1975

CHAPTER 1—INTRODUCTION

- 1.** The aim of this paper is to analyse the factors and trends that shape Australia's strategic circumstances and prospects, and to suggest for Ministers the implications and requirements for defence policies and for the development of our Defence Force that arise from the analysis.
- 2.** Defence policy is concerned with recognising and responding to international situations and contingencies that support or endanger our security interests in the short or long run. The nature of Australia's defence interest may, we believe, be inferred from the analysis which follows, and from Chapter 6 which seeks to draw conclusions on the broad way in which Australia's defence capability should be shaped and developed in subsequent detailed planning.
- 3.** Our analysis does not point simply to the military measures which Australia should consider. In some respects, the carriage of negotiation for the protection of the national defence interest (for example, Australia's great interest in averting a nuclear proliferation) will often rest with other areas of government, notably Foreign Affairs. Moreover, policies pursued in a variety of areas (e.g. overseas trade, access to resources, immigration as well as external political policy) can affect for good or ill our defence interests. This paper draws attention to the desirability of co-ordinated national policy which does in fact protect the national defence interest.
- 4.** Where there is political instability, tension or military conflict a detailed course of events can be difficult to predict with any reasonable degree of probability beyond a few years, or even less. This paper applies no set or uniform timescale to its assessments and judgments. Few of them would have indefinite validity, and for some the range of vision is short; but there is much continuity in the determinants of Australia's strategic circumstance, and major threats (where both military capability and political motivation must exist) are unlikely to develop without preceding and perceptible indicators. A major military threat against Australia would be the final stage in a long series of developments.
- 5.** Nevertheless, insurance for Australia against uncertainty requires continuing review of strategic circumstances and prospects to detect adverse changes in adequate time; and, even more importantly, it requires the maintenance, at all times, of basic military capabilities and competence capable of expansion, and sound international defence associations.
- 6.** Australia has been free from any major threat of attack on our country since the defeat of Japan thirty years ago. Nevertheless, there must always be uncertainties about the future. We have based our analysis on intelligence assessments presently available to us. We have also given consideration to certain contingencies which, while improbable now, would be important to our security were they to eventuate.

CHAPTER 2—THE GLOBAL ENVIRONMENT

7. This Chapter discusses factors and trends that impact on the security interests of all nations and that shape the distribution of power about the globe. It does not discuss directly the impact on Australia's interests.

THE SUPER POWERS

8. The two Super Powers, which alone have the ability to devastate the world, have a compelling mutual interest in avoiding conflict that could escalate into a massive nuclear exchange. This is the dominating feature of their relationship. It is manifest in their strategic arms limitation talks (SALT), the *détente* expressed in a range of policies supporting co-operation, and in their continuing efforts to develop crisis management. On all rational calculations, the constraints on the exercise of force by one against the other are decisive and enduring. But the constraints are likely to be put to test and strain on occasions and conflict cannot be entirely ruled out.

9. The Super Powers have reached a nuclear strategic balance. But the balance is not static. It could be disturbed by technological improvements in strategic weapons systems, but the force levels of both sides are so enormous that for this to happen a substantial technological and industrial effort would be needed. Should one side attempt such an effort, it is most unlikely that this would not be perceived. The probable consequence would be a matching effort by the other side. The time required – seven to ten years – to develop and deploy new strategic weapons systems, together with the monitoring and stabilising role of SALT, are important factors inhibiting any sudden or substantial shift in the balance.

10. The United States developed much of its global strategic policies and its structure of alliances during a period when it possessed greater strategic capabilities than the USSR. This no longer obtains and the United States is going through a period of re-assessment and adaptation. The USSR has attained essential equivalence in central nuclear weapons systems. It has retained its superiority in conventional strength in relation to Western Europe, despite the commitment of substantial forces facing China. Its naval strength has developed remarkably, particularly in respect of long-range deployments. The USSR has acquired a capability to interdict sea lines of military logistic support and the flow of oil and strategic materials along the major world routes.

11. In recent years there has been substantial and sustained growth of the USSR's military power and defence spending. If the trend were to continue unabated, the USSR would be perceived internationally to be militarily stronger than the United States.

12. There are, however, constraints at work. Defence spending is a significant drag on the Soviet economy. The USSR has an economy about half that of the United States to sustain a similar level of defence spending. The USSR is at present at a high point on its defence-spending cycle and some analysts expect spending to level off in the late 1970's. The US is ready to concede perceived "military equivalence" to the USSR, but it appears to have the will, and certainly the economic strength, to sustain a defence posture which is not inferior. This posture, in the US

view, needs to include a highly effective and carefully deployed conventional capability in order to keep the nuclear threshold high.

13. These developments have given rise to questioning concerning the credibility of United States' alliance commitments and to uncertainties about an effective US response where vital US interests are not engaged. Further, the view formerly offered by the US that every component in its world-wide collective security system was as important as the other, because it carried with it a US commitment, has been eroded by events. Also, the extensiveness of its international involvement has caused dilemmas for the US in reconciling its interests, e.g. as between Greece, Cyprus and Turkey.

14. Another development has been the significant curtailment of the power of the President of the United States by the Congress in respect of his ability to deploy and commit US military power abroad. This has the effect, moreover, of rendering the Administration more sensitive to public opinion in the US.

15. Notwithstanding, the basic posture and thrust of the United States for strategic stability with the USSR and for world peace and security are likely to be sustained. In the face of international uncertainties since the end of the Vietnam War, the US Administration has re-iterated commitments to the defence of Western Europe and Japan, has stressed its readiness to defend the Republic of Korea, and has repeated that its treaty obligations to Australia and New Zealand continue in force. Major economic and political interests will sustain US strategic support of Israel and involvement in the Persian Gulf. In the last two years, Congress has met the Administration's request for substantial Defence budgets. The process of re-examination and adaptations in US overseas defence commitments will continue, but redefinition and curtailment are unlikely to impair US commitments or lead to retraction under Soviet pressure, in areas which it sees as involving its vital interests.

16. The world interests of the United States are sustained not only by its security relationships, but by its central economic and financial position among the developed industrial nations. The US accounts for approximately 20 percent of world trade, 50 percent of world foreign investment and perhaps one quarter of the world product. The Soviet Union believes that the world role of the developed industrial countries is declining and that the "balance of world forces" is steadily moving in its favour. It believes political disorder and change are inevitable and is prepared to selectively encourage and support the process. But it does not want to bring into doubt the détente relationship, or to destabilise seriously the overall international situation. While displaying strength and stability of purpose in strategic matters, the present Soviet leadership is at the same time cautious and calculating in its actions, especially where they might impinge on major US interests. The leaders who are believed likely to succeed are probably of the same outlook.

The Areas of Major Involvement of the Super Powers

Europe

17. The United States and the USSR have declared that they have vital security interests in Europe where they will not tolerate threat or challenge. Each sees the other, with its allies, as measurable threats, but deterrence against the initiation of force is high. Despite increased Soviet military capability, war between the Super Powers remains an unlikely contingency.

18. Weakness on the southern flank would not undermine NATO's position in the most important sector, namely Central Europe. The powers in Central Europe could sustain an effective strategic posture with continuing United States' support.

19. Politico-economic circumstances in both Eastern and Western Europe could affect the European security balance. Change in the political composition and outlook of some Western European governments could affect their traditional commitments to NATO. It seems likely, however, that NATO and the Warsaw Pact will remain in being as security groupings and as instrumentalities for stabilisation and balance. The Warsaw Pact governments are seeking, by small steps, to increase their independence of the USSR, but it is probable that the USSR would again use force in Eastern Europe if it believed it necessary, and it is unlikely that the United States would intervene. Adverse public reaction in the US would, however, damage to some extent the co-operation between the Super Powers.

East Asia

20. The regional balance in East Asia among the USSR, the United States, China and Japan is likely to continue. None of these powers has predominant influence there and changes among their relationships are unlikely to alter this. There is little likelihood of a Sino-Soviet rapprochement occurring that could upset the balance in East Asia or globally, although it could be upset by a significant increase in friction between the two.

21. Outside East Asia, the main thrust of China's foreign policy is to mobilise political support within the international community at large against "hegemony" – that is, the pressures and dictates of the two Super Powers. China's conventional forces are being modernised and are large but they will remain technologically inferior to those of the USSR and the United States. The strategic role of China's forces is primarily defensive. China has a small nuclear strike force capable of engaging targets in much of the Soviet Far East, parts of India, most of South-East Asia, Taiwan and Japan. Development of an Intercontinental Ballistic Missile (ICBM) is proceeding slowly and a submarine-launched ballistic missile (SLBM) system is under development. China could have a very small ICBM force by the end of this decade. The rate of progress in advanced weapons development and the rate of production of some conventional armaments have shown signs of slowing. Nevertheless, China continues to give high priority to defence developments. It is difficult to determine whether this slackening pace has resulted from the competition of economic development, from technical problems associated with more complex advanced weapons, or because there may be less apprehension of threat from the USSR or the US.

South-East Asia

22. The end of the Vietnam war is bringing some increased competition and manoeuvring between the Soviet Union and China. The Chinese are concerned that the Soviet Union wants to increase its influence in South-East Asia in order to contain them. Apart from this, the Soviet Union has important maritime and strategic interests in ensuring naval freedom of movement in the south China Sea and the straits and waterways of South-East Asia. The Soviet Union wishes to have freedom of movement to allow reinforcement of its naval presence in the Indian Ocean, as well as to preserve important lines of communication between European and Asian Russia. The United States has a strategic interest in the reinforcement of the Indian Ocean and in the security of the Asian off-shore states of the Pacific region. South-East Asia will remain an area of secondary strategic importance to the Super Powers, provided their vital interests are not seriously challenged.

The Middle East, Mediterranean, Persian Gulf and Horn of Africa

23. The previous American strategic dominance has disappeared with the growth and deployment of Soviet military power and its greater political involvement in these areas.

24. The dangers of the unpredictable consequences of war in the Middle East give the Super Powers common concern in trying to prevent renewed conflict. Although they are competing with each other, their interests in the region are not wholly incompatible and each recognises that the other has a role in containing the situation and reaching a settlement. In the event of renewed conflict, they will try to ensure that it is limited in time and objectives in order to reduce the risk of their being drawn into direct confrontation.

25. The increasing strategic involvement of the Super Powers in the North-West Indian Ocean/Persian Gulf area carries risks of tension and even confrontation. The moves by both sides to establish new military facilities are assessed as not necessarily the beginning of a major military build-up. The military presence of the Super Powers can be seen in political terms as competition for influence, precautionary, and the assertion of important national interests.

Other Areas

26. The Super Powers' direct strategic involvements are shaped by priorities, practicabilities and advantage, and by tacit concessions to each other's primary interests. Confrontation in Africa and Central and Latin America appears at this time improbable.

27. The United States is unlikely to contest the position that the USSR has at present in India.

28. While there may be more deployments in future, it is improbable that the USSR would consider challenge to United States' naval and air power in the South Pacific and Australasia to be worth instability in its relations with the US and other powers.

The Oceans

29. The capability which the USSR has acquired to project its naval power on a global basis has brought a significant new dimension into Super Power relations. For example, the USSR has the capability to introduce a naval presence in crisis regions and hence limit United States' military options and its ability to influence events through maritime power in the traditional way. At the same time, however, both the US and the USSR have major interests in preserving the freedom of the maritime environment for naval deployment. The USSR has particular interest in its large and growing merchant and fishing fleets and its military oceanographic research effort. These interests, taken with the vulnerabilities of its own sea lines of communications, lead to similarities of policies with the US in respect of conduct on the high seas and law of the sea matters.

CHANGES IN THE GLOBAL DISTRIBUTION OF POWER

30. The major forces working towards stability in the Super Powers' relationship have been noted. Given these, and the inability of other powers to project strategic influence significantly beyond their own region, the global distribution of power appears substantially secure from change by conflict between the Super Powers or by extension of regional conflict.

31. Over time, however, significant change can take place without conflict, as, for example, the USSR has been able to develop its influence appreciably in North Africa, the Middle East, the Horn of Africa and India. Regional powers themselves seek support of various kinds, thus promoting the extension of the Super Powers' strategic involvement. The involvement of one Super Power in a region can draw in the other. For example, apart from their respective commitments in the Arab/Israeli conflict, the Super Powers are arming other states in the region for their own strategic purposes – the USSR with Iraq and Somalia, and the United States with Iran and Saudi Arabia.

32. Changes of this sort over time could affect the distribution of world power and influence. At present, however, they seem unlikely to disturb the basic stability of the global strategic balance between the Super Powers.

33. Changes in Super Power influence could adversely affect the strategic circumstances and national security of regional states by heightening capabilities for regional conflict, by disturbing traditional relationships and attitudes, and by introducing distrust and fear.

34. Regional countries are becoming more sophisticated in exploiting the strategic interests of the Super Powers to increase their own capabilities. A significant number have taken considerable military aid from the Super Powers without becoming "clients" while, in some cases, preserving or restoring considerable freedom of action (e.g. Egypt and Indonesia).

35. The interplay of global and regional factors has thus become increasingly complex. While there is reasonable assurance that regional conflicts are not likely to disturb the global strategic balance, increasing military capabilities in regions can seriously threaten security and welfare among regional states. Having helped to create the conditions of armed competition and confrontation among regional states, the Super Powers can find themselves forced to interfere in regional matters in order to control the uses to which their aid is put, so as to minimise regional conflict and risks of escalation.

NUCLEAR PROLIFERATION

36. Apart from the nuclear-weapon powers, 34 countries are developing or are committed to develop nuclear power programs; of these countries, 13 possess or are constructing facilities capable of producing explosive-grade fissile material. They are India, Israel, Japan, South Africa, Brazil, Argentina, Taiwan, Italy, Spain, Pakistan, the Republic of Korea, the Federal Republic of Germany and the Netherlands (the last country shares the control of its facilities with Britain and the Federal Republic of Germany). Restraints on nuclear proliferation arise from costs, technical difficulties which improved safeguards could increase, and a range of political and strategic inhibitions, along with problems of delivery. However, these factors now appear much more likely to delay and to limit proliferation than to prevent it. The widespread inception of nuclear-power programs has led to a sharp reduction in lead time for an increasing number of countries. Whether or not they "go nuclear", they could reach the threshold of capability and create the option.

37. Apart from China and Japan, no country will be able to achieve in the foreseeable future even the low level of threat posed by Britain and France against the USSR. Nuclear development would be primarily regional in its significance and motivation. It would introduce a major new factor into regional relationships and extend the impact of these relationships. Unless and until balanced pairing relationships were established, regional nuclear powers would be less subject to constraint against adversaries. There must in some cases be considerable uncertainty about the political and other controls over the weapon and about the risks of miscalculation. The risk of unconstrained action is likely to be higher in regions where there is political instability.

38. The development of regional nuclear inventories would complicate the position of the Super Powers. Supply of conventional military aid and other assistance as at present to regional states would no longer be enough to support those states or to allow Super Power control of the regional situation. Regional nuclear development would strengthen moves by those possessing nuclear weapons to exclude the Super Powers and thus allow initiative to pass to regional powers.

39. Within the Asian and Pacific areas, India has exploded a nuclear device and is developing the option to “go nuclear” by about 1980. Iran and Pakistan are likely to be able to explode nuclear devices in the early eighties. Japan could “go nuclear” in five years from the time of decision and could develop an Intermediate Range Ballistic Missile (IRBM) capability. The Republic of Korea and Taiwan show interest in nuclear power development and could in the next five to ten years stock-pile small amounts of explosive-grade fissile material. Indonesia has not ratified the Non-Proliferation Treaty (NPT), but has no significant program of nuclear development. Without large-scale external support, Indonesia could not produce a nuclear weapon before 1990 at the earliest.

40. While none of these powers is yet committed to a nuclear weapons program, and there are important constraints on each of them, there is the prospect of the action of one stimulating another.

ECONOMIC AND SOCIAL FACTORS

41. The United States, Western Europe and Japan account for 60 percent of world Gross National Product (GNP) and trade and, until the recent emergence of the Organization of Petroleum Exporting Countries (OPEC) as capital exporters, have been sources of almost all world foreign investment. In recent years they have maintained a measure of co-operation in commercial, financial and other arrangements in dealing with recession, inflation and oil crisis. They appear unlikely to resort to “beggar thy neighbour” policy among themselves which would disrupt mutual economic interests and hinder solutions to economic difficulties and bring severe strains into their political and security relationships.

42. An important factor in the recent economic and financial problems of industrialised countries, and a contributor to the difficulties of many developing countries, has been the rise in oil prices imposed by the OPEC countries. For the OPEC countries, the result has been a large transfer of financial resources to them. While the rate of this transfer is already declining, the cumulative build-up of their foreign assets provides scope for sharply increased expenditure on military equipment (both directly and through aid to other countries) and for purchase of highly sophisticated Western technology.

43. Oil is the most critical commodity traded. In 1974 the United States threatened the use of force in the Middle East if the industrial economies faced strangulation through curtailment of supply. Producers are now likely to be cautious about resort to the oil weapon because of the potential repercussions on their own economies through their growing financial and economic involvement with the industrial countries, and the further stimulus it would give to the efforts of Western countries to reduce their dependence on oil from OPEC countries. However, if they were to resort to use of the oil weapon, most of the industrial countries and, directly or indirectly, many others including Australia would be severely affected. Disruption to the supply of other mineral resources or raw materials is unlikely to be as effective or have the same impact.

44. The broad relations between the developed countries and Third World countries have been deteriorating. This reflects many factors, including the effects on many of the latter countries of the recent recession in industrialised countries; the oil price rise (which has placed the oil producers in a notably different financial situation from other Third World countries); and lack of success, particularly by some of the poorest countries, in tackling domestic problems, including excessive population growth. Foreign aid flows have not been increasing. Generally, gaps between rich and poor nations have been widening. There has been a growing sense of confrontation between Third World countries and the developed countries which could lead to increased political tensions.

45. The major communist powers, the USSR and China, are essentially self-sufficient and their economic involvement with the global economy, although increasing, is comparatively minor. They are resource exporters, including oil. Nevertheless, both the USSR and China are importers of Western technology, which is significant for their economic growth, and – from time to time – of large quantities of grain from the United States, Canada and Australia. The USSR and China could adjust internally to denial of such imports, if they had to. They do not experience the same criticisms and demands by Third World countries, particularly concerning economic matters, as do the developed capitalist economies.

46. Food shortages, compounded by population pressures and other socio-economic problems, are most pronounced in India, Bangladesh, the sub-Saharan belt of African states and Indonesia. These have at present over 900 million people, or almost one-fifth of the world's population. This figure is increasing by at least two percent a year – a doubling of population every 35 years – and the rate of increase is unlikely to drop in the foreseeable future.

47. Some of these areas seem destined to become increasingly dependent on imported grains and unable to pay for all their food requirements. In some under-developed countries, population increase will gradually intensify social and economic problems.

48. In many Third World countries the prospects appear to be for major social turbulence and radical political change. This in itself need not have strategic implications, but it would create a new and volatile political environment in which strategic prospects would be less certain and the operation of strategic policy more difficult.

LAW OF THE SEA

49. Developments in the Law of the Sea conference will, whether or not the Law is internationally agreed, reduce the high seas traditionally open to all nations for mercantile and military use, place extensive areas under national jurisdiction, and increase the scope for friction over access to maritime resources and passage. There will be strong international inclination and pressure for legal and political settlement of disputes, but there will be a contingent military element. This, and the policing of maritime zones and waterways, will have important implications for nations' force structures and strategic policy. Major powers, particularly the USSR with its world-wide fishing activity, could be moved to more extensive supporting naval deployments. Access to resource zones and waterways could be sought as a quid pro quo for military aid programs and other support, with wider strategic

implications. So far the major naval powers have preserved satisfactory rights of passage through waterways, but pressure for restriction will persist over the years, with serious implications for their increasingly important strategic maritime deployments. Selective restriction of movement through areas of national jurisdiction could be used with strategic intent or consequences (see Chapter 5, paragraph 174).

TERRORISM

50. The use of terrorism and other forms of low-level violence has increased worldwide. While these operations do not normally take place between states, states inevitably become involved in managing incidents. The effectiveness of these terrorist operations in many cases resides not so much in their military impact as in their unpredictability of timing, motivation and target. Targets in Australia are subject, as are those in many other countries, to a continuing low level of threat of terrorist action from abroad. At particular times the threat may increase.

CHAPTER 3—THE REGIONAL ENVIRONMENT

51. This chapter considers situations in the regions. Unless developments specific to Central and South America and Africa attract substantial involvement by the major powers, they are unlikely to affect significantly Australia's strategic interest. They are not considered further in this paper.

THE PERSIAN GULF AND NORTH-WEST INDIAN OCEAN

52. The Soviet Union has maintained a naval presence in the North-West Indian Ocean since 1968, significant by Indian Ocean standards. Now that the Suez Canal has re-opened, this is rapidly reinforceable. Their present development of naval and air facilities in Somalia together with access to other facilities will significantly improve the flexibility and operational effectiveness of the Soviet force; it increases the Soviet capability to interfere with shipping using the Straits of Bab el Mandeb and Hormuz in the Red Sea and Persian Gulf.

53. Soviet policy is probably directed towards the strategic importance of neighbouring Iraq and Iran. It also represents an extension for the long-established Soviet thrust for major strategic influence in North Africa and the Middle East, and evidence of soviet desire to compete with major United States' and Western interests in the oil states of the Gulf.

54. The United States has no significant permanent deployment, but US Navy task groups have made periodic visits to the area since 1973. As part of its involvement in the region, the US sells substantial military equipment to Iran and Saudi Arabia. The US is developing facilities at Diego Garcia for fuelling, communications and surveillance, to give it flexibility in the level and duration of deployment as it perceives the need.

55. The United States' deployments can be seen to an extent as a response to the developing Soviet capability in an area of major US interests. (The US appears to have been concerned by the evidence of Soviet strategic mobility displayed during the Middle East War in 1973.) The deployments also strengthen US authority in dealings with the oil states.

56. Over the last two years, the region has thus become a new theatre of direct strategic involvement of the Super Powers. Developments there could lead to tension between them and to military risk.

57. Regional developments in the Persian Gulf and the North-West Indian Ocean are also important for the oil supply which is critical to the economies of Western Europe and Japan, and important for the United States and Australia, both directly as consumers and indirectly because of their interests in the economic viability of their trading partners.

58. Iran has the ambition to develop with neighbouring states a regional strategic grouping independent of the Super Powers. This appears still a long way off; but if Iran sustains its own development it will become a substantial power, in interaction with South Asia.

59. Australia supports the proposal for a “zone of peace” in the Indian Ocean and has called on the United States and the USSR to agree on mutual restraint in their deployments there. These powers have not yet moved to meet this request, and the prospect of Soviet agreement is unlikely.

SOUTH ASIA

60. India’s strategic dominance in the South Asian region is affected by China’s power and, to a lesser extent, indirectly by that of the United States – and by India’s large domestic problems. As Iran’s power grows it may further inhibit any Indian threat to Pakistan, but it will not alter the basic strategic situation in the region.

61. Soviet support for India is substantial, including military aid and a treaty of peace, friendship and cooperation. There are practical and political limits to Soviet influence and no present indications that India sees a requirement for a permanent Soviet presence.

62. United States’ support for Pakistan is likely to continue at a low level. It is unlikely that the US would seek to contest the USSR’s position in India or that India would be receptive to any such attempt.

63. China’s power and interest to intervene in the region are not extensive. It appears likely to be content to maintain a distant relationship with India, exploiting opportunity politically to harass the USSR, and such relations with Pakistan, Bangladesh and Nepal as give it some status in the South Asian region.

64. The influence of and interaction among the USSR, China and the United States in the region are of continuing interest to Australia. India’s domestic problems and the endemic instability of the sub-continent raise uncertainties in these respects and about the future strategic situation in the region.

65. South Asia’s acute and intractable economic problems may lead to various pressures on richer nations, including Australia, for assistance. These pressures are most likely to take the form of moral and diplomatic suasion designed to secure more finance and food as aid, to obtain trading advantages through preferred access and pricing arrangements, and perhaps to bring about a liberalisation of restrictive immigration policies. They are not likely to take on direct strategic significance. However, in the longer term a conjunction of India’s economic problems and nuclear development could have strategic significance for Australia, but this contingency cannot be usefully assessed at this time.

EAST ASIA

66. Greater military power is deployed in North-East Asia than in any other region outside North America, the Soviet heartland and Europe. The strategic interests of the USSR, the United States, China and Japan intersect directly there. There is a complex and dynamic equilibrium of major power interests. No one power has predominant influence.

War in Korea

67. Neither the USSR nor China, on one or both of which the Democratic People's Republic of Korea (DPRK) would depend, appears to favour war in Korea. Nevertheless, should the DPRK become involved in hostilities, whether by its own volition or by action by the Republic of Korea (ROK), it would be difficult for either to withhold a measure of support from a neighbouring communist state.

68. The United States' commitment to the Republic of Korea is strengthened by the presence of a US Army Division there. This is likely to be retained unless there is a considerable change of political mood in the US. The ROK forces are substantial and well equipped, and powerful US air and naval support could be deployed. While there are political uncertainties about developments in Korea, the military strength which the US can bring to bear is an important stabilising element.

69. Acute tension or conflict between the Democratic People's Republic of Korea and the Republic of Korea would be of major strategic concern to Japan and a stimulus to Japanese defence expansion. This expansion could also follow direct encouragement by the United States, under domestic pressure to share the burden. Even without war, it could come from Japanese perception of erosion over time of US will to defend the ROK.

Taiwan

70. The United States/Taiwan Mutual Defence Treaty at present commits the US to the defence of Taiwan, subject to constitutional processes and the ability of the US Administration to muster Congressional support. China's present policy regarding Taiwan appears relaxed, but its claim persists and could be pressed by military action, particularly if Taiwan were seen to be developing nuclear weapons. It seems likely that Japan would then stand aside; but military action by China against Taiwan could stir Japan's concern about its own security and whether it were prudent or consistent with Japan's national status to leave its situation in the hands of foreign powers.

Sino-US-Soviet Relations

71. The United States seems still to be resting on Nixon's rapprochement with China. This relationship could deteriorate if China were to attempt to take Taiwan by military means or if there were a deterioration in security in the Korean peninsula. China's basic political antagonism to the US persists and could readily be revived by seriously mounting tensions in the region or by a post-Mao regime's concern to establish its credentials. Although substantial alignment of Sino-Soviet policies appears unlikely, some rapprochement must at least be reckoned with when the generation that experienced Stalin and Krushchev passes from China's leadership. There is potential for significant change in regional relationships in these respects. Such change could, in particular, affect Japan's policies and posture, but it is assessed that a challenge which would dangerously disturb the equilibrium among these major powers is unlikely.

Japan

72. Japan gives no present indication of greatly increasing its military power. The percentage of GNP (between 0.8 and 0.9%) devoted to defence spending is low and expected to remain so. But in absolute terms – \$3100m in 1974 – expenditure on defence is considerable, and given the dimensions of Japan's economy, even a small rise in the percentage would lead to a significant increase in military capability.

73. The Japanese economy has suffered a serious setback in its rate of economic growth without evidence of such major social dissatisfaction as could lead to upheavals in domestic or foreign and defence policies.

74. The United States' withdrawal from Vietnam does not appear to have significantly affected Japanese attitudes to the US/Japan Treaty of Mutual Cooperation and Security.

75. There has been officially-promoted public discussion of the need for greater defence capability, particularly maritime, to protect Japan's commercial interests, but so far this has not received much support. The prevailing Japanese view is that Japan's economy requires so large and diverse a pattern of world trading activities that conventional military capability could provide little security for its trade. Japan has successfully used diplomatic and economic means to secure its access to resources. Its policy to ensure passage includes support for the position of the major maritime powers at international conferences, diplomatic and economic measures regarding the countries concerned and encouragement for United States' naval deployments.

76. Security developments affecting Korea and Taiwan, uncertainties about Japan's role in the relationship between the United States, the USSR and China, and doubts about US ability to protect Japan's interests, appear the most likely circumstances to lead Japan to reconsider its defence posture.

77. The very nature of Japan's critical dependence on imports of all sorts suggests that any period of sustained economic difficulty or of major shock would be likely to generate changes in national policy, and possibly more fundamental domestic political changes. Japan's acute sensitivity to economic circumstance was displayed in its foreign policy shift away from Israel in response to the Arab oil embargo. Such changes could generate pressure for greater strategic independence.

78. Japan has a technological and industrial capacity to increase its armed forces substantially; it would require about five years from a political decision to divert industrial capacity to develop a significant military status. In the light of the uncertainty about some of the factors referred to, it appears prudent to give a somewhat higher rating than previously to the possibility of a Japanese decision to change significantly its foreign policy and defence posture.

79. Instability in the East Asian balance and even indications of increasing Japanese military development may not directly affect Australian security; but they would heighten uncertainty and introduce new contingencies into Australia's strategic prospect (see Chapter 5, paragraph 181).

SOUTH-EAST ASIA

Indo-China

80. Internal consolidation of the new Indo-Chinese regimes will take some time. It is unlikely, however, that Hanoi will long accept the continued division of Vietnam. A unified Vietnamese state could become strong and self-sufficient in a few years. The North is already the most powerful military force in mainland South-East Asia and in the foreseeable future Vietnam will remain so.

81. Relations among the Indo-Chinese states will be subject to strains resulting from disputes about frontiers, off-shore islands and ethnic minorities. Vietnam seems likely to want dominant influence in Laos and Cambodia, but it will face competition from the Chinese, especially in Cambodia, and possibly from the Russians in Laos.

82. Vietnam will want Thailand's posture to be compatible with its interests, but direct aggression is assessed as unlikely, particularly as there will be some scope for pressure by manipulation of dissident and insurgent elements in Thailand.

83. The expressed attitude of the Vietnamese calls for both realignment in the external policies and associations of the governments of the Association of South-East Asian Nations (ASEAN)¹ and internal political change to eliminate what Vietnam sees as neo-colonialist forces and other "obstacles" to "the evolutionary trend of history".

84. This raises the question of the likelihood of Vietnam's using the vast quantity of United States' arms and equipment it has to provide material support to subversive and insurgent movements in neighbouring territories and to undermine present ASEAN regimes.

85. The evidence regarding Vietnamese intentions is inconclusive. Vietnam has had well-established links for some years with the insurgency movements in Northern Thailand. They include a logistics system for moving weapons and equipment through Laos and Cambodia to Northern Thailand and training schools in Vietnam, and the appearance in Thailand of small numbers of Vietnamese advisers and liaison personnel has been reported. This aid is likely to continue. The nature and level of aid given by Vietnam in future will be influenced by state-to-state relationships, China's interest, and other factors. It is not yet possible to judge how far these factors would inhibit Vietnam from stepping up its involvement should the insurgencies continue to develop.

¹ Indonesia, Malaysia, the Philippines, Singapore and Thailand.

The ASEAN States

86. All ASEAN governments have stressed the need to accept the new situation in Indo-China and to show readiness for friendship. But all are concerned that the communist victories in Indo-China have encouraged subversive forces in their own territories, and that these will probably get more arms. These countries maintain relatively modest defence forces, which are equipped and trained for, and primarily engaged in, counter-insurgency and internal security operations. They have little offensive and still less strategic capability.

87. Thailand faces the prospect of stronger insurgent activity and has greater requirements for adequately security its border defences. Events in Indo-China have also had some effect in sharpening internal problems and increasing the strains in Thai domestic politics. Subject to developments in this respect, there is likely to be some expansion of the Thai Armed Forces to meet new problems and threats.

88. Indonesia has a firm conception of threat from Vietnam and China by a campaign of long-term subversion. It is seeking to develop the mobility and range of its force structure for deployment if necessary in its near neighbourhood for anti-insurgency operations. It is particularly concerned for Malaysia's security. Indonesia is considering increased defence cooperation with Malaysia and with Singapore, including help with military forces if Malaysia's internal security situation deteriorated. Indonesia is also seeking more consultation in ASEAN on regional security matters, but seems unlikely to come to the defence of Thailand should its internal security be threatened.

89. The sub-region of Malaysia, Singapore and Indonesia is now more exposed to external exploitation of political instabilities. In each country there are major sources of disaffection. Political control is heavily dependent on sectional advantage and coercion. Communal relations in Malaysia are essentially fragile. There is a long-established insurgency in Malaysia which is based on the Thai-Malaysian border to which arms could be supplied. There is potential for large-scale instability in Malaysia if there were to be widespread disaffection in the Chinese population and if dissidents were to receive arms and other support.

90. The ASEAN governments command substantial national resources. Even given widespread disaffection and development of existing insurgencies, opposition is not readily organised into major challenge of the central power of the state. The prospect is not for early collapse of the ASEAN governments or of ASEAN itself. It could be for intensification of their political and security problems and for some tightening-up in the political system.

91. The reactions of ASEAN countries to events in Indo-China have been to try and strengthen the solidarity of the grouping. Thailand has been active in this effort but may come under pressure from Vietnam to reduce its ASEAN association. Thailand has also sought to develop its relations with China and with some apparent success.

92. Thailand and the Philippines are reviewing their security links with the United States. Thailand may seek to retain the Manila Treaty (as distinct from the SEATO Organization) and the supply of military equipment from the US while terminating the presence of US combat forces on its territory. The Philippines, on the other hand, may seek to disengage from the Manila Treaty while agreeing to bilateral arrangements for the use of the bases by US forces. Internal social and political changes may occur in each of them and there will be a move to more nationalism in their leadership and outlook, but the likelihood is that they will want to make re-adjustments prudently and with careful regard for their security.

93. In general, the ASEAN countries are likely to rely more on their own national resources and on political and diplomatic effort in future and much less on external security ties. This has implications for their attitude to Australia. ASEAN countries are likely to view Australia as of only marginal importance in assuring the security of the region although, as part of their strategic support, they are likely to continue to value Australia's stability and friendship and Australia's security links with the United States.

THE MAJOR POWERS IN SOUTH-EAST ASIA

94. These developments and prospects affect the interests of the major powers.

The United States

95. It is highly unlikely that the United States would contemplate renewed combat involvement on the mainland of South-East Asia, but it seems prepared to consider some indirect support to ASEAN states if requested, such as military supply and training. However, it is not at all clear what the US can do about ASEAN states' problems.

96. The ASEAN states themselves are also indecisive about what they want of the United States. They want its support – but in the background. Rather than military involvement on the ground they would prefer a continued naval presence. Indonesia wants US arms. Malaysia emphasises economic support. The Philippines want the US bases, but on modified terms. Singapore is sceptical of US efficacy. Thai policy is still evolving.

97. The United States has important interests in the retention of base facilities in the Philippines and free passage through the straits linking the Pacific and Indian Oceans. It has residual interests in the use of Thai facilities.

China

98. China is now playing a more active diplomatic and political role in South-East Asia. Its major interests include opposing the expansion of Soviet influence and restraining Vietnamese ambitions to become the dominant power in South-East Asia. It is continuing to place primary emphasis on state-to-state relations while maintaining its recognition of and support for insurgency movements. The developments in Indo-China have hastened moves in most ASEAN states for governmental relations with China. While China's strategic planning and military dispositions are primarily defensive, it is likely to include a capability to back up its extensive off-shore and island claims in the South China Seas – claims which often overlap with those of littoral countries.

The USSR

99. Developments in Indo-China, together with Sino-Soviet rivalries, will sustain Soviet involvement there. Indeed the USSR will probably step up its attempts to further its influence in all countries of the region. However, no ASEAN government at this stage appears likely to place its reliance on Soviet support although some could encourage closer relations. The USSR can be expected to canvass its collective security proposals again, but the regional governments are likely to be wary about giving the USSR major status in their affairs.

Japan

100. Japan still appears more likely to protect its trading, investment and maritime interests in the region by non-military action and reliance on the strategic influence of other powers.

101. Japan sees its national interests being best served by an economically developing and stable region. It would be concerned if its economic access in and through South-East Asia was likely to be threatened by radical political changes in the region. It is likely, however, to remain cautious about getting involved politically and to prefer to rely on its economic power for its influence.

OTHER DEVELOPMENTS

102. Two other developments are briefly noted.

103. The withdrawal of British and, later, New Zealand forces will leave Australia as the only significant external force contributor under the Five Power arrangements. The deployment of the RAAF Mirages is due to be reviewed at the end of 1976. The issues for Australia in either retaining or withdrawing them are examined in Chapter 5, paragraph 201.

104. The second development is the aid being given by Libya to the Muslim rebels in the Philippines, and apparently in Thailand. This of itself is of limited strategic significance but is a source of strain between Malaysia and the Philippines. It is also an indicator of possibly larger involvement by the Middle East oil states in the affairs of the region, with its large Muslim population and their discontents.

CHAPTER 4—THE NEIGHBOURHOOD

105. This Chapter deals with the situation in Australia's own neighbourhood.

THE GEO-POLITICAL SETTING

106. The Australian continent lies about 2,000 miles from the Asian mainland. In the arc between lie the large islands of Borneo and New Guinea and the Philippines and Indonesian archipelagos, contained by the Indian and Pacific Oceans and nine seas. Substantial islands curve towards north-west Australia, then east in smaller islands across narrow seas from Australia into close proximity at southern New Guinea along the Torres Strait, extending from New Guinea into a widening scatter of small islands across the seas to the north-east and east of Australia.

107. Australia's eastern arc is filled by the vast Pacific Ocean, with occasional small island groupings. Across the sea in the south-east lie the larger New Zealand islands. To the west of Australia are the largely empty spaces of the Indian Ocean. To the south are extensive seas, and Antarctica.

108. Australia's neighbourhood is therefore constituted by the Indonesian archipelago, New Guinea, the Melanesian and Polynesian islands of the South-West Pacific, New Zealand and the surrounding seas and oceans.

109. Of the nation states in this region, and several other British territories soon to be self-governing, only four (Indonesia, Australia, New Zealand and Papua New Guinea) have significant areas and populations. Australia and Indonesia alone have global significance in terms of resources and territorial areas. Indonesia, with about 130 million inhabitants, has the fifth-largest population in the world. Australia has a population of 13 million, largely concentrated in the east and south of the continent. The northern half of Australia, a major source of Australia's resources and export trade, contains only some 800,000 of the nation's people. Relative to the rest of the neighbourhood, only Australia and New Zealand enjoy wealth, and only Australia has significant industrial and technological status.

110. Outside Australia and Indonesia, military capability in the neighbourhood is negligible.

111. Within the neighbourhood the only formal defence arrangements or informal understandings are those between Australia, and New Zealand and Papua New Guinea respectively. French, Portuguese, British and American colonial connexions penetrate the neighbourhood – but British and Portuguese links will be substantially terminated shortly. The ANZUS alliance links the United States, Australia and New Zealand. Under this, certain defence-related facilities exist in Australia. But the neighbourhood contains no external military bases or deployments, except for a small French independent force in the South-West Pacific, based on New Caledonia. It is not used by the major powers for staging, although both Soviet and US naval ships transit through the Malacca, and occasionally the Lombok Straits to and from the Indian Ocean.

112. Relative to other regions, the neighbourhood is substantially free from the prospect of major power confrontation and from issues sustaining substantial adversarial relationships. Because of this, it is an area in which differences between states can be resolved by diplomatic means and political management. Only Australia and Indonesia have significant potential to project power beyond their national frontiers to influence by force the settlement of intra-neighbourhood differences or any more substantial change in the neighbourhood status quo.

AUSTRALIAN RELATIONS WITH INDONESIA

113. Australian assessments have long identified the importance to Australia of a united and not unfriendly Indonesia. A friendly Indonesia could be expected to deter or at least impede a conventional assault on Australia. Indeed without access to facilities in the island chain, not even a major maritime power could sensibly contemplate a sustained attack on Australia. For its part, Indonesia's strategic circumstances are much favoured by having a stable and friendly power in Australia.

114. Friendly relations have prevailed for a generation, having weathered sharp difference over Dutch New Guinea and Confrontation. They have been deliberately cultivated by successive Australian and Indonesian governments. Indonesia looks to Australia's relationship with Papua New Guinea to assist in securing Indonesia's interests on its eastern frontier. Australia's economic and defence aid programs are valued. Australia's alliance with the United States is welcome to Indonesian governments of the present political disposition (and would be a factor for constraint on any less friendly regimes that might emerge in future).

115. The relationship is free from disputes in respect of bilateral matters. Indeed bilateral relations are hardly substantial enough to give much scope for major dissension and their growth is likely to be slow. The relationship with Australia appears essentially peripheral to Indonesia's major, long-term preoccupation with domestic affairs and developments in its own northern neighbourhood.

116. Nevertheless, for Australia there will always be problems in living alongside a large, alien and volatile state. Should political relations deteriorate, co-operative management of bilateral matters could become difficult. At the present time, difficulties in relations with Indonesia are conceivable in respect of Portuguese Timor, Papua New Guinea and political change in Indonesia.

117. Indonesian use of force in respect of Portuguese Timor appears likely. This would not endanger Australian security. It could arouse political objections in Australia and risk impairment of friendly relations with Indonesia.

118. Although not assessed as probable, limited and localised and isolated military forays by Indonesia across the Papua New Guinea border could occur if Indonesia considered conditions there to be causing unrest in Irian Jaya and the PNG government unable or unwilling to exercise control, and if Indonesia saw Australian influence as ineffective. Australian security would not be endangered; but there would probably be political objections and some impairment of Australia's relations with Indonesia. Papua New Guinea might call on Australia for military assistance.

119. There could be loss of confidence by Papua New Guinea in Indonesia's behaviour and in Australia's will and ability to provide protection.

120. More substantial Indonesian military penetration of Papua New Guinea appears improbable. As distinct from Portuguese Timor, PNG would be a sovereign state and a new member of the United Nations. Many Australian interests would be involved, including a well-established defence association. Even allowing for Indonesian sensitivity to the security of its frontier territories, it is difficult to see an ambition to extend Indonesian military control and administration in PNG achieving the necessary national priority. However, were the state of PNG to break up, Indonesia, like Australia, would face new and difficult problems.

121. Despite its difficulties and shortcomings, the present regime in Indonesia is effectively in control and well-established. However, there must be doubts about its durability. Successor regimes will still find their national priorities in internal problems, including problems of political control, particularly in western Indonesia, and in relations with regional neighbours to the north. A regime motivated by antagonism to Australia and/or Papua New Guinea, or seeking relief from its primary problems by action against Australia and/or PNG, appears one of the more remote and improbable contingencies. [Two lines expunged].

PAPUA NEW GUINEA

122. Papua New Guinea's importance for the Australian defence interest rests on three basic considerations: its proximity; the security of Australian interests in PNG; and the potential in PNG's relations with Indonesia for disturbance of Australia's relations with Indonesia. PNG for its part will for the foreseeable future feel dependent on Australia for many reasons and perhaps over-sensitive to what we do; and no doubt will seek to reduce that sense of dependence to the extent practicable.

Proximity

123. Subject to Australian policy, a substantial defence relationship between Papua New Guinea and Australia is likely to be seen by PNG to continue to serve its interests indefinitely, surviving likely fluctuations in aspects of the general post-colonial relationship. Nevertheless, periods of political tension between the two countries are to be expected. Features of the frontier in the Torres Strait area could then lend themselves to limited, low-level harassment operations by PNG. The conjunction of necessary conditions appears improbable; but warning time could be short.

124. Of serious concern to Australia would be the lodgement in Papua New Guinea of some external power capable of military action against Australia. This would much disadvantage the defence of Australia, giving strategic access to eastern Australia and to Australian lines of communication with the northern and eastern Pacific.

125. Circumstances most likely to give rise to such development would be a loss of confidence in Australia by Papua New Guinea, serious tension between PNG and Indonesia, or a radical internal political change in PNG. These contingencies are unlikely to arise, but effective Australian policy to maintain a co-operative national relationship with PNG, including a satisfactory defence relationship, will be important in this.

Security of Australian Interests

126. Political instability in Papua New Guinea will from time to time threaten the security of Australian interests in PNG. It gives rise to a number of contingencies.

127. A serious breakdown in law and order could call for consideration of limited military operations to assemble, protect and evacuate Australians. This contingency on a nation-wide scale appears improbable, but in a more localised situation it could develop with little warning.

128. A Papua New Guinea government could request Australian military intervention in its support in circumstances of serious internal threats to its existence or of a secessionist situation beyond its control. Neither the internal security nor the unity of PNG is in itself essential to the Australian defence interest. In such circumstances the Australian government would need to assess, in addition to risks to national interests in general, the risks of third party involvement either in support of dissidents or in support of the PNG government.

Relations with Indonesia

129. Any Papua New Guinea government is likely to have some sympathy with the aspirations of the Melanesians in Irian Jaya to avoid total ethnic domination from Western Indonesia, but PNG governments, conscious of Indonesian sensitivity and strength, are generally likely to avoid actions which might be construed as prejudicial to Indonesian interests and to co-operate with Indonesia.

130. The Papua New Guinea Government's policy towards Indonesia seems mainly predicated on the requirement to maintain good relations with a large, powerful, and [two words expunged] neighbour.

131. Substantial progress has been made in the development of such co-operation, politically and in the border area. Border problems are at present contained by the concern and efforts of both governments. In the foreseeable future there are grounds for optimism, subject to uncertainties concerning the stability of the Papua New Guinea government itself, the continued effectiveness of PNG's border surveillance and control, and the continuation of mutual understanding. Serious instability in PNG and/or a breakdown of PNG authority in the border area remain contingencies of which both Australian assessments and policy will require to take constant account.

SOUTH-WEST PACIFIC

New Zealand

132. Though general co-operation across the Tasman has developed extensively, bilateral defence co-operation has remained limited in scope to a range of practical matters which are of importance to the New Zealand force rather than to the Australian.

133. Recent consultations have exposed New Zealand uncertainty about the reliability of United States' assurances under ANZUS and about Australian strategic policy, which New Zealand interprets as turning towards the defence of Australia and excluding New Zealand. New Zealand itself, however, shows little inclination to devote a larger share of its national resources to defence development. Its dominant approach to security matters appears to relate a very low sense of potential threat in its distant corner of the Pacific Ocean to a belief that a more secure international order is to be achieved by international discussion of zones of peace, disarmament, nuclear-free zones and similar regulatory formulae.

134. New Zealand's efforts to promote a nuclear-free zone in the South Pacific are detrimental to Australia's security interests. The United States has recently made clear its objections to New Zealand's nuclear-free zone proposal and its dissatisfaction that an ANZUS ally should persist on a course the US has declared harmful to its interests.

135. New Zealand's co-operation with us is highly desirable but there are some New Zealand attitudes on defence matters which impose some limits to the co-operation possible between Australia and New Zealand on strategic and defence matters.

136. Australia and New Zealand may also have different perspectives towards South Pacific countries. Australia's interests are, in particular, the avoidance of new major power intrusions of strategic significance while sustaining the broad United States' strategic interest and the security of the region from Asian pressure or penetration. New Zealand's interests may be more directed to ensuring that constitutional and political developments in the region do not become disturbing factors in its own domestic policies. Generally, while constitutional and political developments in the region are likely to throw up problems, there are reasonably good prospects that the South Pacific will not attract the involvement of major external powers and that in the long run Australian and New Zealand policies will not diverge too seriously.

Relations with France

137. Friction between the South Pacific countries and France is likely to continue under the stimulus of French colonial policy in its territories and French persistence in its pursuit of nuclear tests in the area. It could lead intermittently to practical as well as diplomatic pressures on France in which Australia could well be involved. The contingencies of resort to force and of French military reaction are improbable.

Intervention by Major External Powers

138. Both the USSR and Japan have interests in the area. Soviet naval research ships regularly visit on a small scale and the USSR responds in a limited way to political developments. Some island governments may grant the USSR access to port facilities for its research ships and in the longer term its naval ships.

139. Low-level competition between Japan, the USSR, and the United States is likely to increase regarding the resources of the South-West Pacific, especially seabed minerals. This will provide some opening for political penetration, but not sufficient basis for any significant challenge to the strategic position of the United States in the Pacific, either directly or by pressure on regional powers.

COCOS AND CHRISTMAS ISLANDS

140. The Cocos Islands are of continuing defence value because of circumstances in relation to staging flights and maritime surveillance by Australia and its allies. Christmas Island likewise has value as a site for discreet underwater surveillance, and a potential value for other forms of surveillance. Political developments regarding the status of Cocos Islands could limit Australian access in the future, but Australian sovereignty and defence access are not at present challenged by any other power. The contingency of such challenge can be conceived to derive only from the unlikely circumstances of major power strategic pressure against Australia itself or of some breakdown in Australian/Indonesian relations.

ANTARCTICA

141. Both the United States and the USSR appear content with the demilitarization provisions of the Antarctic Treaty, but if disputes were to arise over resources, tension is possible in the longer term. Political as distinct from military solutions to the problems of the area are to be expected.

LAW OF THE SEA

142. International negotiations towards an agreed Law of the Sea are by no means completed. Australia's interests are extensive. Two aspects are of special importance:-

- a. transit rights through the archipelagos to our north (Indonesia, PNG, the Philippines, the Solomons) for trade and military traffic, including that of our trading partners and allies; and
- b. the control and security of access to the resources of the sea and its territories.

143. It is likely that a reasonably satisfactory regime of transit through archipelagos will be agreed but archipelagic states will retain some latitude within the Convention to hamper the movement of ships and aircraft. The fact that much of the Australian trade involved is either proceeding to or coming from Japan, most of it in foreign ships, would constitute a restraining influence on the archipelagic states.

144. The greatest risk to the Australian/Japanese rights of transit would arise if Indonesia and/or Papua New Guinea were to re-orient towards powers politically opposed to either Australia or Japan. Even then the concern of other powers to avoid provoking the Japanese towards rearmament would provide reason for restraint. Should pressure develop, the passage of Australian military vessels and aircraft would be a probable priority target for restrictive measures.

145. The almost certain acceptance of the economic zone concept will increase Australian maritime resources zones enormously and will give Australia substantial authority in these areas. The provisions relating to the continental shelf may not help to safeguard Australia's maritime resource interests, particularly the delimitation of the seabed boundaries with Indonesia, Timor, Papua New Guinea and France. There will be scope for disputes in areas where there is vast potential for resources. PNG and other South-West Pacific countries will be unable to police their resources zones adequately.

146. Negotiations for an agreed seabed boundary between Australia and Papua New Guinea are also complicated by many Law of the Sea factors.

CHAPTER 5—AUSTRALIA'S STRATEGIC SITUATION AND PROSPECTS

147. The preceding Chapters have reviewed the factors and trends which we believe to have the most significant effect on Australia's strategic situation and prospects. It remains in this Chapter to try to draw together those matters that impact on Australian interests, and to suggest what are the likely or contingent developments upon which we should focus as a basis for defence policy and for recommending the size and shape of the Australian Defence Force.

THE GLOBAL BALANCE AND AUSTRALIAN SECURITY

148. The earlier analysis foresees a world in which there could be recurring local or regional conflicts which do not spread and do not affect Australian interests because the Super Powers are careful to avoid trespassing upon each other's vital interests. This is not a world of peace and it is not one in which we can assume that oppression, threat of violence, and injustice have been eliminated. It may be that Australian governments will want to have a military capability of contribution – probably modestly – to international efforts under proper auspices to restore and maintain peace in areas which represent no strategic threat to Australian territory or its direct interests.

149. In all situations short of conflict between the USSR and the United States, we believe that the events in Australia's region and immediate neighbourhood will most affect the security of our territory and interests. This is because the only powers who would have the physical capacity to project major strategic pressure against Australia are the USSR and (theoretically at least) the US, Britain and France, although China will later acquire a nuclear capability to do this. Other powers at present lack the capability.

150. As earlier pointed out, Australia is located in an area where United States' power is unlikely to be openly challenged. Moreover, we are directly allied with the US in a security treaty. It is not credible in the prevailing global circumstances that, assuming there were a Soviet or Chinese interest to be served, either would regard the potential gains from exerting pressure or threat against Australia as justifying the risk to their present relations with the US and with other powers.

151. We do not assume that this situation will necessarily always prevail. At a later time, the USSR – or another major power such as a re-armed Japan – might progressively acquire, without precipitating a major crisis, a strategic position from which Australia could be exposed to pressure exercised directly, or through a third power. For example, if, at any time, the USSR established a predominant naval presence in the North-East Indian Ocean and South-East Asia, or were Japan to enter into strategic cooperation with Indonesia, Australia would be more susceptible to pressure if its defence strength were as limited as it is at present.

152. Neither these nor similar situations exist at present and there is no present trend which suggests that any are likely. At the same time we clearly must keep a watch on political changes and the distribution of military power in East and South-East Asia.

153. Thus, the prevailing global situation, and Australia's remoteness from the primary foci of interest and confrontation between the major military powers afford Australia a substantial measure of security from involvement in conflict between them and from direct threat by any of them. Over and above the Super Powers, the military powers which we have considered include China, Japan, and European powers; we would at present exclude powers like India which will not have in the foreseeable future a sufficient air and maritime capability to pose a credible threat to Australia. Any significant change in the global situation including the acquisition by a regional power of capability and motivation to project a major military threat against Australia, is unlikely to be rapid, except in the improbable nuclear contingency.

154. It follows that, in respect of a credible threat of direct attack on Australia by any of the military powers considered in paragraph 153 above (that is, China, Japan, and the European powers) we can expect to have a substantial time in which to make necessary changes to our defence capability, provided we recognise the need for change early enough. The only major power which could now pose a credible threat of direct attack on Australia is the USSR. However, given its present and future massive capability to attack successfully virtually any country in the world except the United States, it is not desirable or practicable to found an Australian defence posture simply on Soviet military capabilities; reasonable regard must be given to the reactions of other powers against the USSR if it were to select Australia or any other country in the Western world for attack.

155. No necessity to enlarge our defence capability against a threat from any of the Super Powers or major powers referred to above is currently evident; while saying this, we must also say that the continuous survey of international developments must be maintained to ensure that any indicators of change relevant to the security of Australia are detected early, and careful attention needs to be paid to the relationship between warning time, decision time and various lead times required to make changes in Australia's defence capability and strategic posture that global or regional trends might indicate to be necessary.

AUSTRALIA'S STRATEGIC AFFINITIES

156. Australia will not for the foreseeable future have the military capability independently to defeat a major attack or to justify our seeking security in neutrality. Were Japan, China or India to acquire an independent strategic capability, Australia's security from any major threat which they (or the USSR) had the motivation to apply against us would, therefore, be critically dependent upon effective support by some major power or group of powers. It is a fundamental requirement of our national defence policy that we should pay continuing attention to Australia's contingent requirement for such external support.

157. In this connection, Australia's affinities, shared interests and interdependence with North America, Western Europe and to an important extent Japan, support cooperation in matters of fundamental strategic concern with those nations rather than with other powers. Australia's natural major ally is the United States. This appears to be well understood and accepted by the USSR and China, and by other states of strategic significance to Australia.

158. The United States could not afford to fail to support Australia in the event of major assault without seriously undermining its strategic position in the Pacific and Indian Oceans.

159. This does not mean that in all circumstances Australia must support the United States or can expect to be supported by it. Nor does it mean that there could not be circumstances modifying or supplementing the US association, when Australia could consider cooperation with the USSR or China or Japan or India and other powers which had common interests at the time with Australia. Australia would then be well advised to weigh the issues involved in the light of their security significance as seen by the US. At the present time, however, no considerations for policy arise in these respects. In present and foreseeable circumstances no advantage is seen in a reduction of arrangements that support Australia's long-term security from major threat.

160. Australian defence interests can be well-served by national policy that promotes international détente effectively, bridging and modifying strategic alignment and reducing confrontation. Other national interests can also require the demonstration of international affinities different from and sometimes in opposition to those supported by defence and security interest. In such respects, particularly where there could be incompatibilities of interest, Australian defence and security interests should be consulted and protected in the determination of national policy.

161. Conduct of our relationship with the United States should be sensitive to Soviet interests. The USSR could not be expected to be indifferent to any major developments in Australian defence support to the US, e.g. provision of base facilities. The US appears to have accepted the Australian position that, in accordance with Australian policy for mutual restraint by the Super Powers in the Indian Ocean, there should be no increase in the number of US Navy visits to West Australian ports. This policy should be reviewed if the Soviet presence in the Indian Ocean expanded considerably. Should Soviet naval combat ships seek to visit Australian ports, Soviet motivation for such a request would need careful consideration.

DEFENCE RELATIONS WITH THE UNITED STATES

162. There is no Australian requirement for any new inter-governmental defence arrangements with the United States such as, for example, the provision of military bases or by combined military planning or mutual commitment of forces. Moreover, such development could be contrary to Australian interests in bridging and ameliorating adversarial relationships, reducing confrontation and playing an independent international role.

163. Subject to judgements from time to time in these respects, policy for a working defence relationship with the United States should sustain cooperation in such areas as consultation on strategic and operational developments; surveillance; military, scientific and political intelligence; defence science and technology; military doctrine; equipment and associated fields (e.g. defence cataloguing); military staff and Service-to-Service discussions (e.g. on operating procedures); inter-operability; and joint and combined exercises.

164. Ready and economical access in the foregoing respects is not available on comparable terms elsewhere (save for Britain in certain important fields), or not available at all. However, it is important that close dealing with the United States not imbue Australian defence thinking with the perceptions and requirements of a Super Power facing very different tasks from Australia. The relationship with the US should not inhibit development of defence relations in particular matters with other countries, e.g. Western Europe and possibly Japan.

165. The US has repeatedly made clear the value it attaches to the defence facilities it maintains in Australia.

166. The United States also values highly and expects the use of Australian ports to reduce the logistic difficulties of long-range naval operations in the Pacific and Indian oceans. The closure of Australian ports to nuclear-powered warships in 1971 has become an irritant to the US, the more so as the US Navy converts increasingly to nuclear propulsion; over 30 percent of US combatant ships and 90 percent of the Pacific submarine fleet now use nuclear fuel. Although the long fuel-endurance of these warships is an advantage for operations in distant regions there remains a need for access to ports for stores replenishment, ship maintenance and crew rest. It might well appear to the Americans to be a holding back on cooperation expected of a Treaty partner that after four years, we remain unable to define which and what parts of ports they may use notwithstanding that the Court case over French nuclear-weapon testing has passed, new absolute liability assurances concerning reactor incidents have been passed into US law, and the accident-free record of US Navy reactor plants continues. As this paper argues, Australia's security depends substantially on the maintenance of the global regional balance. Subject at all times to Australia's right to disassociate itself, by denial of facilities, from US deployments or intentions which it does not support, it is a general and basic Australian interest to assist the US to deploy its sea power in support of the wider strategic objectives. As well, visits by US Navy nuclear-powered ships and submarines should be an important part of the defence relationship of the two countries for the joint training opportunities they afford, for development in peace of the techniques of combined operations and support which would be vital to Australia if attacked by a major power, for display of naval power, and for familiarisation with ocean areas contiguous to Australia. For these several purposes it is in the Australian defence interest not to delay further the resumption, under appropriate conditions, of visits by nuclear-powered warships.

167. Cooperation with the United States on the lines of the foregoing paragraphs is advantageous to Australia's defence interests. It enables Australia to contribute something of substance to the defence relationship with the US, and to US national and global strategic activities, without involvement in defence cooperation and commitments beyond the present level. Furthermore, the consultation flowing from this enables Australia to assess US strategic attitudes and policy and the reliability of US support in varying strategic circumstances.

168. In addition to the foregoing, maintenance of the global balance is of direct benefit to Australia's national strategic interests. Australia can support this balance by maintenance of the US Navy VLF facility at North-West Cape, which has the function, amongst others, of transmitting to the US submarine strategic deterrent force. The facility is also of great use to the RAN.

169. In the event of military crisis between the Super Powers, the USSR would have the capacity to threaten or attack the US Navy's VLF station at North-West Cape, or some other Australian target as a deterrent or retaliatory measure. Given the compelling force of nuclear constraint, this is improbable. Moreover, the USSR would be more likely to attack higher priority targets, such as weapons systems and strategic concentrations; it would be unlikely to impair US command and control over the Submarine-Launched Ballistic Missile (SLBM) force; and any attack on Australia would expose the USSR or its allies' territory to US reprisal. Risk to Australia of a limited nuclear strike is assessed as remote and as insufficient to justify consideration now of disengagement from or reduction of the present defence relationship with the United States.

170. However, the element of security risk, and the possibility that the operation of the North-West Cape communication station might undesirably associate Australia with some particular US activity, both require the closest continuing consultations on US strategic policy and operations relevant to the station.

NUCLEAR PROLIFERATION

171. It is in the Australian interest that as many countries as possible ratify the Non-Proliferation Treaty. It is also in the Australian interest to support efforts to strengthen and extend international safeguards arrangements governing the supply of nuclear materials, equipment and technology to non-parties as well as parties to the Treaty.

172. Likely significant reduction in Indonesia's or Japan's lead time to nuclear weapons production would be of particular interest to Australia.

ECONOMIC AND RESOURCE FACTORS

173. Sustained economic difficulties and frustrations are likely to set in train important national and international political changes, with unpredictable effect on strategic circumstances, that will require early and continuing assessment. Australia is well placed as a major supplier of important resources to influence international attitudes and to support co-operative relations. This is highly desirable from the strategic point of view. Access to Australian resources will be increasingly important to Western Europe, Japan and North America. This gives these countries a growing stake in Australia's security and undisturbed economic development. Short of radical changes in international political and strategic circumstances over the long term, major assault to gain control of Australian resources is not considered a credible contingency facing defence policy.

LAW OF THE SEA

174. Australian policy objectives include the maximum possible freedom of surface passage through and overflight of straits and archipelagos; the right of submerged transit on a reasonable scale by major powers through those areas for strategic deployments, and the enjoyment by Australia of this right in future; and effective procedure for the peaceful settlement of disputes.

175. Australia will be concerned to maintain the security of its own access to recourses of the sea and seabed around Australia, and to control access by others. Australia's jurisdiction will have to be maintained over an enormous area, and it will need to be able to enforce its authority there. It will be important that maritime boundaries and arrangements for access be clearly drawn and command the widest possible international acceptance.

REGIONAL FACTORS AND AUSTRALIAN INTERESTS

The Indian Ocean

176. Soviet strategic supremacy in the North-West Indian Ocean would place hostage major Western economic interests and vital oil supply as well as sea lines of communication from the Persian Gulf in times of tension.

177. Australia has substantial national and international interests in the stability of oil supplies from the Persian Gulf area. Moreover, the Soviet position in the North-West Indian Ocean described in paragraphs 52 to 59 of Chapter 3 suggests longer-term contingencies for Australia in terms of possible future development of the Soviet position into the North-East Indian Ocean. The USSR is unlikely to challenge the United States' relationship with Australia, but a slow increase in Soviet maritime activity in the Australian area is to be expected. The possibility of some limited bilateral friction between the USSR and Australia cannot be altogether ruled out.

178. A balancing of the Soviet presence in the Indian Ocean must depend primarily upon the United States. Support facilities at Diego Garcia will be important for this. However, it would not be in Australia's interest for there to be direct confrontation between Soviet and US ships or for the naval presence of one or both powers to be further extended and to involve more littoral states in the provision of base facilities. The Australian interest in mutual restraint by the US and USSR in their Indian Ocean deployments is clear, and supports continuing Australian representations to this end.

179. Australia has supported the concept of an Indian Ocean "zone of peace" as a long-term objective. It is in the Australian interest to contribute to the exploration of the concept, and to try to influence its development in practical and realistic directions. The cooperation of the Super Powers would be essential to give it any meaning.

180. Australian naval visits, particularly in the North-East Indian Ocean, for exercises and flag-showing are desirable to demonstrate Australian interest in its strategic approaches.

East Asia

181. The intelligence assessment in Chapter 3 indicated possibilities for change in the East Asian balance.

182. It cannot be seen that among China's many interests challenge to Australia would have any priority. Moreover, China's nuclear inferiority to the United States and the USSR would be constraint. China's conventional capability in respect of Australia will be limited for many years.

183. Japan is likely to maintain its present defence posture; any change of course is likely to be later than earlier. However, the factors for change over the long term appear somewhat more substantial than in earlier years. Indicators of incipient change should be closely watched and assessed.

184. Australia has a major interest in the maintenance of Japanese security relations with the United States, which are the foundation of the Japanese policy of limiting its own military capability.

185. Satisfactory national relations with China and Japan are an important Australian strategic interest. It is important that national political, economic and resources policy protect this interest over the long term.

South-East Asia

186. Chapter 3 identified considerable uncertainties in respect of South-East Asia. The direction and pace of developments cannot yet be assessed.

187. Strategic policy must now contemplate the possibility of considerable political change in South-East Asia and of instability in alignments there. Policy must acknowledge the impracticability of Australia's trying to influence these developments by military action when they essentially involve the domestic social, economic and political circumstances in the regional states.

188. Prospects for practical progress with the ASEAN proposal for a Zone of Peace, Freedom and Neutrality do not appear at present to be encouraging. Australia should continue to give firm support to the movement towards the achievement of the zonal objectives as standards of political conduct in the region.

189. A major focus for Australian attention is the effect of regional developments on Indonesia.

190. Indonesian collaboration with the USSR appears unlikely at present to develop in a significant way. This situation could change if, for example, Indonesian fear of China or dissatisfaction with the United States increased, or Indonesian political forces sought to accommodate to heightened communist pressure in the region. There is an Australian policy interest in encouraging cooperative relations between the US and Indonesia.

191. Stability in Malaysia will be very important to Indonesia and is therefore a key factor for Australia. Australian policy should seek to sharpen Chinese appreciation of the prospects for major, uncontrollable instability in Malaysia involving the entire sub-region in bitter conflict, and offering no realistic prospect of a Chinese-dominated left-wing regime. Large-scale communal conflict would also raise difficult problems for the Chinese Government, such as it appears likely to wish to avoid. Australia should encourage China to pursue a strict policy of non-interference in Malaysian internal affairs.

The United States in South-East Asia

192. Any form of direct combat involvement by the United States on the South-East Asian mainland appears improbable. US action appears more likely to be in the form of political and diplomatic support to ASEAN states, some economic and military aid (supply and training) and maintenance in particular of a maritime presence. Such US activities appear advantageous to Australian interests, and, subject to close assessment of specific US policies and when welcome to the states concerned, to warrant Australian support. It has to be recognised that in present and prospective circumstances US military and political influence are much reduced. Nevertheless, a continuing US interest and presence in the region are very important to Australia's strategic interest in the balancing of the USSR and China.

193. United States' strategic influence in South-East Asia is now primarily maritime. It supports secure and free maritime communications. This benefits Australia directly and indirectly by keeping Japan's requirement for naval development low. In these respects also it will be important for Australian policy to encourage continued US interest in the region, and maintenance of a maritime presence and the supporting bases in the Philippines.

194. Australia has important interests in keeping armaments in South-East Asia limited. The situation that the ASEAN regimes could face is unlikely to require large supplies from the United States of major equipments and sophisticated weaponry. Close and continuing consultation with the US on this matter is desirable, especially regarding arms supply to Indonesia.

Defence Cooperation Programs

195. Our strategic interest calls for the continuation of defence co-operation programs designed to foster sympathetic attitudes to Australia; to promote local defence capability and political independence, particularly in Malaysia, Singapore and Indonesia, and particularly such programs as offer benefit also to civil economic and technological development; to support Australian access to local governments, their defence ministries and military forces; and to improve Australian intelligence on important areas of regional defence planning and capability.

196. Beyond this, however, the scope for defence policy appears limited and the new situation in South-East Asia requires review of arrangements entered into in earlier circumstances and on different assessments.

The Five Power Arrangements

197. The Five Power Arrangements were originally conceived as a transitional measure to sustain confidence in Malaysia and Singapore in the aftermath of Indonesia's confrontation and in the circumstances of Britain's impending withdrawal. The Australian concept essentially was to enhance Australian diplomatic influence in the security policies of the sub-region at the time. When the decision was made in 1971, the political advantage was assessed as higher than the risk of being involved in military action to defend the territory, which was then seen as remote.

198. In recent years, the Five Power Arrangements have lost tangible substance with the progressive withdrawal of external military forces. After March 1976 when British forces will have withdrawn, Australia will still have a deployment of two RAAF Mirage squadrons in Malaysia with a detachment in Singapore, and New Zealand a deployment of one battalion in Singapore. In December 1974, the Minister for Defence agreed with his regional counterparts that the Mirage deployment would be reviewed at the end of 1976. New Zealand has announced that its battalion will be withdrawn in about two years.

199. In the new situation, the question arises whether Australia's Five Power commitment in relation to the external defence of Malaysia and Singapore, to consult with other partners "in the event of any form of armed attack externally organised or supported against Malaysia or Singapore", properly represents Australia's strategic intentions and capability.

200. Any significant armed attack would be likely to involve substantial internal security operations. An Australian contribution to such operations could not significantly affect their outcome. It would be contrary to the policy of non-involvement in internal security operations declared by successive Australian governments, and to long-established policy for Australia to avoid operational commitment in the region independently of a substantial power.

201. In this respect the deployment of the Mirage squadrons requires attention. Before withdrawing them, we would need to assess whether there would be any significantly adverse effect in the region (and in the United States) on the perceptions of Australia as a source of support. There are practical aspects pointing in different directions: some growing hazard from attack from local dissidents on a vulnerable site, combined with difficulties in adequately locating and housing the squadrons in Australia until facilities are built. The considerations affecting continued deployment of the squadrons should be reviewed now.

202. Britain, and New Zealand, intend to continue some naval deployments to Singapore and we believe the United States should be encouraged to increase naval use of the facilities there. Contribution on this basis to a regional maritime presence would be in Australia's strategic interests, which could help reduce any Singaporean incentive to permit more Soviet use of the facilities. RAN deployments to Singapore should continue, and as a possible additional contribution, the desirability of Australia's assisting in a further limited way in the management of the Sembawang Dockyard Stores Basin should be examined.

THE NEIGHBOURHOOD

203. The factors that at present substantially secure Australia from major threat would not similarly secure Australia from the contingency of lesser threat.

204. It is important to note that such lesser situations would not be likely to involve the global interests of the United States. They would be of a nature in which to a large extent, the US could be expected to avoid direct involvement, irrespective of Australia's attitude. Beyond support that might be available and worthwhile from the neighbourhood, there is no reason now to expect that Australia could secure assistance elsewhere. It would have to expect to handle these lesser situations on its own.

Relations with Indonesia

205. Australia's long-standing good relations with Indonesia continue and, with careful management, the prospects remain favourable. A secure and well-disposed Indonesia would be of major, possibly decisive advantage to Australia in relation to any deterioration in strategic prospects in South-East Asia. At the same time, Indonesia is a power with long-term potential for significant assault against Australia and with which at lower levels of capability Australia would have to expect to deal on its own. The maintenance of good relations with Indonesia is therefore of major importance to the Australian defence interest. It is important that Australian defence policy not only strive for good relations, [1.5 lines expunged]

206. Australian policy objectives strongly justify continuation of programs for defence aid and cooperation. The Government is committed to a new program not less in size than the present program. These programs also give Australia useful insight into Indonesian defence planning and capability.

207. Stable relations will require continued mutual political tolerance and cooperative handling of bilateral matters, such as Indonesian fishing incursions into Australian waters or maritime resources zones. Stable, mutually satisfactory maritime frontiers will be most important.

208. Particular Australian requirements will be unimpeded passage through the Indonesian archipelago and Indonesian respect for Australian status and interests in Papua New Guinea. The stability of the Papua New Guinean/Indonesian border will require the continuing attention of Australian policy.

209. The Indonesians' objective is to absorb East Timor; they have so far been reluctant to use open force, in part because of concern for Australian and international reactions.

210. Australian defence interest would favour integration of Portuguese Timor into Indonesia provided this could be achieved on politically acceptable terms; defence requirements would also be satisfied if Portuguese Timor became an independent state provided Indonesia's predominant influence there were assured, particularly regarding security matters.

Papua New Guinea

211. The prime Australian defence interest regarding Papua New Guinea is that no external power potentially unfriendly to Australia, gain significant strategic influence there. In particular, it would be damaging to Australia's interest for Indonesia to replace it as the primary military power supporting PNG. [One line expunged] It would favour subsequent extension of Indonesian influence into the South-West Pacific. It is not in Australia's interests that one power acquire strategic status throughout the entire area from the north-west to the north-east of Australia.

212. [One line expunged] Papua New Guinea is a question that could not and need not be decided until the relevant circumstances were beginning to shape and could be assessed. It is to be noted, however, that Indonesia, or another external power, could replace Australia as PNG's primary strategic partner without any question of force arising, were Australia not to maintain its status or should it lose it in diplomatic competition in PNG.

213. Present Australian policy looks to the conclusion of a defence relationship with an independent Papua New Guinea that will avoid formal commitment but will offer cooperation at a level sufficient to improve the efficiency of the small local forces, display Australia's strategic interests, and maintain influence. This requires of the Defence Force continuing close contact with the PNG Defence authorities and Defence Force, and aid in the latter's development.

214. Australian policy should influence Papua New Guinea governments to maintain a stable regime on its Indonesian border. At the same time Australian diplomacy should make clear to Indonesia Australia's and PNG's requirement for confidence in Indonesian behaviour in the border area.

215. In dealing with Papua New Guinea, it will be important to keep a clear distinction between Australian and PNG perceptions, and interests. It is likely that in regard to Indonesia particularly, PNG will have views and interests that Australia will not share or see as worth trouble with Indonesia. While it will be important to maintain PNG's strategic confidence in Australia, PNG should be under no illusions that Australia will support it in all its difficulties regarding Indonesia. It is in our defence interest that PNG reasonably accommodate its large neighbour and avoid any provocation.

216. At the present time, we consider it would be in the Australian defence interest if Papua New Guinea did not join ASEAN and thereby formally commit itself to political involvement in the affairs of South-East Asia, and to this extent enhance Indonesian status in PNG. Australian defence policy is best served if PNG finds its international setting primarily in its relations with Australia and the South Pacific, rather than in the wider region of South-East Asia.

The South Pacific

217. There is a requirement, and there appears to be scope, for a deliberate Australian policy of fostering a South Pacific consensus on strategic matters, particularly in relation to the connection with the United States, the limitation of penetration by other external powers, the importance of the continued independence of Papua New Guinea's territory, and the maintenance of Australian rights of transit passage. Understanding and collaboration between Australia and New Zealand would be a necessary basis for this diplomacy, and should be pursued in a constructive spirit. Australia has an important interest in this respect in encouraging the indigenous governments of the South Pacific to see their strategic alignment with the ANZUS powers. We have commented in paragraph 134 of Chapter 4 on New Zealand's policy on a nuclear-free zone for the Pacific which works towards conflicting objectives.

CHAPTER 6—POLICY IMPLICATIONS FOR AUSTRALIA'S DEFENCE CAPABILITIES

218. This Chapter will establish in the light of the present situation what guidance and, to the extent practicable, what conclusions may be drawn from the foregoing analysis on the way Australia's defence capability should be shaped and developed. The document will then assist the definition, through the established analytical procedures leading to the Five Year Defence Program, of more precise priority requirements and of the changes necessary in what we have now in the Navy, Army and Air Force, the Department of Defence and other support areas, including the possible reduction of any unjustifiable capabilities and the reallocation of resources.

AUSTRALIAN MILITARY INVOLVEMENT

Against Super or Major Powers

219. No specific requirement arises out of global circumstances for the development and deployment of Australian military capability as a direct contribution to the global or regional balances between the Super or major powers.

220. In the improbable event of military conflict between the Super Powers, Australia – like most countries in the world – would be vulnerable to nuclear attack. This is an event outside the range of influence of Australian military capability (but could have civil defence implications).

221. As between the USSR and Australia, bilateral friction could arise out of such matters as Soviet military display near Australian territorial waters, disagreement over the maritime resources zone, and testing of Australian sovereignty on any offshore islands that might become the object of dispute. The Australian Defence Force must be able to detect and respond to such activity and to assert sovereignty.

222. The contingency of military threat against international lines of communication directly affecting Australia is remote and improbable. However, Australia should maintain capability to help to sustain this situation and to provide a response should discriminatory action be taken against Australian passage through archipelagic waters.

223. In general, the prevailing strategic relationship between the Super Powers, the present lack of capability (or motivation or both) to project military power against Australia on the part of the only other powers at present deemed relevant – namely, China, Japan, India and the European powers – Australia's remoteness from the primary foci of interest and from places of confrontation between the major powers, are all important factors supporting Australia's security. It is not expected that any Soviet activity affecting Australia would be on a large scale, prolonged or frequent, or carried to the point of actual combat.

224. The contingency of military threat by a major power has been found to be remote and improbable (paragraph 153 of Chapter 5). Major assault against Australia is at present the least conceivable and most remote of contingencies.

225. Nevertheless, against the future contingency of any major threat Australia would, for the foreseeable future, require external support. The alliance with the United States should therefore be preserved and Australian defence policy should do what it can in appropriate ways to assist the US to maintain its global role vis-à-vis the USSR.

226. Our policy towards matters which the United States reasonably sees as affecting its security interests in this part of the world (including ability to offer military assistance to Australia) should be consistent with this objective. Current matters include visits of US nuclear-powered ships, visits to West Australian ports, proposals which would limit passage of US nuclear-armed vessels in the South-West Pacific, and presence of certain US/Australian facilities in Australia. Where practicable and relevant, military exercising with the US forces should be encouraged.

227. The United States' perception of Australian military professionalism and inherent capacity to act as a small but reliable ally is important. The large American transfer to Australia of weapons technology, research information, tactical doctrine, and intelligence could not be expected by a country which failed to maintain high standards in the professional employment of forces using modern technology, or to evidence determination to contribute in a meaningful way to the development of technology, research doctrine, and intelligence.

In South-East Asia or Other Regions

228. In paragraph 148 of Chapter 5, we recognised that, under international auspices, some Australian capability to share in restoring or maintaining peace might be called for, as an international duty.

229. We have recognised earlier that prospective developments in South-East Asia are unlikely to be directly susceptible to Australian military measures. Insofar as significant military operations were to develop, they would be likely, as far as we can see ahead, to involve internal security measures, and established Australian policy is to avoid military involvement in such situations. No specific requirement arises, in any of the regional circumstances considered, for the maintenance or development of Australian military forces specifically for regional combat operations in South-East Asia. Our Force will have in any case, elements that could operate in the region using their own resources, such as those elements which are employed from time to time in exercises with other forces. Moreover, they will have the capability to perform non-combat roles such as those of training, transport, civil aid relief, mapping and surveillance.

230. These considerations do not demand the permanent presence of combat forces abroad. The present situation is that apart from the Company at Butterworth, all Army units have been withdrawn from South-East Asia. No prospect of their return is seen.

231. Chapter 5 recommends review of the present RAAF deployments to Malaysia and Singapore. Should the Mirage squadrons be withdrawn, we do not foresee circumstances requiring the stationing of RAAF combat forces in the region.

232. Chapter 5, paragraph 202 recommended retention of the RAN deployment based on Singapore as part of a regional presence in conjunction with US Navy visits and, from time to time, the Royal Navy and the Royal New Zealand Navy. The RAN should retain a capability for display on occasions in the North-East Indian Ocean, and also in the archipelagic region and the trade routes to Japan. Combined exercising should be fostered.

233. Capability for surveillance of the approaches to Australia in the Eastern Indian Ocean area, northern approaches, South-West Pacific and maritime resources zones has a high importance, as has a capability to react to the results of such surveillance. Consideration should be given to co-ordinating to some extent our surveillance activities with Indonesia, Malaysia and Singapore who are showing increased concern with their maritime situation. This would give Australia an opportunity to co-operate with friendly neighbouring powers by assisting with capabilities which they possess to only a limited extent.

234. Australian programs of defence aid and co-operation with South-East Asian countries, principally Indonesia, Malaysia and Singapore, should continue at an appropriate level.

In Australia's Neighbourhood

235. Although prospects for continued good relations with Indonesia remain favourable, some potential causes of strain are indicated. These relate to Indonesian use of force against Portuguese Timor; some possible forms of Indonesian re-equipment; possible political change in outlook towards Australia; and conceivable Indonesian actions against Papua New Guinea. The Defence Force implications of these possibilities are discussed below.

236. In the event of a significant deterioration in political relations, [1.5 lines expunged] exists (even if the contingency is assessed as improbable of realisation), and we should place ourselves in a position to deter it. Were political relations to deteriorate seriously, warning time could be quite short.

237. Indonesian re-equipment appears unlikely to extend, to any significant extent, to capabilities relevant to assault against Australia. However, this could change in later years; and even present and planned capability would allow Indonesia, if it had the motivation, to conduct low-level operations that would pose significant defence problems for Australia.

238. As to political motivation, there will be political changes. There are uncertainties about the nature of a successor regime although any regime seems likely to be heavily pre-occupied with internal affairs and with relations with Indonesian northern neighbourhood. Indonesian hostility, and hence military threat, to Australia are assessed as improbable.

239. As with South-East Asia generally, it is important that Indonesia see Australia as a nation serious and competent in military matters

[1.5 paragraphs expunged]

241. In support of diplomatic policy and activity to keep Papua New Guinea independent of Indonesia, Australia can be expected to have capabilities in its force-in-being which are needed to encourage an independent outlook by PNG in its dealings with foreign powers, and a belief in Australia's military capacity to offer it assistance. Without predicting that any Australian government would be willing to deploy combat forces to PNG, a contingency study should be made of the measures that would be necessary to improve the adaptability of our force or production or other capabilities for use in alternative forms of support of the PNG Force. We should continue to aid PNG in its Defence Force development. No requirement is seen to consider the development of any Australian capabilities specifically against the contingency of substantial Indonesian assault against Papua New Guinea.

242. The low-level contingencies identified in respect of Indonesia are being given attention in the studies regarding the defence of Australia as part of the process of exploring possible future Australian defence problems. It is most important that Australian Defence thinking should not see Indonesia, because it is a near neighbour from which these contingencies could arise, as a menace to Australia. It has been seen since the foundation of the Republic that a secure and united Indonesia in friendly relations with Australia is of fundamental importance to Australian security. So long as Indonesia has such a government, our defence interest is served by an Australian policy of co-operation and avoidance of tension.

243. The credible, albeit improbable, contingency of low-level harassment by Papua New Guinea in the Torres Strait area (paragraph 123 of Chapter 4) calls for a defence capability, including accurate intelligence, to deal with such a situation at short notice in certain political conditions.

244. There is a contingent requirement to be able at relatively short notice to assist in the evacuation of Australian citizens from Papua New Guinea should internal security there deteriorate – generally or locally.

In Protection of Maritime Zones

245. Whether or not a new Law of the Sea be internationally agreed, extension of national maritime jurisdiction is likely to increase requirements for surveillance and control of Australian waters and maritime resources zones, and demonstration of sovereignty in conjunction with civil agencies. Some increase in capabilities in this respect may be shown to be necessary.

In the South-West Pacific

246. In the South-West Pacific, it will be important to foster a sense of strategic association with Australia. This should be supported by Australian military display in the region, including surveillance in Australia's area of responsibility, and by appropriate programs of defence co-operation.

In Actions Against International Terrorism

247. Australia is vulnerable to international terrorist attack at any time. Responsibility for preventing and coping with such attack rests with the civil authorities. However, the Defence Force, subject to there being legal authority and executive approval, may be called upon to assist and should be trained and equipped to do so.

MILITARY REQUIREMENTS FOR DEFENCE OF AUSTRALIAN TERRITORY

248. The lack of palpable or likely threat complicates the task of planning the defence of Australian territory. The core force, as defined in paragraph 255 below, should at any time be such as to provide a credible basis for expansion as and when judged necessary. It should be able to provide concurrently a capability to deal with present tasks and the more likely, low-intensity contingencies, whether arising singly or in combination. It should also, with adequate warning time, be able to cope with larger and more remote contingencies.

249. More light will be thrown on the manpower, equipment and support needing now to be developed by examining first, current and foreseeable tasks for our Force, and then by selecting for examination contingencies that have regard to their credibility and probable timing. We believe that we should deal first with those contingencies that have greater credibility as situations that could arise in the shorter term. We include in these studies low-level harassment, raiding, disputes regarding maritime resources zones or off-shore territories or installations or a combination of events. As work progresses, it is intended that study will turn during 1976 to a representative range of situations of a higher level, including what we see as the more remote contingencies of substantial assault on Australia. The logic of this progressive approach is that to select weapons and other capabilities suited to the larger threat situations would not necessarily provide the Defence Force with adequate means to deal in a cost-effective way with lesser situations, or even to deal with them at all within the constraints of resources likely to be available in the foreseeable future.

250. The defence studies referred to will throw light on intelligence deficiencies and deficiencies for the military and civil infrastructure in Australia, as well as on operational and strategic concepts, planning of joint Service operations and command and control of them, and logistic requirements and deficiencies. But it has also to be acknowledged that study of the lesser situations alone would not be sufficient to enable development of the core force structure, operational and organisational doctrine, and understanding of logistic problems and possibilities in a manner which would enable the Defence Force to perform its role in a range of differing circumstances in the defence of our territory about which there is still much unknown.

251. This indicates the necessity to include studies guided predominantly by the physical characteristics of the country and its geography. Findings will be complemented by experience in, and analysis of, exercises which are designed to test operational and logistic concepts in the Australian environment.

252. An object in all the studies in train should be to expose the lead times for expanding or re-shaping the core force to meet higher-level contingencies of defending Australia under differing circumstances, so that judgements may be drawn by Governments from time to time as to the need to add to the core force.

THE INFLUENCE OF THE AUSTRALIAN ENVIRONMENT OF FORCE REQUIREMENTS

253. The level and structure of Australia's forces should be principally determined by the strategic guidance that is provided from time to time; but, in addition, our physical environment has certain enduring features which suggest some other fundamental determinants of our force structure. These include geography, population size and distribution, infrastructure, industrial composition and resources distribution. That environment suggests that we require:

- a. as an island continent trading nation,
 - a capability for surveillance and patrol both in our coastal and off-shore resources zones and in our neighbourhood generally;
 - a capability for deterrent action in our neighbouring oceanic and archipelagic approaches, and for maritime defence of our focal areas and port approaches;
- b. because of our small population and its distribution, and the scattered resource areas and large land mass relative to nations in our region,
 - readily transportable and mobile land forces with the necessary air support to meet hostile incursions;
 - a continental air defence capability in which mobility is a necessary part;
 - the logistic support capable of maintaining forces in the field over long distances from the main support areas (taking account of civilian infrastructure);
 - long range and tactical transport forces (taking account of civilian resources also);
- c. because of Australia's geographic isolation, a capability for independent action;
- d. because of the foregoing factors and because of Australia's greater domestic industrial, scientific and technological base compared with countries in our neighbourhood, selective adoption of a suitably high level of military technology in our weapons, equipment, training of men and support which satisfy certain objectives.

254. Among these objectives, we consider as a broad guide the level of military technology should:

- a. be sufficient to permit peacetime tasks and responses to contingencies to be undertaken in a way which keeps down recurrent manpower and/or life-cycle costs;
- b. at the same time maintain for our Force through the standard of its weapons, a favourable comparative position in our neighbouring region;
- c. ensure that Australia can develop the technical level of the Force in a timely fashion if and when more complex and developed weapons systems are called for; and
- d. be compatible with, but not necessarily equal in technical advancement with, the relevant weapons systems of larger allies.

THE CORE FORCE CONCEPT

255. In present and prospective strategic circumstances the core force concept is re-affirmed. The core force should be a force able to undertake peacetime tasks, a force sufficiently versatile to deter or cope with a range of low-level contingencies which have sufficient credibility, and a force with relevant skills and equipment capable of timely expansion to deter or meet a developing situation. Capabilities related to the least conceivable contingency of major assault against Australia should command a low priority in the development of the force structure, provided the capability for expansion is not prejudiced.

256. As stressed in paragraph 155 of Chapter 5, warning and lead times are critical factors in such force structure concepts. The concepts are:

Warning time. This is the time from Government acceptance of a perceived threat to the time it is judged an operational response is required. Warning time will not be effective unless relevant measures are taken to develop a response.

Lead time. This is the time required to develop a force capability or components of a force structure after a Government decision to develop is given.

257. The need for adequate warning time requires, in the Defence organisation, effective intelligence and assessment machinery, and the maintenance of international co-operation in these areas.

258. The lead time to expansion could be very variable, as it depends on many factors. It depends on the nature and size of the core force, the assessed type and level of conflict or deterrent need, the priority given to acquiring the necessary manpower and material resources and the availability and delivery time of equipment produced locally or overseas. The re-organisation and training of reserve forces and re-definition of their role could be important elements in allowing expansion of the Defence Force.

259. These matters are a reminder that the ability to expand the core force will much depend on the degree of popular and political support in Australia for manning and equipping the Services.

260. The absence of specific threats at this time, or foreseen in the more immediate future, continues to provide opportunity within the resources available, to shape the force structure giving higher priority to longer-term potential rather than short-term results.

THE TECHNOLOGICAL LEVEL

261. Because Australia has close affiliations with the United States and Western Europe, and sufficiently developed technology to make use of those links, a wide choice is available to apply the concepts described above concerning the technological level of defence equipments.

262. The notions involved in attaining a basis for the timely expansion of our forces are also applicable to the technological levels of weapons and equipment possessed by the Services. The technological level of the forces can be increased greatly over a period of five to ten years, and the period will tend to be shorter if sufficient modern weapons systems are already held in inventory. We should aim to be in a position to increase selectively the technological level of our forces in order to maintain a favourable position relative to countries in our neighbouring region and the weapons they might acquire and to preserve inter-operability with allies where relevant to likely future commitments as assessed.

263. To acquire high-level technology in weapons and equipment now throughout the whole core force would give us advantages in effectiveness but it would be very expensive. Advanced technology should be favoured where it offers measurable compensating advantages – e.g., in simplicity of operation and support, or sufficient savings in additional equipment, manpower and life-cycle costs, or is otherwise peculiarly suitable to our assessed strategic situation. High technology in an initial buy can be important in avoiding early obsolescence of equipments and weapons systems which have a long life; but the justification for their acquisition must be on the grounds stated above in this paragraph and in paragraph 262, and have relevance to neighbouring regional, and not global military capabilities.

THE NEED FOR NUCLEAR WEAPONS

264. The possibility of nuclear proliferation in the coming decades must now be taken into account by Australian policy (for reasons given in paragraph 39 of Chapter 2). No requirement is seen for Australia now to acquire nuclear weapons. However, the increased likelihood of nuclear proliferation, and the possible requirement to keep the lead time for Australia matched with contingent developments in other countries, call for a review periodically of Australia's potential for development of nuclear weapons, against the possibility that the country might be forced to consider turning to them for protection at some indeterminate time in the future.

SECONDARY DEFENCE TASKS

265. Peacetime national tasks need to be performed including special air transport, oceanographic, hydrographic and land survey, civil emergency and relief assistance, intelligence assessment and other calls on particular expertise or capability. National tasks in support of relevant government agencies seem increasingly likely to make calls on force availabilities for coastal and resource zone surveillance.

THE ROLE OF THE DEFENCE INFRASTRUCTURE

266. In present and prospective strategic circumstances, increased attention should be paid to military infrastructure and to influencing developments in civil infrastructure that may be relevant. This comprehends roads, railways, ports, airfields, communications, water acquisition and storage, and power sources. There is needed a more organised system of bringing defence interests to the notice of the relevant authorities, with the objective of bringing the disposition of facilities of this kind more closely into line with the strategic requirements for the defence of Australia. There have been in some cases limitations placed on the use of such facilities by the Defence Force because of industrial or other circumstances. There is a need for the Force to maintain an independent capacity to carry out some tasks which otherwise might have been performed by civil agencies or authorities.

267. Training areas need to provide representative environments for all types of operation which may need to be conducted by the Defence Force. Some training areas might well serve as suitable forward bases should our forces need to be deployed.

268. The assessment in this paper affirms particularly:

- a. the continuing importance of the development of the naval support facility at Cockburn Sound;
- b. the central importance of Darwin to our defence posture in North Australia and northern waters and the requirement for the early restoration or rebuilding of essential defence facilities in the areas, particularly those relating to communications, radar, the patrol boat base, and associated domestic accommodation.
- c. the requirement to expedite provision of facilities needed for the return of the Mirage squadrons from Butterworth, in respect of which the Chiefs of Staff confirm their opinion that one squadron should be located at Darwin; and
- d. the heightened significance in future of improved facilities for intelligence and for the movement and logistic support of forces operating in the northern areas of Australia or the approaches to that area.

269. We regard the development of Australian infrastructure as an important part of Australian defence capability.

THE INDUSTRIAL REQUIREMENT

270. Greater independence and self-reliance make demands on the Australian industrial, technological and scientific base. Consideration is required of the longer-term factors which are consistent with force expansion concepts, and the longer-term technology which is likely to be applicable to the industrial base.

271. The development of relevant industrial capabilities must be related to the likelihood of their use in contingent situations. In view of the strategic outlook, the first priority must be towards ensuring as far as is practicable those capabilities of repair, modification and production of a kind that are likely to be required in low-level contingencies. The development of industrial capacity by specific investment for the production (as distinct from repair and maintenance and refit and overhaul) of sophisticated equipment likely to be needed to be produced in Australia rather than overseas in high-level contingencies would not be warranted in present circumstances. Initiatives for defence industry should seek to develop selectively capacity where at present it may not be adequate for defence purposes. Where national industry policy is involved, it will be necessary to ensure that weight is given to the defence desiderata in deliberations of the relevant authorities.

272. The minimum requirement for our defence industry is that it should have, after making a judgement of the continuing availability of overseas sources, the capability to support the relevant Service capabilities in independent combat operations of limited intensity, possibly involving protracted operational deployments. This necessitates the availability of industrial support for such modification, servicing and repairing as might need to be undertaken locally of Service equipment likely to be needed, together with a suitable technological base that can be expanded to meet increased development and production requirements envisaged in these circumstances. Stockholding policy needs to be developed according to criteria consistent with the above.

273. Derivative papers from this strategic guidance are to be prepared on production and stockholding policy.

THE CHANGING CALL ON AUSTRALIA'S DEFENCE FORCE

274. Australian forces have fought in two global wars in this century. For the last 30 years they have been on foreign service in Asia in association with allies and, in part, because of that association. As far as can now be foreseen, this era is coming to an end. The scope and requirement for Australian forces to operate alongside allies in Asia and elsewhere abroad have drastically reduced. Any future combat operations are much more likely to be in the Australian neighbourhood than in some forward theatre. Moreover, Australian forces are more likely to be operating together than in support of an allied Service. It is important that Australian defence policy and preparations be based upon perceptions and requirements germane to the Australian environment, rather than that of the more substantial powers and other defence associates with which Australia has co-operated in the past.

275. Australia's obligations are first to itself, to be able to handle any lesser contingencies independently. In this way, and by the pursuit of policies that maintain stability in the Australian neighbourhood and by continuing co-operation in neighbourhood activities, Australia can make a significant contribution to the alliance relationship and to the United States' global effort. Australia is essentially a neighbourhood power, and an era of global and substantial regional involvement of Australian military forces is over. We do not foresee as likely a repetition of this kind of involvement.

276. The assessment – which does not claim to have indefinite validity – identifies no present likelihood of major strategic pressure or major military threat against Australia, its territories, maritime resources zones or lines of communication. A range of factors and circumstances were identified that serve substantially to insulate or protect Australia from major pressure or threat. Nevertheless, the assessment also identifies various uncertainties and contingencies. We have pointed out that our environment, as distinct from defined threats or contingent threats, should be one of the determinants of the size and shape of the Force.

277. The strategic influences affecting Australia have not markedly changed since the judgements made in 1973; but compared with 1973, the outlook is more uncertain over a wider range of circumstances. The requirement is stressed for continuing close assessment and for regular consideration of developments by the Government, so that warning time, if indicated, may be effectively used.

278. Were circumstances to indicate a developing military threat to Australia, defence policy would be actively seeking to develop military capabilities in a manner calculated to avert or deter it, irrespective of the support that might be expected from the United States and other powers, and to make the potential cost to any enemy of an assault unacceptable.

279. Conventional forces can only attack Australia by using sea and air approaches, and Australian strategy should look to having adequate naval and air power for interdiction, including forward operations, while at the same time having in being those ground and other forces capable of dealing quickly with any lodgements which might nevertheless be made.

280. It is the case, however, that the present circumstances shaping Australia's strategic prospects are generally not immediately susceptible to Australian military action; insofar as Australia can directly influence developments towards maintenance of its present favourable circumstances and prospects, this will be rather by the political arm of policy than the military.

281. Nevertheless it is important at all times, that Australia be seen as a nation that takes defence matters seriously, that is militarily competent and capable of independent effort, that has a realistic understanding of its strategic situation and is sensitive to developments. It is important that the United States, Australia's principal ally, see Australia in this way.

282. Military forces are required for the discharge of a range of current and foreseeable tasks. These forces, with a manifest ability to expand, are an essential element in the Australian national image in international dealings, and can influence situations from which threat could otherwise develop. Military forces, with their accompanying skills and equipment are necessary as a base for timely expansion should the uncertainties in our prospects resolve unfavourably and our strategic circumstances deteriorate. While Australia can continue to look to the United States for strategic support in circumstances going beyond those we would be expected to handle ourselves, it must carry the primary responsibility for its own defence against any neighbourhood or regional threats.