Dear Defence White Paper Team Members,

Please find enclosed a paper titled *Globalization, Geography and Governance: Why the Maritime Case is Vital to Defending Australia’s Interests* for consideration in the Defence White Paper process. The paper reflects the outcomes of a strategic review conducted by Research Fellows at the Australian National Centre for Ocean Resources and Security (ANCORS), University of Wollongong. Please find attached a background brief about ANCORS for information.

We would welcome the opportunity to meet with members of the Team to expand on the paper, address questions or discuss maritime security related matters. We note that the Team is not planned to visit Wollongong as part of its Programme of Activities so we would be happy to discuss other arrangements.

Yours sincerely,

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Enclosure: paper titled *Globalization, Geography and Governance: Why the Maritime Case is Vital to Defending Australia’s Interests* 

Attachment: Background information about ANCORS
BACKGROUND BRIEF ABOUT ANCORS

The Australian National Centre for Oceans Resources and Security (ANCORS)\(^1\) commenced operation as a centre of excellence in oceans governance and maritime security knowledge on 1 March 2007. ANCORS is Australia's only multi-disciplinary university-based centre dedicated to providing maritime policy related research and education on national and international oceans governance and law, maritime security and co-operation, and oceans resource management for Australia and the western Pacific, Indian Ocean and Southern Ocean region\(^2\). ANCORS provides knowledge services to Australia and regional countries and agencies to help them manage, protect, and derive sustainable benefits from their marine jurisdictions. As an island continent and maritime nation, Australia has important national interests to protect and promote within the evolving maritime policies of its global and regional counterparts.

ANCORS evolved from the Centre for Maritime Policy (CMP) established in 1994. The role has been expanded in recognition of the rapidly changing international environment, which includes increasing priority on maritime security and ocean resource management. The Centre’s core strengths include: oceans governance, law and policy; maritime strategy, policy and security including regulation and enforcement; international fisheries law and policy; and the delimitation of maritime boundaries.

ANCORS has established a strong track-record in research, education and advisory services. This includes contracted work for Australian Government agencies, including for example: Defence; Environment and Water Resources; Agriculture, Fisheries and Forestry; and Foreign Affairs and Trade. Highly competitive and prestigious research grants have been won from the Australian Research Council and the Australian Centre for International Agricultural Research. Research has also been undertaken for regional bodies for example, the Asia-Pacific Economic Cooperation (APEC) forum and the Pacific Islands Forum Fisheries Agency (FFA), and for many regional countries.

Research

High quality, leading edge research is at the heart of ANCORS role. Our Research Agenda presents dynamic, strategic and proactive approaches to defining the maritime agenda for the future. It is our intention to raise awareness about, develop understanding of and present solutions for dealing with emerging maritime issues vital to our future. Our major contribution is to play a key role in informing the way Australia and the region deals with the competition for marine resources, marine environmental concerns, and use of the oceans for commercial and other purposes by exploring related governance, policy and security issues.

\(^1\) Details about ANCORS mission and its Advisory Board, Staff, Fellows, researchers and students can be found on the ANCORS website.

\(^2\) ANCORS’ primary focus is on the western Pacific, Indian Ocean and Southern Oceans. The global nature of the maritime environment, its governance and security means that ANCORS has a global perspective. ANCORS also serves clients and participates in activities beyond the region where appropriate.
The ANCORS Research Agenda comprises three Programmes as follows:

ANCORS Research Programmes

ANCORS seeks to provide real-world research outcomes that will be of assistance to decision makers and that will enhance the quality of policy-making. Research that adds value needs to compile and analyse information from a variety of sources and perspectives to present useful knowledge outcomes on complex issues. Where appropriate, ANCORS will employ a multi-disciplinary approach. In other instances ANCORS research contribution will come from a single or narrow range of specialised and expert perspectives, with policy makers having the option of combining this with information from other sources. Specialized perspectives on maritime issues may include policy, legal, international, economic, geo-spatial, science and technology, environmental, social, ethical and security.

Capacity Building

Another major role for ANCORS is capacity building. We have a significant number of post graduate students studying in the Centre for doctoral, research masters and coursework masters degrees in Maritime Studies and Maritime Policy. In addition, we run a range of Professional Short Courses for Australian and regional students, mainly from government departments and agencies. ANCORS contribution in this area is of increasing importance given the shortage of skilled professionals in the maritime sector in Australia and Australia’s commitment to assist capacity building within many of our regional partners.

ANCORS is positioned to make a significant contribution to Australia’s national maritime interests. We look forward to serving key Australian Government departments and agencies involved in developing our marine resources and protecting our maritime security.

Brief updated 7 May 2008. For further information please see http://www.ancors.uow.edu.au/ or contact Associate Professor Lee Cordner AM, Email: lcordner@uow.edu.au, Phone: 02 4221 4883.
Globalization, Geography and Governance: Why the Maritime Case is Vital to Defending Australia’s Interests

By Lee Cordner

This paper presents the findings from a review of Australia’s national security involving Fellows of the Australian National Centre for Ocean Resources and Security (ANCORS). The review is aimed at informing the Australian 2008 Defence White Paper and other national security policy development processes. The analyses are pitched at the national strategic level and the outcomes are provided for consideration by members of the National Security Committee of Cabinet and their senior advisers.

In the changing global and regional security environment Australia, a developed, medium regional power, needs to carefully assess the strategic position it seeks to establish and build into the future. Australia is demonstrably a significant maritime nation. Australia’s national interests have far-reaching maritime congruence; national security and maritime security are extensively concordant. Given the nature of Australia’s enduring and evolving geo-strategic, economic and international political context the preceding statements would seem to be explicitly self evident. Surprising as it may seem to external observers’ comprehension of the importance of the oceans and maritime security in policy circles and in the consciousness of the Australian public cannot be assumed.

Central Themes and Key Findings

The central themes and key findings of the review are as follows:

- A long-term and systemic view of Australia’s national security challenges and requirements is necessary recognising that making significant defence and other national security capability adjustments takes considerable time and resources. Balancing the focus between immediate political and operational security imperatives with the need to maintain a long-term strategic view is essential and challenging. Strategic risk management processes need to be followed in order to identify national security risk treatment options that will define the capability requirements for defending Australia and its interests in a strategic climate of change and uncertainty. The national security strategy for Australia must provide for the defence of core national interests and seek to shape a favourable strategic environment for the future.

- Creating a strategic decision making culture at the highest levels of Government and the national security bureaucracy that can deal with current security issues and take the long view is essential and challenging. It is vital that national leaders are able to operate effectively and decisively in a dynamic, evolving context of uncertainty and incomplete knowledge.

- A central and enduring feature of the Asia Pacific region is its vast maritime geography (Indian, Pacific and Southern Oceans maritime region). Regional interests converge in the maritime domain, which brings rights and responsibilities, challenges and opportunities, and potential security concerns that must be managed. Shared
maritime interests present obvious areas of convergence around which the concept of a regional community of nations could be further developed.

- Global and regional economies are heavily reliant upon maritime trade; associated energy and food security are vital. Maritime trade is profoundly integral to economic development and national survival in the Asia Pacific region, and its importance is growing. The merchant fleet is expanding and modernising commensurately; and largely to meet rapidly growing demand created by emerging Asia Pacific nations.

- Freedom of navigation and maritime domain security are of paramount importance. Access to straits used for international navigation and archipelagic sea lanes that provide passage through the South-east Asian archipelago is central. For Australia, contributing to ensuring the flow of maritime trade and ensuring security of the vast maritime domain presents the convergence of the enduring realities of strategic geography and national economic well being along with food, energy and environmental security, which are absolutely vital to the national interest.

- Australia’s maritime geography is vast and diverse. This geography offers a strategic depth advantage available to few nations on earth, and this must be FULLY exploited. Australia’s national security strategy and policies must have a predominantly maritime focus to address the full spectrum of potential challenges it confronts. They should provide for the defence of sovereign territory and rights (both offshore and on land), a capacity to protect wider national maritime interests, and an ability to contribute to shaping the regional strategic environment, itself largely maritime.

- The Australian Defence Force (ADF) must be capable of effectively operating throughout the national and regional maritime domain. The ADF must be designed to operate over vast distances and remain on station for extended periods across the maritime domain. Forces must be robust, sustainable and interoperable with regional and extra regional forces. A high quality understanding of the maritime environment is essential to support military operations in Australia’s region. Highly combat capable, versatile and flexible forces are needed and readiness for current operations must be balanced with a clear eye on preparing for future security challenges.

- Determining levels of defence expenditure to provide for Australia’s national security is a key consideration for government. It requires difficult judgements on what represents adequate levels of security risk mitigation in a strategic context of dynamism and uncertainty that includes the significant growth and modernisation of regional naval capabilities. Near simultaneous obsolescence of several significant Australian defence capabilities in future years intensifies resource allocation pressures. Technology and people are major cost drivers; both are key considerations in the Australian context, with effective utilisation of scarce national human resources the paramount issue given the scale and scope of the strategic challenge.

- Governments are faced with the choice of increasing the proportion of national resources allocated to defence or accepting higher levels of national security risk. Both options present short-term political risks, however adopting the second option would present the greatest risk for the nation and its future. Government failure to address major national security risks would be at odds with the fundamental obligation to provide for security with which it is entrusted by the Australian people.
Introduction

The global and regional security environment is dynamic, complex and evolving. The globalized world operates increasingly as an integrated system, comprising many players at multiple levels within which nation-states continue to strive to protect their sovereign interests. The oceans are a central common area of interest within this system. They cover 70 percent of the earth’s surface, maritime trade provides the essential commercial sinews of the global economic system, exploitation of the oceans resources is expanding, and the seas hold the key to our planet’s environmental health. Maritime matters present the convergence of major common interests, globally and regionally.

The maritime agendas are also central to Australia’s national interests due to strategic geography and place as a developed trading nation. Effective management of the oceans presents opportunities and challenges for Australia’s future well being. The oceans offer solutions for the security of the region and trading partners. For Australia, whole of nation and whole of government commitment in collaboration with regional partners and global allies is required to protect common interests in the maritime domains. All the elements of Australia’s national power need to be effectively harnessed.

In the changing global and regional security environment, Australia, a developed, medium regional power, must carefully assess its current and desired strategic position into the future. Key questions that need to be addressed include: Which aspects of Australia’s security circumstances are enduring and which are evolving? How can strategic risks, strengths and weaknesses be mitigated, enhanced or reduced? How can Australia influence and shape a favourable strategic environment? What are Australia’s strategic choices, options and opportunities? Which security obligations are critical to national survival, which are mandatory to continued national success as a developed nation, and how can they be met? How can the temporal challenges of Australia’s national security demands be balanced; specifically the need to manage challenging, current operational imperatives in a turbulent world versus longer term requirements to protect national interests and promote national well-being?

Sophisticated approaches are needed for defending Australia’s national interests that address multi-faceted security issues. Approaches must take account of current strategic realities and future possibilities, as best they can be understood and predicted. Australia needs a comprehensive national security strategy that encompasses and goes well beyond defending the continent against the unlikely prospect of direct attack or invasion. Australia needs to be capable of asserting control in the immediate strategic environment and effectively contributing to shaping the wider regional strategic environment.

This paper takes a strategic approach to exploring Australia’s security needs with an emphasis upon maritime dimensions and managing risks, which provide the keys to defining requirements for the defence of Australia’s vital national interests. Summary deductions aimed at informing the Australian 2008 Defence White Paper and other national security policy development processes are included for each section, with a composite summary of deductions at the end.
Managing Strategic Risks

Devising an appropriate national security strategy requires informed judgement in a context of uncertainty and incomplete information. The most important role and greatest challenge of government is to provide for the security of the nation. This requires comprehension of the risks to national security and effectively dealing with them. Difficult compromise choices in the application of resources will be involved. Importantly, there must be a capacity to hedge against miscalculation and surprises. The implications of strategic continuities and potential discontinuities must be identified and understood where possible. The historical track record of nation-states and the world in effectively achieving this has not been encouraging. Concerted effort must be applied to managing national security risks by applying a range of closely considered, carefully targeted and coordinated actions.

The capacity of a middle power to exercise direct control over the course of events will inevitably be limited. The Australian approach to national security will be, by necessity, more reactive than proactive, except perhaps in the Southwest Pacific where Australia is the dominant power. Effort must be applied to shaping the strategic environment where possible, often in collaboration with others. The national security strategy should be built upon the application of risk management processes on a grand strategic scale as part of an ongoing process of systemic review and adjustment. This will involve identifying and assessing security risks and vulnerabilities, understanding strategic challenges and opportunities, articulating strategic options and choices and importantly, understanding where options are constrained. The likelihood and consequences for Australia of potential
changes to strategic circumstances need to be considered. Risk treatment approaches need to be devised that will present a cost effective range of options, in a context of change and uncertainty, when failure may bring dire consequences for the nation.

The strategic view must be long and broad, and analyses deep, probing and ongoing. While strategic discontinuities may seem to emerge at short notice they are rarely completely unpredictable. Realistic, insightful and perceptive analyses based upon sound and timely knowledge are vital; knowing oneself and understanding the evolving strategic context is fundamental to success. Creating a decision making culture at the highest levels of government and the national bureaucracy that is receptive to the products of such analyses is a key factor. The ability to act decisively and intelligently upon often incomplete information when the consequences cannot be fully predicted is essential.

A critical issue is balancing the inevitable and completely understandable focus upon immediate political and operational security imperatives with the need to maintain a long-term strategic view. In the current global geo-strategic context some western powers, including Australia, are vulnerable to becoming overly fixated with the here and now. For example, nations variously engaged in prosecuting the “War on Terror”; an amorphous, irregular conflict with boundless requirements for Special Forces and operations; can be hard pressed to apply serious attention and resources to preparing for vaguely defined future conflicts; and for fuzzy, psychological-based strategic concepts like deterrence. Meanwhile, those nations less directly involved are quietly positioning and seeking to influence a changing strategic landscape in their favour. This circumstance presents risks that must be recognised and managed.

Assembling and maintaining the range of national security capabilities necessary to provide an acceptable level of national security risk mitigation options requires persistence, imagination and experience. A total security system approach is necessary that takes account of the interacting dynamics of software, hardware, human contributions and external factors. The flexibility to hedge against uncertainty and knowledge gaps along with the versatility to re-role capabilities is required.

Within this context, affecting major changes to Defence force structure, both equipment and personnel, takes many years and significant investment; typically, a 10-20 year time horizon is needed. As recent events have shown, the ADF needs to be combat capable, highly professional and ready to deal with a broad range of contingencies at short notice.

Summary Deductions

Strategic risk management processes need to be followed in order to identify national security risk treatment options that will define the capability requirements for defending Australia and its interests in a strategic climate of change and uncertainty. The national security strategy must provide for the defence of core national interests and seek to shape a favourable strategic environment.
Balancing the focus upon immediate political and operational security imperatives with the need to maintain a long-term strategic view is essential and challenging. A long-term and systemic view of Australia’s national security challenges and requirements is necessary, recognising that making significant defence capability adjustments takes considerable time and resources. Creating a strategic decision making culture that can deal with a dynamic, evolving context of uncertainty and incomplete knowledge is vital.

The ADF needs to be combat capable, versatile, flexible and ready.

Understanding the Strategic Context

Geography and Governance

Although technological advances have vastly increased global connectivity, geography continues to be a defining and enduring reality in international affairs, and remains particularly relevant to security. The world community shares common vital interests in protecting maritime commerce and maintaining access to and viability of the oceans’ resources and environmental systems. The United Nations administered law of the sea is the central international governance regime in the maritime domain. It enables nation-states to claim jurisdiction over territorial seas, significant exclusive economic zones (EEZ) and extended continental shelves thus extending sovereign interests well beyond national shores. Vast areas of the world’s oceans remain high seas and represent the last vestiges of the global commons. The law of the sea and related regimes define the rights of nation-states and common and shared responsibilities to ensure freedom of access, use and care of the world’s oceans. These relatively new rights and responsibilities raise substantial strategic and trans-boundary maritime issues that need to be understood and acted upon.

Commonly held maritime interests are of vital importance in the Asia-Pacific region, or more appropriately for this analysis, the Indian, Southern and Pacific Oceans region. There are substantial and complex trans-boundary maritime interests that link Australia to the African and Antarctic Continents, South Asia, North and East Asia, archipelagic Southeast Asia, the island-states of the South Pacific and beyond to the Americas. Vast ocean distances, accessibility by sea to many regional countries and the challenges of a largely maritime environment have profound implications for regional and national security. The expansion and modernisation of maritime capable forces in China, India and Japan along with a number of medium and smaller states is strong evidence that the importance of maritime domain security is understood by many regional powers.

Many regional powers share maritime borders and boundary delimitations in East and Southeast Asian waters are largely yet to be agreed. While this presents sources of potential state on state friction, the implications of which can raise significant security concerns, the extent of common interests are compelling and generally the mutual benefits of cooperation are being pursued. For example, the many overlapping claimants to the South China Sea are largely seeking accommodation rather than confrontation (although often on their own terms); China and Japan are exploring cooperative
approaches to exploiting potentially hydrocarbon rich areas in overlapping claims in the East China Sea. There are also many instances of cooperative arrangements in place or under consideration for managing the exploitation of regional fish stocks. The region’s dominant maritime geography and related interests presents the most obvious area of shared interests that could form the basis around which a regional community of nations approach could be built.

Figure 2: Australia’s Exclusive Economic Zones and Extended Continental Shelf

Within this regional context, Australia has a vast maritime geographic responsibility. Australia’s coastline length is almost 60,000 km and there are significant, diverse and distant offshore island territories. Australia claims jurisdiction over the third largest EEZ in the world which is greater in area than the continental landmass. The EEZ figure excludes waters off the Australian Antarctic Territory (AAT). Were these to be included,
the area would be around twice the continental landmass and by far the largest EEZ in the world. Additionally, in April 2008 the United Nations Commission on the Limits of the Continental Shelf confirmed Australia’s jurisdiction over 2.55 million km² of extended continental shelf seabed beyond 200 nautical miles from the coast; an area equivalent to around one third of the Australian continental land mass. Further, Australia has responsibility for one of the largest Search and Rescue Regions in the world, which exceeds one-tenth of the earth’s surface.¹⁸

The physical extent of Australia’s national and regional maritime geography represents only part of the story. A deep understanding of the diverse marine environment is essential for security. Military operations at sea, for example, require access to high quality hydrography, oceanography, meteorology and marine sciences analyses. Environmental knowledge will often provide the operational edge necessary to prevail, particularly in submarine operations, naval surface and air operations, and amphibious operations directed ashore. Australia is poorly served in this area: there is only one oceanographic vessel currently operating, the marine science capability is small by international standards and certainly in comparison to the extent and importance of the marine domain. Australia must acquire comprehensive maritime environmental capabilities to support defence and civil maritime knowledge requirements.

Geography dictates that Australia’s defence will predominantly rely on a capacity to effectively control and use the maritime domain. Australia’s maritime geography affords strategic depth available to few other nations on earth. This must be fully exploited to elicit the strategic advantage it presents. Security forces must have the capability to operate over vast maritime distances and remain on station for extensive periods. Such forces must be capable of operating in a great variety of climatic and oceanic conditions,
ranging from the Southern Ocean that experiences the most severe weather and seas on the planet, through the temperate zones to tropical and equatorial regions, and the vast Pacific and Indian Oceans. There must also be capacities to cooperate with intra and extra regional forces for the mutually beneficial protection of the region’s maritime domains. Robustness, endurance, extended range of operations and sustainability must be key features of security capabilities, including the ADF, designed to defend Australia’s interests in this vast and complex maritime environment.

Summary Deductions

A central and enduring feature of the Asia Pacific (Indian, Pacific and Southern Ocean) region to which Australia belongs is its vast maritime geography. Regional interests significantly converge in the maritime domain, which brings rights and responsibilities, challenges and opportunities, and potential security concerns that must be managed. Shared interests in the maritime commons present an obvious area of convergence around which a regional community of nations can be further developed.

Australia’s maritime geography is vast and diverse. This geography offers the advantage of strategic depth that must be fully exploited. It is essential to military operations that there is a high quality understanding of the maritime environment. This means comprehensive hydrographical, oceanographic, meteorological and marine science capabilities; and these are currently deficient.

Security capabilities, including the ADF, must be designed to operate across the national and regional maritime environment. The ADF must be able to cover vast distances and remain on station for extended periods across the maritime domain. Forces must be robust, sustainable and interoperable with regional and extra regional maritime forces.

Economy and Trade

Global sea-borne trade has quadrupled since the 1960s, currently comprises more than 90 percent of all global trade and the proportion is increasing. The booming economies in East and South Asia represent a major part of this increase. They are heavily reliant upon imported bulk raw materials including energy (oil, gas and coal) and export of finished goods. The volume of world merchandising trade in 2006 increased by 8.0 percent (double the growth of the world economy) with world seaborne trade (goods loaded) reaching 7.4 billion tons.²

The world merchant fleet expanded by 8.6 percent during 2006 and there are more than 40,000 ships now moving around the global maritime trade network with more than half operating in the Asia Pacific region. Greece, Japan, Germany and China along with several other nations are pursuing significant expansions and renewals of their merchant fleets. Orders for new ships are increasing at a remarkable rate with large increases in future tonnage forecast.¹⁰
Australia’s economy is also profoundly dependent upon the sea. 99.9 percent of trade by volume and more than 75 percent by value travels by sea. Australian exports by volume comprise more than 10 percent of the world total however the Australian owned merchant fleet represents only 0.29 percent of the world total dead weight tonnage. In 2006, dry bulk cargoes comprised more than 60 percent of global shipments with Australia providing 13.3 percent of the total goods loaded. Australia’s exports of bulk goods are forecast to double over the next 10-15 years. Australia’s economy relies heavily upon merchant shipping almost entirely owned and operated by overseas interests. When combined with the regional economic reliance upon maritime trade, the need is underlined for Australia to be proactively involved in contributing to regional as well as national maritime security by ensuring the unfettered transit of shipping.

The predominance of the sea for delivering trade ‘just in time’ is predicted to endure globally and is an essential economic factor in the Asia Pacific region. Global systemic connectivity and inter-reliance has changed the emphasis on protecting maritime trade from an individual national issue to protecting the maritime trade network as a whole. The global maritime trading system is intertwined and a relatively minor and local crisis between two states may have significant implications for states not directly involved.
The maritime trading system has withstood minor disruption in recent times. However, the longer-term closure of straits used for international navigation and choke points, for example, the Suez Canal or the archipelagic sea lanes and routes normally used for international navigation through the Indonesian Archipelago* would significantly add to cargo transit times and raises serious questions about the capacity for an already stretched trading system to cope without imposing severe economic consequences. This is of particular relevance to Australia as a trading nation almost totally reliant upon the sea for the conduct trade with trading partners who are similarly reliant upon the sea.

**Energy Security**

Energy security is an issue of great importance globally and regionally, and requires special mention in this analysis. Energy security is heavily reliant upon maritime trade, and increasingly on access to offshore oil and gas. World energy consumption is forecast to increase by more than two thirds over the three decades to 2030, with oil remaining the dominant energy source. Asia, particularly China and India, accounts for almost half of the projected increase in world oil demand. World natural gas consumption is projected to grow at 2.3 percent per annum, almost doubling by 2030, accounting for approximately one quarter of world energy consumption over the same period and will displace coal as the world’s second most important energy source.¹⁷

In the evolving world energy scene the offshore oil and gas industry has become increasingly important. It is a significant component of the global maritime sector and a major factor in the global economy. The exploitation of oil and gas offshore has increased in priority as onshore resources have become harder to obtain, the onshore security environment has become more challenging, and as technological advances make offshore extraction technically feasible and economically viable. The offshore oil and gas industry, with its vast investment in large fixed and floating platforms and vessels, in locations extending to the edge of continental shelves and beyond, presents a range of unique factors for international and national security regulation and enforcement.

There are reported to be significant reserves of oil and much larger natural gas reserves in the South and East China Seas, although official estimates vary widely. Market analysts predict a 60 percent increase in Asia offshore oil and gas activity during the period 2008-12 over the previous five years. There are 2,746 development wells and 432 new fixed platform installations contracted and an increased emphasis on floating production.¹⁹

World liquid natural gas (LNG) shipments grew 11.6 percent in 2006. Australia is ranked as the fifth largest LNG exporter and predicted to be the world’s third largest exporter by 2010.²⁰ Importantly for this analysis, Australia is a net importer of oil products being heavily reliant upon imported refined products with very small domestic reserves, producing primarily light sweet crude.

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¹ There were more than 70,000 ship transits though the Malacca Strait in 2007.
Energy security is vital to the world economy and of paramount importance in the Asia Pacific region. Maintaining the flow of oil from the Middle East is particularly important to Australia's major trading partners, the growing north Asian economies and the US. Australia's interests are both directly and indirectly affected.

Figure 5: Platform on Australia's Northwest Shelf

Australia's commitment to world order and economic stability, the rule of law, support for international efforts to control the proliferation of weapons of mass destruction, the US-led "War on Terror" and support for global and regional energy security has been exemplified by the almost continuous commitment of naval forces to the Middle East for the past 18 years. Importantly, through the ongoing commitment of naval forces to the Persian Gulf Australia continues to make a significant contribution to protecting the flow of oil from Iraq. Income from oil provides 90 percent of Iraq's foreign exchange and the strategic and economic importance of Iraqi oil terminals in the northern Gulf is clear. Oil income is vital to progressing Iraq's stability and prospects for improvement.

Food Security

Maritime trade flows are also vital to global and regional food security as they facilitate the transfer of bulk cargoes like grains and livestock, both important exports for Australia. Another aspect of food security that has significant regional implications is fishing. Fisheries importance is set to increase markedly in the Asia Pacific region due to population increases and economic growth in China, India and other Asian countries.

Global and regional fish stocks are under significant stress with conservative estimates indicating 87 percent of marine fish stocks in crisis or fully exploited. The incidence of Illegal, Unreported and Unregulated (IUU) fishing is predicted to increase markedly as
fish stocks in the East and South China Seas are exhausted and fishers are forced to move in to deeper and more distant ocean areas. Australian fisheries protection operations will need to expand and intensify to cover areas managed by regional fisheries management organizations (RFMOs) in which Australia participates. RFMOs are likely to expand to include more than 50 percent of Southern Hemisphere ocean areas with Australia, South Africa and New Zealand looked to for leadership in policing and management.

The range and complexity of fisheries security tasks will increase greatly. The implications of effective fisheries management, including enforcement of conservation and management measures will be vital not only for food security but also for the very survival of some smaller Pacific Island Countries whose economies are heavily reliant upon migratory fish stocks.

Maritime environmental security issues have food security implications and much broader and potentially dire consequences if not effectively managed. The advent of measures to conserve marine biodiversity such as marine protected areas (MPAs) and other environmentally related initiatives are receiving increased emphasis and add to the maritime security tasks.

Ensuring Trade Flows and Maritime Domain Security

Given the importance of maritime trade generally and particularly for energy and food security it is central to the interests of exporting and importing nations that necessary measures are taken to ensure freedom of navigation. The unimpeded flow of shipping and therefore trade is vital. Security of the maritime domain is underlined by the increasing emphasis on offshore oil and gas, fishing and marine environmental management. The thriving economies in the Asia Pacific region are heavily dependent upon maritime trade and the maritime domains. This dependence will increase markedly into the future.

While the security focus is currently on the Middle East as the starting place for much of the world’s oil highway, Australia and its international partners must continue to demonstrate capability and commitment to ensure the unfettered flow of shipping along the entire global and regional sea lanes including through critical maritime choke points. For example, access to the archipelagic sea lanes and routes normally used for international navigation through the Indonesian archipelago is important to Australia and its trading partners. Attempts to close these routes or impede navigation would become a significant security problem to be dealt with collectively or by individual nations, whether the closure is generated by state on state or wider regional conflict, maritime terrorism or piracy, or a regional state seeking to exercise arguable interpretations of sovereign rights.

For Australia, reliance upon maritime trade and responsibility for a vast maritime domain present the convergence of the enduring realities of strategic geography and national economic and environmental well being. Australia’s capable warships are employed contributing to the classic maritime mission of ensuring the flow of vital international trade and this requirement, like the requirement to trade, will endure and increase.
Similarly, the requirement to assert effective control over Australia’s vast maritime domain and to assist regional neighbours with controlling their domains will expand.

Figure 6: Ensuring maritime trade flows is vital to Australia’s interests

Summary Deductions

Global and regional economies are heavily reliant upon maritime trade, the importance of which is rapidly increasing in the Asia Pacific region. The world’s merchant fleet is growing and modernising commensurately, while Australia’s merchant fleet remains comparatively negligible. Australia’s economy is also profoundly dependent upon maritime trade. It represents more than 10 percent of the world total volume and is carried almost entirely in foreign flagged and owned vessels. This fact underscores the need for Australia to be proactively involved in contributing to maritime security by ensuring that shipping can transit freely along the sea lanes.

Global and regional energy security is vital and largely dependent upon seaborne trade. With capable naval forces, Australia continues to make an important contribution to supporting world energy security. Regional food security is also heavily dependent upon maritime trade. Fisheries and maritime environmental security are increasingly important considerations that will require the application of increased maritime security resources.

Freedom of navigation and maritime domain security are of paramount importance in the Asia Pacific region where thriving economies are heavily and increasingly dependent upon the sea. Access to straits used or international navigation and sea lanes for guaranteed passage through regional archipelagos is important. For Australia, ensuring the flow of maritime trade and the security of our vast maritime domain presents the convergence of the enduring realities of strategic geography and economic and
environmental well being; vital to the national interest. Maintenance of the free flow of trade may involve the formation of ad-hoc security arrangements where both suppliers and customers share a common need for protecting just-in-time logistic continuity.

Changing Power Dynamics

The United States continues to be the largest economy in the world, has by far the strongest military capabilities and therefore remains the dominant global power. However, the relative strength of the US in comparison to other nations is declining, as is the US ability to influence the course of world events. The change has been magnified by domestically unpopular US military commitments to the “War on Terror” in Iraq and Afghanistan, impacting US capacity and probably political appetite to engage militarily elsewhere. The US intent to pursue a pre-emptive defence stance has also been dampened; and the overall US strategic position has been exacerbated by an economy in danger of recession. Concomitantly, China, India and some other Asian nations are experiencing unprecedented economic growth and are pursuing an aggressive path of qualitative military improvements, with particular emphasis upon maritime capabilities.

For more than 50 years the cornerstone of Australia’s national security has been the ANZUS Treaty and this remains the case. Australia’s national security has been underwritten by the Treaty and successive Australian governments have been able to

Figure 7: Australia’s North Western neighbourhood.

For more than 50 years the cornerstone of Australia’s national security has been the ANZUS Treaty and this remains the case. Australia’s national security has been underwritten by the Treaty and successive Australian governments have been able to
justify conservative defence spending because of perceived security risk mitigation provided by the ANZUS 'insurance policy'. Alliance arrangements afford benefits and also bring obligations and commitments between the parties involved. The significance of this is particularly important between countries with large power disparities, like Australia and the US. Although Australia and the US share many common values, their interests, or at least the priority given to various interests, will not always coincide.

As Australia pursues a more independent course, including closer engagement with other regional powers, the possibility that our interests will diverge from that of the US on some issues is likely to increase. The threshold for triggering a supportive treaty response is uncertain and a response cannot be guaranteed. The capacity of the parties to respond, given wider security commitments, priorities and interests at a particular time will be significant determinants to decisions to invoke treaty responses or not, including the level of response.

The ANZUS Treaty has been formally invoked on one occasion; by Australia in support of the US after the September 11, 2001 attacks. Importantly, the Treaty has provided an umbrella under which defence cooperation between Australia and the US has flourished, including high level Australian access to US technology and intelligence.

There have been occasions where US military support short of invoking the Treaty has been sought by Australia. For example, during the Australian-led, United Nations authorised intervention in East Timor in 1999, the US Navy provided an Aegis cruiser for air defence. This contribution was extremely valuable during the early stages of the landing of Australian ground forces as it provided critical risk assurance against any likelihood of air attack. This was particularly significant as the RAN did not have adequate air defence capabilities to cover amphibious and air transport activities in the operational area. Although a relatively low intensity conflict, the East Timor campaign was a close run military endeavour that stretched the capability of the ADF. Capability deficiencies were highlighted including the lack of fully deployable maritime air defence capabilities essential to enable independent offshore operations in a predominantly maritime region, even when the operational area was in relatively close proximity to Australian mainland air bases at Darwin and Katherine.

The strategic risk implications of changing regional and great power dynamics need to be carefully considered from Australia's perspective as a regional middle power. Australia remains a close ally of the US and is increasingly engaged economically, politically and militarily in the region, particularly with Japan, China, India, Southeast Asian and Pacific Island countries. Australia's future security and prosperity and that of the Asia Pacific region are inescapably concordant.

Due to evolving regional power dynamics and the uncertainties of invoking alliance obligations Australian governments may increasingly seek security options to support independent policy objectives in the future. This could include military commitments in the immediate region, defending against attacks on Australia and its direct interests, contributing to regional maritime coalitions in a range of conflict scenarios (including the
potential for high intensity conflict), responding to natural disasters and humanitarian crises, assisting with the rescue of failed states, controlling Australia’s vast maritime sovereign interests, contributing to the freedom of maritime navigation, and contributing to shaping the regional strategic environment.

There are many potential scenarios where Australian Governments may require the ability to project military power across the seas, exercise control over areas of national or regional sea space and proximate land areas, and prevent or disrupt the activities of opponents. Force packages need to be tailored for each operational mission and would draw upon long range, deployable and sustainable sea, air and land capabilities, able to operate autonomously or as part of international coalitions, US-led or otherwise.

Summary Deductions

The US continues to be the dominant global economic and military power however the relative power balance is changing. US power is declining in relative terms as regional powers, like China and India, emerge. The ANZUS Treaty has been the cornerstone of Australia’s security for more than half a century and continues to be vital to national security interests. Australia’s political, economic and military engagement in the Asia Pacific region combined with changing regional power dynamics and US global commitments require Australia to pursue a more independent course. Evolving strategic circumstances compel Australia to hedge against changing regional power balances.

There are many security scenarios where a range of capable military forces will provide significant defence utility for asserting control over Australia’s direct sovereignty and wider national interests, and to support aspirations and obligations as a regional power. Maritime capabilities offer cost effective options for Government at acceptable levels of risk. They enable military presence to be selectively asserted across Australia’s geographic areas of highest security interest thus demonstrating Australia’s commitment to the preservation of a benign security environment.

Strategic Choices for Australia’s Future

Australia’s strategic thinking has evolved and matured considerably over the past 30 years. The recommendation in 1986 that Australia’s defence be based largely on a strategy of denying a potential invading force access to mainland sovereign territory is now recognised as too narrow and too risky. Such a strategy is far too limiting for a developed, middle power engaged in a globalized world that aspires to be a significant regional power. Successive governments have recognized that Australia’s national interests extend well beyond immediate sovereign territory. Contemporary Australian governments would be unlikely to support a core national security strategy that essentially entails ‘pulling up the drawbridge and defending the northern moat’ while the nation reverts to a subsistence existence for survival. Such a strategic stance would be tantamount to abrogating obligations to defend sovereignty and sovereign rights. This would be perceived domestically and internationally as weak and displaying a gross lack of comprehension of strategic realities.
Australia must be able to deal effectively with security threats to its national interests. Strategic vulnerabilities need to be identified and protected and strategic strengths enhanced. Security risk management processes need to recognise the integrated nature of global and regional systems. Australia can choose to be strategically passive or proactive. Successive Australian governments have sought to be proactive in contributing to shaping a positive strategic environment. Much of the shaping objective is pursued through the application of soft power means like diplomacy, economic, intellectual and social engagement. A central consideration for all regional participants is the provision of a secure environment to enable economic and social development to flourish; and common regional security interests are primarily maritime in nature.

Australia’s national defence strategy must have a predominantly maritime flavour. Australia needs the capacity to control its sovereign maritime domain and interests, and to contribute to the security of regional maritime domains and interests. This includes military capabilities able to deter and project power into and across the seas and if necessary, on to the shore for medium level combative and peaceful purposes.

Strategic choices are heavily affected by the willingness and economic capacity to allocate national resources to security. In recent years Australia has committed approximately 1.8 percent of GDP to defence. Governments have increased defence expenditure consistent with economic growth. The extent of Australia’s security challenges, small population and competing demands upon a small workforce are significant considerations in determining whether this level of defence expenditure is adequate. The availability of skilled and motivated people is a major determining factor for Australia’s approach to providing national security.

High-technology and multi-role solutions that make optimum use of scant people resources are essential considerations along with flexibility, versatility and the capacity to sustainably conduct military operations over large distances in a maritime environment. Options exist to take advantage of Australia’s access to some unique aspects of US and other countries’ advanced technologies that will continue to give a qualitative capability
advantage. Options also exist for self-interested approaches to investment in and advancement of innovative niche security related industries within Australia.

Whether current levels of defence expenditure will provide an adequate level of security risk mitigation in a strategic context of dynamism and uncertainty must be a vital consideration for government. Several defence capabilities will reach obsolescence almost simultaneously in the coming years including naval surface forces and submarines along with some air, land and important information support capabilities. Combined with rising technology and people costs, governments are faced with stark choices of either increasing the proportion of national resources allocated to defence or accepting higher levels of national security risk. Both options present short-term political risks for government, however adopting the second option would present the greatest security risk for the nation and its future.

**Summary Deductions**

Australia’s national defence strategy must have a significant maritime flavour. It should provide for the defence of sovereign territory and sovereign rights (both land and offshore), a capacity to defend our wider national interests, and an ability to contribute to shaping the regional strategic environment.

Determining the levels of defence expenditure necessary to provide for Australia's national security is a key consideration for government. It requires difficult judgements on what represents an adequate level of security risk mitigation in a strategic context of dynamism and uncertainty. Near simultaneous obsolescence of several significant defence capabilities in future years exacerbate resource allocation pressures.

Technology and people costs are key drivers. In the Australian context, highly capable, versatile and flexible forces able to support sustained operations over great distances in a largely maritime environment are essential. High-technology and multi-role solutions that make optimum use of scant people resources must be key considerations. Access to unique advanced technologies from the US and elsewhere will continue to give a qualitative capability advantage along with investment in innovative niche security systems within Australia.

Governments are faced with the choice of increasing the proportion of national resources allocated to defence or accepting higher levels of national security risk. Both options present short-term political risks, however adopting the second option would present the greatest risk for the nation and its future. Government acceptance of potentially major national security risk failure is unconscionable.
Composite Deductions

Composite deductions from this analysis for consideration in the formulation of the 2008 Defence White Paper and Australia's national security strategy is presented below.

**Managing Strategic Risks**

Strategic risk management processes need to be followed in order to identify national security risk treatment options that will define the capability requirements for defending Australia and its interests in a strategic climate of change and uncertainty. The national security strategy must provide for the defence of core national interests and seek to shape a favourable strategic environment.

Balancing the focus upon immediate political and operational security imperatives with the need to maintain a long-term strategic view is essential and challenging. A long-term and systemic view of Australia's national security challenges and requirements is necessary, recognising that making significant defence capability adjustments takes considerable time and resources. Creating a strategic decision making culture that can deal with a dynamic, evolving context of uncertainty and incomplete knowledge is vital.

The ADF needs to be combat capable, versatile, flexible and ready.

**Understanding the Strategic Context - Geography and Governance**

A central and enduring feature of the Asia Pacific (Indian, Pacific and Southern Ocean) region to which Australia belongs is its vast maritime geography. Regional interests significantly converge in the maritime domain, which brings rights and responsibilities, challenges and opportunities, and potential security concerns that must be managed. Shared interests in the maritime commons presents an obvious area of convergence around which a regional community of nations can be further developed.

Australia's maritime geography is vast and diverse. This geography offers the advantage of strategic depth that must be fully exploited. It is essential to military operations that there is a high quality understanding of the maritime environment. This means comprehensive hydrographical, oceanographic, meteorological and marine science capabilities; and these are currently deficient.

Security capabilities, including the ADF, must be designed to operate across the national and regional maritime environment. The ADF must be able to cover vast distances and remain on station for extended periods across the maritime domain. Forces must be robust, sustainable and interoperable with regional and extra regional maritime forces.

**Understanding the Strategic Context - Economy and Trade**

Global and regional economies are heavily reliant upon maritime trade, the importance of which is rapidly increasing in the Asia Pacific region. The world's merchant fleet is
growing and modernising commensurately, while Australia’s merchant fleet remains comparatively negligible. Australia’s economy is also profoundly dependent upon maritime trade. It represents more than 10 percent of the world total volume and is carried almost entirely in foreign flagged and owned vessels. This fact underscores the need for Australia to be proactively involved in contributing to maritime security by ensuring that shipping can transit freely along the sea lanes.

Global and regional energy security is vital and largely dependent upon seaborne trade. With capable naval forces, Australia continues to make an important contribution to supporting world energy security. Regional food security is also heavily dependent upon maritime trade. Fisheries and maritime environmental security are increasingly important considerations that will require the application of increased maritime security resources.

Freedom of navigation and maritime domain security are of paramount importance in the Asia Pacific region where thriving economies are heavily and increasingly dependent upon the sea. Access to straits used or international navigation and sea lanes for guaranteed passage through regional archipelagos is important. For Australia, ensuring the flow of maritime trade and the security of our vast maritime domain presents the convergence of the enduring realities of strategic geography and economic and environmental well being; vital to the national interest. Maintenance of the free flow of trade may involve the formation of ad-hoc security arrangements where both suppliers and customers share a common need for protecting just-in-time logistic continuity.

**Changing Power Dynamics**

The US continues to be the dominant global economic and military power however the relative power balance is changing. US power is declining in relative terms as regional powers, like China and India, emerge. The ANZUS Treaty has been the cornerstone of Australia’s security for more than half a century and continues to be vital to national security interests. Australia’s political, economic and military engagement in the Asia Pacific region combined with changing regional power dynamics and US global commitments require Australia to pursue a more independent course. Evolving strategic circumstances compel Australia to hedge against changing regional power balances.

There are many security scenarios where a range of capable military forces will provide significant defence utility for asserting control over Australia’s direct sovereignty and wider national interests, and to support aspirations and obligations as a regional power. Maritime capabilities offer cost effective options for Government at acceptable levels of risk. They enable military presence to be selectively asserted across the geographic region of highest security interest thus demonstrating Australia’s commitment to the preservation of a benign security environment.

**Strategic Choices for Australia’s Future**

Australia’s national defence strategy must have a significant maritime flavour. It should provide for the defence of sovereign territory and sovereign rights (both land and
offshore), a capacity to defend our wider national interests, and an ability to contribute to shaping the regional strategic environment.

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Governments are faced with the choice of increasing the proportion of national resources allocated to defence or accepting higher levels of national security risk. Both options present short-term political risks, however adopting the second option would present the greatest risk for the nation and its future. Government acceptance of potentially major national security risk failure is unconscionable.

Figure 9: The maritime environment is diverse.
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End Notes

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2 Established in 1994 at the University of Wollongong, ANCORS is Australia’s only multi-disciplinary university-based centre dedicated to providing maritime policy related research, education and high level intellectual support on oceans governance and law, maritime security and co-operation and ocean resource management for Australia and the western Pacific, Indian and Southern Ocean region.

3 Countries like China and India may fit this description in the Asia Pacific region.


5 Offshore island territories include Christmas and Cocos Islands; the islands of the Torres Strait and the Great Barrier Reef, Heard, McDonald and Macquarie Islands; and Lord Howe and Norfolk Islands.

6 Australia has the 3rd largest EEZ in the World after the USA and France.

7 The Australian EEZ is 8,148,250 km² which is greater in area than the Australian landmass of 7,692,724 km². Information is available on the Geoscience Australia website http://www.ga.gov.au/.

8 The Australian Search and Rescue Region is 52.8 million km² in area and extends for more than 2,000 nautical miles (3,800 km) into the Indian Ocean, west and north to maritime boundaries with Sri Lanka, Indonesia and Papua New Guinea, east to our maritime boundaries with the Solomon Islands and Fiji, and south to Antarctica. Further information including a map of the area and a summary of Australia’s responsibilities can be found at http://www.amsa.gov.au/.


10 As of 1 July 2007, 7,433 ships totalling 415.8 million dead weight tons (dwt) were on order with South Korea, China and Japan the leading shipbuilding countries comprising 81.7 percent of the world order book. Institute of Shipping Economics and Logistics (ISL) Shipping and Statistics and Market Review: World shipbuilding and shipbuilders, Volume 51 No 9/10, Bremen 2007, pp 6-12 available at http://www.isl.org.


12 UNCTAD Review of Maritime Transport 2007, op cit, pp 31-34 and Table 16.

13 Ibid, pp 15-19 and Table 7. Australia ranked as the largest exporter in the world of iron ore (37.7 percent of the world total) and coal (32.3 percent of the world total), and the third largest exporter of grain (9.5 percent of the world total).


16 Ibid, p5.

natural gas share of total world energy consumption is forecast to increase from 24 per cent in 2003 to 26 per cent in 2030.
21 The 40th separate deployment of Australian naval surface forces to the international coalition in the Persian Gulf area commenced in April 2008. The nature of the mission has varied over the years and the Navy’s capable warships and well trained personnel have exhibited high degrees of versatility, flexibility and professionalism in dealing with evolving Middle East security tasks. Tasks have included enforcing United Nations trade sanctions through the imposition of maritime blockade and participation in naval strike and air defence forces during the two Gulf Wars. Sea Power Centre – Australia, Department of Defence, *Offshore and Out of Sight: The RAN in the North Arabian Gulf*, Semaphore Issue 06, June 2008 available at http://www.navy.gov.au/spotl.
22 Ibid.
23 Modest estimates of the global fishing situation in 2007 are summarised as follows: 7 of the top 10 marine fish (30 percent of all marine production) are fully or over-exploited; 25 percent of stocks are in crisis; 52 percent of stocks are fully exploited (fished at their maximum biological productivity level); 21 percent moderately exploited (modest increase in fishing possible); and 3 percent of stocks are underexploited.
24 Dibb, Paul, *Review of Australia’s Defence Capabilities: Report to the Minister for Defence*, Australian Government Publishing Service, Canberra 1986, pp 2-6. In 1986 Dr Dibb suggested that the importance of trade to the Australian economy was over emphasised and that Australia could “become highly self-sufficient in basic commodities”. Further, it was recommended that Australia’s defence should be based upon a “strategy of denial” where the aim was to be capable of “denying the sea and air gap to an adversary, thus preventing any successful landing of significant forces on Australian soil”.
25 This includes developing and sharing knowledge by governments and institutions for the common good.