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The concept of grand strategy was created to establish explicit connections between the foreign and defence policies of a country. However, common sense suggests these areas should operate in tandem even during the most peaceful of times. This is especially so for middle power countries, who may have broad interests but narrow resource bases. This survey reviews Australian foreign policy from January to June 2016, and uses the country's 2016 Defence White Paper to examine the commonality and contrasts between Australia's foreign and defence policies over this period.

The 2016 Defence White Paper (2016 DWP) is an important document to consider in relation to Australia's foreign policy for several reasons. Firstly, as Michael Wesley argues, Defence White Papers are the "closest thing we have to grand strategy" in Australia.¹ As such, the 2016 DWP's judgements about Australia's world view, particularly the contours of its region, its relationship with the major states, and the significance of the "rules-based order" offer significant insights into government thinking on foreign policy.

Secondly, the document is written at a time of great strategic challenges. The established order of the Asia-Pacific, including the hierarchies and roles of the major countries, is changing. Economic and military power balances are adjusting, and with them a new international climate that seems less tolerant of the liberal, democratic and capitalist norms Australia has long promoted. Though many of these changes are potential sparks for military conflict, they are first and foremost foreign policy challenges. The need for coherent linkages between defence and foreign policy areas at this time is thus substantial.

Finally, the 2016 DWP is the strongest example yet of a globalist position in Australian defence policy. Scholars such as Michael Evans have argued that the adoption of the "Defence of Australia" (DOA) policy (operating from 1976 to 1997) severed the link between Australia's foreign and defence policies.² Evans and other scholars furthermore argue that the return to a globalist position will help restore the link between foreign and defence policy. Whether this is so, or whether a globalist defence policy position also has coordination challenges, is a central concern of this survey.

The 2016 DWP does not explicitly set out the relationship between Australia's foreign and defence policies. This is understandable given the document is the product

¹ Michael Wesley, "Australian Grand Strategy and the 2016 Defence White Paper", *Security Challenges*, Vol. 12, 1 (2016), p.25.

² Michael Evans, "The Tyranny of Dissonance: Australia's Strategic Culture and Way of War 1901-2005", *Land Warfare Studies Centre Study Papers* (Canberra, 2005).

of one department, so it requires some reading between the lines to identify the intended relationship with the rest of the Australian government. The White Paper's central focus is three Strategic Defence Interests which it seeks to protect, and three Strategic Defence Objectives that Australian defence policy is intended to achieve. In line with this ambition, we can identify four priority areas for Australian foreign policy as integral to the achievement of these objectives.³ These are: firstly the management of *Power*, seeking to preserve an order which is conducive to safeguarding the interests of middle power states such as Australia; secondly, the management of *Disputes*, seeking to prevent states from falling into conflict and, in line with the first priority, developing mechanisms which prevent power politics from dictating inter-state disagreements; thirdly, the management of *Threats*, namely identifying and categorising the risks for Australia and identifying the partners, institutions and conditions for their successful resolution; and finally, the management of *Resources*. This includes supporting economic development, ensuring access to key commodities, providing a funding base for military capabilities and preserving an open trading system.

By pursuing these four priorities, Australia's foreign policy strengthens its defence policy by working to prevent future threats from emerging; ranking and prioritising current threats and finding alternative mechanisms for resolving less pressing challenges; and by ensuring Australian defence policy has the necessary resources and partners for defeating threats that do emerge. Though other tasks could be added, these four priorities represent the key areas of overlap between Australia's defence policy needs and foreign policy capabilities.

This paper begins by outlining the Australian debate over the proper relationship between foreign and defence policy. It then turns to review the key judgements of the 2016 Defence White Paper. The rest of the paper explores how Australian foreign policy developed over the period from 1 January 2016 to 30 June 2016 and the connection with the four priorities of *Power*, *Disputes*, *Threats* and *Resources*. The paper concludes by arguing that the current globalist approach seeks to address far too large a range of theatres for a coherent relationship to operate between Australia's foreign and defence policies. A more disciplined focus on Southeast Asia, along with revisiting the organisational mechanisms of cooperation, offers the best chance for restoring strategic coherence.

Relationship between Foreign and Defence Policy

Practitioners and scholars are generally united in stressing the importance of cooperation between foreign and defence policy. Edward Mead Earle argues that "diplomacy and strategy, political commitments and military power, are inseparable; unless this be recognized, foreign policy will be bankrupt".⁴ The common refrain of strategy — that it seeks to link the "ends, ways and means" of a state — is fundamentally a claim for the importance of coordinating both the mechanisms and aims of policy. As such, some policy-makers have claimed: "Foreign and defence policies are interdependent [...] it makes no sense to try to assess them separately; and no sense to suggest the subordination of one to the other".⁵ According to Michael

³ Department of Defence, *2016 Defence White Paper* (Canberra, 2016), pp.33-70.

⁴ Edward Mead Earle, "Introduction", in *idem*, ed., *Makers of Modern Strategy: Military Thought from Machiavelli to Hitler* (Princeton, NJ, 1943), p.x.

⁵ Sir Anthony Acland, "The Relationship between Foreign and Defence Policy", *RUSI Journal*, Vol. 148, 2 (1983), pp.2-7, p.2.

Evans, a “close linkage between Australian foreign and defence policies has been an intrinsic feature of Australia’s quest for security since Federation”.⁶ In more recent decades the push for an integrated “whole of government” approach has reinforced the desire for inter-departmental cooperation. As Prime Minister Julia Gillard declared in 2013, “my message to our national security community is: if you see a silo, dig it up”.⁷

Much of the policy administration literature on “whole of government” approaches, presumes the effectiveness of the relationship between policy areas is shaped by *organisational* factors.⁸ These can include integration and coordination,⁹ accountability and monitoring¹⁰ and corporate culture.¹¹ A small body of Australian scholarship has begun addressing these issues in the national security sphere. More prominent however, is the debate over whether *ideational* factors can also fundamentally shape the degree of cooperation and coordination between Australia’s foreign and defence policy portfolios. In *The Tyranny of Dissonance: Australia’s Strategic Culture and Way of War 1901–2005*, Michael Evans argues that because DOA bound Australian defence policy to a tight geographic focus around the mainland and “air-sea gap” to the immediate north, there was a “decoupling” of “defence and diplomacy”.¹² This caused “a loss of congruence between defence planning and foreign policy interests”.¹³ Advocates of DOA have defended their policy, stating that the geographic focus was necessary to achieve internal coherence for defence policy, guiding both force structure as well as force employment.¹⁴ In turn, they argue that the security provided through this coherence allowed Australia during the 1980s and 1990s to pursue stronger regional relationships and advocate Australia’s specific national interests, freed of the need to remain in the good graces of remote “great and powerful friends”.¹⁵

The 2013 and — to a lesser extent — 2016 Defence White Papers try to thread their way through this by identifying the “Indo-Pacific” as Australia’s region of concern. Yet as Nick Bisley and Andrew Phillips have argued, this idea is “analytically imprecise”, and may be far too broad and heterogeneous for even a power like the United States to capably manage.¹⁶ As such, some believe Australia has become diverted from its core interests during this period, focusing endlessly on the concerns

⁶ Evans, “The Tyranny of Dissonance”, p.45.

⁷ Julia Gillard, “Speech at the National Security College 23 January 2013”, in *Prime Minister Julia Gillard’s Speech Launching the National Security Strategy at Crawford School’s National Security College on 23 January 2013* (Canberra, 2013).

⁸ Tom Christensen and Per Læg Reid, “The Whole-of-Government Approach to Public Sector Reform”, *Public Administration Review*, Vol. 67, 6 (2007).

⁹ Sue Hunt, “Whole-of-Government: Does Working Together Work?”, in *Discussion Papers: Policy and Governance* (Canberra, 2005), p.11.

¹⁰ John Halligan, “Reintegrating Government in Third Generation Reforms of Australia and New Zealand”, *Public Policy and Administration*, Vol. 22, 2 (2007), pp.221, 226.

¹¹ Christensen and Læg Reid, “The Whole-of-Government Approach to Public Sector Reform”, p.1062.

¹² *Ibid.*, p.82.

¹³ Evans, “The Tyranny of Dissonance”, p.ix.

¹⁴ Paul Dibb, *Review of Australia’s Defence Capabilities* (Canberra, 1986).

¹⁵ Hugh White, “Four Decades of the Defence of Australia: Reflections on Australian Defence Policy over the Past 40 Years”, in Ron Huiskens and Meredith Thatcher, eds, *History as Policy: Framing the Debate on the Future of Australia’s Defence Policy* (Canberra, 2007), p.67.

¹⁶ Nick Bisley and Andrew Phillips, “Rebalance to where? US Strategic geography in Asia”, *Survival*, Vol. 55, 5 (2013), pp.95-114, p.101.

of its allies and global flashpoints.¹⁷ An important debate is therefore underway as to how the *ideational* content of Australian defence planning, especially its geographic focus, influences the coherence with Australian foreign policy. How then does the 2016 DWP understand Australia's region?

Australia's 2016 Defence White Paper

The 2016 Defence White Paper was initiated as an election commitment of the federal Coalition in 2013. After "two Prime Ministers, three Defence Ministers, three Assistant Ministers, two Parliamentary Secretaries and a 12-month delay" it was finally released on 25 February 2016.¹⁸ The document survived the change of leaders relatively unscathed, in part thanks to an extended cabinet consultation process, which made it a true expression of the Coalition's world view.¹⁹

The 2016 Defence White Paper sets out three Strategic Defence Objectives (SDOs) which represent the primary responsibilities for Australian defence policy. These are:

Deter, deny and defeat attacks on or threats to Australia and its national interests, and northern approaches; Make effective military contributions to support the security of maritime South East Asia and support the governments of Papua New Guinea, Timor-Leste and of Pacific Island Countries to build and strengthen their security; Contribute military capabilities to coalition operations that support Australia's interests in a rules-based global order.²⁰

Critically, the document introduces these objectives by stating that "the Government has agreed to three equally-weighted high-level Strategic Defence Objectives to guide the development of the future force set out in this White Paper".²¹ This represents a clear break with the logic of the Defence of Australia policies, which insisted that the essential structure of the defence force must be primarily designed to achieve the defence of the continent.²² The 2016 Defence White Paper by contrast argues Australia should create a force which is designed to address all three objectives, with forces chosen for tasks in the Indo-Pacific and globally.

In the language of the Turnbull government, it is the "Indo-Pacific" which is Australia's regional orientation.²³ Yet the 2016 DWP consistently broadens this to "[a] stable Indo-Pacific region and a rules-based global order". There is rarely any clear distinction in the document between the importance of the Indo-Pacific — identified as "North Asia, the South China Sea and the extensive sea lines of communication in the Indian and Pacific Oceans that support Australian trade" — and global concerns in places such as the Middle East or Europe.²⁴ There are separate tasks for the ADF on

¹⁷ John Blaxland, "Daesh and the unintended consequences of a modern Anzac force", *Sydney Morning Herald*, 4 March 2015.

¹⁸ Stephen Conroy, David Feeney, and Gai Brodtmann, "David Feeney – Transcript – Doorstop – Defence White Paper", Canberra, Australian Labor Party, 2016.

¹⁹ For a description of the document's creation and politics, see Andrew Carr, "The Politics of the 2016 Defence White Paper", *Security Challenges*, Vol. 12, 1 (2016).

²⁰ Department of Defence, "2016 Defence White Paper", p.71.

²¹ *Ibid.*, p.71. The document re-enforces this call on p.77 stating: "The Government has directed Defence to use all three Strategic Defence Objectives to guide force structure and force posture decision making".

²² Dibb, *Review of Australia's Defence Capabilities*, p.52.

²³ Marise Payne, "Minister for Defence – Launch of the 2016 Defence White Paper", Canberra, 25 February 2016.

²⁴ Department of Defence, "2016 Defence White Paper", p.70.

Australian soil and in maritime Southeast Asia.²⁵ Yet there is a common task for both the Indo-Pacific and “rules based global order”: “play an important role in coalition operations”.²⁶ The “Indo-Pacific” is mentioned sixty-eight times, with the “rules-based global order” checking in forty-eight times.²⁷ Thus, while there is a nominal emphasis on the Indo-Pacific, the paper is inherently globalist in orientation. It provides significant analysis of Australia’s substantial and ongoing military operations in Afghanistan and Iraq — neither of which is in the Indo-Pacific — as well as discussion of key relationships with the United Kingdom, NATO, France, and countries in the Middle East and Africa.

Power, Disputes, Threats and Resources in the 2016 Defence White Paper

As a Defence White Paper, the document is much more comfortable analysing issues of *Power* and *Threats* than *Disputes* and *Resources*. The issue of Australia’s management of *Resources* is only occasionally addressed in the 2016 DWP. The document notes that “Australia and the Indo-Pacific region are in a period of significant economic transformation, leading to greater opportunities for prosperity and development”, before adding that “[t]he growing prosperity of the Indo-Pacific [...] [is] based on the maintenance of peace and stability”.²⁸ There are references to the protection of trading systems and defence engagement as a means of building prosperity, but little clear guidance from the 2016 DWP on setting principles for the management of *Resources*.

By contrast, the management of *Power* is one of the central themes of the 2016 DWP. The paper sets out that “Australia welcomes China’s continued economic growth and the opportunities this is bringing for Australia and other countries in the Indo-Pacific”.²⁹ However, it then drops into abstract language to state:

While it is natural for newly powerful countries to seek greater influence [...] some countries and non-state actors have sought to challenge the rules that govern actions in the global commons of the high seas, cyberspace and space in unhelpful ways, leading to uncertainty and tension.³⁰

The second “Strategic Defence Interest” also directly deals with the management of *Power* within Australia’s immediate region noting that “Australia cannot be secure if our immediate neighbourhood including Papua New Guinea, Timor-Leste and Pacific Island Countries becomes a source of threat to Australia. This includes the threat of a foreign military power seeking influence.”³¹

The management of *Disputes* and management of *Threats* flow from these judgements and occupy much of the document’s analysis of the strategic environment. The threat of terrorism is consistently highlighted, however the paper does not endorse the claim of Australia’s Minister for Foreign Affairs, the Hon. Julie Bishop, that terrorism is “the most significant threat to the global rules based order to emerge in the

²⁵ Some have suggested that the emphasis on maritime Southeast Asia, with its fifty-three mentions, is the true focus of the 2016 Defence White Paper. However, the equal weighting principle for buying future capability across the three areas, and lack of explicit endorsement of this region suggests otherwise.

²⁶ Department of Defence, “2016 Defence White Paper”, pp.74-76.

²⁷ Dobell, “Australia’s Defence White Papers by the Numbers”, p.8.

²⁸ *Ibid.*, p.14.

²⁹ *Ibid.*, p.44.

³⁰ *Ibid.*, pp.45-46.

³¹ *Ibid.*, p.69.

past 70 years”.³² The document also highlights emerging challenges such as state fragility, military modernisation, cyber and space.³³ Less prominently, issues such as climate change, illegal fishing and transnational crime (particularly drug smuggling) are all recognised as threats that have direct impact on Australia’s defence policy.

Finally, the management of *Disputes* is regularly highlighted as a direct concern, though the 2016 DWP is, pleasingly, much more cautious than the 2013 DWP in its claims about the potential for Australian defence diplomacy to resolve these problems.³⁴ While Australia would like to see the resolution of the many long-running historical and territorial disputes in Asia and beyond, it is often the manner of resolution rather than specific outcome which is of greatest concern. Avoiding “precedents in which the geopolitical status quo is altered using coercive means” is a crucial objective for middle powers, and a central concern in the management of *Power*.³⁵ The 2016 DWP therefore tends to hedge its bets when it comes to dispute resolution, embracing institutions, while cautiously noting the significance of *Power* in their resolution.³⁶

Concerns about the management of *Power*, *Disputes*, *Threats* and *Resources* therefore pervade the 2016 Defence White Paper. While the document only rarely embraces “Whole-of-Government” concerns, there is a recognition that many of the challenges cannot be dealt with by the Department of Defence alone. This paper now examines the evidence for this coordination, and determines to what degree and in what manner Australian foreign policy from January to June pursued the four identified priorities.

Australian Foreign Policy — January to June 2016

The management of Australian foreign policy during the first half of 2016 was shaped by two significant changes. Firstly, a federal election campaign was held on 2 July, after an extended eight-week campaign. This left slightly over two months of caretaker period (09 May – 19 July), and necessarily influenced the conduct of foreign policy during the preceding months when election speculation was rife. As in most elections in Australia, foreign policy was not a major topic of discussion, although there were some attempts to steer the conversation in its direction.

Secondly, Peter Varghese, Secretary of the Department of Foreign Affairs and Trade announced he would step down on 1 July 2016. Varghese was a popular and effective Secretary, who defined his approach as one of “radical incrementalism”.³⁷ Naturally, there was considerable speculation about his replacement. The open secret in Canberra during the caretaker period was that Malcolm Turnbull intended to appoint Frances

³² Sam Roggeveen, “Julie Bishop, ISIS and the Cold War”, *The Interpreter*, 30 April 2015.

³³ Department of Defence, “2016 Defence White Paper”, pp.48-53.

³⁴ Daniel Baldino and Andrew Carr, “The end of 2%: Australia gets serious about its defence budget”, *The Conversation*, 26 February 2016; see also Daniel Baldino and Andrew Carr, “Defence Diplomacy and the ADF: Smokescreen or strategy”, *Australian Journal of International Affairs*, Vol. 70, 2 (2016), pp.139-158; and for an overview of Defence Diplomacy’s contribution, see Brendan Taylor, Nick Bisley, Hugh White, John Blaxland, Peter Leahy, and See Seng Tan, “Defence Diplomacy: The Possibilities and Limits of Defence Diplomacy”, in Andrew Carr, ed., *Centre of Gravity*, 17 (Canberra, 2014).

³⁵ Rory Medcalf, “Rules, Balance, and Lifelines: An Australian Perspective on the South China Sea”, *Asia Policy*, Vol. 21 (2016), p.9.

³⁶ Department of Defence, “2016 Defence White Paper”, pp.58, 76, 121.

³⁷ Peter Varghese, “Parting Reflections”, *Secretary’s Speech to IPAA*, 09 June 2016 <<http://dfat.gov.au/news/speeches/Pages/parting-reflections-secretarys-speech-to-ipaa.aspx>>.

Adamson, his foreign policy advisor and a former Ambassador to China.³⁸ This was duly announced shortly after the government was sworn back into office.³⁹ In September 2016, Greg Moriarty, the Counter-Terrorism Co-Coordinator, was appointed as the new foreign policy advisor to the Prime Minister. During this period, John Garnaut, a former journalist with extensive experience covering China and the Asia-Pacific, also moved from the PM's media and communications team to a senior advisor role in Turnbull's office.

During the first half of 2016, the Foreign Minister, Julie Bishop, made her eleventh visit to the United States, stressing themes of commonality between the US and Australia. In a speech to the Washington D.C think tank community, Bishop sought to counter attitudes that Asia was inevitably headed for conflict. After discussing a range of challenges, she argued that "while countries in the region are spending more on military and defence in real terms, I believe that is as much a function of economic growth as it is about strategic hedging".⁴⁰ While the 2016 DWP is not quite so positive, it too recognises there is a "natural process of military modernisation" as a result of economic growth.⁴¹ Bishop also sought to stress to her US audience that Australia now enjoyed "real military cooperation" with China.⁴² Yet behind the scenes the visit was also focused on strengthening security cooperation with the US. Three months after Bishop's visit it was reported that the Australian and US governments were negotiating the rotation of US B-1 bombers and aerial tankers through RAAF bases in northern Australia.⁴³ This has long been discussed and represents a key plank in Australia's management of *Power*. The expansion of US presence in Australia is seen as a way both of boosting the US position in the region — enabling US aircraft and Marines to operate regionally — as well as deepening US commitments to Australian security.

While these trends represent the overall strength of the US-Australia relationship, there were two notable points of tension during the January to June 2016 period. Firstly, negotiations dragged on over paying the costs for the US Marine presence in Darwin.⁴⁴ While it is understandable that the Department of Defence was seeking to drive a hard bargain, the dispute has raised some ire. Also in Darwin, the US State Department leaked the results of a poll it had conducted of Australian attitudes to the sale of Darwin's port to a Chinese-owned company. The poll was released with the intention to "force Australians to rethink their choices of when to put national -security ahead of economic gain".⁴⁵ This represented a remarkably ham-fisted effort by the US to engage and persuade an enduring strategic ally, and it quickly drew criticism from the Turnbull government. As a 2015 *Centre of Gravity* paper predicted, while the US-

³⁸ Greg Sheridan, "Coalition plans to install Frances Adamson at DFAT", *Australian*, 20 June 2016.

³⁹ Department of Foreign Affairs and Trade, "Frances Adamson announced as new DFAT Secretary", Media Release, 21 July 2016, Canberra.

⁴⁰ Julie Bishop, "Mapping Asia's Trajectory: An Australian Perspective", *Speech*, 26 January 2016, Department of Foreign Affairs and Trade, Commonwealth of Australia <http://foreignminister.gov.au/speeches/Pages/2016/jb_sp_160126.aspx?w=tb1CaGpkPX%2FIS0K%2Bg9ZKEg%3D%3D>.

⁴¹ Department of Defence, "2016 Defence White Paper", p.57.

⁴² Bishop, "Mapping Asia's Trajectory: An Australian Perspective".

⁴³ Andrew Greene, "Long-range heavy bombers could be based in Australia, US General reveals", *ABC News Online*, 8 March 2016.

⁴⁴ Karen Middleton, "US and Australia in stalemate over NT defence bases", *The Saturday Paper*, 30 July 2016.

⁴⁵ Amos Aikman, "Secret US poll on China Darwin port deal", *Australian*, 9 March 2016.

Australia relationship is strong, there is a risk of “expectation gaps” emerging between the two countries surrounding the right way to manage the rise of Chinese power in Asia.⁴⁶ Any move to establish a new basis for this understanding will have to wait till after 20 January 2017 when a new US President is in office.

In mid-February, Bishop visited China and participated in the third Foreign and Strategic Dialogue, with Foreign Minister Wang Yi. While the meeting covered “the South China Sea, [and] issues on the Korean Peninsula, a considerable amount of our time was spent discussing the trade and investment and economic ties between Australia and China”.⁴⁷ Two months later, the Australian Prime Minister and Trade Minister led a delegation of 1,000 business leaders to China, covering twelve cities for the Australia Week in China and building on the 2015 China-Australia free trade agreement. It was here that Australia’s “don’t have to choose” attitude to the US-China relationship played out most visibly. Efforts to manage *Resources* were emphasised when visiting China, while efforts to manage *Power* were foregrounded when engaging the United States. Too much can be made of this lack of coherence. But the costs of sustaining this posture are growing. In March, the Department of Foreign Affairs and Trade also hosted the China-Australia Joint Committee on Antarctic and Southern Ocean Collaboration.⁴⁸ This followed an MOU on Antarctic cooperation signed between the two countries in 2014, and partly reflects rising Australian concern about China’s increased presence in Antarctica.⁴⁹

To round out the management of *Power* through bilateral engagement with major states, the Foreign Minister made her fifth visit to Japan since 2013. In Tokyo, Bishop reiterated that “Australia has publicly affirmed its support for Japan playing a strategic leadership role in the region commensurate with its economic strength”, praised Japan’s new security legislation and sought to increase Australia’s defence training and joint exercises with Japan.⁵⁰ Bishop also stressed the importance of the 2014 announcement of the “Australia-Japan Strategy for Cooperation in the Pacific”, noting that “the Pacific is a priority for Australia, and we are pleased to strengthen our cooperation with Japan in development, diplomacy and defence”.⁵¹ Australia’s second Strategic Defence Interest in the 2016 DWP seeks to prevent the presence of a “foreign military power seeking influence” in the region.⁵² In pursuing greater Japanese presence and cooperation in the South Pacific, Australian foreign policy is therefore helping to balance the expansion of potentially hostile actors and encouraging more sources of assistance to the governments of the South Pacific and their institutional and economic development.

⁴⁶ Peter Dean *et al.*, “The Anzus Alliance in an Ascending Asia”, p.17.

⁴⁷ Julie Bishop, “Address to Australia China Business Council”, 02 March 2016, Department of Foreign Affairs and Trade, Commonwealth of Australia.

⁴⁸ Department of Environment and Energy, “Australia hosts Antarctic talks with China”, Joint media release with the Department of Foreign Affairs and Trade, 01 March 2016 <<http://www.antarctica.gov.au/news/2016/australia-hosts-antarctic-talks-with-china>>.

⁴⁹ Anthony Bergin, “Australia needs to strengthen its strategic interests in Antarctica”, *Sydney Morning Herald*, 28 April 2016; “Cold Calculations: Australia’s Antarctic Challenges”, *Strategic Insights* #66, Canberra, Australian Strategic Policy Institute.

⁵⁰ Julie Bishop, “Address to National Press Club, Japan”, 16 February 2016, Department of Foreign Affairs and Trade, Commonwealth of Australia.

⁵¹ *Ibid.*; for text of the agreement see “Australia-Japan Strategy for Cooperation in the Pacific” <<http://dfat.gov.au/geo/japan/Documents/australia-japan-strategy-for-cooperation-in-the-pacific.pdf>>.

⁵² Department of Defence, “2016 Defence White Paper”, p.69.

While large states are used to managing *Power* down to smaller countries, this is something Australia struggles with, particularly in the South Pacific.⁵³ In June 2016 a serious *Threat* briefly emerged following turmoil, rioting and protest in Papua New Guinea (PNG). Following allegations of significant corruption by Prime Minister Peter O'Neill, university students began widespread public protests. On 8 June, police in Port Moresby fired at some students, injuring at least seventeen people. In turn the protests worsened, with cars burnt and roads blocked.⁵⁴ Australia called for calm, but Canberra's ability to influence the situation is slight, especially given its reliance on O'Neill for the continuation of the Manus Island detention centre.⁵⁵ While the situation has calmed in the months since, the fragility of the PNG state is an enduring and first-order concern for Australia. Yet our approach to the region is often reactive and incidental. As Joanne Wallis has argued, "Australia's strategic influence in the Pacific is waning and the characterisation of the state as a 'regional hegemon' is a hollow one".⁵⁶

For Australian foreign policy concerns in Southeast Asia, the most notable part of the period from January to June 2016 is what didn't happen, the key *Dispute* which did not boil over. The long awaited Arbitration Tribunal of the Permanent Court of Arbitration (PCA) did not hand down its ruling on competing territorial claims in the South China Sea between the People's Republic of China and The Philippines until 12 July. While China consistently attacked the legitimacy of the court before the ruling, and refused to participate in the arbitration process, it did not pre-empt the case with an assertive new claim of sovereignty or significant changes to its pattern of island building. Many had expected that Beijing would announce an Air Defence Identification Zone in the region in response to or even before the ruling. This remains a possibility. In 2016 Beijing deployed radar systems to the Spratly islands and HQ-9 surface-to-air missiles in the Paracel Islands, marking steady progress towards the capacity to "establish effective control over the sea and airspace throughout the South China Sea".⁵⁷

Australia's approach to managing the challenges of *Power* and *Dispute* in the South China Sea under the Coalition has been a "two-steps-forward, one-step-back" approach. Step one has been closer military cooperation with the US. Step two is closer foreign policy cooperation with Japan and other willing Asian partners, including urging ASEAN to find ways to unite. But the step back has been a refusal to participate in activities that might overtly antagonize China. This has included Canberra's rejection of US pressure to stay out of Beijing's Asia Infrastructure Investment Bank (AIIB) as well as a refusal to publicly participate in explicit Freedom of Navigation Operations (FONOPs). This position has tended to please no one, though it represents a pragmatic holding pattern for Australia for now.

⁵³ Joanne Wallis, "Hollow Hegemon: Australia's declining influence in the Pacific", *East Asia Forum*, 21 September 2016.

⁵⁴ <<http://www.abc.net.au/news/2016-06-23/upng-students-burn-cars-and-barricaded-roads-in-protests/7537862>>.

⁵⁵ Nick McKenzie and Richard Baker, "Anti-Corruption Chief asks Bishop to support O'Neill investigation", *Sydney Morning Herald*, 24 June 2016.

⁵⁶ Wallis, "Hollow Hegemon: Australia's declining influence in the Pacific".

⁵⁷ "Another Piece of the Puzzle", Asia Maritime Transparency Initiative, Washington D.C: Centre for Strategic and International Studies, February 2016 <<https://amti.csis.org/another-piece-of-the-puzzle/>>.

One key assumption shared by the 2016 DWP and Australian foreign policy during this period is that US presence and power is sufficient to sustain regional stability. This is at the core of Australia's support for the Obama Administration's "Rebalance" policy. Yet Beijing has not been intimidated or dissuaded by the mere presence of increased US forces or occasional American FONOPS. Rather than just focusing on presence, the key question — one for Washington to answer, but which Australia can and must help guide — is to what ends that power is used.

Similar questions ought to be asked about Australia's military power. On 27 April 2016, Prime Minister Malcolm Turnbull and Defence Minister Marise Payne announced that Australia would build twelve new diesel submarines. The \$50 billion dollar contract for the design and bulk of the work was awarded to the French firm DCNS. The domestic political motivations of the decision, two months out from the election were obvious, especially with the government's emphasis on the jobs to be created in South Australia.⁵⁸ Yet in all the debate about the largest military acquisition contract in Australian history, the question of "to what purpose" these submarines would be used was never asked or answered. As Prime Minister, Tony Abbott was interpreted by many commentators as seeking to purchase submarines from Japan for reasons of increasing strategic alignment, but this too was never made public. Following the French winning bid, Tokyo made clear its displeasure with the manner and outcome of the Turnbull government's decision.⁵⁹ Responsibility for this cost to Australia's relationship must however lie largely with Abbott, given his initial encouragement of Japan and then initiation in early 2015 of a "Competitive Evaluation Process", which the French won.⁶⁰ In the interest of managing both *Power* and *Disputes* within Asia over coming years, the Turnbull government's recultivation of its links with Japan, and willingness to explain to the Australian public why such links are valuable, must be a fundamental defence and foreign policy priority.

While the first half of 2016 was a period of calm in Asia, 2016 is shaping up as an *annus horribilis* for the global war on terror. There were significant terrorist attacks in Belgium, Egypt, France, Indonesia, Iraq, Israel, Libya, Syria, the United States and Yemen in the first six months. All required direct responses from the Australian government, and repeatedly drew the nation's foreign policy to the question of managing *Threats*. In February 2016, Bishop visited a global conference on tackling Daesh, as well as a Syrian Donors conference, pledging significant new resources to both concerns.⁶¹

Human rights and humanitarian support were major themes of Australian foreign and defence policy during the January-June 2016 period. In February, the Hon. Phillip Ruddock was announced as Special Envoy for Human Rights. This represents a growing pattern in Australian diplomacy to nominate specific issue ambassadors — a new Ambassador for the Environment was also announced that same month and funding for a Cyber Ambassador was included in the May budget. Ruddock's appointment was contentious, but his political retail skills are an advantage given one

⁵⁸ Michelle Grattan, "French firm DCNS wins \$50 billion submarine contract", *The Conversation*, 26 April 2016.

⁵⁹ Cameron Stewart, "Tokyo talks fail to soothe Japanese over submarine contract loss", *The Australian*, 16 June 2016.

⁶⁰ Carr, "The Politics of the 2016 Defence White Paper", p.6.

⁶¹ Julie Bishop, "Increased Humanitarian Support for Syria and Iraq", *Media Release*, 04 February 2016, Department of Foreign Affairs and Trade, Canberra.

of his key responsibilities will be to “actively promote Australia’s candidacy for membership of the Human Rights Council (HRC) for the 2018-20 term”.⁶²

In June 2016, Australia was a co-sponsor for the Sixth “World Congress Against the Death Penalty”, with Ruddock attending along with Gillian Triggs, the President of the Australian Human Rights Commission. The death penalty was firmly placed on Australia’s foreign policy agenda after the execution of two Australians in Indonesia on drug smuggling charges in April 2015. In supporting the Congress, the Australian government’s position was blunt: “There is no place for the death penalty in the modern world. The death penalty is cruel and inhumane [...] we welcome positive movement to our ultimate goal, a world without the death penalty”.⁶³ The Foreign Minister also used the occasion of an ASEAN meeting in Laos in July 2016 to reiterate to the Indonesian Foreign Minister Australia’s opposition to the death penalty, in light of impending new executions in Indonesia.⁶⁴

Much of Australia’s humanitarian assistance is necessarily driven by events. During the period under review, the Australian government announced funding to address the droughts in Ethiopia and Somalia and responded with financial aid and military assistance to Fiji in the wake of Tropical Cyclone Winston. The May budget continued the pattern of support, increasing the Emergency Fund to \$130 million to cover the growing number of humanitarian and natural disasters and need for quick financial responses from Australia. The budget also included additional funds for Syria, \$100 million for global gender equality programs and a range of programs for aid and development in the Indo-Pacific. These included moving \$468.5 million from the aid budget to support the Asian Development Bank, the establishment of “innovationXchange” to support innovation in the delivery of aid programs, and \$4 million for cyber security cooperation among Indo-Pacific nations.⁶⁵ In a welcome move, the budget provided funds for two new overseas Australian consulates, adding a second post in PNG and a fifth consulate-general in China. Both were established with a focus on the government’s “economic diplomacy” agenda.

Since taking office in 2013, the idea of “Economic Diplomacy” has been Foreign Minister Julie Bishop’s clearest single contribution to the approach of Australia’s foreign policy. Beginning with the incorporation of AusAID into DFAT, the minister has consistently sought to link Australia’s development, trade and political relationships. This included tasking Australia’s 113 overseas diplomatic posts to develop “the equivalent of a corporate business plan to support and promote Australian business abroad”.⁶⁶ Expanding business links is now “a key performance indicator for ambassadors and high commissioners”.⁶⁷ The importance of economic relationships, both in their own right and as a ballast for broader national relationships, was a

⁶² Julie Bishop, “Special Envoy for Human Rights”, *Media Release*, 08 February 2016, Department of Foreign Affairs and Trade, Canberra.

⁶³ “Australian support for the 6th World Congress Against the Death Penalty”, *Media Release*, 22 June 2016, Department of Foreign Affairs and Trade, Canberra.

⁶⁴ Jewel Topsfield, “Julie Bishop speaks out against death penalty as Indonesian executions loom”, *Sydney Morning Herald*, 27 July 2016.

⁶⁵ Julie Bishop, “2016 Foreign Affairs Budget”, *Media Release*, 03 May 2016, Department of Foreign Affairs and Trade, Canberra.

⁶⁶ Julie Bishop, “G’Day USA and American Australian Association Economic Luncheon Address”, *Speech*, 22 January 2016, Department of Foreign Affairs and Trade, Canberra.

⁶⁷ Julie Bishop, “Address to LNG 18 Conference: Thought Leadership Lunch – Fuelling Australia’s LNG Development”, 13 April 2016, Department of Foreign Affairs and Trade, Canberra.

common theme for managing *Power* and *Disputes* in the Foreign Minister's rhetoric during this period.⁶⁸

Managing the Four Priorities

Foreign policy is a necessarily reactive domain. A scan of media releases shows a consistent pattern of having to respond to disasters, crises, terrorist attacks, election results and a steady flow of unpredictable changes in the international political environment. This leaves little time for pursuing the four priorities of *Power*, *Disputes*, *Threats* and *Resources* in a deliberate and purposeful way. Still, balancing the fierce urgency of today with the eternal demands of tomorrow is the art of statecraft.

Perhaps the central challenge for Australian foreign policy during the January to June 2016 period was the management of *power*. If relations and rules between the major powers are clear and positive, then almost all other concerns are easier to address. As critics have argued, Australia's current approach does little to encourage the US and China to advance their relationship. Nor does it provide a way for Australia to escape the current narrative that every foreign and defence policy decision it makes, whether about trade, security or institutions, represents a "mini China choice" that could antagonise one or both parties.⁶⁹

As a middle power, Australia finds itself in the uncomfortable position of not having the power to substantially shape or resolve the US-China competition, yet being powerful enough that its every action is scrutinised for signs of loyalty or abandonment. Even if most analysts are correct in predicting that America and China will avoid war, these states are likely to sustain a mix of competitive and cooperative tendencies for decades. Enabling Australia to pragmatically pursue its national interests without its every action and comment being held up as an indicative test of alignment is a crucial foreign policy challenge. While some fear this may be the "new normal", better narratives can be developed than those which currently leave the government torn and tortured every time its main security and economic partners differ. In other words, rather than actively seeking the management of *Power*, Australian foreign policy might be best thought of as needing to reduce the capacity of power to manage Australia. Or at the very least, finding a way to change the growing perception that foreign power is the only explanation for Australia's policy choices.

Australia's management of *Disputes* seemed to lack energy during this period. The PCA ruling necessarily forced a pause in early 2016 for both claimants and non-claimants alike when it came to the South China Sea. Scholars have identified a range of options that could be pursued if Australia was willing. Brendan Taylor and William T. Tow have suggested that Australia could adopt an "Asia-First" approach, working with other middle powers such as Indonesia and South Korea to find paths for resolving the dispute.⁷⁰ Rory Medcalf has also highlighted a range of bilateral and multilateral initiatives which could be explored.⁷¹ Doing so will however require

⁶⁸ Julie Bishop, "International Wool Textile Organisation Congress", *Speech*, 4 April 2016, Department of Foreign Affairs and Trade, Commonwealth of Australia; Julie Bishop, "Address to LNG 18 Conference: Thought Leadership Lunch – Fuelling Australia's LNG Development".

⁶⁹ Richard Fontaine, "An Australian 'China Choice'? No. But Multiple China Choices, Yes", *The National Interest*, 11 September 2016 <<http://nationalinterest.org/feature/australian-china-choice-no-multiple-china-choices-yes-17653>>.

⁷⁰ Brendan Taylor and William T. Tow, "Australia debates the South China Sea: Is there a Third Way?", in, *The South China Sea: Middle Power Perspectives*, *Centre of Gravity* #27, Canberra, Strategic and Defence Studies Centre, Australian National University.

⁷¹ Medcalf, "Rules, Balance, and Lifelines: An Australian Perspective on the South China Sea", p.12.

moving beyond the highly competent but “transactional” approach that has defined Australian foreign policy over the last decade, and embracing a “transformational approach”.⁷²

More positively, the management of *Resources*, seems a clearer note of success during this period. Bishop continued to actively promote Australian economic linkages, with a clear focus on supporting start-ups and entrepreneurs. If human capital is also included, the New Colombo Plan’s achievement in sending 10,000 Australian students into the region to study since 2015 is a stand-out success. It is likely to pay significant dividends in the long term through increased language skills, better regional awareness, and by establishing deep social, professional and commercial networks.

This does however feel like a useful moment to take stock of the nation’s approach to trade liberalisation. Commentators are increasingly worried that “the tide of globalisation is turning”, with global trade liberalisation stalled and populist anti-trade sentiments on the rise in the West.⁷³ Australia has managed to avoid this through deft domestic politics and the pursuit of Preferential Trade Agreements (PTAs), with a final burst in 2014-2015 to complete agreements with the Republic of Korea, Japan and People’s Republic of China. Indonesia and India loom as the last major prizes. Yet such deals are increasingly controversial, especially among proponents of free trade.⁷⁴ Even if these deals are a net positive, bilateral deals are less valuable than regional or global deals, and preferential trade deals less valuable than free trade deals.

For this reason, Australian efforts to continue to support the TPP’s passage through Congress are vital. While the Prime Minister and Foreign Minister have an important role, the burden will particularly fall upon Australia’s Ambassador to the US and the Congressional Liaison Office, which serves as Australia’s “own in-house lobbying firm” in Washington D.C.⁷⁵ It was risky but wise of the Howard government to embrace PTAs in the early 2000s.⁷⁶ It will be up to Howard’s successors to be equally bold. Ultimately this is not just a question of the access to *Resources*. Rival Chinese and US approaches to economics — such as the TPP and One Belt One Road initiatives — risk turning economics into a frontline *Dispute* that will worsen the relations of *Power* and could undermine Australia’s economic and political strength. Whether the Turnbull government can find new mechanisms to adjust will be a key test not only for Australia’s economic development, but perhaps the fate of pro-trade sentiment in the Asia-Pacific.

While Australia’s management of *Power* and *Resources* is necessarily focused upon the Indo-Pacific — by dint of the economic and military weight of the region — the same cannot be said for efforts to manage *Threats*. The significant downside of a globalist defence policy is that it risks a security assessment which floats free of the specific concerns of the nation and instead goes around the world in search of monsters. Under the globalist focus of the Abbott and Turnbull governments, Syria and Ukraine became areas of substantial concern and diverted resources. In February 2016

⁷² Allan Behm, “It’s time for a transformational foreign policy”, *The Strategist*, 8 September 2016.

⁷³ Martin Wolf, “The tide of globalisation is turning”, *Financial Times*, 6 September 2016.

⁷⁴ Shiro Armstrong, “The economic impact of the Australia-US free trade agreement”, *Australian Journal of International Affairs*, Vol. 69, 5 (September 2015), pp.513-537.

⁷⁵ Alan Tidwell, “The role of ‘diplomatic lobbying’ in shaping US foreign policy and its effects on the Australia-US relationship”, *Australian Journal of International Affairs*, 2016, Early Access Release, 14 July 2016, p.6.

⁷⁶ Andrew Carr, *Winning the Peace: Australia’s Campaign to Change the Asia-Pacific* (Melbourne, 2015).

a decision was taken to extend the life of Australia's interim embassy in Kyiv (Kiev).⁷⁷ Australia has donated \$213 million to the Syrian crisis since 2011, and \$45m to Iraq. It has one of the largest contributions to the military intervention against Daesh, with 780 troops involved. More valuable than the dollars are the time, energy and creativity of Australia's leading policy-makers which have been consumed by this remote conflict. Islamic State matters to Australia, but its greatest threat, as well as the greatest scope for Australia to meaningfully contribute to its destruction is found in reducing its appeal and presence in Southeast Asia. The Foreign Minister's 2015 claim that Islamic State is a more substantial threat to the global order than either Communism in the Cold War or contemporary great power antagonism suggests a lack of balance and prioritisation of the *Threats* Australia faces. The South China Sea, state fragility in the South Pacific, ASEAN's coherence and credibility, extremism, insurgency and terrorism in Southeast Asia, US leadership in Asia, and ensuring reliable energy and food resources for Asia's growing populations are all far more pressing concerns for Australian security.

Conclusion

In late August 2016, the former Prime Minister Paul Keating told a public audience: "The fact is Australia needs a foreign policy and it needs it urgently and Australia does not have a foreign policy, that's the biggest problem".⁷⁸ While this overstates it, during the 2016 election campaign the Coalition also committed to "develop a contemporary and comprehensive foreign policy strategy" via a new Foreign Policy White Paper.⁷⁹ According to the Foreign Minister, it would be a "philosophical framework" that will be "about strategy — our global focus and our global interests".⁸⁰

This is a welcome step. There is little evidence, *pace* Michael Evans' argument, that the shift away from a continental focus to a globalist defence policy — as set out in the 2016 DWP — has markedly improved the congruence between Australia's foreign and defence policies. Many aspects of Australian policy were highly competent, but they tended to operate in parallel towards broad national goals rather than in explicit cooperation during the January to June 2016 period. While there is something to Evans' critique, the period under review shows that the globalist approach carries its own risks.

In particular, when it comes to the management of *threats*, the lack of a framework for judging the priority and significance of specific security risks can allow far less rigorous policy development, and an inclination to follow international events. Syria's civil war was as likely to occupy the concerns of Australia's leadership as instability and riots in Papua New Guinea, despite the obviously greater significance and risks from the latter. In turn this can affect the management of *Resources* for Australia's security. John Blaxland has warned that many of the skills, networks and understandings which previously carried Australia in its relationships with Asia are now starting to ebb. For example, the ADF has fifteen years of experience fighting in the Middle East, giving it significant combat experience, but at the cost of its expertise

⁷⁷ Julie Bishop, "Extension of Interim Australian Embassy in Kyiv", *Media Release*, 10 February 2016, Department of Foreign Affairs and Trade, Canberra.

⁷⁸ Caitlyn Gribbin, "Paul Keating warns Australia to prepare for the 'rise of China' with strong foreign policy", *ABC News*, 31 August 2016.

⁷⁹ "The Coalition's Policy for a Safe and Prosperous Australia", Coalition, Canberra, June 2016, p.4.

⁸⁰ James Massola, "Julie Bishop puts new DFAT boss to work on first foreign policy white paper in 13 years", *Sydney Morning Herald*, 19 August 2016.

in Asia.⁸¹ This in turn could weaken Australia's influence and capacity to shape *Disputes* and maintain constraints on *Power* to protect the interests and freedom of action of middle power states.

Neither the DOA nor globalist postures are strong candidates for ensuring a clear link between foreign policy and defence policy. One has great value in recognising the most basic interest of the country — its territorial security. The other has value in responsiveness to the immediate concerns of the country and the global strategic environment. Both struggle with the issue of prioritisation and focus, especially when applied to the foreign policy sphere. There may however be a middle ground here that can offer internal coherence and external responsiveness. As a growing chorus of Australian scholars and former officials are now suggesting, Southeast Asia is the strategic and economic centre of gravity for Australia. Tying defence and foreign policy to this region therefore has the potential to match the ends of Australian grand strategy — security and prosperity — with the available means of a middle power that faces a gradual but enduring relative decline.⁸²

It is likely that many globalists will reject this narrower focus, arguing that Australia should try and remain a “significant power” with “global influence”. But this view is tied more to notions of identity than interests and risks a continuation of the *ad hoc*, reactive and transactional nature of Australia's foreign and defence policies over the last decade. In 1996, John Howard promised that he could manage an “Asia-First, not Asia-Only” approach, yet this did not eventuate. His successors, both Labor and Liberal, have continued his geographically untethered approach. There is therefore a need for a return to the discipline of geography to ensure the prioritisation of Australian resources towards the most important and consequential areas and issues. Many advocates of DOA such as Paul Dibb have slowly come to recognise this, moving on from their continental focus of the 1980s and 1990s. It is time for the globalists to similarly adjust. Only with a disciplined approach can Australia ensure that it has the means, and ways to best manage the changing dynamics of *Power*, *Disputes*, *Threats* and *Resources* within its strategic environment.

Beyond *ideational* factors, the debate about linking Australia's foreign and defence policy areas needs to pay far more attention to *organisational* factors, in line with the insights of the Public Administration literature. A number of proposals have been offered, such as National Security Advisors, National Security Councils, and greater parliamentary involvement in the use of force.⁸³ While there are advantages to some of these proposals, they will not automatically resolve the lack of cooperation between Australia's foreign and defence policies. Indeed, without the right skill sets and personalities involved they could exacerbate it.

It is therefore right and proper that the Department of Foreign Affairs and Trade is writing its first White Paper in over a decade. As this article has shown, the 2016 DWP does not serve as a true national grand strategy that unites Australia's foreign and defence policies. The relationship between these two policy areas requires serious thought from both departments and Cabinet as to their priorities, skills, areas of overlap and divergence. Alignment of both *ideas* and *organisation* needs to be sought. Only

⁸¹ John Blaxland, “Understanding what went wrong at Long Tan”, *Sydney Morning Herald*, 19 August 2016.

⁸² Coral Bell, “Living with Giants: Finding Australia's place in a more complex world”, *Strategy* (Canberra, 2005).

⁸³ James Brown, “Firing Line: Australia's Path to War”, *Quarterly Essay* 62 (Collingwood, Vic., 2016).

then will functional and effective cooperation resume as the norm for Australia's foreign and defence policies.