

PROCEEDINGS

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A maritime coalition centred on the Japan–Australia–US trilateral alliance: aiming for a regional maritime coalition in the southwestern Pacific

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1 The rising importance of sea lane security

One of the constant and continued anxieties in the Asia–Pacific region is sea lane security. It is the source of concerns not only in the region, but also in the adjacent regions of the Indian Ocean, Oceania and the South Pacific, and the East Pacific. All the sea lanes connecting these regions have faced and will face risks of attacks by international terrorist groups and by pirates (possibly with connections to terrorist groups). This is especially evident at major choke points, such as the northwest Indian Ocean (including the Strait of Hormuz), India’s southern coasts, and the Malacca–Singapore Strait.

Risks to security in the Asia–Pacific region

To assess the security situation in the Asia–Pacific region, let us first consider the potential for the manifestation of threats in the region.

On the Korean Peninsula, where military confrontation continues in principle, the relationship between the US and South Korea is becoming more distant due to the emergence of more receptive feelings toward North Korea among South Koreans, based on their ethnic identity and the current South Korean Government’s policy of promoting more independent national defence.

The Six-Party Talks, initiated by the nuclear development program of North Korea,

have made some progress, such as the agreement to disable nuclear facilities within this year. This has been possible due to the advancement in US–North Korea bilateral talks, backed by a more compromising posture taken by the Bush administration. However, the future prospects for the talks are unclear, as North Korea still practices brinkmanship diplomacy to win further concessions from the US. With other issues (such as ballistic missile development and unlawful activities, including the abduction of foreign nationals) still unsolved, North Korea remains a source of concern at least in the short term.

In the Taiwan Strait, political tension is still high, providing another source of concern in the medium to long term. The tension is due to political, military and psychological pressures from mainland China, Taiwan’s democratisation and pursuit of independence, the expected shift in the military balance between China and Taiwan in the near future, and change in the delicate balance of the US–China relationship in the current situation. If any emergency occurs in this area, it will undoubtedly cut off the vital sea lanes passing near Taiwan.

Overall, the region embraces several instability factors, including China’s aggressive advance toward the oceans and its intensive build-up of maritime and air power, developments in politically unstable nations of Southeast Asia, and the delicate balance of strategic relationships among major powers, including the US, China, Japan and Russia. The safety of sea lanes in the region is no exception—it is also subject to the effects of regional instability factors.

In the current security situation, there are eight notable instability factors that threaten regional security. They can be classified into two major categories: conventional and nonconventional factors.

Of the four conventional factors, the first is confrontational structures that are remnants of the Cold War era, such as those in the Korean Peninsula and the Taiwan Strait, which still cast shadows of instability, uncertainty, and unpredictability in the region. The second factor is the rapid build-up of Chinese military power, mostly in naval and air forces, which has the potential to disrupt the regional military power balance. The third factor involves territorial, religious and ethnic disputes founded on historical controversies (territorial disputes over islands have a particular potential to develop into armed clashes). The fourth factor is confrontations over maritime interests, which are closely related to territorial disputes over islands. All these factors are likely to create serious impacts on the safety and stability of the region as a whole, as they can reduce the safety of sea lanes.

Nonconventional factors, on the other hand, are those new factors that became apparent after the end of the Cold War. The fifth factor is the proliferation of weapons of mass destruction and ballistic missiles from Northeast Asia to Pakistan and other regions, mainly through regional sea lanes. The sixth factor is the increased vigour of terrorist activities such as bomb attacks, as international terrorist groups strengthen ties with other relevant groups in and out of the region, mainly targeting nations with weaker governance, islandal seas and remote islands (this became especially apparent after the 9/11 terrorist attacks). The seventh factor is the trend to globalisation and reorganisation of unlawful maritime activities, such as piracy, drug smuggling, and human trafficking in the region. The eighth factor is China's long-term ambition to secure maritime hegemony, demonstrated by its efforts to build strategic bases along the vast major sea lanes connecting the Middle East and Northeast Asia, in a way that confronts the existing marine powers, such as the US, or Japan.

Our examination of these instability factors reveals some common key words, such as 'safety of sea lanes'. Sea lane security is not only important for the security of the Asia–Pacific region, but for most other regions.

Significance of sea lanes today

The significance of sea lanes today can be analysed from two perspectives: 'maritime transportation' and 'marine usage.' The economies of the Asia–Pacific region, including Japan's economy, are far more dependent on oceans than are economies in any other region. Therefore, the oceans have extreme strategic significance in this region. Moreover, the dynamism of economic growth seen in the Asia–Pacific region recently has made sea lane security even more vital for the continued growth and development of the region as a whole, as sea lanes are the communication medium of regional economies ('maritime transportation'), while the oceans provide vast resources that can secure the economic development of coastal countries in the region ('marine usage'). These two aspects are essential for regional economic development.

In terms of 'maritime transportation,' the global economy today enjoys smoother distribution of materials and information than in the past. This is due to the extensive and rapid development and deployment of transportation infrastructures with information technologies. Also, mutual exchanges between nations have increased as the ideological confrontation of the Cold War era has dissipated and the barriers distancing nations from one another have dissolved. In addition, the transition of formerly socialist nations to market economies and the rapid economic development of developing countries have led to the development of varied forms of economic cooperation among nations, and the further deepening of mutual

dependencies in the global economy. To maintain and develop such relationships, the transport sector has become more important than ever. This is especially true in the case of maritime transportation, as it enables economical and massive transport of cargo. This means that securing sea lane safety has become much more important.

In particular, Japan's economy and lifestyle are largely dependent on maritime transportation using safe sea lanes. Its past economic development would not have been possible without such security. Oil resources from the Middle East are essential materials to sustain the Japanese economy, and their shipment is entirely dependent on the broad sea lane from the Middle East, through the Indian Ocean, Malacca–Singapore Strait and South China Sea, to the East China Sea. It is no exaggeration to call these sea lanes the lifeline of the Japanese economy. Moreover, the Malacca–Singapore Strait is also part of the lifeline of other Northeast Asian countries, such as China and South Korea—making it, in a sense, the Achilles' heel of the global economy. About 50,000 vessels navigate through the strait, carrying more than a quarter of the world's maritime transport volume and about half of the trade volumes of Japan, China, and South Korea. About 50% of global oil tanker volume, and about 85% of oil tankers from the Middle East to Northeast Asia, pass through the strait.

As the major user of the Malacca–Singapore Strait until very recently, Japan provided many beneficial projects in the area to develop and maintain safe navigation routes through the strait in coordination with the coastal countries—Singapore, Indonesia, and Malaysia. The projects, delivered mainly by the private sector, such as the Japan Foundation, and backed up by the Japanese Government, were highly appreciated. Recently, however, the situation around the Malacca–Singapore Strait has changed drastically. In addition

to the rapid and significant increase in the volume of oil imports by other East Asian countries, such as NIE (newly industrialised economy) countries like South Korea and Taiwan, and China (which is experiencing remarkable economic growth), the coastal countries have increased the number of oil refineries along the strait, resulting in a significant increase in the volume of oil products shipped in the region. Growth in regional economies has also led to increases in shipments of products and raw materials other than oil through the strait.

Furthermore, the coastal countries have changed the nature of their dependency on the strait significantly, from being 'provider' nations in the past to being 'user' nations, as they continue to develop container shipment hub ports, such as Singapore Harbor and the port of Tanjung Pelapas in Malaysia, and to exert effort for industrial development along the coasts.

As clearly demonstrated in the 1991 Gulf War, during the Taiwan Strait crisis in 1996 when China fired ballistic missiles into waters off Taiwan, during the 9/11 terrorist attacks and the Afghanistan War to control and contain the terrorist groups in 2001, and during the Iraq War from 2003, if there is any direct or indirect disruption to the security of these major sea lanes, it will seriously and adversely affect the international economy as well as the security of the surrounding regions and coastal countries. Because of the extent of sea lanes, however, it is not possible for any coastal nation on its own to secure the safety of the sea lanes. There is a growing realisation that cooperative and coordinated efforts by the coastal nations are required.

Typical examples of cooperative programs around the Malacca–Singapore Strait include MalSinDo and Eyes in the Sky, which are structured to fight international terrorist groups and piracy around the strait using multilateral coastal naval forces, and ReCAAP,

which is a coalition among the strait user countries backed up by Japan. Another example is OEF–MIO (Operation Enduring Freedom Maritime Interdiction Operation), the maritime terrorism prevention activity in the northwest Indian Ocean started immediately after the 9/11 terrorist attacks and continued ever since by multilateral naval forces.

From the perspective of ‘marine usage,’ the UN Convention on the Law of the Sea (UNCLOS) allows coastal countries to hold sovereign rights over internal waters, territorial seas and connecting waterways, and to have jurisdiction over their exclusive economic zone (EEZ) as well as the use of marine resources and the right to protect the environment on the continental shelf. With the establishment of EEZs by coastal countries, almost half of the world’s seas are now under the jurisdiction of one country or another.

In the original definition of EEZs, based on the fundamental philosophy of UNCLOS, the coastal countries’ jurisdiction over their EEZs gives them the right to manage and control marine resources and to execute their resource control obligations, but does not imply the right to monopolise use of the resources. In reality, however, efforts to determine national borders between coastal countries do not always lead to amicable settlements, because of conflicts over marine interests and historical disputes over territories. Typical of such disputes is the Japan–China mid-line issue in the East China Sea.

With the prospect of terrestrial resource depletion in the future, there is growing interest in abundant marine resources, such as fisheries and seabed resources. This has led to the rise of extreme nationalism among developing countries, especially in China, which is now acting as an unruly

‘resource-greedy’ and ‘marine environment polluter’ nation.

The rise of nationalism in such countries invites an explosion of effort to steal the vested rights of developed countries. Proof of this is the serious strife and struggles at international forums negotiating the protection and development of fishery resources or intergovernmental discussions on the jurisdiction of deep seabed resources upon the entry into force of UNCLOS. This fact highlights the growing need for cooperative measures for marine usage among relevant countries. Such measures should take into account the management of limited resources and the conservation of the global environment under established international and regional rules.

Increasing importance of broad sea lanes and the roles of Japan and Australia

Securing the safety of sea lanes in the Asia–Pacific region is certainly important for the regional economy and regional security, but sea lanes do not end in one single region. The major sea lanes, which are the lifeline of Japan, extend far beyond the regional seas, into the Indian Ocean, Oceania–South Pacific, and East Pacific regions.

The need to ensure the safety of broad sea lanes is not likely to diminish in the future, but will grow. At the same time, various factors that obstruct sea lane safety are becoming more evident everywhere in the region and in the world. In this sense, it is important to ensure that the world can benefit from ‘managed maritime freedom’ under known rules built by consensus among relevant countries. This is easy to understand, but difficult to realise. Because sea lanes connect one region to another through oceans, it is urgently necessary to build a consensus among broader regional beneficiary countries

to seek common benefits and to cooperate to ensure sea lane safety.

Among major sea lanes adjacent to Japan, those in the Oceania, South Pacific, and East Pacific regions are relatively stable, with no significant threats. In those regions, the US maintains overwhelming influence from bases in Hawaii, Guam, and the west coast of the US. The presence of other major sea power allies, such as Australia and Canada, also ensures the stability of these sea lanes. If there is any potential threat in these regions, it may be China's aggressive military advancement toward the Pacific Ocean as it continues its rise as a major world power. China's activities will require continued attention. In this sense, the alliance among major Pacific sea powers (Japan, Australia, and Canada), with the world's largest and strongest sea power, the US, at the centre will be significant in securing the safety of sea lanes in the pan-Pacific region.

The alliance with Australia will be especially significant, as it maintains strong relationships with Asian nations, including Japan, not only in the area of sea lane security but also in the overall area of regional security. Considering the recent international economic and security situation, Australia is one of the most important allies in the 'expanded Asia,' extending from south to north.

Impact of India's emergence

In the context described in this paper, India is one of the most important countries in the 'expanded Asia,' extending from east to west.

The Indian Ocean region used to receive relatively less attention from Asia–Pacific countries from economic and security perspectives. Recently, however, there is growing recognition in the importance of the northern Indian Ocean region, and of India's predominant power in the region.

India has the population of more than one billion—the world's second largest next to China. With a variety of ethnic groups with different religions, languages and cultures, it is the world's biggest democratic country governed by an administration elected through free multiparty elections. Moreover, India shares many common basic values and systems with Japan and other major developed countries, such as freedom, democracy, and a market economy.

Having promoted liberalisation and economic reforms since the 1990s, India maintains a high economic growth rate through the development of information technologies and IT industries. Supported by its robust economic growth, India is exercising active and multifaceted diplomacy, enhancing its presence in the international community.

However, the land route connecting the northern Indian Ocean region and the Asia–Pacific region is not yet fully developed, inevitably increasing dependence on the vast sea lanes passing through the region. Moreover, in both regions, 'marine usage' (the exploitation of maritime resources, such as fisheries and seabed resources) is a key for their future development. Because of these factors, any disturbance or disruption of the safety of these sea lanes would likely cause severe adverse effects on the economy and security of both regions.

The northern Indian Ocean is in a strategically and geopolitically important location, as a corridor connecting the Asia–Pacific region with the Middle East and Europe. It also forms part of the 'arc of instability'—an expression that first appeared in the US's 2001 Quadrennial Defense Review, released immediately after the 9/11 terrorist attacks. The region provides potential bases for international terrorist group activities, as well as a stage for state-to-state and within-state confrontations.

Considering these factors, the vast sea lanes connecting the Indian Ocean and the Pacific Ocean should be recognised as the major economic and strategic artery to run through the ‘arc of inseparability,’ rather than the ‘arc of instability’. In other words, they create an inseparable and integrated region in which coordination and cooperation efforts connect the Asia–Pacific region and northern Indian Ocean.

In August 2007, Japan’s then Prime Minister Abe and India’s Prime Minister Shinh held the India–Japan Summit, and agreed on the recognition that ‘strong India is Japan’s benefits, and strong Japan is India’s benefits.’ The Japanese side welcomed the emergence of India as a major power, and emphasised its intention to provide support for India’s further economic development, and to promote more mutual exchange efforts at every level.

Prime Minister Abe stated that Japan and India, as two major sea powers and democratic countries that share basic values and interests, should address measures to ensure the safety of the sea lanes, in cooperation with other countries. In his speech on ‘the exchange between two oceans’ delivered to the Indian Parliament, he reflected on the long history of ties between Japan and India, and stated that the newly emerging ‘expanded Asia’ would integrate East Asia and South Asia through exchanges between the ‘two great oceans’—the Pacific and the Indian. Those links could grow into an open and transparent network that covers the entire Pacific Ocean region, including the US and Australia.

Current Japanese Prime Minister Fukuda is to fully and actively continue the basic Asian diplomacy policy launched by Prime Minister Abe.

2 Development of bilateral and trilateral relationships among three countries

Japan, Australia and the US are all sea powers. The Japan–US alliance has been and will continue to be, in principle, a maritime alliance at least for the foreseeable future. The US has allied relationships with other major powers, including Australia, and because of the two countries’ geopolitical situation, the US–Australia alliance also has the characteristics of a maritime alliance.

Although Japan and Australia have not entered into a formal alliance, the agreement made in March 2007 enabled them to begin a ‘semi-alliance’ relationship. Because of Japan’s and Australia’s geopolitical relationship, the semi-alliance between them is also basically a maritime one. The development of Japan–Australia bilateral relationships in the security area may provide a foundation for its development into a trilateral maritime alliance that includes the US.

Japan–US alliance

After World War II, the US took on the vital ‘keystone’ role in global and regional security.

Since the end of the Cold War, and especially after the 9/11 terrorist attacks, the US has used much of its energy responding to new dangers, such as state-to-state confrontations based on religious and ethnic conflicts, the unrelenting activities of international terrorist groups, and the links between Islamic radical groups and their expanding influence. Especially important have been the US responses in Iraq and Afghanistan, where massive deployments of armed forces have not made any progress, and Washington’s responses to Iran and North Korea, which half-openly pursue the development of nuclear weapons. Another vital issue for the US is how to build constructive

relationships with China and India, which have the potential to develop into powerful rivals in the future.

In such a situation, the US considers Japan to be the core of its new military strategy in Asia, and plans to strengthen the position of US forces in Japan as 'Beyond Far East Regional Forces,' with their bases literally the 'core military bases'. Needless to say, Japan is a sovereign nation, so the Japanese side will decide whether the positioning of US bases and US forces in Japan is appropriate to the national situation and interests of Japan, although the alliance with the US is to be maintained.

In the medium to long term, however, Japan and the US need to seek greater mutuality in the operation of the US–Japan alliance from the global and regional perspectives. Even today, Japan has implemented cooperation in regional and global operations, including the development of a framework for cooperation with the US forces under the Law Concerning Measures to Ensure Peace and Security of Japan in Situations in Areas Surrounding Japan; international cooperative activities under the Anti-Terrorism Special Measures Law and the Specials Measures Law for Humanitarian and Reconstruction Assistance in Iraq. These kinds of activities will likely increase in importance in the future.

The fight against international terrorism, on the other hand, requires more comprehensive measures for a much longer period of time. As international terrorist groups will likely develop more complex and sophisticated tactics, there will be greater opportunity to use international cooperation in activities to prevent terrorist attacks. Analyses of terrorist activities indicate greater associations and linkages between international terrorist groups and existing terrorist organisations in Southeast Asia. This means that there will be a greater need to develop regional maritime security cooperation with an aim of

defending the sea lanes in order to respond against terrorist attacks and other unlawful activities in the Malacca–Singapore Strait and Southeast Asian island seas.

Furthermore, if the situation calls for it, there will be increased opportunities to engage in global joint actions through multilateral forces and coalitions based on UN resolutions or regional agreements, as in the OEF–MIO, which Japan and other countries are implementing in the northwest Indian Ocean. In such situations, the US Navy and Japan's Maritime Self Defense Force are expected to take more active roles in international cooperative actions. As seen here, broad sea lane defence will have greater weight in the future of the Japan–US maritime alliance.

US–Australia alliance

In September 1951, Australia, New Zealand and the US signed the ANZUS Treaty. New Zealand withdrew from the treaty in 1985 as a gesture to oppose the US's nuclear policies, and the US cancelled the alliance commitment to New Zealand in 1986. Instead of the three-nation alliance, the US and Australia started the US–Australia Ministerial Meeting on Security (AUSMIN), which has been held annually ever since.

Since the start of AUSMIN, Australia has become a major ally of the US and actively participated in the Gulf War and military sanctions against Iraq. Australia's cooperation with the US is not limited to military cooperation in the field and in joint drills and exercises. The very foundation of the alliance is joint military information centres in many places on Australian territory. These include ground stations to receive early warning information from satellites that provides the basis for ballistic missile defence, and the communication centre to monitor the navigation of vessels in the Oceania–South Pacific region. The sharing of military information between the US and Australia

is a 'tie that binds', and is considered to be one of the most important functions of the US–Australia alliance.

After the 9/11 terrorist attacks, Australia decided to apply Article 4 of the ANZUS Treaty, which stipulates the exercise of the right of collective self-defence, and dispatched vessels, aircraft and Special Forces to support the anti-terrorist activities of the US forces. When the military operation against Iraq began in March 2003, Australia also sent vessels, airplanes and Special Forces. By May 2007, there were about 1600 Australian troops stationed in Iraq.

In addition, Australia is making efforts to strengthen its defence policies and equipment. Although the actual form of participation is still debated domestically, Australia decided to participate in the US-led Missile Defense Plan in December 2003. A decision to introduce the Aegis system as the combat system for Australia's new air-defence destroyers was made in August 2004, and the Australian Defence Force is making efforts to improve interoperability with the US through the development of US–Australia joint drill facilities in Australia.

Australia is also implementing joint drills with Malaysia, Singapore, the United Kingdom and New Zealand under the Five Party Defence Agreement.

Japan–Australia semi-alliance

Australia is a valuable and important partner in the Asia–Pacific region and shares common basic values with Japan, such as respect for human rights, freedom, and democracy. In the security aspect as well, Australia and Japan have common strategic interests as allies of the US and share similar interests in national defence. From such a perspective, it is vital for both countries to develop a base of bilateral cooperation through the promotion of defence and security exchanges,

and to seek more effective cooperation and coordination. Such efforts will certainly be beneficial for the peace and stability of the Asia–Pacific region. The recent promotion and expansion of defence exchanges between the two countries, such as cooperation in Iraq and humanitarian aid after natural disasters, have demonstrated steady progress in the development of a cooperative relationship in the security field.

Based on the current situation, Japan agreed with Australia in March 2007 to promote security cooperation between Japan and Australia as a 'semi-alliance' in order to further reinforce bilateral security cooperation under a comprehensive framework, and concluded the Joint Declaration of Japan and Australia on Security Cooperation. This was the first time Japan had entered such an alliance, other than its alliance with the US. In June 2007, the ministers of defence and foreign affairs of both countries held their first regular security talks (so-called '2+2 talks') in Tokyo. The agenda included missile defence cooperation and joint drills between the Japan Self Defense Forces and the Australian Defence Force.

The March 2007 joint declaration set a framework for reinforcing and expanding bilateral cooperation in the security field. The declaration selected for cooperation the areas of national border security; anti-terrorism; arms reduction and anti-proliferation of weapons of mass destruction and their carrier tools; peacekeeping activities; exchanges of strategic information; maritime security and air security; disaster relief and other humanitarian support activities; and others.

Based on the joint declaration, Japan and Australia conducted bilateral joint drills off the east coast of Japan in April 2007, a five-navy joint drill with the US, India and Singapore in the Bay of Bengal in September 2007, and a trilateral naval joint drill with the US at Naha, Japan, the following month.

The Japan–Australia semi-alliance will not remain at the level of promoting bilateral cooperation in security fields, but may develop into a trilateral relationship with more emphasis on maritime alliances. Furthermore, it could move toward the building of a regional maritime coalition that embraces other major democratic sea powers in ‘extended Asia.’

3 A Japan–Australia–US regional maritime coalition

Japan, Australia and the US should constitute a maritime alliance covering the Asia–Pacific region, Oceania and the South Pacific. They need to create a ‘Southwestern Pacific Maritime Coalition’ with other democratic sea powers in the region to ensure the safety of sea lanes. At the same time, Japan and Australia need to make efforts to realise broader regional maritime coalitions under the leadership of the US in the Indian Ocean and the East Pacific, in cooperation with other democratic sea powers in neighbouring waters, such as India and Canada, and to work on the development of more organic coordination between these regional coalitions in order to promote the safety of broad sea lanes. Ultimately, both countries need to take on roles and responsibilities appropriate for their national powers and situations, as major actors in a ‘global maritime coalition’ that gathers all the world’s democratic sea powers.

Japan–Australia–US maritime alliance

The maritime alliance of Japan, Australia and the US in the southwestern Pacific should play a major part in building the regional maritime coalition for broader sea areas, taking advantage of benefits arising from their relationships in alliances and semi-alliances, their characteristics as sea powers, their democratic systems, and their modernised military forces.

As democratic nations, one of their main aims would be to attempt the dissemination and solidification of their common concepts and values—that is, democracy. Since a regional maritime coalition would inevitably involve countries with different traditions and governance systems, asking for the cooperation of those countries in maintaining security and order would be a big challenge for the three allies.

In addition, Japan, Australia and the US themselves have fundamental differences in their geopolitical, environmental, historical, cultural, linguistic, and religious backgrounds, although they share democratic values. Their national concepts are not entirely the same, and there are some differences in their political systems. However, they undoubtedly share basic concepts as mature, developed, democratic countries, and their history for the past sixty years since the end of World War II clearly demonstrates those shared concepts.

As sea powers, the three allies must maintain ‘properly managed maritime freedom’ in order to survive and prosper as nations. For this, they need to find logical solutions to problems in determining EEZs and the extent of continental shelves, which have been the source of serious state-to-state disputes between nations with common national borders, even after UNCLOS entered into effect.

As is well known, Japan and China have several disputes, including territorial disputes over the Senkaku Islands, and the issue of the Japan–China mid-line and Oki-no-Torishima Island in relation to determining their EEZs. Although these matters might look like simple questions of determining territorial rights over remote islands, or deciding the scope of economic interests over the oceans, they are—in reality and more importantly—about China’s military challenge in the West Pacific and its military advancement toward the

'Second Islandal Defense Line' from the 'First Islandal Defense Line,' and that fact should be thoroughly realised. In other words, these issues should be considered not only from the viewpoint of Japan's territorial disputes, but also in view of security issues the US and Australia cannot overlook. Considering these factors, ensuring 'maritime security' and 'control of marine interests' will become important for the three countries as a way to effectively deter aggressive and unlawful advances by China.

On the other hand, it is possible to find common interests with regional countries, including China, in 'maintaining the maritime order'. This is because it is in the interests of all the countries and people in the region to maintain regional maritime order, for example to prevent terrorist attacks (including maritime terrorism) by international terrorist groups in association with local groups, and to address the problems of piracy, drug smuggling, and people trafficking. There is no reason for other countries to refuse to cooperate in such responses.

Finally, there is the three allies' third common feature: they all manage modern military forces. The region includes some countries with many islands and broad areas to patrol, but quantitatively and qualitatively inadequate maritime military and police forces. For example, the media has reported that North Korea was able to supply weapons (small arms and mini-submarines) to the Moro Islamic Liberation Front in the Philippines. Therefore, the allies will be responsible for providing capacity-building and other support acceptable to local people.

The three countries could address such problems in cooperation with other countries, not only under the Proliferation Security Initiative to control weapons of mass destruction, but also through aid for the control of other weapons. In terms of

humanitarian aid, it is still vivid in our memory that Japan, Australia, and the US swiftly sent troops for the relief and recovery support activities after the tsunami disaster of 2004, and their efforts were welcomed by the local people.

A regional maritime coalition in the southwestern Pacific

The maritime alliance of Japan, Australia and the US should take responsibilities appropriate to the three countries' national power as the major responsible stakeholders of a regional maritime coalition in the southwestern Pacific, which links the Asia-Pacific region with Oceania and the South Pacific.

Here, 'maritime coalition' is defined as a 'global or broader regional nation-to-nation coalition with the objective to maintain and secure safe and free use of oceans in peacetime.' This kind of coalition does not necessarily require the entry into force of an international agreement or convention, but can be a multinational network based on mutual confidence with common concepts.

Therefore, it is possible to enter into a coalition relationship with any coastal countries as long as they share common objectives. In building such a maritime coalition, each member nation is required to take a responsible role proportionate to the features of the nation or the region. How countries take responsibility may differ from a country to a country and each country can decide on what it can contribute.

For example, Japan has a vital interest in the maintenance of sea lanes extending from south of the Suez Canal (or east of the Cape of Good Hope) to Northeast Asia. Considering its national situation and national power, however, the extent of the area for which Japan can actively take a responsible role will remain from the Northeast Asian seas to the Malacca-Singapore Strait and surrounding

areas. In the Indian Ocean, west of the strait, the responsible role can be assigned to the democratic maritime nations in East Asia, led by the major power, India. India will thus make a more positive contribution to security cooperation with other maritime democratic countries, such as Japan, Australia and the US, and to the global and broader regional nation-to-nation coalition to secure free and safe use of the oceans.

One precondition for accession to such a regional maritime coalition will be whether a nation shares three basic maritime interests with other countries:

- *existence*—to cooperate in maintaining the security of the region in peacetime as well as in emergency or crisis
- *prosperity*—to cooperate and to prosper together in commerce and trade, as well as in marine resource development
- *value*—to sincerely pursue the conservation and development of various benefits the seas can provide, in terms of marine environment protection and marine resource control.

In short, the basic requirement to join the coalition is that the nation has no serious dispute over maritime interests or territories, economic conflicts, or objections to environmental conservation or the development of marine resources. Even if there is a seed of dispute, building a coalition that allows fair and democratic ways of solving disputes is essential for the maintenance of the coalition. More importantly, the coalition needs to be built on the action principle of ‘service to others,’ which is based on the concept of diplomacy.

Considering all these factors, it will be the best to create a coalition among the US allies (in other words, among the democratic countries that share the same three interests in the coalition’s existence, prosperity, and value), then add friendly maritime nations

that have those interests and abide by the action principle of service to others, and eventually expand the coalition to include other nations. For the moment, Japan, Australia, and the US can build the core of the coalition in the southwestern Pacific.

Development into a global maritime coalition

The Japan–Australia–US maritime alliance should take the initiative to build the Southwestern Pacific Maritime Coalition and cooperate with the creation of other regional maritime coalitions in the Indian Ocean (involving India) and in the East Pacific (involving Canada). For Japan, Australia, and the US, it will be especially important to ensure the association with India, a key country in the ‘arc of inseparability’.

Thinking more globally, France and Italy in the Mediterranean, the United Kingdom in the North Atlantic, and Germany in Europe could become major members of US-led regional maritime coalitions, founded on the free and democratic concept and sharing the common pursuit of existence, prosperity, and value.

Ultimately, this could lead to the building of a global maritime coalition. From Japan’s perspective, the initiative for a global maritime coalition coincides with the ‘arc of freedom and prosperity’ proposed by former Foreign Minister Aso, and the ‘coalition of nations based on common values’ referred to by former Prime Minister Abe and by current Prime Minister Fukuda, who promised to promote Abe’s concept in his diplomatic policies.

The challenge of security cooperation in the coastal sea lanes

Finally, one important question for global or regional maritime coalitions is how to secure the safety of the sea lanes at their points of convergence on the coasts, even if

regional maritime coalitions can be formed in those areas. Such areas have been the stages for historic confrontations over the land territories and marine interests of coastal nations, as demonstrated in the relationships between Japan, China, Korea, and Russia. In those areas, the national interests of multiple countries are intertwined, and it is extremely difficult to form a cooperative system.

It is not so easy to build a coalition system in Northeast Asia or Southeast Asia, as the coastal sea lanes in those regions involve many seeds of confrontation. For example, Russia has recently unilaterally declared its interests in the Arctic Ocean, motivated by the abundant seabed resources there and by the increased possibility of year-round navigation due to global warming. In the East China Sea and South China Sea, China has coerced and aggressively advanced toward oceans, which has led to more confrontations over territories and marine interests such as sea-bottom resources. For Japan, Australia and the US, coordination with the three coastal countries of Indonesia, Malaysia and Singapore along the Malacca–Singapore Strait will be the most important.

Other areas have similar and even more complicated problems. Around the coasts of the Arabian Peninsula there are religious confrontations centred on Islam, conflicts over oil rights and concessions, and a hotbed of international terrorism and piracy. Some or all of those factors are also in play along East African coasts and in the eastern Mediterranean. However, it is possible to develop opportunities to resolve such problems in the future if we aim for regional maritime coalitions among the relevant coastal countries.

In this sense, it is essential to form regional maritime coalitions in the oceans first. During the development of such coalitions, there will be many opportunities to develop mutual

confidence—even between countries with disputes—and to cooperate with each other to attain the common target.

4 Conclusion

What Japan and Australia need to do is, first, to take an initiative with the US to develop cooperative relationships on the security of ocean sea lanes in the southwest Pacific, while solidifying cooperative systems with coastal countries of major sea lanes such as the Malacca–Singapore Strait. Moreover, the two countries need to develop stronger ties with countries in the neighbouring Indian Ocean and East Pacific, as they can form the axes of regional maritime coalitions to protect oceanic sea lanes. The Southwestern Pacific Maritime Coalition can promote more efforts to conduct policy dialogue and joint drills between countries. It will be especially important for economic prosperity and maritime security to build a stronger relationship with India.

Nonetheless, it is also necessary to take every opportunity and use every channel of diplomacy and defence connecting regional countries, such as direct intergovernmental dialogues, to realise all these objectives. It will be important to continue regional security talks (such as the ASEAN Regional Forum), the naval dialogue framework (such as the International Sea Power Symposium and the Western Pacific Naval Symposium) and forums for dialogue between private and public sectors (such as those involving major maritime think-tanks and institutes). In the meantime, both governments should actively use the outcome of those forums and make efforts at every possible opportunity to develop mutual confidence between the navies or other maritime forces of regional coastal countries.

Possible strategic ‘shocks’ in Asia

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Strategic ‘shocks’ in Asia might come in a variety of forms, and in the somewhat gloomy paper that follows I explore a number of them. Of course, much of how we think about the possible range of shocks depends upon how we define the key term, ‘shock’. It would be tiresome merely to revisit the traditional regional ‘flashpoints’ of The Democratic People’s Republic of Korea (DPRK), Taiwan and South Asia. Those flashpoints still pose dangers; indeed, they pose serious dangers. Any one of them might precipitate a conflict in which the casualties numbered in the millions. But here we hit the definitional problem: would it really be much of a ‘shock’ if one of the well-known flashpoints were to pose more intense problems for the region? Moreover, if we are happy merely to rehearse the traditional flashpoints, aren’t we in danger of overlooking the ‘alternative strategic futures’ of Asia? In short, focusing remorselessly on the well-known flashpoints might well serve to diminish our understanding of what might go seriously wrong in our region.

What is a ‘shock’?

In this paper I will interpret the term ‘shock’ to mean a radical discontinuity. By that definition, North Korea’s continuing to be a problem wouldn’t be a shock to anyone. North Korea’s penchant for abrupt, bizarre and often self-destructive policy initiatives is so well known that a wide range of behaviour is now tolerated by the region under the rubric that it is merely typical of the regime’s eccentricities. True, it might choose to behave even more bizarrely, but the difference would essentially be one of degree. Even a more erratic, more threatening North Korea wouldn’t be a ‘shock’. Rather,

North Korea’s transformation to a liberal, engaged democracy would be a shock; a pleasant shock, perhaps, but certainly a shock, a ‘radical discontinuity’ in the genuine sense of the term.

I would also argue that a focus on discontinuities actually captures most of what interests us about where the region might be going. Discontinuities often have an explanatory power in international relations at least as profound as that provided by historical continuities. In the discipline of international relations, such a claim might well be disputed. After all, much of the discipline emphasises the slow, grinding nature of change in the international system. The natural inclination of any analyst attempting to forecast the future is to look for the existing trends and then to assume that those trends will continue.

But over the past years, for example, the trends from the world of 1987 have probably been less influential in shaping where we are today than have the major discontinuities of the intervening years: the end of the Cold War, the Asian Financial Crisis, and 9/11 perhaps most prominent amongst them. An analyst projecting forward from 1987’s trends would now be sadly astray, for even the end of the Cold War by 1990 was largely invisible to the bulk of strategic analysts in the mid-1980s.

By comparison, an analyst who had made better allowance in 1987 for possible discontinuities in global and regional patterns might be closer to the mark. I say ‘might’ be closer to the mark, because here we hit the primary snag of forecasting on the basis of possible strategic shocks: there are many more potential discontinuities than ever come true. After all, just about all patterns of stable behaviour *might* shift. How do we know which ones will? The brutal answer is that we don’t know. Even the usual metrics of *likelihood* and *importance* seem to offer

poor guidance. There was scarcely a better case during most of the 1980s for arguing that the Soviet Union was likely to collapse than for claiming that Western alliances were. Similarly, there was barely a better case for believing that a major catastrophic terrorist attack would be the most important potential discontinuity of 2001 rather than the souring of US–China relations earlier that same year.

Despite those methodological hurdles, there's a new bout of interest in spotting possible strategic discontinuities in Asia. Pentagon official, James Shinn, delivered a paper at the IISS's 2007 Geneva conference in which he explored possible 'Black Swan' events in Asia.¹ The term 'Black Swan' comes from a recently published book by Nassim Nicholas Taleb, called *The Black Swan: The Impact of the Highly Improbable*. The 'Black Swan' category describes events with three key features: rarity, extreme impact, and retrospective (though not prospective) predictability. (This essentially means that *in hindsight* people believe that what occurred was entirely predictable!)

Shinn's list contained a mixed bag of possibilities, including:

- another tsunami in Southeast Asia, somewhere along the Belt of Fire
- human to human avian flu breaks out on Sumatra or Java
- another EP-3-type military accident, in the air, afloat, or even under the sea—perhaps a Chinese submarine surfaces under a US aircraft carrier, rather than just astern
- a shooting war starts across the Taiwan Straits
- a nuclear warhead is mounted on a Taepodong missile on a launch pad in North Korea
- a nuclear device appears to be on board a merchant ship in the Pacific headed who knows where

- a coup in Thailand, the Philippines, or Pakistan.

Not all of those possibilities seem—to my mind, at least—entirely in line with the category definitions of a Black Swan outlined earlier. Some events on the list, a coup in the Philippines, for example, or a naval incident at sea, seem unlikely to have extreme impact; others, a shooting war in the Taiwan Straits, would in certain conditions seem entirely predictable. In terms of the definitions of Black Swans originally provided by Taleb, it is possible that Mr Shinn's examples actually include numerous 'gray swans'.² Gray swans represent our attempt to think our way down paths that are unlikely rather than unpredictable.

Taleb's thesis, of course, is that the world—and not merely Asia—is headed for the ungentle terrain of 'Extremistan', a place where events are shaped disturbingly by a process of fractal randomness. To be a Black Swan, an event does not have to be merely rare, or wild, 'it has to be unexpected, has to lie outside our tunnel of possibilities.'³ In mathematical terms, many of Taleb's Black Swans occur more than twenty standard deviations from the mean. In a world where a measure of three standard deviations is usually taken to suggest statistical improbability, it is in this sense that Black Swan events are genuinely unforeseeable.

Unfortunately, that means Taleb's thesis doesn't help us much in identifying the emerging Black Swans. If such events are genuinely unforeseeable, what point in trying to foresee them? We may have no option but to settle for an analysis of events that are predictable to some extent, and which might 'shock' or reverse the currently rather benign patterns of Asia–Pacific security. This might happen in a number of ways. If we imagine certain future scenarios in which we ask 'What happened to make the good Asia–Pacific go

bad?’ then it seems to me there are several possible discontinuities that could have a profoundly destabilising effect on the region. I propose to look briefly at five such futuristic historical plots:

1. the Asia in which a ‘stew’ of non-traditional security issues—everything from environmental pressures, to high sex-ratio imbalances, to pandemics, ageing populations and a failure of urbanisation—combined to drive the region into protracted crisis
2. the Asia in which domestic modernisation derailed in key Asian countries
3. the Asia in which economic interdependence gave way to economic competition
4. the Asia that slid into nuclear proliferation and a world of nuclear hazard
5. the Asia that followed the historical trajectory of Europe’s past and fell into great-power conflict.

Of those five ‘shocked’ Asias, the last two are the result of tensions typical of traditional conflict paths, but the first three emerge from failures in the broader agenda of domestic development patterns, economics and non-traditional security. I think the relative balance between the different sorts of failures—the narrow, traditional and the broad, non-traditional—is actually about right. The traditional security pressures are relatively well managed in Asia, largely because of the security structure put in place after the Second World War, the comparative strategic weakness of the main Asian players over the decades since, and the fact that the theatre was a ‘second front’ during the Cold War. Of course, that security structure is decaying, so some ‘shocked’ Asias can be foreseen down that path. But Asian security has for some decades had something of a broader ‘developmental’ pattern to it, and it would be entirely reasonable to suppose that

some Black Swans might emerge within that broader arena.

All five shocks are about things that generate big waves in the region and possibly beyond it. Generating big waves is not easy to do: Asia is a large region, so large that we have traditionally seen it as a set of regional security sub-complexes. In this sense, I have not attempted to include ‘single-state’ failures on this list of shocks. Undoubtedly, some single-state failures—China’s failure, for example—could be profoundly disturbing. But in general, I have tried to concentrate here on broader patterns of change that might be shocking.

First shock: the stew of non-traditional security pressures

Asia is the world’s great region of successful modernisation. The success of development strategies across broad swathes of the region has enhanced levels of human security for hundreds of millions of people. It has also eased perceptions that security is a zero-sum game. Modernisation has depended prominently upon strategies of urbanisation and industrialisation. Urbanisation assists the accumulation of both capital and labour and so is central to the development path.

But it might be worth thinking about an Asia where those strategies were subject to sudden reversal. In that Asia, high economic dynamism ‘eats’ the environment, and environmental outcomes become suddenly acute: a scenario that is not entirely fanciful given what we know from previous environmental shift patterns. We do know that great powers can ruin their own environment: the USSR did so, so there is, sadly, nothing to suggest that Asian great powers will automatically be blessed with the wisdom to avoid such outcomes. Moreover, we need to consider this possible outcome in the light of human ignorance

about the environment overall: we know less about the global environment than a nineteenth-century physician knew about the human body. We simply don't understand its workings well enough to know what actions cause what effects. In those circumstances, rapid growth strategies for a large fraction of the world's population might easily induce environmental crises.

Urbanisation itself may break down in many parts of Asia. As a world, we are long past the time when large cities were thought to represent the pinnacle of national greatness. Many of the mega-cities of the world today are no longer like the London and Paris of yesteryear. In many parts of the world, cities attest to national weakness: Lagos is a prime example. When Robert Kaplan was writing of 'the coming anarchy', he drew prominently upon the West African urban condition as a metaphor for the future of the world: 'because the demographic reality of West Africa is a countryside draining into dense slums by the coast, ultimately the region's rulers will come to reflect the values of these shanty-towns.'⁴

Asia's future success story depends upon the linked strategies of urbanisation and modernisation working. Asia, simply because of its population, will have multiple mega-cities, but global experience in designing, constructing and managing mega-cities is still relatively limited.

Asia is also beset by looming demographic problems: ageing populations, the 'bare branches'⁵ of high sex-ratios because of the preference for male offspring, and actual population contraction are driving several Asian countries into unfamiliar demographic terrain. A regional or global pandemic which, like the 1918 Spanish flu, naturally targeted the younger members of a population (those with lower exposure to a variety of flu strains during their lives) might well pose serious

problems for the emerging demographic profiles in the region.

In fact, this first 'shocked' Asia, an Asia beset by a stew of non-traditional security pressures is actually a relatively easy one to envisage. It is one that Dr Alan Dupont, for example, has explored in his book, *East Asia Imperilled*.⁶ Dupont argues that a new class of transnational, non-military threats has the potential to reverse decades of hard-won development across the region. It is a scenario we should take seriously.

Second shock: domestic failures across Asia

The importance of domestic politics in Asian security is the theme behind the latest National Bureau of Asian Research's volume in its *Strategic Asia* series.⁷ Asia's strategic stability has been largely based upon a set of domestic success stories: stories that—in turn—are essentially based upon general patterns of regional good governance and national transformation. Regional dynamism is based at the micro-level upon an interlinked pattern of national dynamism.

So, we must look at what might constitute a set of national discontinuities. Almost all the major Asian countries are in some kind of political transitions, even Japan and Australia. For some of those countries, the transitions will be deeply transformative. Overall, we are witnessing a mix of leadership change, institutional alteration and important societal change across the region. It is unclear where most of those developments are headed. Thomas Carothers in an important article for the *Journal of Democracy* in 2002 argued that we were witnessing 'the end of the transition paradigm'.⁸ Most of the regimes experiencing transitional modernisation pressures would, Carothers argued, fail to become mature democracies and would live for the long term in a political 'gray zone'.

Australia's former Secretary of Defence, Mr Ric Smith, presented a paper in Singapore which investigated some potential challenges for the Asian security environment.⁹ His range of possible risks included risks of 'domestic political management', because agendas of economic reform have in many countries easily outpaced the domestic political reforms that typically accompany them. In China, Vietnam, Pakistan and Burma, for example, those risks are most easily seen; and in those countries it is not at all apparent how political systems can evolve in stabilising ways. Beyond those cases, there is a much broader swathe of countries where political transitions have not yet been consolidated: Thailand, the Philippines and Indonesia, for example.

Recent academic research on international security has led us to place an increased emphasis on regime types as a key determinant of conflict patterns. So how Asian domestic politics flex and adjust over coming years is important to security in a broad regional sense, and not merely a localised, national one. In Asia, domestic priorities often shape foreign and strategic policies. China, for example, has built a foreign policy to sustain its domestic priorities of growth and stability. In a region which has often embraced a non-intervention principle in relation to issues of domestic politics, we are all steadily becoming more engaged in precisely those sorts of issues. Regional security could not help but be affected were several regional countries to slide backwards into older-style authoritarian regimes.

Third shock: economic competition?; a new wave of protectionism?

So far the pace of economic development in Asia has been a clear positive factor for Asian security. Putting it somewhat crudely, the region has been ready to agree to forms

of interdependence where everybody makes money. Economic relationships have easily outpaced security relationships. Trade has been a driver of economic growth, and, in many cases, a driver of political modernisation as well. The region as a whole has been 'driven by growth', to use James Morley's phrase.¹⁰

The main effect of that increasing interdependence has been, principally, to soften a set of unresolved historical antagonisms. But this has not been the case across the board: just to look briefly at Japan's own case, for example, Japan's economic integration with its neighbours has increased but Japan's level of security seems to have worsened as its neighbours' economic power has increased. Geopolitical outcomes have long been about more than interdependence and this remains true in Asia today.

But just as trade and interdependence can have positive outcomes, they can also spur negative policy outcomes, which also ripple into the security area. So far the region has side-stepped a fear about relative gains, because of its preference for absolute gains (a policy preference typical of countries at a low level on the development trajectory). But can that preference last? Much would seem to depend on the condition of great-power relationships. Under what circumstances can some regional powers remain indifferent to the rapid escalation of others in terms of power assets? Christopher Layne once wrote that economic growth rates would be the basis for undoing unipolarity at the global level. They will almost certainly be the basis for a new regional security order in Asia.

So perceptions of economic outcomes must become sharper as those growth rates begin to suggest a more fundamental rearrangement of the regional security order. In that rearrangement, perceptions of

economic growth as a ‘win-win’ outcome will start to decline as perceptions of a shifting order suggest a more definite set of ‘winners’ and ‘losers’ in Asia.

That suggest the current condition, where regional tensions about differential growth rates are muted, can’t last. It is already apparent that the key US–China trade link is under stress. The US Treasury Secretary, Henry Paulson has described the link as characterised by three dynamics: deepening interdependence, a strained policy consensus, and the rise of economic protectionism.¹¹ He noted that ‘the tectonic plates’ of the US–China economic relationship were shifting, as perceptions of outcomes became sharper. The same dynamic already characterises many of the bilateral economic relationships between the region’s great powers.

Fourth ‘shock’: nuclear proliferation

The Asia–Pacific region has grown vigorously in an environment where the pressures of nuclear dynamism have been relatively contained: contained by what Mitchell Reiss would call the ‘bridled ambitions’ of most regional states.¹² Those bridled ambitions have been augmented by two particularly useful mechanisms: the Nuclear Non-Proliferation Treaty (NPT) and the associated elements of that regime; and the US doctrine of extended nuclear deterrence (END). But what would it take for the ambitions to become unbridled?

A breakdown in the current pattern is most likely to be driven by a failure in one or both of the key mechanisms outlined in the preceding paragraph:

- A breakdown of the extended nuclear deterrence system, either through US disengagement (highly unlikely) or an erosion of the credibility of the US guarantee (more likely).

- A breakdown of the NPT regime, in particular by the move of status-quo powers towards the development of indigenous nuclear arsenals
 - such proliferation is most likely to occur initially outside the region (e.g. in the Middle East), but would probably not remain isolated there.

The Asia Pacific is already a multipolar nuclear region (with US, Russia, China, India, Pakistan, and, perhaps, DPRK all ranked as nuclear-weapon states). Indeed, only Britain and France and Israel stand as NWS outside the region. Of the current Asian powers, only the US has ever ‘extended’ nuclear deterrence to others, and that system was devised for a different world. New strategic pressures are flowing through Asia, the result of a much more complex security landscape. Nuclear proliferation is a worry and its effects uncertain; to echo William Walker’s judgment, it might reflect a breakdown in the strategic order as well as in the nuclear one. It might also generate a new security order so complex as to undo any prospects for great power cooperation on regional public order goods.

Nuclear proliferation might have some stabilising effects. It’s possible that some strategic rivalries might be ‘contained’ by the sobering prospects that those rivalries might escalate into costly contests. But there would be an obvious edginess to international politics in Asia were the region to host perhaps double the number of nuclear-weapon states that it currently does. Variations in arsenal sizes, different levels of vulnerability to preemptive strikes, asymmetries in conventional force capabilities, and uncertainties about national red-lines, nuclear thresholds and targeting strategies would all make for a more dangerous Asia Pacific. That Asia would be a region replete with nuclear hazard.

Fifth ‘shock’: great power conflict in Asia

I think this ‘shock’ has long been a concern of academics and international relations scholars. In particular it calls to mind Aaron Friedberg’s scenario, that Asia’s future might be Europe’s past.¹³ Such a future would be profoundly shaped by the unreconciled great-power tensions in Asia. The region has no historical experience of all the great powers being strong simultaneously, and no experience of systematised security cooperation between those powers.

We are inclined to think of discontinuities as abrupt events, much like the suddenness of the terrorist attacks on 9/11. But in this scenario, I think the fundamental discontinuities would reflect shifts in the deep, slower-moving layers of international relations. It might plausibly be argued that a discontinuity could still be fundamentally important even though it assumed a more protracted form. In this sense, for example, the gradual breakdown of Robert Ross’s bipolar Asian security ‘structure’ (a structure characterised by a dominant maritime power and a dominant continental power¹⁴) can be thought of as a particularly important discontinuity. The move by the continental power into the maritime domain is certainly a profound strategic development, raising as it does a host of issues about possible conflict and cooperation.

It is certainly true that the Asia of great-power conflict is not destined to arise. On the other side of the balance to the forces outlined above, we need to place the two factors that John Ikenberry would typically identify as constraining great-power conflict across the globe:

- nuclear weapons
- the existence of an OECD ‘system’ that is more than the prominence of a single power.

Nuclear weapons I have spoken about earlier. The OECD ‘system’ seems to presuppose the broad continuance of the world order in its current shape. World orders are slow to change, but not immune from change. At a time when global power is in any event shifting to Asia, it is entirely possible that we are witnessing the transition to a new global order, one less coloured by Western preferences.

Great power conflict is a relatively rare thing, especially if we talk in particular about those great power conflicts that draw others in (see Jack Levy’s identification of nine such ‘world wars’ in the international system since 1475).¹⁵ But while great-power conflict is generically rare, it is a relatively common thing at times of major power transitions. And such transitions now loom in Asia.

Implications for Australia and Japan

None of the shocks sketched above are within the control of Australia or Japan, although each country, singly and together, can and do pursue policies intended to ease some of the shocks. We already do some things to offset the non-traditional security challenges around the region, and the bilateral security pact concluded in 2007 provides a framework for doing more. Similarly, both countries work to deflect pressures for nuclear breakout and to reinforce the current set of non-proliferation norms across the region. We both work to ease the coming ‘great-power transition’ that looms in the next twenty years, and so work to reduce the prospects for great-power conflict in the region. On the other hand, we have little scope to affect the internal political dynamics of key players, regardless of whether those dynamics concern political adjustment to the pressures of modernisation or emerging demographic profiles.

Some of the Asias depicted above are well beyond our ability to shape. But it will remain important for our two countries to work

together in a region that promises to be a more turbulent one than what we have been used to.

Conclusion

The Asian security environment does have a downside as well as an upside. I've concentrated here on 'things that might go wrong', rather than 'things that might go right'. The latter would clearly be the subject of a different paper. I've concentrated here on two different sorts of 'shocks': the shocks of modernisation as it were, and the shocks of interstate rivalry. They are not entirely disconnected, though neither do they necessarily cascade into each other. As a direct strategic problem, managing the complex power transitions in Asia look likely to be one of the key problems of our time. But we will have to manage those transitions as part of an even more complex tapestry of problems at both the regional and the global levels.

Endnotes

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Emerging Asia–Pacific security architectures: the Australia–Japan factor

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Historical shifts in international security relations often occur unexpectedly and ambiguously. Lord Grey's famous warning at the outset of the First World War that 'the lights were going out all over Europe' hardly anticipated monumental change evoked by the demise of that continent's century-old concert system of order-building. Nor has the end of the Cold War—contrary to the expectations of many observers—spelled the end of the American-led Eurasian network of security alliances.¹ Instead, NATO has expanded eastward to underwrite the emergence of a 'new Europe' forged from the old Soviet empire. The US postwar system of bilateral Pacific alliances, meanwhile, has been renovated to hedge against a rising People's Republic of China (PRC) and to confront terrorism, nuclear proliferation and other 'asymmetrical threats'. Nearly two decades after the fall of the USSR, the US alliance system remains the most cohesive regional security mechanism operating in the Asia Pacific, with Japan and Australia constituting its two key components.

Pressures are intensifying within the region, however, to complement and eventually to supplant this alliance system with more regionally indigenous organisations or 'architectures'. The East Asian Summit (EAS) has perhaps captured the most attention as a likely instrument for shaping such change. The 'ASEAN + 3' (APT) process was initially a response by the Association of Southeast Asian Nations (ASEAN), China, Japan and South Korea to perceived economic barriers imposed by the United States, the European Community and the International Monetary Fund (IMF) that led to the 1997–98

Asian Financial Crisis.² Some Asian states (i.e. Malaysia, Indonesia and South Korea) resented the IMF view that this crisis was largely precipitated by the inefficiencies and inflexibility of various market-state processes for wealth creation and management that characterise much of East Asia's economic growth.

As a result, a question arose among regional policy-planners as to whether it was 'possible to create a regional political architecture which would allow regional elites to promote their preferred visions of transnational cooperation while simultaneously preserving regional autonomy?'³ In addressing that question, the APT gradually evolved into the East Asian Summit, which initially convened in December 2005, in Kuala Lumpur and included the thirteen APT states plus Australia, New Zealand and India. China and Malaysia spearheaded an 'East Asian-centric' formula for establishing the EAS as an exclusivist organisation, reflecting a 'bloc politics' approach to regional politico-security identity. This proved to be unsuccessful; Japan, Singapore and Indonesia fought effectively for the adoption of a more inclusive, 'pan-Asian' model for EAS development.⁴ Japan's Prime Minister Koizumi had already proposed (in January 2002) his idea for an 'Asian Community' that would employ the APT for 'secur(ing) prosperity and stability' in East Asia and apply 'open, transparent and inclusive processes' for institutional development.⁵ Koizumi's successor, Shinzo Abe, further refined Koizumi's vision of open regionalism by adding a distinctly ideological component to it. His advocacy for creating a Eurasian 'arc of freedom and prosperity' directly challenged proponents of 'Asian values', and proscribed the conscious ascendancy of 'emerging and mature democracies'.⁶

The Abe government's zero-sum outlook on regional organisation, embracing state-centric ideological orientation as a predominant

component for security organisation, contests ASEAN's (and, more recently, China's) traditional blueprint for regional security. Strengthening security ties with both Australia and India, moreover, were deemed as integral by the Abe government, and led to Japanese efforts to forge a 'quadrilateral' security coalition involving Australia, India, Japan and the United States. However, the Japanese expectation that the other proposed affiliates would embrace this formula proved to be incorrect. Only the United States seriously contemplated operationalising Abe's vision; Australia and India were wary of it. The Abe government's passing in September 2007 was a benchmark in Japanese regional security diplomacy. By late November, Japan's new Prime Minister, Yasuo Fukuda was strongly endorsing a ten-year 'ASEAN Plus Three Cooperation Work Plan' that would underwrite the creation of an ASEAN Community by 2015 and promote security community-building through both the APT and the ASEAN Regional Forum (ARF).⁷ The vestiges of any Japanese 'containment revisited' strategy directed toward China were clearly buried when Fukuda visited China in late December. He supported what he termed a 'strategically reciprocal partnership' between China and Japan. He also posited that the US–Japan alliance best worked as a 'contributor to peace and stability in the region, which means cordial and open relations with *all* nations in the region.'⁸

This chapter will initially identify and assess those policy interests and questions that both currently unite and potentially complicate Australian–Japanese interaction on regional security architectures. The two countries' respective alliances with the United States, their relations with China, and selected 'transnational' or 'alternative security' issues are assessed. It will then briefly evaluate how and why Australia and Japan have pursued multilateral security and economic-security

politics and to what extent that pursuit has been successful. The chapter's conclusion offers policy recommendations that Canberra and Tokyo could ponder regarding future collaboration in regional security community building without undermining their still highly valued bilateral alliance ties with the United States.

Architectural dynamics: background and challenges

Disagreement prevails over what actually constitutes 'security architecture'. When proposing a Conference on Security Cooperation in Asia (CSCA) in July 1990, Australian Foreign Minister Gareth Evans envisioned 'a wholly new institutional process that might be capable of evolving, in Asia just as in Europe, as a framework for addressing and resolving security problems.'⁹ However, what specific organising principles should be applied to realise such a process remains contested. Evans' vision of incorporating a European model (the Conference for Security Cooperation in Europe, CSCE) to address Asian security problems was not received favourably by many within Asia. Many Asian elites continued adherence to realist thought, comfortable with their existing notions of international hierarchy and convinced that new power blocs or tacit great power concerts would prevail over norm-based regional institutions in the post-Cold War Asian security environment. ASEAN's vision of Asian institutionalism, allegedly predicated on regionally indigenous values, never fully took hold as Southeast Asian elites instead hedged between accommodating and balancing Chinese and American power.¹⁰

While a precise definition of 'architectures' has continued to elude regional policy-makers and analysts, debate over how to shape and refine them has intensified. By 2007, Southeast Asian policy leaders were referring to architecture-building as embodying '...a

loose, overlapping pattern of partnerships formed around functional areas of interest with varying memberships and varying agendas.¹¹ Critics of this view argue that a preoccupation with crafting new and increasingly complicated ‘architectures’ merely obfuscates the task of integrating the many instrumentalities and mechanisms already established in ways that would better ensure regional stability.¹² No real consensus has yet materialised, however, on what strategy can best serve that purpose. As integral participants at both the bilateral and multilateral levels of Asia–Pacific security politics, however, Japan and Australia can play a key role in reconciling the region’s various perspectives of appropriate security policy infrastructure.

Intra-alliance management

A first step is to identify areas of potential complementarity between the traditional US bilateral ‘hub and spokes’ regional alliance network and the region’s burgeoning multilateral security forums. This will not be easy as challenges related to shifting national security interests and traditional US resistance to multilateral security politics in the region must be overcome. Both Australia and Japan, moreover, have new national leaderships (the Rudd and Fukuda governments, respectively) while the United States is now immersed in a national election process that renders the Bush administration less effective in formulating long-term US national security policy for the remainder of its term.

Although in power only a short time, the new Australian Government led by Kevin Rudd has already demonstrated its zeal for environmental politics. It has ratified the Kyoto accord and, of more symbolic consequence to Japan, is monitoring adherence to international anti-whaling accords in the Antarctic.¹³ Japanese officials

warned that they would ‘not tolerate any moves to obstruct our research whaling program’ before backing down to international pressure and promising to suspend its killing of humpback whales.¹⁴ Also, in a move perceived as a refutation of the Bush administration’s Middle East policy, Rudd has served notice that Australia will be withdrawing its combat forces from Iraq during 2008.

The Fukuda government’s softer line on the PRC relative to the Koizumi–Abe administrations has already been noted. This modified Japanese posture towards China—the country that most observers view to be the burgeoning ‘peer competitor’ to American power and influence in Asia—renders doubtful any prospect for ‘threat oriented’, multilateral security arrangements such as the quadrilateral coalition of democracies, initially envisioned by Abe and strongly supported by key Bush administration officials such as Vice-President Dick Cheney. Japanese domestic political infighting has also spilled over to impede Fukuda’s ability to sustain Japanese naval refuelling support to US military operations in Afghanistan. Although legislation was eventually passed in mid-January 2008 to revive this operation, the episode highlighted Japan’s growing internal political divisions over supporting US global strategy relative to Japanese constitutional restraints on defence policy.¹⁵

Intra-alliance policy management is thus becoming a more difficult undertaking for all three governments. Ongoing, ‘functional’, alliance collaboration continues among the three allies in such areas as missile defence research and testing, maritime patrolling of key sea lanes of communication and intelligence-sharing. Without widespread consensus over what constitutes the ‘general interest’ of alliance affiliation, however, the task confronting policy-makers in Australia, Japan and the United States of ‘bridging’

existing bilateral and multilateral frameworks in ways that can produce robust approaches to shaping regional stability becomes more difficult.¹⁶

Traditional US resistance to multilateral security politics in the region compounds such ‘bridging’ difficulties. This was initially illustrated by George H W Bush’s administration’s strong opposition to Gareth Evans’ CSCA proposal. Worried that it would focus on arms control measures that could limit US naval power in the Pacific, and disillusioned by the Southeast Asia Treaty Organization’s (SEATO’s) failure to replicate NATO’s brand of American-dominated multilateralism in Europe, US Secretary of State James Baker requested that Australia withdraw its proposal. Baker’s request was supported by the then Japanese government, concerned that any intensification of multilateral security politics would weaken the US commitment to its bilateral security treaty with Japan.¹⁷

Little has since changed. George W Bush’s administration has strongly signalled its preference for maintaining a hub and spokes alliance strategy in Asia as part of its broader campaign to balance potential contenders for hegemony in the Asia Pacific (e.g. containing China or collaborating selectively with India). US Deputy Secretary of State John Negroponte insisted in May 2007 testimony before the US House of Representatives’ Committee on Foreign Affairs that the ongoing US strategic presence and its bilateral alliances remained the ‘bedrock’ of its Asia policy.¹⁸

US skepticism of ‘cooperative multilateralism’ stems from Washington’s past problems in addressing key Asia–Pacific regional security crises in the post-Cold War era. The 1994 North Korean nuclear crisis and the subsequent failure of the Korea Energy Development Organization (KEDO) regime

to induce acceptable North Korean nuclear policy behaviour, for example, clearly swayed the George W Bush administration to reject President Clinton’s growing reliance on multilateral Asian security dialogues. More recent American perceptions that China has employed multilateral security diplomacy via its ‘New Security Concept’ to contest US strategic influence in the region, and China’s initiative with Russia and various Central Asian states to form the Shanghai Cooperation Organization as a counter to NATO activities in Afghanistan are illustrative of US concerns.¹⁹

Both the Clinton and George W Bush administrations have been less reluctant to explore a variant of multilateral security cooperation in Asia known as ‘minilateralism’. As defined here, ‘minilateral’ arrangements are ‘ad hoc’ policy coalitions, usually involving three or four core states, who may be but are not always, allied formally but who affiliate to resolve a specific issue or issues. Minilaterals may differ from classical alliances because they are not always ‘threat-centric’ and indeed often underwrite or perpetuate strategic reassurance or confidence-building arrangements.²⁰ They are frequently regarded, however, as useful mechanisms for coordinating mutual interests ‘beyond bilateralism’ when such coordination promises to maximise their collective strategic position within a regional or global balance of power. Minilateral security cooperation is most likely to occur when potential rivals to minilateralist partners are not yet so threatening as to preclude confidence-building and other forms of cooperative security behaviour.²¹

Early post-Cold War ‘minilaterals’ in Asia were mainly designed under such circumstances. They included KEDO, the US–Japan–South Korea Trilateral and Oversight Group (TCOG) to coordinate diplomacy toward Pyongyang following the North Korean *Taepodong*

missile test in 1998, the Four Powers Talks on stabilising the Korean Peninsula and ‘Jakarta Workshop’ participants (China and ASEAN claimants) to address territorial disputes in the South China Sea. The Trilateral Strategic Dialogue (TSD), created in 2002 and upgraded to the ministerial level in 2005, is another example. Represented by Australia, Japan and the United States as a mechanism for strengthening the exchange and coordination of their approaches to ‘non-traditional’ as well as threat-centric regional and international security problems, the TSD is nevertheless ‘threat-centric’ to the extent that Chinese power and the North Korean threat are inevitably discussed in this forum. The question of to what extent this dialogue will mature beyond the ‘talking shop’ stage of ministers or their immediate subordinates to develop a concrete general purpose and corresponding organisational attributes is still an open one.²²

Minilateralism arguably replicates the exclusivist and hierarchical characteristics of the US-led bilateral alliance network in the Asia Pacific. The ‘senior’ or most powerful ally usually initiates a security coalition in response to an issue or crisis that is of direct concern to itself. There is usually no independent secretariat or other executive component established to represent or negotiate possible differences that may arise among minilateral affiliates. The possible transformation of the Six Party Talks format into a more permanent Northeast Asian Regional Peace and Security Structure may, however, constitute a test of how well minilateral groupings formed to manage a particular security issue—in this case the North Korean nuclear problem—can evolve into a brand of multilateralism capable of addressing a wider range of Asia–Pacific security issues.

Australia, its alliances and the ‘China factor’

For Australian national security planners, reconciling ongoing American and Japanese propensities to apply minilateralism as a means of strengthening alliance politics with China’s obvious apprehensions over this trend is essential. One analyst has recently and aptly outlined this problem: bilateral Australia–Japan security links can develop in parallel with these two countries existing bilateral security alliances with the US only if all three states *share* perceptions and interests of regional security, and if Washington does not promote a ‘miniature NATO-type organisation’ designed to contain China.²³ Australia does not view its American alliance, or its increasingly robust bilateral security relationship with Japan, as components of a containment posture directed toward China. Australia’s trading relationship with the PRC is expanding dramatically. Thus, the ‘China factor’ is a key dimension of the new Australian Labor government’s effort to remain ‘a good US ally’ but a ‘more independent one.’ Kevin Rudd signalled consistently during his October/November 2007 election campaign that he will be less prone to endorse nearly every US position on international security than was his immediate predecessor.²⁴

From the Trilateral Security Dialogue’s outset in 2002, Chinese officials and analysts have directed low-key criticism towards it as a potential instrument of anti-China containment.²⁵ They became especially concerned when TSD consultations were scheduled to convene during the September 2007 Asia Pacific Economic Cooperation (APEC) summit and by the prospect that those discussions would endorse an initiative to expand the TSD into a quadrilateral alliance involving India. Chinese President Hu Jintao had already expressed his personal displeasure over ‘exploratory

sidetalks' held between India and the TSD states during the ASEAN Regional Forum (ARF) security policy meeting in Manila on 24–25 May 2007.²⁶ He subsequently engineered a diplomatic counter-initiative to neutralise the TSD by persuading the Howard government to announce a bilateral Sino–Australian strategic dialogue at APEC.²⁷ Although this initiative was launched with some fanfare, it should be noted that Japan and the United States have long maintained separate bilateral dialogues with the PRC. The timing and effect of the announcement was, however, assigned greater emphasis by the PRC than whatever actual substance such Sino–Australian dialogue might yield.

As key regional US allies, how Japan and Australia relate to Asian crisis spots or 'flashpoints' is carefully observed by and, when possible, influenced by Washington. Taiwan and North Korea remain the two major unresolved regional security issues emanating from the Cold War. Accessible sea lanes of communication are also a main concern, as are nuclear proliferation and regional links to international terrorism. Due largely to uncompromising Chinese insistence that Taiwan remains a strictly internal affair; the fate of that island polity has not been incorporated into regional multilateral security agendas. China has worked assiduously, for example, to preclude any discussion of the Taiwan Strait at APEC's Heads-of-State summits.

The question of what Japan and Australia would actually do if the PRC were to attack Taiwan, however, is very much alive as a central issue of American alliance politics in the Pacific. This issue draws attention to the overriding relevance of the US *bilateral* alliance network over nascent multilateral security groupings in the region. The latter have not thus far been able to generate sufficiently robust mechanisms to ensure that confidence-building and crisis resolution

will prevail over classical power balancing scenarios such as a Sino–American war exploding in the Taiwan Strait. This reality has been increasingly self-evident over the past few months and years. In February 2005, Japan incurred Beijing's wrath by agreeing to an explicit reference to the stability of the Taiwan Strait as a 'common [Japanese and American] strategic objective.'²⁸

US basing operations in Japan (and especially at Kadena Air Base in Okinawa) constitute the nearest concentration of US military power to the Strait (approximately 350 nautical miles, 3 1/2 sailing days, from the Strait) and are the primary staging post for moving US carrier forces into the East China Sea. Despite the Fukuda government's recent efforts to repair Sino–Japanese tensions which intensified under the Koizumi/Abe governments, it is highly unlikely that it would defy US expectations that Japan provide transit facilities and logistical support in any future Sino–American war over Taiwan.²⁹

Major Australian ports and bases (except Darwin) are more than 4,000 miles from Taiwan. This distance, combined with the fact that Australia's geopolitical orientation is more with Japan, the US and the wider Pacific than with China, would initially appear to preclude Australian forces playing a major role in support of any US military operations.³⁰ The most fundamental concern regarding Australian involvement in a Taiwan contingency, however, is how intense US pressure would be for Australia to provide military support. While visiting Beijing in August 2004, Australian Foreign Minister Alexander Downer publicly surmised that the Australian–American alliance or 'ANZUS' did not necessarily cover situations apart from direct attacks on the signatories' homelands. He was immediately 'corrected' by American officials and by Prime Minister John Howard on this interpretation. This episode illustrated the extent to which Washington insists that

an attack on its own forces in the Pacific triggers a commitment for allied response.³¹ The landslide victory of the Taiwan Nationalist Party in Taiwan's January 2008 legislative elections and the strong prospect of a similar victory in that island's presidential election in late March could at least temporarily defuse the Sino-Taiwanese tensions precipitated by the arguably separatist postures championed by Taiwan's Democratic Progressive Party (DDP) government. US pressure on Australia's own 'hedging' strategy could likewise be eased.

Multilateralism and transnational security

The ascension of international terrorism and other 'asymmetrical threats' as a leading concern of strategic policy-planners has been accompanied by an interest in how multilateral frameworks can be employed to neutralise them. As one observer has recently noted, the Bush administration has engaged in such multilateral security initiatives as the Proliferation Security Initiative (PSI), the Six Party Talks, and the ARF and has proposed others such as the (unsuccessful) Regional Maritime Security Initiative (RMSI). Washington's multilateral commitments and interactions, however, have been largely and correctly viewed by other Asia-Pacific states as 'US-centric'.³² A major question which confronts the US and its regional allies is whether they are prepared to modify the United States' historical insistence on managing key regional security issues.³³ 'Traditional' or state-centric security issues are still marked by high degrees of tension and mistrust; 'non-traditional' or asymmetrical problems could provide the basis for developing precedents for greater security cooperation in multilateral forums.

Evidence is growing that such is gradually becoming the case. Within a week following

the 26 December 2004 South Asian tsunami, US military officials spearheaded the creation of the 'Core Group', initially comprising the US, Australia, Canada, Japan, India and the Netherlands, to establish military and civilian assistance programs to the victims of that natural disaster.³⁴ Various geopolitical rationales accompanied this genuinely humanitarian response. Australia and the United States were given the opportunity to 'make a major anti-terrorism and relationship-building investment in Indonesia, a country indispensable to regional security and the global war on terrorism.'³⁵ A truce imposed over the protracted insurgency conflict in Aceh was a short-term byproduct of the Indonesian Government wishing to appear commensurately benign. Japan and India both entertained calculations that their prominence in tsunami disaster relief operations would translate into greater support for permanent UN Security Council membership.³⁶ The fundamental outcome of this relief effort, however, was more normative than material. It posited a common idealism shared by Australia, Japan and the United States as 'like-minded states' defined, as Thomas Wilkins put it, 'by *what they stand for...*'³⁷

Normative preferences are also reflected in the text of the March 2007 Australia-Japan Declaration on Security Cooperation.³⁸ Most 'areas of cooperation' in the Declaration and the 'Action Plan' that has emanated from it are related to transnational security concerns: law enforcement against transnational crime, border security, peace operations, humanitarian operations and coordination against pandemics. Counter-terrorism and counter-proliferation against weapons of mass destruction are arguably transnational in context, involving diplomatic action, institutional support and technical capabilities that are not exclusively state-centric in character but require expanded multilateral

coordination. The language of the Declaration was hardly coincidental in this regard.

Recent patterns of Australia–Japan security cooperation have assumed a distinctly transnational flavour, including peacekeeping and peace building operations in Iraq, Afghanistan and East Timor; aid to South Pacific microstates, pollution control, environmental assistance to Indonesia, climate change and energy security, joint pre-deployment training for peace operations and mutual participation in urban search and rescue training exercises.³⁹ Recent Australian–Japanese differences over Japan’s ‘scientific’ whaling operations in the Southern Ocean constitute a major challenge for both countries’ leaderships. This challenge must be finessed to assure respective electorates’ support for continued or intensified security collaboration in these areas of transnational security policy.

Responding to Asia–Pacific multilateral security politics

Despite their fundamental involvement in the US Cold War alliance system, cooperation between Australia and Japan in multilateral security arenas clearly preceded the end of that struggle. Both countries were, from 1965 to 1975, members of the Asian Pacific Council (ASPAC) formed to promote democratic values and greater socio-economic cohesion in the region. Japan was a less enthusiastic participant than Australia in this grouping due to its apprehensions that it would forge into a military organisation (an ‘Asian NATO’). Both states perceived little utility, however, in sustaining ASPAC following the enunciation of the Nixon Doctrine in 1969, and the United States rapprochement with the PRC in 1971–1972, that isolated Taiwan (an ASPAC member) and defused the tacit containment rationales that had previously shaped much of ASPAC’s strategic purpose.⁴⁰ Australia has maintained long-standing defence contacts

on the Malayan Peninsula, initially through the Commonwealth Strategic Reserve, the Anglo–Malayan Defense Agreement and, since 1971, through the Five Power Defense Arrangements.⁴¹ As its postwar economic capabilities grew, Japan intermittently launched multilateral security-related diplomacy initiatives that were received with varying degrees of success: Prime Minister Takeo Fukuda’s ‘heart-to-heart diplomacy’ initiative toward ASEAN states in 1977 designed to strengthen ASEAN resilience in the immediate aftermath of the Vietnam War; Foreign Minister Taro Nakayama’s proposal to promote regional multilateral security dialogues in July 1991 within the ASEAN Post-Ministerial framework, and cooperative security diplomacy emanating from the Higuchi Report in August 1994.⁴²

Neither Australia nor Japan was prone to supplanting their core bilateral alliance relationships with the United States. However, both countries were intent not to be shut out from whatever indigenous regional security community-building processes might emerge as the Cold War drew to a close. Nor did they wish to see their senior American ally marginalised from Asia because, as maritime powers situated on the peripheries of that continent, any such development would decrease their own strategic leverage within it.⁴³ This reflected what could be viewed as a brutal policy dilemma confronting both Australian and Japanese policy-makers. Both Australia and Japan were obvious beneficiaries of the largely hierarchical ‘hub-and-spokes’ alliance system maintained by Washington during the Cold War, extracting greater regional influence by virtue of their close affiliation with American power. Precisely due to that affinity, however, both continued to be regarded as regional proxies for US interests on such issues as East Timor, the China–Taiwan dispute, ethnic and religious grievances and Asian institution-building.

This made it harder for these two American allies to be viewed as genuine participants in building Asia's regionalist identity and shaping its processes. Their early post-Cold War efforts to sell their regional neighbours on the benefits of 'open regionalism' by nominating an American-endorsed APEC as the preferred community-building mechanism fell on largely deaf ears, particularly in the aftermath of the 1997–98 Asian Financial Crisis. The saving grace to date is that more exclusivist models pursued by China, Malaysia and other states favouring the 'East Asian' model over the 'Pan-Asian' vision have arguably been no more successful in fostering their own, often disparate visions of what an Asian security community actually should be.⁴⁴

Compounding Australia's and Japan's difficulties 'fitting into the region' have been their recent efforts to reconstitute their politico-security agendas in ways that accommodate their geography without compromising their respective alliances with the US. Australian Foreign Minister Gareth Evans spearheaded the Hawke/Keating Labor government's efforts during the early 1990s to apply a 'middle power' strategy to link Australian diplomatic and security interests with regional multilateral security initiatives. His CSPA proposal for a multilateral security dialogue was very similar to the aforementioned Nakayama initiative. It was clearly intended as a regional coalition-building strategy that would establish Australia as a 'competent' yet *independent* member of a burgeoning Asia–Pacific security community. Critics argued that 'middle power policy' limited Australia's influence within and beyond the region. Instead, they asserted Australia should play the role of a 'pivotal' power between developed and underdeveloped countries and not merely be satisfied with staking a claim as a legitimate or 'acceptable' regional security player.⁴⁵ This criticism was taken to heart

by the Howard government in its efforts to 'reinvigorate' the American alliance. It argued during the 1996 election campaign that the alliance had been neglected by Labor, and Australia must rectify what it perceived to be an 'imbalanced' diplomatic and national security posture too weighted toward Asia.

If Australia has attempted to reconcile alliance politics and multilateral security diplomacy by pursuing diverse approaches for becoming a more credible Asia–Pacific actor, Japan has assigned greater predominance to 'hedging' its alliance with the United States against an increasingly powerful Asia. Richard Samuels has characterised this as Japan's 'new grand strategy': building up its defence capabilities only to the extent required to warrant a sustained US commitment to Japanese security, while simultaneously 'building an East Asian Community that resembles the stable, prosperous, economically integrated Western Europe and that is built on a Japanese commitment to the values of democracy and freedom'.⁴⁶

Tokyo's preferred vision of multilateral security and economic cooperation is a pan-Asian community that would enmesh US politico-economic interests in the region within norms and institutions tailored to safeguard Japanese trading interests throughout Asia and beyond. Chinese, American and European marketing competition would be regulated under a regional architecture underwriting what could be viewed as Japanese quasi-mercantilist strategy promoted under the guise of 'regional community-building'. A resuscitated APEC or a pan-Asian version of an East Asian Community that cultivates 'open regionalism' by actually tolerating 'soft' forms of trade protectionism (selected and intermittent bilateral or regional trade preference agreements) would conform to this Japanese vision in ways that may be more palatable to the US and Australian

policy-makers. An Asian Regional Bank under Tokyo's leadership would be a more overt and therefore less acceptable form of Japanese neo-mercantilism, generating Western fears that it would coordinate the rise of an economic protectionist bloc under Japanese or joint Japanese–Chinese leadership.

This latter prospect was embodied in the 'Miyazawa Plan', named after Japan's then foreign minister who proposed different versions of it during and following the Asian Financial Crisis. The Plan was rejected because Washington (through the International Monetary Fund or IMF) developed tangible apprehensions about an Asian initiative to defect from the existing system of global economic management during that time. Japan, absorbing the hard lessons about exerting its interests independently of its senior security ally, prevented a similar Chinese blueprint for the EAS from emerging at that grouping's inaugural meeting in Kuala Lumpur in December 2005.⁴⁷ Asia–Pacific community-building processes, from Japan's perspective, must strike a delicate balance. They should ensure that US cooperation and support for Japan's security and prosperity is not undermined. Simultaneously, however, they must also counterbalance the prospect that the US will exploit Asian economic weakness to develop comparative advantages in regional trade and excessive geopolitical hubris (at Japan's expense). They must curb the potential hegemonic threat now represented by Chinese economic growth to long-standing Japan's economic prosperity and its political influence with both the United States and its regional neighbours.

As can be discerned from the above discussion, both Australia and Japan have oscillated between embracing multilateral security and distancing themselves from that approach in pursuit of regional security. Australia has attempted to reconcile alliance and multilateral politics by cultivating an

elusive balance between being a loyal and valued American ally and establishing a more committed 'regionalist' posture through middle power diplomacy. However, Prime Minister John Howard's extraordinary personal relationship with US President George Bush that intensified after 9/11 undermined any chance of that balance being perceived as credible by Asian states and leaders.⁴⁸ Despite the explosive growth of Sino–American trade ties and Australia's accession to ASEAN's Treaty of Amity and Cooperation (TAC) as a precondition for it winning a seat at the EAS table, the overall trends in Australian foreign policy did not reflect prioritisation of Asian multilateralism within Canberra's decision-making councils. Australian military personnel were quickly dispatched to Afghanistan after 9/11 and to Iraq as part of the March 2003 US-led invasion of that country in the context of Australia pursuing a more 'globalist' strategic posture as a required component of alliance politics.⁴⁹

Japan's policy undulations on multilateral security politics have been at least as pronounced, with its visible enthusiasm for this approach in the early 1990s giving way to a more nuanced (at best) or even skeptical outlook following the 1997–98 Asian Financial Crisis. US apprehensions about Japanese motives in shifting toward more regionalist postures following that crisis, and how such a shift could affect Japanese defence burden-sharing within an alliance context and international peacekeeping contributions as part of American-led 'coalitions of the willing' was a key factor. So too was Japan's growing disillusionment with the ARF's ability to implement effectively its announced regional confidence-building and preventive defence initiatives in the face of perceived Chinese intransigence. A growing mood of conservatism in Japanese domestic politics reflected in the election of Junichiro Koizumi and Shinzo Abe as successive prime ministers,

and the evolution of new asymmetric threats such as terrorism and nuclear proliferation in North Korea, were all significant factors in discouraging Japan's expenditure of political support and national resources toward multilateral cooperative security in Asia. While Japan has not lost all interest or confidence in the politics of multilateral security, it cannot pursue it apart from calibrating its effects on the US bilateral alliance.⁵⁰

Conclusion: policy recommendations

If the above trends are taken into account, the appeal of the TSD as an alternative to multilateralism is easier to understand. For Australian and Japanese policy-makers to develop cooperative multilateral security ventures with little history of regional success is truly a daunting task. The challenge is made even more overwhelming as China's and India's ascents to great power status further complicate the Asia–Pacific's strategic environment. How much easier it must be for Australia and Japan, as longstanding US alliance partners, to build on their existing alliance framework by expanding intra-alliance ties in designated traditional and transnational security policy sectors and to label it multilateral security behaviour! The appeal of 'competitive geometry' in the form of TSD or other variants is that it is relatively clear-cut and incorporates the best assets of alliance affiliation such as state-of-the-art military technology transfers, force interoperability and constant dialogue and planning. That appeal, however, must be balanced by the prospects that other regional powers invariably regard such arrangements as directed against themselves, thus intensifying regional tensions and undercutting any real prospects of building a genuine and more stable regional cooperative security network. In such a case, moreover, the 'truth is *not* somewhere in between.'

Australia's pivotal power strategy and Japan's 'Goldilocks consensus' have compounded both Australian and Japanese policy ambiguity and regional marginalisation.

What policy directions should be pursued now? At least three approaches warrant mutual exploration by the new Australian and Japanese governments: (1) renewing multilateralism's complementarity to existing bilateral or minilateral arrangements by concentrating on strengthening just one major multilateral security architecture in the region; (2) encouraging confidence-building between Japan and China; and (3) helping the United States define what inevitably will be a new American security posture in Asia as that region experiences intensified regional multipolarity. Each of these steps deserves separate and extensive analyses which are far beyond the scope of this paper. Only limited discussion of the basic rationales that justify their policy consideration can be offered within the limited space available here.

First, Australia and Japan should move jointly to designate their preference for which of the several burgeoning multilateral security architectures will command the bulk of their attention and resources. The criteria by which existing multilateral architectures can be evaluated have been recently spelled out by Allan Gyngell: (a) facilitating regional trade and investment in ways that enable the Asia–Pacific's regional economies to respond more effectively to natural disasters, pandemics, climate change, energy security and other transnational security issues; (b) guaranteeing that regional community-building strengthens linkages between the Asia–Pacific's sub-regional sectors, including Northeast Asia, Southeast Asia, South Asia and the 'wider Pacific'; (c) promoting common regional security interests through addressing core regional security issues (i.e., the Taiwan Strait, North Korea, etc.); and (d) ensuring that key

pan-regional heads of government convene regularly and systematically to discuss ‘the full range of regional security issues’.⁵¹ As Gyngell admits, no one security architecture will be able to fulfill all of these functions equally well over the short-term. APEC, however, looms as the one existing architecture that fulfills most of these requirements at least temporarily. A gradual integration of APEC and the EAS into a new regional security organisation spearheaded by an annual Heads of Government (along the lines of NATO’s annual summit) and incorporating both foreign and economic ministers into its framework might be considered one possible model for future Asia–Pacific order-building. Any such body needs to be regionally inclusive (pan-Asian), not exclusive; ecumenical through incorporation of broader security perspectives rather than merely focusing on military or other types of ‘material power’, and sufficiently authoritative to work regularly with the United Nations, the IMF and other organs of international governance to address core problems of regional security and development.

Second, the intractable Sino–Japanese security dilemma must be modified over the next few years if prospects for a stable Asia–Pacific security order are to be realised. Implementing viable confidence-building and preventive diplomacy mechanisms at both the bilateral and multilateral levels will be integral to overcoming lingering historical, cultural and strategic animosities between Northeast Asia’s two powerhouse economies. Reiterating and respecting international norms are probably appropriate for defusing tensions in the East China Sea (rights of maritime passage) while China and Taiwan finesse ‘Chinese solutions’ to their long-standing differences over irredentism. Any effort by a TSD mechanism to force the Taiwan issue, short of an unprovoked military invasion of Taiwan by the PRC, would be

counterproductive and only intensify what is already the region’s most serious security dilemma. In a similar vein, regional security may be best served by quietly shelving the 2005 US–Japan Consultative Committee’s reference to the Taiwan Strait, and by US policy officials exercising greater restraint toward conveying their ‘expectations’ about Australia’s alliance behaviour during a future Taiwan Strait crisis. China is well aware of regional concerns about its own intermittent bellicosity directed toward Taiwan. It is less likely to adopt policies of moderation if it perceives that the TSD powers are eager to use a future such episode to neutralise by force what they see as a growing military imbalance in China’s favour. Beijing, however, will need to strengthen its transparency on the nature and intent of its ongoing military buildup as a quid pro quo for greater TSD constraint. Japan could also advance confidence-building proposals for preventing conflict escalation over Taiwan in ongoing Sino–Japanese strategic dialogues, while Australia could propose similar discussions as part of its new bilateral strategic dialogue with China. Both Japan and Australia could also consider establishing separate crisis hotlines with Beijing, a precedent that could be emulated by the secretariat of any overarching regional security organisation that may emerge in Asia.⁵²

Third, both Australia and Japan must continue improving their own defence capabilities to face independent contingencies that the US believes may not justify direct military intervention on their behalf. The possibility of the Rudd government resurrecting elements of the ‘Defence of Australia’ (DOA) posture which prevailed during the Hawke/Keating years is strong; although Australia’s present commitment to supporting coalition efforts against insurgents in Afghanistan appears to be an enduring one. Increasingly, Australia will be required to deploy its forces along

the 'arc of instability' that includes its northern approaches, Melanesia and other South Pacific venues without anticipating even those moderate levels of US logistical support that were available during the 1999 East Timor operation. Japan's historical legacy and its constitution still act as constraints against projecting its Self-Defense Force in independent military operations. In this sense, the US–Japan alliance will remain the primary catalyst for constraining future Japanese military operations. Within the bilateral alliance framework, however, Japan will gradually be compelled to raise its defence burden-sharing to increasingly significant levels as the costs and political impediments associated with the United States maintaining defence expenditures higher than most of the world's other great powers combined eventually take their toll. The United States will remain a superpower for some time to come. However, it will inevitably become a 'more ordinary' great power as it prioritises its commitments in the Middle East, to homeland security and to its ability to project significant rather than overwhelming levels of offshore power along the Eurasian peripheries. China, India, and Russia will continue to close the military capabilities gap between the US and themselves. Australia and Japan can render a great service to their American partner and to global stability by becoming more effective than was the case immediately after 9/11, by reasoning with Washington which of its commitments calls for military responses.

Australia and Japan together face a historical crossroads in international relations not unlike that recognised by Lord Grey. Unlike that venerable and somewhat tragic figure who confronted an exhausted European concert on the verge of war, however, their prospects for helping to keep the lights burning bright in the Asia–Pacific region are infinitely better. Striking an effective balance

between sustaining the best of bilateralism and applying a more sophisticated brand of multilateralism is crucial for shaping the Asia–Pacific's future security order. As allies long accustomed to cultivating strategic trust with each other, Australia and Japan would now be well served by extending that legacy to those surrounding them.

Endnotes

- 1 A recent exposition of this argument is Rajan Menon's *The End of Alliances* (Oxford: Oxford University Press 2007).
- 2 Background is provided by C. Randall Henning, *East Asian Financial Cooperation*. Policy Analysis in International Economics 68 (Washington, DC: Institute for International Economics, October 2002), pp. 11–31.
- 3 Mark Beeson, 'ASEAN Plus Three and the Rise of Reactionary Regionalism', *Contemporary Southeast Asia* 25, no. 2 (August 2003), p. 261. More skeptical assessments include David Hund, 'ASEAN Plus Three: towards a new age of pan-East Asian Regionalism? A skeptic's appraisal' *The Pacific Review* 16, no. 3 (September 2003), pp. 383–417 and David Martin Jones and Martin L.R. Smith, 'Making Process, Not Progress: ASEAN and the Evolving East Asian Regional Security Order,' *International Security* 30, no. 1 (Summer 2007), pp. 148–184. For a recent update, consult Shaun Breslin, 'Supplying Demand or Demanding Supply? An Alternative Look at the Forces Driving East Asian Community Building,' *Policy Analysis Brief*, The Stanley Foundation, November 2007 at http://www.stanleyfoundation.org/publications/pab/Breslin_07_PAB.pdf. Accessed on 6 January 2008.
- 4 The Japanese position and diplomatic role leading up to the EAS is covered by Michael Auslin and Michael Green,

- 'Japan's Security Policy in East Asia,' *Asian Economic Policy Review* 2, no. 2 (December 2007), pp. 217-218. Also see Edwin Cody, 'East Asian Summit Marked by Discord,' *The Washington Post*, December 14, 2005 and Mohan Malik, 'The East Asia Summit,' *Australian Journal of International Affairs* 60, no. 2 (June 2006), pp. 207-211.
- 5 Takashi Terada, 'Forming an East Asian Community: A Site for Japan–China Power Struggles,' *Japanese Studies* 26, no. 1 (May 2006), p. 5.
 - 6 Auslin and Green, pp. 217-218.
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The Japanese approach to an East Asian Community and Japan–Australia partnership

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1 Introduction

Japan and Australia are natural partners in the regional process toward building an East Asian Community. They share basic values as the foundation of a regional architecture, and above all are well situated to cultivate the middle ground, so to speak, in between the US and China—the two major powers constituting the basic strategic and geopolitical parameter for East Asia. The role of Japan and Australia therein is intrinsically premised on the alliance with the US, but this does not exclude the possibility of Japan and Australia jointly constructing a sound infrastructure as a core element of an East Asian order that the US and China will have to take into serious account as they deal with each other, as well as with the region as a whole.

I would like to conceptualise a community as a process—perhaps an everlasting process—toward the creation of a security community. There should be no disagreement that community-building efforts in East Asia have just begun. No matter how embryonic they are, however, they can and should be seen as the critical beginning of a long-term process of community building, which will certainly have repeated ups and downs, but which will also continue to move toward the final goal of a security community. Even if we accept the likely prospect that the goal will not be achieved for a long time, continuing to move toward the goal is feasible and important: hence my conceptualisation of a community as a process.

The goal, as well as a conceptual basis, of a security community is the elimination of war or the use of force as means of settling inter-state conflict, sustained by the norm of peaceful settlement of political differences as well as the common values of democracy. As such, it can be argued that expectations relevant for a security community already exist among democracies in East Asia.

In the East Asian context, this conceptualisation of a community would naturally invite some resistance from China, particularly its central government and the People's Liberation Army. And there are several cases where the actual evolution of security issues indicates tendencies contrary to the development of a security community, even including overbearing behaviours by the US Administration. These two major powers will be critical in their own rights in the evolution of an East Asian Community in years ahead, but the process could and should be led primarily by countries that can cultivate the middle ground in the US–China strategic relationship, including Japan and Australia (as well as ASEAN and South Korea).

Japanese involvement in this process should also provide an important framework within which Japan would continue to debate and implement necessary changes in its regional and security policies in the years ahead. Australia is a natural partner as Japan continues to grope for a new regional role and diplomacy, which was amply demonstrated in the proposal by Prime Minister Junichiro Koizumi in January 2002 to invite Australia and New Zealand as core members of an East Asian Community.

This paper will give an overview to the evolution of Japanese policies toward East Asia since the end of the Cold War, and will examine the central Japanese thinking and approach leading to the Koizumi proposal, and concerning the US and China factors.

2 Japan's initial efforts in multilateral security

Soon after the end of the Cold War, there arose an awareness among central policymakers in Japan that the predominance of the alliance relationship with the US in Japan's post-Cold War responses is deeply related to the lack of effective multilateral forums for Japanese security policy. Facing the end of the Cold War, therefore, it was natural for the Japanese strategic thinkers to opt for multilateral security cooperation, not necessarily as an alternative to the US–Japan alliance, but as a new tool to cope with new security challenges.

The initial attempt in this direction was taken by Yukio Sato, then Director-General of the Information and Intelligence Bureau of the Ministry of Foreign Affairs. Specifically, Sato played a critical role in the early 1990s as a bridge between Japan and ASEAN in the initial exchange and sharing of ideas at the track II level, eventually leading to the establishment of the ASEAN Regional Forum in 1994.

At about the time the ASEAN Regional Forum was created, the Japanese defence establishment was also groping for a path to multilateral security cooperation. In February 1994, Prime Minister Hosokawa created an advisory panel on post-Cold War security and defense policy. Hosokawa resigned in April, and the advisory panel's report was presented in August to the Murayama government, which succeeded the shortlived Hata government. The report characterised the post-Cold War security environment as opaque and uncertain, and placed the promotion of multilateral security cooperation on top of the priority list, followed by the effective management of the US–Japan security relationship and Japanese defence capability.

The report specifically argued that the critical issue was whether the US would be able to

play a leadership role in multilateral security cooperation, and that Japan and the US should promote broad and close cooperation, based on the institutional settings of the US–Japan security treaty, toward effective multilateral security cooperation.¹

This process invited intervention by the US, which feared that the emphasis on multilateral security cooperation would weaken the foundation of the US–Japan alliance. In fact, in 1994 (exactly at the time when the Japanese advisory panel called for greater participation in multilateral security), the North Korean crisis verged on military conflict between the US and North Korea. The situation was saved by Jimmy Carter's visit at the last minute, leading to the Geneva agreement which established the Korea Energy Development Organization (KEDO) in exchange for North Korea's commitment to freeze its nuclear programs.² This crisis led to the subsequent revision of the 1978 Guidelines for Japan–US Defense Cooperation, which occurred in 1997.

As indicated by the discussion at the defense advisory panel, however, Japan's primary concern in this period had to do with the general fluidity of the uncertain security environment, which required a new approach toward multilateral security cooperation in tandem with the alliance with the US.

3 From Fukuda Doctrine to Koizumi Proposal

In retrospect, the longstanding policy of Japan toward Southeast Asia since the late 1970s was represented by the so-called Fukuda Doctrine. Prime Minister Takeo Fukuda announced a three-point policy toward Southeast Asia in Manila in August 1977:

- First, Japan is committed to peace and is determined not to become a military power.

- Second, Japan will establish a ‘heart-to-heart’ relationship of mutual trust with Southeast Asia beyond economics and politics.
- Third, Japan will cooperate with ASEAN’s efforts to strengthen solidarity and resilience, nurture relations of mutual understanding with the Indochinese states, and thus contribute to the peace and prosperity of the entire Southeast Asian region.

The political essence of the Fukuda Doctrine had to do with the message in the third point—to serve as a bridge between ASEAN and Indochina for the peace and prosperity of all Southeast Asia as an equal partner. This principle remained to form the core thinking of Japan’s Southeast Asia policy during the subsequent years, which was revitalised at the time of the Cambodian peace process in the early 1990s, when Japan actively sought to play a political role.³

Arguably, with the realisation of ASEAN–10 in 1997, the expressed political goal of the Fukuda Doctrine was about to be achieved on ASEAN’s own initiative, with much economic backing provided by Japanese official development assistance, private trade and foreign direct investment. In early 1997, anticipating the birth of ASEAN–10, Japanese Prime Minister Ryutaro Hashimoto proposed the Japan–ASEAN summit to further accelerate the integration of ASEAN and to further Japan’s relations with the ASEAN countries.

The realisation of ASEAN–10, however, coincided with the Asian financial crisis, forcing ASEAN countries to go through a set of restructuring efforts in domestic economies, politics, and regional arrangements. Also, at about the same time, China shifted its main strategic focus from ‘high’ politics to ‘low’ politics. ASEAN, following its usual instinct to carefully balance

relations with external powers, turned the Hashimoto proposal into its own initiative leading to the establishment of ASEAN+3 at the end of 1997.

These developments have ushered in a new momentum toward deepening regional integration. Singapore took an important initiative to officially propose a free trade agreement (FTA) with Japan in December 1999 when Prime Minister Goh Chok Tong visited Japan. Japan, which had already started to study such arrangements with several countries, including South Korea, responded positively and the negotiations gained momentum.

In the meantime, observing the momentum of a series of bilateral FTA initiatives and achieving its goal of joining the World Trade Organization, China also came up with its own FTA initiative, most symbolically indicated by the Chinese proposal of an FTA with ASEAN at the occasion of the ASEAN+3 summit meeting in November 2000. In the following year, Chinese and ASEAN leaders reached a basic agreement that they would achieve a free trade area within the coming ten years. This was quickly followed up in November 2002, when the leaders signed a comprehensive framework agreement to carry out the plan.

These China–ASEAN initiatives have prompted the Koizumi government to develop its own regional strategy built on the ongoing process of FTA negotiations. In Prime Minister Koizumi’s policy speech delivered in Singapore in January 2002,⁴ Koizumi proposed an ‘Initiative for Japan–ASEAN Comprehensive Economic Partnership,’ built upon the Japan–Singapore Economic Agreement for a New Age Partnership (the so-called Japan–Singapore FTA), which Koizumi signed prior to the speech.

More importantly, the Koizumi proposal included an ambitious reference to an East

Asian Community. Koizumi said to the audience in Singapore that ‘our goal should be the creation of a community that acts together and advances together.’ Koizumi expressed his expectation that, starting from Japan–ASEAN cooperation, ‘the countries of ASEAN, Japan, China, the Republic of Korea, Australia and New Zealand will be core members of such a community.’

To substantiate such a partnership with ASEAN, the Koizumi speech advanced a new approach to Japanese diplomacy with ASEAN. While stating his basic stance to promote the policies of the Fukuda Doctrine, Koizumi in effect made clear a comprehensive design for Japan’s regional engagement. Following this Koizumi initiative, the Japanese Government hosted a bilateral ASEAN–Japan summit meeting in Tokyo in December 2003. This was the very first occasion when the ASEAN countries agreed to hold such a meeting outside Southeast Asia.

The proposal for an East Asian Community in the Koizumi speech has ignited a process of conceptual competition between China and Japan. Particularly, the inclusion of Australia and New Zealand embodied the line of division between the two. In the Japanese thinking, there still remains a concern about the China-centered process of community building possibly developing into a closed region, particularly vis-a-vis the US. In the Japanese conception, the inclusion of Australia and New Zealand has a double function. First, they provide a venting channel leading to the US as a security anchor in East Asia. Second, the membership of Australia and New Zealand is also important from the point of view of the values that will sustain the foundation of an East Asian Community and keep it open to the rest of the world.

From the Japanese point of view, behind the competition over the membership composition—between the ASEAN+3 formula

and the ASEAN+6 formula (involving Australia, New Zealand and India) for the East Asian Summit—lies this conceptual competition, if not a geopolitical rivalry, between Japan and China.

4 The US and an East Asian Community

With the end of the Cold War, coping with the predominant power of the US at a time of transition became a central component of many nations’ strategies. The US itself has been fundamental readjusting its global strategy, with a primary focus on how best to use its predominant power, and for what purposes.

In these major US efforts of strategic readjustment, there has always been a strong temptation to resort to unilateralism, both in agenda setting and in the execution of its power. While the tendency to unilateralism has become quite apparent with the advent of the George W Bush administration, particularly in the aftermath of 9/11, it has never ceased to be an American trait—even in previous years, including the time of the Clinton administration.

Simultaneously, however, there has always existed an inclination for US administrations to work with the international community whenever it is possible and beneficial for the US. One could argue that the intention behind the willingness to resort to multilateralism is still unilateralist, but this is true of the so-called great powers, including China, almost by definition. The question is about the relative weight Washington gives to unilateralism and to the multilateral approach as means of its foreign policy.

Arguably, US strategic objectives have been constant since the end of the Cold War. The maintenance of a new global order after the Cold War has been of primary concern, and Washington’s determination not to

allow any rising power to challenge the US, either regionally or globally, has been strong. The 1991 Gulf War represented the first manifestation of such US global strategy in the post-Cold War era. Since the end of the Cold War, the US has also regarded terrorism and the proliferation of weapons of mass destruction as main sources of threat to global stability as well as to its national security. Throughout the 1990s, the US forward-deployed military presence has often become a target of terrorist attacks, many of which have allegedly been by al-Qaeda. And yet, 9/11 proved to be a historic turning point because it gave the Bush administration a clear goal and a mission in a war against terrorism and those who harbor terrorists. This war is likely to continue for a few decades, even with the change of administrations, but with a somewhat adjusted approach gravitating toward multilateral cooperation.

A preferable scenario for the rest of us in East Asia is to integrate the US power into the process of building a security community, in one way or another. Here, the US inclination to use force unilaterally stands against the norm of a security community. Also, a strongly value-oriented approach by the US administration could also constitute an obstacle in the triggering phase of the process to build a security community, if not to the final objective. There are still undemocratic or democratically developing countries in East Asia, and a strong missionary zeal supported by a deep commitment to values could only discourage those countries from joining the efforts to build the community. The security landscape in East Asia, however, is complex, involving China, Russia, Japan and the Korean Peninsula; this makes the likelihood of US unilateralism dominating the security scene very slim.

In all likelihood and almost by definition, the US will not become a formal member of

an East Asian Community. In the process of community building, however, the US power needs to be accommodated rather than alienated or antagonised. East Asia also needs to be able to speak in a common language about the benefits and disturbances the US might bring to community-building efforts. In a nutshell, an East Asian Community should be able to coexist with the US. Japan and Australia should have a special role to play in this respect.

5 The rise of China and an East Asian Community

Coping with the rise of China has also been an important component of the strategic readjustment of many nations after the end of the Cold War. In the process toward building a security community, China would also have to be accommodated, so that it would commit itself to the principle of peaceful management of differences. There now exist a few circumstantial conditions in which efforts toward these goals are worth making. The most favourable factor is China's unmistakable commitment to a new strategy sustained by a 'New Security Concept.'

The strategic focus on economic matters by China is now fully demonstrated by the composition of its central leadership as well as its policy substance. Accordingly, this strategy has now shifted Chinese attention away from traditional hard security issues into the management of economic and social problems domestically, as well as multilateral diplomacy with its neighbours. Perhaps the external environment is now better than at any time since the end of the Cold War to reach out to China to develop a common security agenda.

Skeptics would argue that economic growth would simply increase People's Liberation Army's portion of the pie. However, the outcome of the race between possible

Chinese participation in security community building, on the one hand, and the likelihood of its traditional military thinking regaining control, on the other, is uncertain at best. What is certain is that China's current emphasis on coexistence reflects its long-term strategy, and that there are many factors capable of affecting the turn of events in this critical race.

This shift in Chinese strategies, on top of Washington's preoccupation with the war against terrorism and nonproliferation in the Middle East as well as East Asia, is an important source of stability in the US–China relationship in recent years. This indicates that the motivation on the part of China for a better relationship with the US dates well back, to the pre-9/11 context.

In effect, China has stopped challenging US predominance in the Asia–Pacific region and the world since the late 1990s. This has basically been the bottom line of Chinese regional strategy since after the Taiwan crises in 1995 and 1996, when both Beijing and Washington sought to restore the relationship with mutual visits by Jiang Zemin and Bill Clinton in 1997 and 1998. There is reasonable evidence to believe that China also readjusted its policy toward Japan with the same strategic considerations in the summer of 1999, perhaps upon re-examining the effect of Jiang Zemin's trip to Japan in 1998.

The Taiwan question is now an object of the strategic coexistence between the US and China. In principle, the Taiwan question still remains a wild card for US–China relations and could upset their strategic coexistence. Now, however, the Chinese economy-centered strategy appears to be working. Taiwan's economic dependence on China is ever-deepening, which in turn gives confidence to Beijing in advancing its 'united front' policy toward 'comrades' in Taiwan.

Having noted all this, however, one should not overlook the fact that in Chinese long-term thinking there remains an inclination to think of the relationship with the US in competitive terms. These basic urges in the Chinese psyche are often revealed in the Chinese conceptualisation of East Asian regionalism. Many political thinkers, for instance, see in the Chinese FTA initiatives toward East Asian countries the value of breaking the possible encirclement of China by the US-centred groupings of democracies, and even the merit of isolating Taiwan.

This indicates that a China-centred East Asian Community would give rise to some elements of concern regarding its openness, particularly in relation to US power and some of the value dimensions, which also lead ultimately to the US factor. As we have seen, central in the Japanese conceptualisation and approach to an East Asian Community is this concern about the possible closed nature of a community associated with deep-seated Chinese imperatives.

6 Japanese internationalism and nationalism, and the case for a Japan–Australia partnership

I have argued elsewhere that the Yoshida Line embracing the postwar Constitution and the US–Japan alliance has eloquently expressed Japan's 'postwar consensus,' built on a determination to step down from the stage of politics among major powers and to follow a *de facto* middle power strategy.⁵ Japan was born anew and embarked on a fresh start with the 1951 signing of the San Francisco Peace Treaty. Japan's 'postwar regime,' embracing the Yoshida Line, became an integral part of the postwar 'San Francisco regime' that contributed to Japan's postwar peace and prosperity.

In essence, Japan's security policy after the end of the Cold War represents an extension

of that post-World War II Japanese consensus. First and foremost, the new security environment after the end of the Cold War has spurred the transformation of the isolationist pacifism Japan maintained during the Cold War into a more proactive and internationalist pacifism. Japan now seeks participation in United Nations peacekeeping operations or, more broadly, the domain of international security.

It is within this context that the public is showing greater support for a revision of the postwar Constitution, particularly the total renunciation of military potential in Article 9. For example, one of the recent opinion polls conducted by the *Yomiuri Shinbun*⁶ reveals that, while 56% of respondents favour constitutional revision, 70% do so because they believe the present Constitution does not clearly justify the existence of the Self Defense Forces, and 47% support the revision because they feel that the current Constitution cannot adequately deal with new issues, such as contributions to multilateral security. This is in line with the results of many other opinion polls, indicating that constitutional revision is far from being an issue of nationalism for the majority of the Japanese public. After all, the emphasis in Ichiro Ozawa's theory of Japan as a 'normal state' was also placed more on Japan's participation in international peacekeeping efforts than on anything else.

Despite these deep realities in Japanese society, since the end of the Cold War Japan has been perceived by its Asian neighbours and many other countries to be seeking a return to its former major-power status. Particularly among its Asian neighbours, domestic calls for Japan to become a 'normal state' have been equated with a swing to the right and a desire to exert its military will on others. Simply put, this is a gross misunderstanding and distortion of Japan's foreign policy.

That said, there must also be recognition of the fact that the misunderstandings and distortions may have been fueled by revisionist political statements by political leaders amid changing Japanese discourses on security policies and issues. What these statements really reveal is frustration with various aspects of the postwar set-up. Such frustrations are increasingly being vented haphazardly, out of resentment toward attacks from China and Korea and dissatisfaction over the 'postwar consensus' of Japan. Paradoxically, such isolated expressions have gained a degree of public support precisely because of the lack of a strategy on the part of their proponents. Were a desire to revive Japan's prewar aspirations actually articulated clearly as a strategy, the Japanese public would be the first to reject it—as amply implied by the opinion polls.

Upon examining Japan's strategic context, comprising institutional inertia, the dynamics of democratic competition, pragmatism, concern about the future of US power, and the shifting regional balances of power, Richard Samuels concludes that they 'converge to make the discontinuation of Japan's revisionist course seem likely.'⁷ Indeed, the current revisionist, nationalistic mood in Japanese politics and society is in essence an excessive reaction to the rather extreme pacifist premises of the postwar Japanese defence and security policies, and thus would turn out to be a transitional phenomenon.

True, in this dynamic process of transition, somewhat naive nationalism has propelled the changes. These changes, however, have not gone beyond the premises of Japan's overall postwar consensus. Even in the event (although unlikely in the near future) that Japan recognises the right of collective self-defence and collective security, the outcome should be a much tighter alliance with the US and full participation in

multilateral security cooperation rather than anything else.

The Japanese conception and approach to an East Asian Community, based on an equal partnership with Australia and New Zealand, and in fact with Korea and ASEAN as well, should be regarded as a manifestation of the internationalism of post-Cold War Japan rather than as an expression of nationalism. Some of the political discourse in Japan, particularly because of its anti-China tone, might give the impression that nationalism is being expressed. In reality, however, elements of competition with China, if any, are carefully embraced in Japan's broader multilateral approach toward East Asian regionalism, which is nothing but a manifestation of Japan's de facto middle-power diplomacy.

This is the conceptual foundation upon which a genuine partnership between Japan and Australia could and should be realised in a real world. The signing of the Japan–Australia Joint Declaration on Security Cooperation on March 13, 2007 is the most recent testimony to this.⁸ The areas of cooperation and the methods of practical cooperation signify typical middle-power cooperation between Japan and Australia, including humanitarian relief operations, peace operations, and regional capacity building.⁹

This clearly indicates that, in the overall context discussed in this paper, the relationship between Japan and Australia has the potential to lead community-building efforts from the middle ground, between the US and China. In this sense, Japan and Australia are natural partners who can cooperate on an equal basis, in the true sense of the term (that is, not as a political slogan), for the stability and prosperity of the region and the world. If the Japan–Australia partnership evolves on the basis of this conceptual foundation, its role may eventually become acceptable to the Chinese

long-term strategy of 'peaceful rise,' without contradicting the ultimate logic of the alliance with the US and its role as a security anchor for the region.

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The scope of security cooperation between Japan and Australia will include, but not be limited to the following:

- (i) law enforcement on combating transnational crime, including trafficking in illegal narcotics and precursors, people smuggling and trafficking, counterfeiting currency and arms smuggling
- (ii) border security
- (iii) counter-terrorism
- (iv) disarmament and counter-proliferation of weapons of mass destruction and their means of delivery
- (v) peace operations
- (vi) exchange of strategic assessments and related information
- (vii) maritime and aviation security
- (viii) humanitarian relief operations, including disaster relief
- (ix) contingency planning, including for pandemics.

As part of the abovementioned cooperation, Japan and Australia will, as appropriate, strengthen practical cooperation between their respective defence forces and other security-related agencies, including through:

 - (i) exchange of personnel
 - (ii) joint exercises and training to further increase effectiveness of cooperation, including in the area of humanitarian relief operations
 - (iii) coordinated activities including those in the areas of law enforcement, peace operations, and regional capacity building.

China rising: the view from 'down under'

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Australia is affectionately known as the 'lucky country.' It is also known, however, as the 'frightened country'—to borrow from the title of a classic text published in 1979 by Alan Renouf, a former Head of the Australian Department of Foreign Affairs.¹ In this paper, I argue that these two notions capture well the approach that Australia, over the past decade under the Howard government, has taken towards the (re)emergence of China. On the one hand, Canberra's perceptions of China's rise are more sanguine and generally more optimistic than those espoused in Tokyo and Washington. Like many of its Southeast Asian neighbours, however, Australia also harbours some apprehensions about the possible ramifications of China's growing regional influence. For this reason, I will argue, Canberra during the Howard years pursued what might loosely be termed a 'hedging strategy' combining elements of engagement *with* a rising China and 'soft balancing' *against* it. Contrary to recent speculation of a new tilt toward China (and away from Japan) under the new Rudd government, I conclude the paper by predicting a continuation of this 'hedging' approach.

The lucky country?

Canberra's optimism vis-à-vis China's (re)emergence was apparent in the statements of senior figures throughout the Howard years. Prime Minister Howard himself famously stated during an address at the Lowy Institute for International Policy in March 2005 that 'Australia does not believe that there is anything inevitable about escalating strategic competition between China and the United States.'²

Likewise, during a visit to China in June 2005, the then Australian Defence Minister Robert Hill indicated that he saw China's expanding military expenditure as a process of 'modernisation, not destabilisation'.³ In July 2005, and in a rare public disagreement with President Bush, Howard suggested while standing on the White House lawn that the Sino–Australian relationship was 'mature enough' to ride through 'temporary arguments' over human rights and that he remained 'unashamed' in developing Australia's relations with China.⁴ Likewise, in January 2006 the Australian Ambassador to the United States, Dennis Richardson, asserted that 'the question for Australia is not whether China's growth is innately good or bad; Australia made up its mind long ago that it was a good thing. China's growth is unambiguously good for Asia and the United States'.⁵

Three factors, in my view, have contributed towards Australia's optimistic view of China's (re)emergence. The first, and most obvious, is economic. Last year, for instance, China overtook Japan to officially become Australia's leading trading partner.⁶ A large proportion of this trade consists of resource exports, which are set to increase still further following the resumption of LNG shipments from the North West Shelf to Guangdong in May 2006. China is also Australia's second largest export destination for agricultural goods and its largest market for international student enrolments. As the disposable incomes of many Chinese continue to increase, a tourism boom is also well underway.⁷ Taken together, this has led to a situation where China's rise is seen as nothing short of an economic blessing for Australia which, incidentally, was largely responsible for funding significant tax cuts under the Howard government. Consistent with this, Australians ranked China as the economy most important to their country (both now and into the future) in a recent

foreign policy poll conducted by the Lowy Institute for International Policy.⁸

Second, and relatedly, domestic political factors have also proven conducive to Australia's more optimistic take on rising China. Canberra is not shackled by the same deep-seated nationalist sentiment that today we see throughout Northeast Asia, fuelled in the Japanese case by the fact that it has fought several major wars with China. Indeed, recent polling indicates that the Australian public has generally positive feelings towards China. In the 2007 version of the aforementioned Lowy poll, for instance, 56% of Australians expressed positive feelings toward China.⁹ An identical result was recorded in another recent poll conducted under the auspices of Sydney University's United States Studies Centre. Here 56% also expressed a favourable opinion of China and, interestingly, a whopping 75% said the same of Japan.¹⁰

Third, Australia's geographic distance from the great power machinations of Northeast Asia can also be seen to have contributed towards the sense of optimism attending China's rise. To be sure, with the bulk of Australia's economic interests concentrated in the Northeast Asian sub-region, our desire for continued strategic stability in this part of the world is especially acute. Indeed, for this reason alone the prospect—however unlikely—of Sino–Japanese tensions ever spiralling into open conflict is one that would keep most Australian policy-makers awake at night.

At the same time, however, Australia's fortuitous geographical positioning reduces apprehensions surrounding China's military modernisation in a way that would simply not be possible for Japan. Canberra recognises, of course, that Beijing is moving beyond an exclusive focus on Taiwan Strait scenarios and that China's capacity to deploy forces

along its maritime periphery is increasing in a fairly rapid and significant way.¹¹ Yet China's capacity to project power beyond its immediate neighbourhood remains limited and is likely to remain so into the foreseeable future. As the respected American defence analyst Phillip Saunders has recently observed 'China's ambitious military modernisation efforts are likely to improve the PLA's capability to project power globally, but this will be a gradual, long-term process.'¹² This, of course, augurs well for a geographically distant Australia.

Added to this, China presently does not have access to military bases in Australia's immediate neighbourhood, while Canberra is of the view that any serious Chinese attempt to project power into this part of the world would, in the current strategic environment, be strongly resisted by other major powers (namely the US).¹³ To be sure, Beijing's long-range ballistic missiles already give it the capacity to strike at Australia and it is continuing to modernise its strategic nuclear forces. However, this modernisation process continues to be a relatively slow one and China's strategic nuclear force remains very small.¹⁴ Against that backdrop, it remains difficult to conceive of circumstances in which China would chose to expend this relatively limited arsenal against Australian targets.

The frightened country?

However remote the prospect of a major Chinese attack against Australia might currently seem, it is still one which has certainly not been dismissed altogether in Australia's defence planning.¹⁵ Hence, while Canberra's view of China's (re)emergence has tended to be more sanguine than that held in Tokyo and Washington, it would be a mistake to characterise Australia's position on this issue as one of complete comfort. As Coral Bell wrote in 1964, 'a vague sense of China as a distinctly alarming force is woven

into the original fabric of Australian national attitudes.'¹⁶ Most recently, that same 'vague sense' of alarm was reflected beautifully in the 2007 Defence Update:

China's emergence as a major market and driver of economic activity both regionally and globally has benefited the expansion of economic growth in the Asia-Pacific and globally. But the pace and scope of its military modernisation, particularly the development of new and disruptive capabilities such as the anti-satellite (ASAT) missile (tested in January 2007) could create misunderstandings and instability in the region.¹⁷

In its most recent manifestation, this lingering apprehension vis-à-vis China is driven by two factors. First, by a sense of uncertainty about what the region would look like and how it would operate were China to unambiguously become the dominant power in this part of the world. As Hugh White, a prominent figure in the Australian debate puts it, 'None of us know how a strong and unrestrained China would behave, but it might seek to dominate the region politically, economically and even militarily in ways that would impinge upon our interests.'¹⁸ On the one hand, Beijing's leadership capacity has been called into question following the repeated cover-up of disease outbreaks (such as SARS), the almost non-existent Chinese response to the 2004 Indian Ocean tsunami, and due to the continued opacity of domestic politics in China.¹⁹ At the same time, the experience of Nazi Germany has embedded deep in the Western psyche a belief that states undertaking military modernisation programs who also display a flagrant regard for human rights of their own subjects are more prone to behaving aggressively in their foreign relations than those which do not exhibit these characteristics.

The second, equally deep-seated source of Australia's latent apprehension comes from our longstanding sense that we are

essentially regarded as ‘outsiders’ in Asia. Renouf touched upon this insecurity in his characterisation of Australia as a ‘frightened country’; a country that literally lives in fear of its own neighbourhood, that is unable to see the opportunities in the Asian region clearly and that also exhibits a strong penchant for seeking out a great and powerful friend. However, it was the American political scientist Samuel Huntington who probably captured it best when referring to Australia as a ‘torn country’—a society divided over whether or not it belongs to Asia.²⁰ Interestingly, Beijing has at times been responsible for reinforcing this sense of vulnerability, such as in mid-2005 when it reportedly opposed Australian membership of the inaugural East Asia Summit.²¹

During the Howard years, Australia compensated for these perceived vulnerabilities by adopting what might loosely be termed a ‘hedging strategy’. ‘Hedging’, of course, is an imprecise term whose usage can sometimes confuse as much as it clarifies. In all of its manifestations, however, the concept of ‘hedging’ would appear to involve a combination of engagement and *indirect* (or soft) balancing behaviour. Not unlike an ‘insurance’ policy, hedging strategies, as Evelyn Goh has recently observed, ‘cultivate a middle position that forestalls or avoids having to choose one side (or one straightforward policy stance) at the obvious expense of another’.²²

Australia and China have certainly deepened their *engagement* in a number of areas since normalising relations 35 years ago. At that time, bilateral trade stood at A\$100 million, whereas by 2006 it had reached \$A33 billion.²³ Beijing and Canberra are currently in the process of negotiating a Free Trade Agreement (FTA). Their cooperation on environmental issues is becoming an increasingly important facet of the relationship. The issue of climate change has

become a priority area here, as demonstrated by the establishment of an Australia–China Joint Coordination Group on Clean Coal Technology in January 2007.²⁴ Interestingly, however, Australia’s strategic engagement with China has thus far remained rather limited.²⁵

Juxtaposed against this deepening engagement, however, Australia during the Howard years also seemed to *indirectly* balance against China’s growing power and influence. The centerpiece of this ‘soft balancing’ approach was, of course, Australia’s alliance with the US. Interestingly, however, Canberra was always careful to avoid creating the impression that its single most important strategic relationship was ever being used as an instrument with which to ‘hard balance’ or ‘contain’ China. From an early stage, for instance, Canberra refused to join Washington in lobbying for a continuation of the European Union (EU) arms embargo against China.²⁶ In August 2004, Foreign Minister Alexander Downer famously and controversially questioned whether Australia’s ANZUS commitments would apply in the case of a Taiwan Straits contingency.²⁷ In early 2005, Australia initially refused to join the so-called ‘Halibut Group’—a multilateral forum led by US officials and designed to facilitate private dialogue amongst selected American allies regarding China.²⁸ Again in March 2006, prior to the inaugural gathering of the Trilateral Strategic Dialogue (TSD) to be held at Ministerial Level in Sydney, Downer publicly stated that ‘a policy of containment of China would be a very big mistake.’ His purpose in so doing appears to have been to publicly distance himself from earlier comments made by US Secretary of State Condoleezza Rice during media interviews where she indicated that the US, Japan and Australia needed to be mindful of the pace and reach of Beijing’s military buildup and also raised the prospect of China becoming ‘a negative force’.²⁹

The TSD itself can certainly be regarded as one of the key ‘soft balancing’ components of Canberra’s ‘hedging’ strategy. The official Australian rationale, of course, is that this three-way initiative is in no way directed at China. A raft of other justifications have been advanced: America, Australia and Japan, for instance, are each liberal democracies, espousing broadly similar economic and political values; they are each regarded—albeit to varying degrees—essentially as ‘outsiders’ in Asia; and they share increasingly common security concerns, such as terrorism and WMD proliferation. Why, so the official line goes, should these three ‘natural allies’ not cooperate? The objectives of facilitating Japan’s ‘normalisation’ or of checking America’s unilateralist tendencies in foreign affairs have also been posited at various junctures.³⁰

Any evidence suggesting an absence of the ‘China factor’ from the strategy and politics surrounding the TSD, however, remains far from compelling. The repeated emphasis given to the democratic credentials of the TSD members automatically and implicitly targets China—a sense of ostracism that was reinforced by subsequent suggestions that the TSD might be expanded to include India. The fact that the statement resulting from the March 2006 meeting of the TSD also made explicit mention of China does make it difficult to sustain the argument that Beijing is not a focus of discussion at these gatherings.³¹

It has certainly not escaped Beijing’s attention that the TSD is comprised of members who each harbor (albeit differing) apprehensions regarding China’s rise. Notwithstanding assurances that it is being undertaken to counter the growing threat posed by terrorist and rogue state actors, the intensification of missile defence research collaboration between the US, Japan and Australia announced in June 2007 can be

seen in a similar way.³² Indeed, so too can the Australia–Japan security declaration which was signed in March 2007. As Aurelia George Mulgan has observed:

Australia is now figuring much larger in Japan’s strategic calculations as well as in its economic and trade vision for the region. These are pre-eminently China-focused rather than centring on the value of the Australia–Japan relationship for its own sake.³³

The Rudd government and Asian security: time for a cool change?

Speculation is presently rife, however, that a significant recalibration of Australia’s ‘hedging’ approach is set to occur under the Rudd government. China is said to be the major beneficiary of this anticipated policy shift and Japan the biggest loser. The *Straits Times* of Singapore, for instance, reports that:

Mr Rudd has a deeper understanding of China. He will recognise that to keep the Australian economy going, ties with China would have to be very close. He might seek more cooperation and dialogue with China on economic as well as security issues.³⁴

In similar vein, an editorial printed in the *Japan Times* suggests that:

Under Mr Rudd, who has a strong affinity with China, Australia’s approach towards its relations with China may change. He was stationed in Beijing for two years in the 1980s and speaks fluent Chinese ... If Mr Rudd moves to accommodate China’s growing influence, Japan should seriously consider how to use it as leverage in lessening conflict and friction with China and getting the country to play a constructive role in Asia.³⁵

The *Yomiuri Shimbun* is less up beat, however, observing that:

There are views there could be a setback in Australia–Japan relations under the new Rudd Administration.³⁶

While such sentiments are understandable, my view is that they are also misplaced. Indeed, for at least three reasons I would argue that, when it comes to Australian approaches to Asian security, the subtle changes which may occur under the Rudd government should not obscure the fact that much will remain the same as it was during the Howard period.

First, Rudd has made no secret of his continued commitment to the American alliance. Indeed, Rudd's first words on foreign policy during his election night victory speech indicated that the alliance would remain central under his watch.³⁷ This, of course, is entirely consistent with the Labor Party's longstanding commitment to the alliance, notwithstanding the aberration of the Mark Latham candidacy.

To be sure, Rudd's approach to the alliance will certainly not be identical to Howard's. Michael Fullilove, for instance, has recently speculated that Canberra will now be less likely to participate in any future US unilateral adventures. In his terms 'Australia will remain a robust and familiar ally to America, but it may no longer be the best redoubt for outlaws.' He also suggests that a Rudd government will more actively seek to influence Washington's attitudes and behaviours, in sharp contrast to the often unswerving loyalty of the Howard years. Nevertheless, Fullilove also goes on to posit that Rudd may actually move Australia closer to the US.³⁸ While this, from Rudd's perspective, ought not to preclude Australia from simultaneously developing more intimate ties with Beijing, the reverse may not necessarily be true. The Chinese, who remain intent upon further softening US alliance relationships throughout the region, continue to view the America–Australia tie as a fundamental impediment to their developing any genuine strategic relationship with Canberra.

Second, while the depth of Australia's economic engagement with China can hardly be called into question, its engagement at other levels remains relatively shallow and underdeveloped. Engagement, of course, is a multi-layered, multi-dimensional process that also encompasses a wide spectrum of people-to-people contacts and personal linkages. Yet Australia and China remain very different societies: we speak a different language, our cultures are diametrically opposed and our values are fundamentally in conflict. Trying to develop the same level of trust and intimacy that currently exists in the Australia–US or, for that matter, the Australia–Japan relationship is therefore likely to be a long-term project and one that will almost certainly encounter a good deal more trials and tribulations than has thus far been acknowledged in either Beijing or Canberra.

Indeed, two areas of potential difficulty are already apparent. The first is in relation to the proposed FTA between Australia and China. Where negotiations were notoriously slow during the Howard years, they have virtually ground to a halt under Rudd's watch. The new Prime Minister has already controversially cut resources allocated to these FTA negotiations. Added to this, China is increasingly focused upon growing its own domestic consumption and on 'going global' in the area of investment. Trade is thus becoming less of a priority in this environment—a factor which does not augur particularly well for the future progress of the FTA.³⁹ The second area of potential difficulty is human rights. Despite Rudd's pro-China credentials, he has previously criticised China in this area. He is also likely to face pressure from the left-wing of his own Labor Party to press Beijing on this front. Hence, where the Howard government was able to largely insulate the Sino–Australian relationship from difficulties over human rights issues by conducting discussions regarding these matters in the

context of a private bilateral dialogue, Rudd may not have this luxury.⁴⁰

Third, and most importantly in the context of this discussion, is the continued importance of Japan to Australia. Japan remains Australia's second largest trading partner and there is very little to suggest that its economic centrality to this country will soon diminish. The longevity of the Australia–Japan security relationship should not be underestimated either. Greater strategic collaboration between our two countries, we should recall, began during the 1970s and has been expanded substantially from the 1990s onwards.⁴¹ To be sure, some rebalancing of the Australia–Japan relationship is likely to occur following Howard's noticeable tilt towards Tokyo which took place at the beginning of 2007. In my view, that tilt was driven primarily by domestic political considerations and was an attempt on the part of Howard to differentiate himself from Rudd in an election year.

Against that backdrop, rather than executing any fundamental re-ordering of Australia's approach to Asian security, my view is that we will see the new Rudd government revert to the delicate 'balancing act' that was such a defining feature of Australian foreign policy throughout most of the Howard years. America and Japan will remain central here, in my view, as Canberra continues to 'hedge' against some of the less savoury potentialities associated with China's (re)emergence. In the words of my colleague Robert Ayson, 'the countries of Asia will find that the Rudd government, and especially its leader, is committed to regional engagement and to positioning Australia wisely in the emerging great power picture ... But Australia's 26th prime minister will be under no illusion that old-fashioned relations of power between states are being sidelined in the region or that Asia is destined for increasing peace as well as prosperity. The region's realists, and there

are many of them, will find that Kevin Rudd is someone who can understand and speak their language. They will find, in short, that Rudd is fluent in much more than mandarin.⁴²

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The impacts of China's rise on the Asian international system

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Introduction

At the end of 1978, China departed from the path of revolution and switched to a policy of reform and opening up, with economic development as the fundamental goal of the state. The economic and social development which China has attained to date has brought about various changes on the international scene. Clearly, the most striking is China's huge newfound economic presence within the international community. According to statistics published by the Chinese Government in January 2006, China's gross domestic product (GDP) has risen to US\$2.26 trillion, making it the fourth largest in the world. There is also a view that China's GDP is already effectively the third largest in the world, given the undervaluation of its currency (the yuan) and China's low domestic prices.

This rapid economic growth was accomplished through export-oriented industrialisation and the active introduction of foreign capital. As a result, China's global trade presence has also grown rapidly—according to World Trade Organization statistics, by 2004 China was already the third largest trading nation in the world. China is now Japan's number one trade partner. In terms of other indices as well, such as inward direct investment and foreign exchange reserves, China is now a leading economic player on the world stage.

Although this in itself is a significant enough change, the consequences of China's dramatic economic growth are not limited to the expansion of its economic presence in the world. This paper tries to examine the consequences of China's rapid economic

growth in terms of the international political system.

1 The influence of China's economic growth on its international behaviour

In view of the rapid and sustained growth of its economy, China's presence is in various ways a desirable one for the international community. Having become the factory to the world, China is now for many countries a vital source of supply of low priced consumer goods. Also, the steady expansion of the middle class over the course of approximately a quarter of a century of economic growth has created an enormous market. The recovery of the Japanese economy—long mired in stagnation after the burst of the bubble at the start of the 1990s—has been heavily reliant on China, both as an investment destination and as an export market.

From a broader perspective, it should be pointed out that as China has realised its economic growth by integrating itself with international institutions such as the World Trade Organization, it has become an actor that is not likely to benefit from disrupting the existing international order. As advocates of the theory of China's 'peaceful rise' point out, irrespective of China's massive presence in terms of macroeconomic indicators, the nation ranks lower than one hundredth in the world in per capita GDP and, as it requires continuous long term growth, this trend can be expected to continue in the future.

It is undeniable, however, that the various changes accompanying China's rapid economic growth have aroused major concern in the international community. Foremost among these, as many commentators have observed, is the fact that China's rapid economic growth has enabled it to swiftly modernise its military

capability. According to official Chinese statistics, China's military expenditure has increased by over 10% almost every year since 1989. However, an annual report on Chinese military power issued by the US Department of Defense states that those official figures account for no more than a third to a half of China's actual military spending. China has been using this huge military expenditure to import advanced weaponry from Russia, improve military training standards, enhance the computerisation of its military, and rapidly modernise its military capability, with particular emphasis on naval and air forces. This rapid modernisation of China's military capability—coupled with the serious lack of transparency that surrounds it—has come to be a major source of anxiety for many countries.

Second, as has been evident since the later half of the 1990s, demand by China for natural resources (especially for energy resources) is rising rapidly in tandem with its rapid economic growth. The fact that China has to seek supplies of those resources from abroad is exerting a major influence on its conduct towards other nations. In particular, the rapid rise in China's level of dependence on oil from other nations since it became a net oil importer in 1993 has contributed to the soaring oil prices of recent years. The fact that China has strengthened its relations with 'problem states' such as Iran, Venezuela, and the Sudan, with a view to ensuring sources of supply for oil, has also become a major cause of international concern.

Furthermore, there is also major cause for apprehension about the domestic social consequences of China's rapid economic growth. First, as has often been pointed out, growth has broken down the old 'equality of poverty' and brought about various acute disparities. According to a 2005 report by the United Nations Development Programme, disparity in income levels is such that the

ratio of income in urban areas to income in rural areas is 6 to 1, and over the past twenty years the national Gini index has increased by 50% to 0.46.² Although the latter figure is lower than in several Latin American and African countries, the urban income disparity is seemingly the worst in the world. Against this background there has been a sharp rise in the number of cases of social unrest. In January 2006 the Public Security Department announced that in 2005 there had been more than 87,000 instances of 'offenses of disturbing social order,' such as public disturbances and incidents of group violence—an increase of 6.6% over the previous year.³ Notably, there have been reports of cases in which conflict over issues such as the forceful appropriation of land and irregular charges have led to violent disputes in agricultural communities. As noted by Elizabeth Economy, an expert on China's environmental problems, there are also frequent protest movements sparked by the ongoing aggravation of environmental problems such as air and water pollution and desertification—the pursuit of economic development having led to a disregard for the burden placed on the environment.⁴

It appears that these kinds of situation—especially incidents of violence on a larger scale—are currently confined to the level of regional disputes, and that there is no nationwide coordination. The Hu Jintao–Wen Jiabao regime seems to be fully aware of the gravity of these problems, as demonstrated by slogans such as 'putting people first,' 'constructing a harmonious society,' and 'the theory of scientific development.' Furthermore, the advocates of the 'peaceful rise' theory assert that, because China will have to respond appropriately to this kind of domestic situation over a long period, China will need a peaceful international environment, and that its continuing development will thus inevitably be peaceful.⁵

However, there are limits to the ability of the current regime to counter these problems, and it is conceivable that suppression of discontent (coupled with unremitting corruption among officialdom and the inadequacies of the social security system) could jeopardise the very survival of the regime. Notably, the theory of the 'revolution of rising expectations' suggests that, in the event of a significant slowdown in economic growth (even if negative growth were avoided), this danger would rapidly loom. Under such circumstances, the leadership might succumb to the temptation to inflame tensions with other nations in order to displace domestic discontent and avert a crisis. Even if it did not go to such lengths, it is likely that it would not make any effective efforts to contain demonstrations of mass discontent directed at foreign nations.

It is possible that the rise of nationalism that accompanies rapid economic development will further intensify these trends. As a Chinese researcher told me a few years ago, in the initial stages of reform and opening up, nationalism was a friend of reform and opening up because it was essential to overcome China's low level of development, but now nationalism turned against any opening up to the outside world, due to a rise in self confidence resulting from economic growth.⁶

This trend is being spurred on by the recent exceptionally rapid spread of the internet. According to a survey by the China Internet Information Center, the total number of internet users in China was 620,000 in 1997, 22.5 million in 2000, and 111 million in 2005. The 2005 figure is nearly five times the 2000 figure, and 179 times the 1997 total.⁷ Against this backdrop, the anti-Japanese demonstrations that took place in many Chinese cities in April 2005 were organised over the internet through email and chat rooms, and rapidly assumed major

proportions. Even after the activities on the streets were brought under control in May, criticism of Japan continued unabated on the internet. It is said that on July 1, activists sent UN Secretary-General Kofi Annan a letter, with 46 million electronic signatures attached, opposing Japan's accession to permanent membership of the UN Security Council.⁸

How should we deal with such problematic behaviour on the part of China, stemming from its economic and social development? As well as devising ways to alleviate and avoid the damage which that behaviour entails (the natural response), we should probably also work towards a pre-emptive response and wherever possible assist China as much as we can in its efforts to mitigate and dispel the causes of the behaviour.

For example, the rapid rise in Chinese energy demand is not the result of China's rapid economic growth alone—it is also partly due to China's inefficient use of energy. According to some assessments, China's energy consumption per unit GDP (oil equivalent conversion) is approximately ten times that of Japan and four times that of the US. Although those assessments may be biased by the conversion of GDP into dollars at the market rate, China definitely has significant room for improvement in energy efficiency—and an improvement in efficiency would certainly slow down the increase in demand. Assisting China to improve its energy efficiency would not simply be in China's interests—it is a task that ought to be performed in the interests of the entire international community.

China's environmental pollution is also not solely a domestic problem, but is also a huge problem for Japan and South Korea, which are downwind in the jetstream. According to a Japanese study on sulfur dioxide that fell on Japan in January 1999, in all regions but one over 50% of it originated in China, with the proportion reaching 75% in one region.

The same is true (although to a lesser extent) of the spread of yellow dust caused by the advance of desertification. In fact, some of China's environmental problems now assume a global dimension. According to a study by the International Energy Agency published in November 2006, China is now the second largest emitter of carbon dioxide, accounting for 18% of the global total (after the US, with 22%), and is expected to overtake the US within four years.⁹

Elizabeth Economy points out regional disparities in China's response to environmental pollution, and cites the support of leaders for protecting the environment, the existence of the necessary resources to do so, and the strong backing of the international community as the common features in those regions that are succeeding in this regard.¹⁰ In this case, the international community includes not only the governments of environmentally advanced nations but also non-government organisations, which play a key role. It is also possible that China might witness a replay of the pattern seen in Eastern Europe and the former Soviet Union, where demonstrations of discontent by local residents over environmental problems proved to be a vital first step towards government reform and democratisation. Hence, assistance with the environment could transform into low key backing for democratisation.

It is really up to China alone to make efforts to reduce the disparities and eliminate corruption. Although there is little scope for participation by the international community, there may be times when it will need to exercise prudence so as not to become part of the problem. With regard to China's modernisation of its military capability, the international community must take measures to avoid risks and demand increased transparency, while taking care not to fall into the trap of the security dilemma. China

formerly concealed all information regarding its military capabilities. It was international persuasion at the ASEAN Regional Forum and other venues that led China to publish at least a national defence white paper. Although it was highly unsatisfactory by international standards, it is a welcome step forward. Finally, the international community must cope with Chinese nationalism calmly, without rising to the bait of its anti-foreign tendencies, and at the same time seek cooperation with cooler Chinese heads through mutual understanding.

2 The effects on the international system of China's immense growth

China's growth and the East Asian international system

China's economic and social development has not only effected various changes in its own conduct towards other countries—it has also had major effects on the nature of the international system. These changes have been due to China's conduct towards other nations—principally a result of its immense economic growth. Chief among them are the two changes considered below.

The first change is the increase in China's influence in the surrounding region. When China stood isolated internationally, facing sanctions from Western nations over the Tiananmen Square incident of June 1989, it sought a breakthrough by focusing on the improvement of its relations with the nations of Southeast Asia, which had not taken such a critical stance on the incident. Between the latter half of 1989 and 1991, China normalised relations with Laos, Indonesia, and Vietnam, established diplomatic relations with Singapore and Brunei, actively participated in the Cambodian peace process in 1991, and then collaborated with the subsequent UN peacekeeping operation in Cambodia. It developed relations with

regional organisations, attending the ASEAN post ministerial meeting in July 1991 as a guest of the chair nation, and at the end of that year becoming a member of APEC, along with Taiwan and Hong Kong. A few years after the Tiananmen Square incident, China made headway in its relations with other Asian countries, with the Japanese Emperor's visit to China in 1992 and the establishment of diplomatic relations with the Republic of Korea in the same year. China reacted calmly to the collapse of the Soviet Union at the end of 1991, and swiftly established diplomatic relations with the successor states which comprised the Community of Independent States, including Russia. China declared its intention to join the ASEAN Regional Forum, the founding of which was agreed upon in 1993, and in 1994 became a consultative dialogue partner of ASEAN. However, it must also be pointed out that at same time the theory of the 'Chinese threat' was gaining currency in the nations of Southeast Asia, against a backdrop of China's rapid economic growth in the wake of Deng Xiaoping's Southern Tour speeches of 1992 and disputes over sovereignty in the South China Sea.

In order to change this state of affairs, from the mid-1990s China became even more actively involved in Southeast Asia. At the ASEAN foreign ministers' meeting in 1996, China became a full dialogue partner of ASEAN and presented a new security concept incorporating the notion of cooperative security. The following year, China hosted an ASEAN Regional Forum inter-sessional meeting on confidence building. At the time of the Asian currency/financial crisis in 1997, China responded to the concerns of Southeast Asian nations by averting devaluation of its currency, the yuan, and concurrently gave economic assistance to Thailand and Indonesia. At the end of that year, China launched the ASEAN+1 consultation mechanism with the nations of ASEAN, while simultaneously joining the

ASEAN+3 mechanism encompassing China, Japan, and South Korea. Under ASEAN+1, in 2000 China proposed the conclusion of a free trade agreement with the nations of ASEAN, with a view to sharing the fruits of its own economic growth with them; in 2004 a framework agreement was finally concluded. In 2000 China also began discussions with ASEAN nations over sovereignty disputes in the South China Sea, and in 2002 it signed the Declaration on the Conduct of Parties in the South China Sea. In 2003 China joined the Treaty of Amity and Cooperation in Southeast Asia and announced a strategic partnership with the nations of ASEAN.

At more or less the same time that these developments were taking place, China was making great strides in its relations with the nations of Central Asia, its neighbours to the north. In 1996 China took advantage of the signing of an agreement with Russia, Kazakhstan, Tajikistan, and Kyrgyzstan on confidence-building measures in border areas to inaugurate the Shanghai Five Summit Meeting. Since then, the Shanghai Five have held an annual summit meeting, expanding and deepening their cooperative relationship. In 2001 Uzbekistan was admitted to the group and it was transformed into a formal regional organisation, the Shanghai Cooperation Organization. To the south as well, China was making progress, developing improved relations with India while maintaining amicable relations with Pakistan. By setting aside the resolution of territorial problems as a precondition to improved relations, India and China took the opportunity of the 1988 visit to China by Prime Minister Rajiv Gandhi to start improving their relationship. In 1993 the two nations concluded an agreement on maintaining tranquility in the areas around the line of actual control, and in 1996 concluded an agreement on confidence-building measures in the military field relating to the same areas. Improvements in China's relations with India

were set back by India's nuclear testing in May 1998, but the summer of 1999 saw a recovery.

As the above developments illustrate, against a backdrop of rapid economic growth since the 1990s, China has succeeded in improving relations with its neighbours through vigorous diplomacy, and has strengthened its presence in the region. However, these events did not signify the instant formation of an Asian power balance in which China predominated. This was because simultaneously with the developments described above, other—sometimes countervailing—developments were taking place in Asia. Of particular importance was the strengthening of the Japan–US security alliance. After the end of the Cold War, the security partnership between Japan and the US lapsed into a temporary drift, due to the loss of the potential common enemy in the shape of the Soviet Union. However, starting around 1994, there were concrete activities by both parties to improve the situation. In the Joint Declaration on Security issued in April 1996, the two nations reaffirmed the importance of the alliance in the post-Cold War era without identifying any nation as a potential enemy. They agreed that, even after the end of the Cold War, the US–Japan security alliance played a vital role in the preservation of peace and stability in the Asia–Pacific region as an institution capable of responding effectively to regional instability and uncertainty. Such a move was not meant to be directed against the expansion of China's influence, and the joint declaration affirmed China's 'constructive role' as being in the common interest of Japan and the US. Rather, many of the actions taken by China since 1996 have been countermeasures against the strengthened US–Japan alliance.

Following the 1996 declaration, the framework of cooperation in the Japan–US security alliance was strengthened step by step with the revision of the Japan–US

defence cooperation guidelines in 1997, the start of joint technical research on missile defence in 1999 (which was propelled by the firing of a Taepodong missile by North Korea in 1998), and Japanese legislation relating to contingencies in areas surrounding Japan in 1999. Since the 9/11 terrorist attacks in 2001, the two nations have been drawing closer ever more rapidly, with the acceleration of the realignment of US forces in Japan, and against a background of the affirmation of the global significance of the US–Japan alliance. This can be seen in the identification of joint strategic objectives in February 2005; the formalisation of each nation’s missions, roles, and capabilities in October 2005; and the publication in May 2006 of the Roadmap for Realignment Implementation. Concurrently, the realignment of the US–South Korea alliance also made progress through the Future of the Alliance and Security Policy Initiative meetings, despite turbulence caused by rising domestic anti-US sentiment, while the US–Australia alliance also remains on an even keel. The evolution of the linkage between the Japan–US and the Australia–US security alliances, which seems to have gained steam since 2008, is not ostensibly directed against China but will certainly function as the antidote to the formation of a Sino-centric Asian order.

The nations of Southeast Asia are not completely under the influence of China, either. After the Asian currency crisis, Japan provided a far greater sum in assistance than China under the New Miyazawa Initiative, which was unveiled in 1998. In December 2003 Japan hosted the Japan–ASEAN Commemorative Summit Meeting in Tokyo, which was intended to strengthen its collaboration with ASEAN nations. Similarly, the number of countries reinforcing cooperative relations with the US since the terrorist attacks of 9/11 has increased, and in 2003 the Philippines and Thailand became ‘major non NATO allies’ of

the US. In the international relief efforts that followed the 2004 Indian Ocean tsunami, the US constituted a formidable presence, contributing a large-scale dispatch of forces that included an aircraft carrier, as well as providing enormous sums in financial assistance; likewise, Japan dispatched its self defence forces and made the largest financial contribution of any nation. The East Asia Summit of December 2005 witnessed a tug of war between Japan and China over which nations should participate. The Southeast Asian nations sided with Japan, which insisted that Australia and India be invited.

Formation of a US–China–India strategic triangle?

Another change in international systems brought about by China’s (and India’s) economic growth which merits examination is the possible formation of a strategic triangular relationship between the US, China, and India which encompasses the entire Asian region. Here the strategic triangle is distinguished from trilateral relationships by the existence of three conditions:

- any one of the three handles its relationship with the second in consideration of its relationship with the third
- the political and military capability of any one is significant enough to seriously affect the strategic balance if it changes alignment from the second to the third
- none of the three has a stable and lasting alignment with either one of the other two.¹¹

The US played the critical role in what seems to be the formation of this triangular relationship. The US’s post-Cold War policy towards China has undergone fluctuation of great magnitude, with the trauma of the Tiananmen Square incident and the loss of the need for an anti-Soviet card due to the

collapse of the Cold War order. Nevertheless, in addition to its renewed recognition of the importance of the Chinese market due to China's rapid economic growth since 1992, the US recognised China's strategic importance due to factors such as its permanent membership of the UN Security Council, its possession of nuclear weapons, and its role in the problem of the Korean Peninsula. When Jiang Zemin visited the US in 1997, the two sides agreed to work toward building a 'constructive strategic partnership.' However, anxieties over China's military modernisation and lack of transparency about it, suppression of human rights, and other factors were not allayed. On the other side, China was aware that US markets, technology, and investment were essential for economic development and recognised the need to maintain amicable relations with the US (the sole superpower in the post-Cold War era) in order to ensure the stability of the international environment, without which it would not be able to concentrate on economic development. However, China strongly resented the US inclination towards unilateralism and the imposition of its own values in matters such as human rights and democratisation.

Given this state of affairs, the US began to turn its attention to India, which had switched to a policy of opening up to the outside world and was achieving rapid economic growth, primarily as a balance to China. From the mid-1990s onwards, a succession of US think-tanks released reports stressing the importance of India, and these were essentially rehashed in a Department of Defense report entitled *Asia 2025*, published in 1999. In this new climate of awareness, in 2000 President Clinton visited India and Prime Minister Vajpayee visited the US. When Foreign Minister Jaswant Singh visited the US in April 2001, the Bush administration, which had previously designated China as the US's main strategic competitor, acknowledged

that India was already a major global power. After visiting Japan on a round of stops in Asia to explain the US policy of promoting missile defence in May 2001, Deputy Secretary of State Richard Armitage subsequently went on to India, skipping China. After 9/11, cooperation between the US and India grew even stronger and the sanctions over the 1998 nuclear testing were rescinded.

As has already been mentioned, China had been steadily improving its relations with India since 1988. However, it took China some time to treat India as a force to be reckoned with in the global power balance. Since the establishment of a 'strategic partnership' with Russia in 1996, China had been pursuing a strategy to promote a multipolar global power structure, with the deliberate intention of opposing the trend towards unilateral domination by the US, but China did not immediately treat India as a target of this strategy. Only when it realised that the US and India were rapidly growing closer, as noted above, China changed the way in which it handled India. In January 2002, Prime Minister Zhu Rongji visited India, accompanied by his ministers of economic affairs, in an effort to strengthen relations through economic ties. When Prime Minister Vajpayee visited China in June 2003, China finally expressed its intention to include India in its strategy to promote multipolarity. In January 2005, China and India began a 'strategic dialogue,' and, when Prime Minister Wen Jiabao visited India in April of the same year, the two nations announced a 'strategic partnership for peace and stability.'

It is interesting that, while relations between China and India were visibly progressing, US–Indian relations were also progressing further. In January 2004, the US and India agreed on the 'next steps in strategic partnership,' and in June 2005 they strengthened their cooperation on security in the form of the 'New Framework for

the US–India Defense Relationship.’ When Prime Minister Manmohan Singh visited the US the following month, the US Government agreed to cooperate with India for its civil nuclear energy program, despite the fact that India had pursued the development of nuclear weapons outside the framework of the Nuclear Non Proliferation Treaty with its 1998 nuclear testing. In March 2006 President Bush visited India and proclaimed a ‘strategic partnership.’

Meanwhile, in the wake of 9/11, Sino–US relations have improved rapidly on the diplomatic front. In August 2005 the two nations began ‘senior dialogues’ between the US Deputy Secretary of State and China’s Executive Vice Foreign Minister, which covered a number of problem areas. The US took this opportunity to designate China as a ‘stakeholder’ in the existing international system. However, the US refuses to categorise these dialogues as ‘strategic,’ as the Chinese had hoped, characterising its relations with China as a ‘complex relationship,’ and showing no intention of concluding a strategic partnership with China. Moreover, by expressly stipulating that China should be a ‘responsible’ stakeholder, the US was clearly signaling to China that it wished China’s actions to meet with US expectations. The Quadrennial Defense Review Report (QDR) published by the Department of Defense immediately after 9/11 expressed a strong sense of wariness regarding China’s modernisation of its military capability, and the QDR published in February 2006 explicitly states that ‘... China has the greatest potential to compete militarily with the United States and field disruptive military technologies that could over time offset traditional US military advantage.’¹²

Under these circumstances, India is now in pole position, being courted diplomatically by both China and the US, as both nations principally seek to use India to achieve a

favourable balance against one another. However, Sino–Indian and US–Indian relations are certainly not completely stable. Although the territorial disputes between China and India have currently been effectively decoupled from other problems, they have in no way been resolved, and India’s distrust of China since the 1962 border war has not been dispelled. India is also opposed to, and wary of, the US’s inclination towards unilateral domination and becoming a pawn in US strategy towards China. In the long term, the possibility that the US military angst currently directed at China may be brought to bear on India cannot be ruled out, depending on how India’s economic and military development progresses. The US, China, and India all prize their independence, and the trilateral relationship seems to be in the process of coalescing into a strategic triangular relationship in which the three sets of bilateral relations evolve in intricate correlation with one another.

3 Conclusion

China’s phenomenal economic growth led to a very complex and confusing outcome. In many ways China became a welcome international presence and actor, but in many other ways it also caused international concern. Whichever is judged to be more critical, no one can deny that China has achieved a greater presence because of its dramatic economic growth and the consequences of that growth, especially in the Asia–Pacific region. However, as there were concomitant, and sometimes countervailing, developments in the region, China’s enhanced presence did not lead to the formation of a China-dominant regional system. Another interesting systemic implication of China’s rise, coinciding with India’s rise, is the possibility that a US–China–India strategic triangle may be emerging in the Asia–Pacific region.

Endnotes

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Review and prospects for the bilateral strategic relationship between Japan and Australia

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1 Introduction

Historically speaking, Japan and Australia's relations were full of tensions and conflicts. Even if both countries normalised diplomatic relations in 1952, the legacy of World War II was vivid in the minds of the Australian people. Australia's discriminatory policies against Japanese in both immigration and trade ignited Japanese people's anxieties and concerns.

Despite enhanced postwar economic relations, Australia's perception of Japan, especially Japan's increasing security role under the US–Japan alliance, had been ambivalent for many decades. On the one hand, there had been a clear recognition on the part of Australia that the enhanced security role of Japan underlined by the alliance with the US would contribute greatly to the security and stability of the Asia–Pacific region. However, at the same time, there was a strong feeling in Australia that the ANZUS alliance among the victorious powers should be the key pillar of regional security management in the Asia–Pacific region, rather than the US–Japan alliance. Australia had a deep-seated belief that Australia, second only to the US in defeating Japan, had to play a key role in regional security affairs, and that ANZUS should be the key alliance in the region.

With heightened Cold War tensions in Asia, the centre of gravity of international politics in Asia and the Pacific shifted to the north. Japan emerged as an economic power. Northeast Asia became a strategically important region in the global Cold War

confrontation. Thus, the US paid more attention to Japan and, as a result, put a higher priority on the US–Japan alliance for regional security management. The US–Japan alliance increased its importance as a key component of the Asia–Pacific regional order.

Faced with this power shift in the Asia–Pacific region, Australia’s attitude was ambivalent. On the one hand, as a Cold War warrior, Australia welcomed the development of US–Japan relations, because it further encouraged Japan to adopt more Western-oriented policies in the Cold War. On the other hand, however, Australia could not help feeling left out because of its gradual isolation from the major power centre of regional politics and security.

This feeling of isolation, coupled with a strong sense of mission to play an important role in regional political and security management, forced Australia to search for a new role or identity in regional diplomacy in the 1970s. Australia began to define its role as an honest broker for achieving accommodation between Southeast Asian countries and Japan, or as a balancer to check or somehow absorb rising Japanese power in the region. Indeed, Australia became a first dialogue partner of ASEAN in 1974.

These Australian policies and attitudes introduced various irritating factors into Japan–Australia bilateral relations. Australia was perceived in Japanese diplomatic circles as an uncomfortable partner that gave ‘lectures’ in a too straightforward way, based upon ‘Western’ norms and rules. However, these irritants have now been removed to a large extent and new areas of cooperation are emerging which need constructive joint engagement by both countries.

In the meantime, the 1957 Australia–Japan Commerce Agreement paved the way for deepening economic interdependence between the two countries. That

interdependence, along with confidence building, overcame the legacy of the past. Japan and Australia gradually expanded their cooperative relationship over the following decades. Both countries took the joint leadership role in promoting the cause of Asia–Pacific cooperation from the late 1970s. Their joint endeavour to launch the Asia-Pacific Economic Cooperation (APEC) forum symbolised the deepening understanding and collaboration between the two countries. Cooperative activities have recently expanded to include security areas.¹

However, despite the recent willingness by both governments to expand their bilateral relationships to address pressing regional and global issues, there are a variety of issues that require skillful management of the bilateral relationship. Those issues arise mainly from structural changes in the regional and global political, security and economic environments.

In this paper, I touch upon a few issue and areas in which both governments should respond more carefully in the decades to come:

- first, the changing power relationships among the countries in the region, especially transformations of Northeast Asian international relations, and the implications for regional security architecture
- second, the project to build an East Asian Community
- third, bilateral relations between Japan and Australia.

I take three dimensions into consideration when I examine the challenges facing Japan and Australia in Asia: competition and rivalry; regional production networks; and the normative structures of international relations in East Asia.²

State-to-state competition and rivalry

States are still the key players of international relations. This is a well known and old fashioned standard approach to the analysis of strategic and international relations. Usually, we identify changes in ‘national power,’ such as economic power (reflected in GDP), military power, technological capacity, size of population, etc. as key factors affecting strategic relations.

Asia’s political and strategic environments have been becoming more fluid, uncertain and complicated. The rise of China; a more assertive Japan pursuing an enhanced regional and global security role; the predominant US military power, the quagmire in Iraq and Asians’ ambivalence toward the US; India’s rise; North Korea’s nuclear development—all these are making the strategic landscape of Asia more fluid and complicated.

Because of this, there are deep-seated senses of uncertainty, insecurity and vulnerability in most of the Asian countries. Responding to those insecurities and uncertainties, East Asian countries have been taking a variety of strategies to protect their own interests, ranging from ‘engagement’ to ‘risk hedging’ and ‘soft balancing’. Japan and Australia are no exceptions.

Bilateralism is another characteristic of state strategies adopted by most of the countries of the region in responding to uncertainties. Almost all the countries of the region have been enhancing security and economic relations with others on a bilateral basis. Indeed, many countries in Asia have been concluding free trade and security cooperation agreements.

Regional production networks

However, a focus only on state to-state relations (competition and rivalry) is not

enough to understand contemporary East Asian international relations. I point out a second perspective: the rapid expansion of the cross-border and multinational production network, mainly conducted by multinational companies, and its implications for security and state to-state relations in Asia (not just increased trade and investment volume).

Multinational companies are constructing region-wide production networks. Many companies are connecting with each other across national boundaries through those production networks. This phenomenon is more pronounced in Asia than in any other region of the world. Our prosperity depends on our development of even more effective regional production networks.

Normative structures underlining East Asia’s international relations

The third challenge arises from the normative structure or value structure of contemporary East Asian international relations. By ‘norm structure’ and ‘value structure,’ I mean the different approaches to organising the international affairs of the region. We are witnessing a serious competition among East Asian countries in this area. Competition over the norms and rules will greatly affect the future shape of international relations in the region, including the cause of East Asia Community building.

2 Alliances + a (subregional security multilateralism in Northeast Asia)

Asia’s international political economy and security landscape is changing rapidly, particularly in Northeast Asia. How to formulate mechanisms to deal with those changes is a major policy challenge for both Japan and Australia, given their respective political and economic stakes in Northeast Asia.

Knowing how to respond to changing international relations in Northeast Asia is becoming more pressing, given new developments such as rising Chinese military power, Japan's desire to be a more active player in regional and global security, North Korea's nuclear development programs, South Korea's quest for more 'autonomous' positions in the developing new regional power structure (reflecting this, the structure of the US–South Korea alliance has been changing), and Taiwan's pursuit of a broader space for survival in international affairs.

Northeast Asia is becoming a more important region for Australia, too. Australia's major trading partners are in Northeast Asia, and their weight in Australia's trade has been constantly increasing. Maintaining stable relationships among the countries in Northeast Asia is critically important for Australia's economic prosperity.

Alliances centred on Washington have been and will continue to be crucial for peace and stability in Asia, providing a stable framework of managing transition, especially in Northeast Asia. Almost all states in the region acknowledge that the alliances provide 'public goods' of stability for the region, although some make the acknowledgment begrudgingly.

However, the function of the alliances is mainly to sustain the status quo in the short term. It remains to be seen whether the current mode of US centred security management will be adequate for the management of the longer term power transformation of the region. We may have to think about a new, longer term, regional security architecture for the region, based upon the existing alliance arrangements. I refer this as an 'alliances + *a*' system for security management.

In this regard, we should pay more careful attention to the ongoing Six Party Talks. The

Six Party process promises to establish a more stable regional security multilateralism in Northeast Asia that addresses a variety of security issues in the region.

How should we conceive security multilateralism in Northeast Asia? We usually assume the establishment of a single multilateral security institution that regulates security issues collectively. Indeed, there have been many proposals to construct multilateral security institutions in Northeast Asia, for example in the style of the Asian version of the Conference of Security Cooperation in Europe (CSCE). And the so called '2 + 4 formula' on Korean affairs has been proposed since the 1970s. It is assumed in these ideas that a single multilateral security institution could address a variety of security-related issues.

My arguments are based on a different conception of security multilateralism. I argue that linking institutions (whether bilateral, multilateral, regional or global), rather than establishing a single multilateral institution, is critical for developing security multilateralism. Mutually coordinated or interlinked institutions create de facto security multilateralism.³

There are several bases for this argument. Our initial focus of discussions is the Korean Peninsula. First, there are a variety of security issues to be addressed in the peninsula—issues that are closely connected with each other. A piecemeal approach is not effective. For example, the North Korea's nuclear issue cannot be dealt with in isolation from the larger security issue of the peninsula. It is closely linked with US–DPRK relations, North–South relations, Japan–DPRK relations, China–DPRK relations, relations with global institutions such as the United Nations, the Nuclear Non Proliferation Treaty (NPT) and the International Atomic Energy Agency (IAEA), the armistice regime, peace-regime building,

economic cooperation and so forth. Those issues must be addressed simultaneously to resolve the nuclear crisis. A comprehensive approach is critical to resolve conflicts, which must be dealt with as a whole.

Second, although we must address a variety of security issues simultaneously, each issue needs a different composition of participating countries and different commitments from each. Some issues would be handled more appropriately on a bilateral basis, while other issues may be best addressed by a group of three or four countries. Some issues need to be addressed by six countries. For example, the transition from the armistice regime to a peace regime needs a group of countries different from the group of countries that would address the missile and nuclear issue. A single multilateral institution cannot address all of these issues, so some division of labour among different institutions is necessary.

Third, because of these multiple aspects of Northeast Asian security, we will need a variety of institutions to address respective security issues, whether bilateral, trilateral, quadrilateral or otherwise. We will have bilateral institutions between, for example, the US and the DPRK, North Korea and South Korea, Japan and the DPRK, China and the DPRK, and so forth, reflecting different agendas and commitments. We may have a trilateral institution addressing military confidence-building across the DMZ (the US, South Korea and North Korea). We may have a quadrilateral institution among North Korea, South Korea, the US and China that deals with the transition from the armistice regime to a peace regime.

Fourth, because of the need for a comprehensive approach, an issue of critical importance is how to coordinate these different institutions, thereby strengthening an overall security structure. Put differently, how one institution links with others and

what institutional relations are developed between the institutions are critical for the overall regional security structure. The establishment of mutually reinforcing institutional relations is important in this regard; we must produce synergistic effects by linking institutions effectively.

Fifth, not a single multilateral institution but instead well-coordinated and mutually connected institutional relationships will form de facto security multilateralism in the Korean Peninsula. De facto security multilateralism will emerge as a result of the coordination of different institutions through institutional linkages.

Sixth, therefore, institutional linkages (how one institution is linked with others) are key when we talk about security multilateralism. As far as institutional linkages are concerned, a certain type of institutional linkage is conducive to security and order. On the other hand, institutions may conflict with each other, thereby weakening overall security. Institutions may be linked in various ways, and the linkages can strengthen regional structures for stability or weaken them. Individual institutions can operate independently only as long as they do not affect each other. But they will amalgamate into larger bodies to cope with problems that are beyond the scope of any single institution. Depending on the type of institutional linkage, we can expect both positive and negative effects on the operation of the respective institutions. I argue that a stable regional security order could be established through institutional linkages and coordination, even in conflict-ridden Northeast Asia. De facto multilateral coordination could be possible by adequately linking a variety of institutions.

Seventh, although most security-related issues in the region will be addressed by different groups of countries, we need some

comprehensive multilateral forum or umbrella framework where institutional relations can be coordinated to enhance an overall security structure. An umbrella framework is quite important, given that resolving pressing security concerns such as the North Korean nuclear issue will take a long time (probably more than a decade) and various institutions will have to be coordinated during this long transition period. Without institutional coordination under a common umbrella institution, the final goal (a peaceful, prosperous and nuclear-free Korean Peninsula) will not be achieved.

If we look back at the past from this perspective, we can find some quite interesting developments. There are already a variety of institutions on the Korean Peninsula that address security issues. A serious concern for Northeast Asian regional security is not a lack of multilateral security institutions, but a lack of coordination and linkages between existing institutions. There already exist many useful institutions covering Northeast Asia—bilateral, subregional, regional and global ones—that could contribute to regional peace and stability if they were interlinked and integrated in an appropriate way. For example, we have many institutions that link South Korea and North Korea, such as the 1992 Basic Agreement and the Agreement on Non Nuclearization. There is also the 1994 Agreed Framework between the US and the DPRK, and a bilateral institution between Japan and the DPRK underlined by the 2002 Pyongyang Declaration.

However, those institutions have not functioned well. They have been weak, and have not bound the relevant parties strongly. Even when agreements were concluded, serious difficulties in implementing them quickly arose. One reason is that the various institutions operated independently and were not linked with other institutions. Mutually coordinated institutional linkages that would

generate a synergistic effect on regional stability have been blocked by one or more of the parties concerned.

So, the most serious problem is the lack of institutional linkage and coordination. Institutional linkages have been prevented and/or limited and, as a result, no synergistic effect has been generated. For example, the 1992 North–South Basic Agreement has not been well linked with other institutions, such as the South Korea–US, South Korea–China, South Korea–Japan, DPRK–US or DPRK–Japan bilateral institutions. Because of the lack of institutional linkages and coordination, one party could easily sabotage the implementation of an agreement.

How can we assess the Six Party Talks underway to address the North Korean nuclear crisis from the viewpoint of these arguments about institutional linkages? The Six Party Talks provide an excellent laboratory when we discuss the possibility of creating a multilateral security framework in the region. In my view, the success of the talks depends to a large extent on whether we can successfully link and coordinate various institutions with each other, and then amalgamate them into de facto multilateralism. This means that the Six Party Talks are not a venue where we can address security issues directly, but they are important in coordinating a variety of institutions that will be developed to address different security-related issues among different groups of countries.⁴

The joint statement of the fourth round of the Six Party Talks, in September 2005, suggests how institutional relations are crucial. The talks were established to resolve the North Korean nuclear issue. However, the joint statement clearly demonstrates that a comprehensive approach is critical to resolve the nuclear impasse; it refers not only to North Korea's pledge to dismantle its nuclear weapons and existing nuclear programs, but

also to a variety of other issues, including security assurance, US–DPRK normalisation, Japan–DPRK normalisation, energy and food assistance, economic cooperation, peace-regime building on the peninsula, and so forth. The statement also refers the 1992 North–South Basic Accord, the 2002 Japan–Pyongyang Declaration, multilateral security reassurance, the transformation of the armistice regime to a peace regime, provision of energy, economic cooperation, the Nuclear Non Proliferation Treaty, the International Atomic Energy Agency and so forth. Almost all security issues on the Korean Peninsula will have to be addressed to resolve the nuclear crisis.

It is almost certain that resolving the North Korean nuclear issue will be a long process. As was seen in the 1994 US–DPRK Agreed Framework, it may take more than a decade to finally dismantle the DPRK’s nuclear development program and establish a permanent structure of peace, even if the six countries agree on some formula to dismantle the nuclear programs soon.

If the joint statement is implemented, various institutions will be created in this long process, and existing institutions will need to be revitalised. As I have mentioned, different issues will involve different specific commitments and obligations by the parties concerned; therefore, various types of institutional arrangements with different memberships will be created in the process. For example, the Four Party Talks that were aborted in the late 1990s may be revitalised to tackle the transformation of the armistice regime to a peace regime. Other subregional, trilateral or bilateral institutions focusing on such issues as conventional arms reduction, missiles, biochemical weapons, and bilateral relations (US–DPRK, South Korea–North Korea, China–DPRK, Japan–DPRK, US–China, Japan–China, etc.), as well as regional

institutions to address different issues, will be established.

The third session of the fifth round of the Six Party Talks held in February 2007 agreed to set up working groups to carry out the initial actions and full implementation of the September 2005 joint statement. The various working groups are requested to discuss and formulate specific action plans for the implementation of the joint statement. They are also requested to report to the Six Party Heads of Delegation Meeting on the progress of their work. These arrangements indicate that, based on the working groups, a variety of institutions with different membership composition will be established under the umbrella of the Six Party Talks. The talks will serve as an institution coordinating various other institutions, whether bilateral, trilateral or quadrilateral ones.

Rather than directly addressing specific security issues, the Six Party Talks will be a loosely organised multilateral umbrella forum under which existing and newly established institutions are mutually coordinated. Under that umbrella, decoupled institutions must be amalgamated into an integrated institutional package, thereby enhancing the regional security structure.

Institutional linkages and coordination under the Six Party Talks are quite important, given that individual institutions in Northeast Asia are generally weak and therefore vulnerable to changes in the policies and attitudes of even one of the parties concerned. Therefore, institutions will need some supporting mechanisms for the implementation of the agreements. By linking institutions, we can strengthen the institutions and, therefore, the implementation of the agreements.

Thus, I argue that there is a possibility for Northeast Asia to develop multilayered, interlinked, institutional mechanisms

based on existing and newly established institutions. Mutually reinforcing relations between various institutions could be established through institutional linkages, even if individual institutions are still weak and limited in their scope.

Finally, mutually coordinated institutional relations (which we may call a 'concert of powers' system for security management) will support regional peace and stability, even if North Korea's nuclear programs are not totally dismantled. Indeed, North Korea will continue to resist the total dismantling of its nuclear development programs and weapons. Our concern over North Korea's nuclear threat might not disappear forever.

Even so, we can effectively contain the threat through institutional coordination based on some form of a concert of powers in Northeast Asia. In addition, the possible institutional coordinating mechanisms centred on the Six Party Talks will also serve not just as a regional collective constraint on North Korea's nuclear ambition, but also as a regional instrument to respond to such 'emergencies' as Korean unification, a collapse of the North Korean regime, domestic disturbances in China, and so on. The coordinating mechanism based on the Six Party Talks would serve as a regional mechanism to smooth power transition and adjustment. Thus, the significance of the Six Party Talks far goes beyond resolving the North Korea's nuclear crisis.⁵

3 Economic relations and their security implications: the emergence of regional production networks connecting Japan with the rest of Asia

When we talk about a new security architecture (based on the alliances) in Northeast Asia, we must understand current economic relations in the region. The

respective economic engagements of Japan and Australia are different in this regard.

Australia's economic relations with the rest of Asia show a quite traditional trading pattern: exporting mineral and other natural resources and importing manufactured goods. Japan's economic relations with the rest of Asia are fundamentally different from those of Australia. Japan is more and more closely connected with the rest of Asia through regional industrial production networks.

Multinational companies have been expanding their production networks across national boundaries. Japan-based multinationals have played crucial roles in establishing regional production networks. East Asia has grown into a giant, East Asia-wide, factory with economies interlinked through extensive, region-wide production and distribution networks run by multinational companies. We do not see this phenomenon in other regions of the world.

East Asian production networks led by multilateral companies have given rise to a 'triangular' trade pattern: Japan and NIEs (newly industrialised economies) export capital goods and sophisticated intermediate goods (parts and components) to the less-developed countries (some ASEAN countries and China), which process them for export to North America and Europe.

China's position reflects this triangular trade relationship. China's surplus vis-à-vis the US is offset by its huge trade deficit with other Asian economies. So we can say that the massive US trade deficit is held against East Asia as a whole.

China's export of high-technology products has expanded in recent years. This growth is also attributable to China's integration into the East Asia-wide regional production and distribution networks formed through extensive foreign direct investment by foreign

(not Chinese) firms. In the meantime, China's contribution in terms of added value has been limited to its function in the assembly sector, which is heavily dependent on the supply of abundant cheap labor.

The recent increase of exports from Southeast Asia to China could be explained by the expansion of cross-border production networks led by multinational companies. The most rapidly increasing items of trade from Southeast Asia to China are not finished goods or agricultural products, but components and parts to be assembled by foreign multinational companies in China for export.

These days, goods marked 'Made in China' are mostly made elsewhere by multinational companies, and the label should read 'Assembled in China.'⁶ Multinational companies are using China as the final assembly site in their cross-border production networks. Japan-based multinational companies are largely 'invisible' behind the 'Chinese' factories producing a large amount of tradable goods. And about 60% of China's exports are controlled by foreign companies. This means that multinational companies are now playing the key roles in producing, supplying and assembling various parts for the final products in the region. We are obtaining income through these networks.

Japan's economic relations with the rest of Asia, including its relations with China, must be understood in this broader picture, which gives us a new understanding of East Asian economic relations and their implications for security in Asia.

First, Japan views China as an opportunity, and a challenge. However, the argument that Japan is concerned about China's economic development (that Japan fears losing its world no. 2 position to China) is fundamentally flawed, and ignores the fundamental changes in the economic structures in East Asia over

the past decades. China gives Japan plenty of economic opportunities.

Second, Japan is not competing with China. The real economic competition is taking place not between state and state, but between private firms operating globally.

Third, Chinese firms are not competitors for Japanese firms in the foreseeable future. Real competition is taking place between Japanese firms across national boundaries. SONY–Japan's rival is not Chinese firms but SONY–China. Toyota–Japan will soon be competing with Toyota–China in a global market.

Fourth, these aggressive ventures by multinational companies have been changing domestic politics. The political influence of companies that are aggressively pursuing a region-wide production strategy is growing. Look at the case of Japan. The presidents of the Japan Economic Federation, the most powerful business association, used to be mostly CEOs of the big companies heavily protected by the government, such as big banks. But this has changed. The previous president was the CEO of TOYOTA and the current one is from CANON—both global companies aggressively pursuing regional and global strategies.

Fifth, Japan's prosperity is more and more dependent on the success of multinational companies. Japan-based multinational companies are getting the bulk of their profits from their overseas business in East Asia, including China. Actually, Japan's profits from overseas investment are now roughly equal to Japan's annual trade surplus. Japan is getting huge amounts of profit from overseas investments today. The country is becoming more and more dependent on overseas business for its economic welfare.

Sixth, with the coming of an ageing society, Japan must generate profit overseas by effectively using the huge assets it has

accumulated over past decades. Japan desperately needs good overseas markets for investment to sustain its prosperity. China's growth provides Japan with excellent opportunities for investment and contributing to the upgrading of Japanese economic structures. It is good for Japan to hear that hundreds of millions of excellent Chinese people are ready to work for Japan-based firms and sustain Japan's prosperity. There are no reasons why Japan should be worried about it.

Seventh, what Japan is concerned about is domestic instability and economic disturbance in China, which might be caused by internal contradictions and the lack of Chinese economic governance. Japan should be concerned that the Chinese leadership may face serious criticisms that it has been 'selling' China to foreign multinationals, once economic growth slows down.⁷

Eighth, all these factors affect our security calculations. It is becoming more difficult for countries to resort to military force, although we need to prepare for such emergencies (see Peter Brook's excellent book on the security implications of the emerging regional production networks). We can reasonably expect the tensions and conflicts to be contained within a manageable scope if we have a clear understanding of this new economic reality.⁸

4 East Asian Community building

Normative premises of regional cooperation

The futures of Japan and Australia are closely connected with that of East Asia. Therefore, East Asian Community building is important for both countries.

However, the current level of functional cooperation is not enough. East Asia today needs much stronger and more intrusive

regional institutions that touch upon domestic affairs to address pressing political, security, economic, and social issues.

Strengthening domestic governance institutions and harmonising domestic institutions among East Asian countries are critical. More binding measures for military confidence-building are also critically important. For this, East Asia needs some degree of 'likemindedness' among the states on social organisations and internal values.

Japan's primary goal is to make East Asia a more integrated economic area. As we have seen, Japanese firms have already established two region-wide production and distribution networks in East Asia since the middle of the 1980s (one with Southeast Asia and the other with China). The pressing task of Japan is to connect the two networks more closely, thereby constructing 'seamless' networks of production and distribution that will greatly enhance the international competitiveness of Japanese firms in a global market.⁹ Using this advantageous position, Japan could become a 21st century economic phoenix.

In this regard, contrary to the general view, the government and business community of Japan welcome the venture by China and ASEAN to conclude a free trade agreement (FTA) between them, because Japanese firms will be the largest beneficiary such an agreement. What Japan is concerned about is that China and ASEAN might fail to conclude a deeper FTA, with a substantial opening of their respective economies and their institutional and regulatory harmonisation. Indeed, the current FTA between China and ASEAN is too shallow to tackle deeper integration issues.

The issue of which countries should be invited to the first East Asia Summit was hotly debated for many years. Of critical importance is not just 'Who are stakeholders in East Asia?', but the fundamental norms and

principles of organising international relations in the region. China's reluctance to invite Australia, India and New Zealand to the first East Asia Summit demonstrates that China's norms and principles are not necessarily in harmony with those of others in the region. There are thus several distinct approaches on how to organise the international relations of the region (see Figure 1 and Table 1).

On the one hand, we have a Chinese way. The 'New Security Concept' and the concept of 'Peaceful Development' were recently added to the decades-old Five Principles of Peaceful Co-existence. Although these concepts emphasise various new forms of inter-state relations (such as mutual trust, mutual benefit, dialogue and consultation, confidence building, cooperation, and so forth), they are basically the Westphalia type of norms of international relations.

Chinese norms and principles mostly relate to 'external' dimensions that could be applied only in inter-state relations. As for 'internal' matters, China sticks firmly to the traditional concepts of national sovereignty and non-intervention. China is selling the so called 'Beijing Consensus' instead of a 'Washington Consensus.'

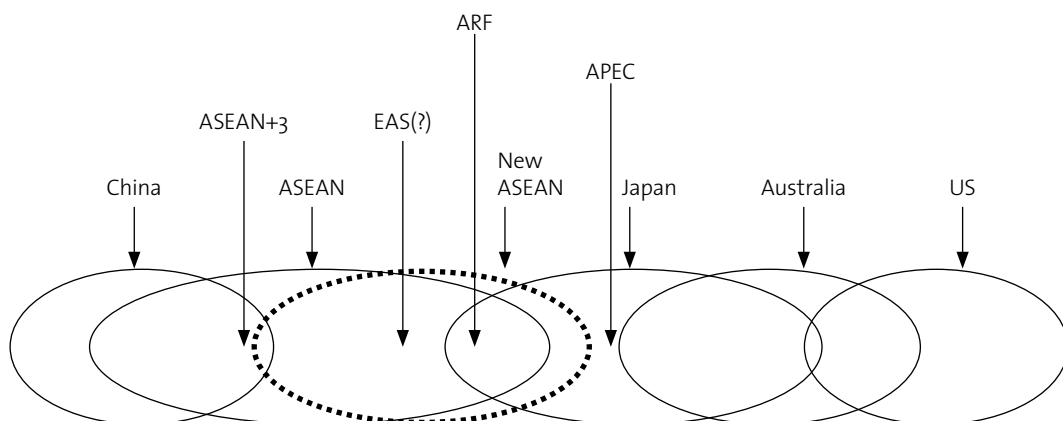
On the other hand, we have an American way that emphasises 'internal' aspects and harmonisation. Democracy, freedom, human rights and good governance are the key principles that should underline international relations in the region. The harmonisation of domestic institutions underlined by liberal norms is vital in this regard. Australia's position is close to that of the US.

In between, we have an ASEAN way and a hybrid type of Japanese way. Japan has been moving toward accepting an American way more positively. Strengthening domestic governance institutions and harmonisation of domestic institutions among East Asian countries are critical.

What Japan and Australia must be most concerned about is that international relations in East Asia are organised under mixed principles and norms from China's way and an old-fashioned ASEAN way, mostly dealing with only the external dimension of state to-state relations and taking internal matters out of the regional agenda.

In this regard, it is critically important for ASEAN countries to successfully develop new norms and principles for cooperation in the ASEAN Charter, overcoming old-fashioned

Figure 1: Organising norms/principles of international relations



Note: Left hand side: 'External' norm oriented, Right hand side: 'Internal' norm oriented

Table 1: External and internal norms/principles

'External' norms and principles	'Internal' norms and principles
Sovereignty	Democracy, human rights
Non-intervention in internal affairs	Harmonisation of domestic institutions
Different nation-building processes	Good governance
State security	Human security
Border measures (tariffs, etc.)	Democratisation of internal political system
Democratisation of international affairs	

ASEAN premises of cooperation. Japan and Australia should encourage ASEAN's shift of normative premises of cooperation.

Enhancing trans-Pacific linkages and responding to a US unipolar world

North America, including both the US and Canada, will continue to play the critical role for peace and prosperity in East Asia. We must make the best efforts to reconcile East Asian institutions with Asia–Pacific institutions.

Despite East Asia's recent economic growth, the basic economic relationship between East Asia and North America has not changed for decades. Economically, the US market is still critical for Asia's growth, and Asia is quite vulnerable to policy changes by the US. Asia needs a broader regional framework for economic coordination between Asia and North America.

Militarily, the US forward military presence—underlined by a web of alliance networks—continues to provide a basic foundation of regional peace and stability, containing military tensions and rivalries. Therefore, it is critically important for Asia to develop trans-Pacific institutions, in tandem with East Asian ones.

In this regard, Japan and Australia must be more sensitive to the ambivalence among Asians toward the US. Both our countries need to handle relations with the US carefully. Overall, we are both comfortable in a US-led

unipolar world. In a sense, we have both been seeking to jointly manage US power in East Asia.

Other Asian nations are more ambivalent. On the one hand, they understand that the continued engagement of the US in Asia is essential; on the other, they are concerned about US intervention in the name of protecting human rights, promoting democracy and good governance, and fighting against terrorism. US global power creates a lot of local resistance; it is not automatically transformed into US influence and prestige in Asia.

Japan and Australia should be aware of these sensitivities. Neither we, nor the US, should take it for granted that ASEAN countries and South Korea fully support the US–Japan and US–Australia alliances.

Responding to changes in the East Asian strategic landscape, Japan has been enhancing its alliance relations with the US. The alliance is critically important, and will continue to provide a basic foundation of regional peace and stability.

But Japan and Australia must go beyond these alliances. We have many issues that must be addressed multilaterally. Our countries should not try to run away to the comfortable shelter of the US alliance. We must face and respond to the challenges, even if that demands a painful rethinking of our own past and future roles in East Asia. Especially, as I

pointed out, there is a promising potential for Northeast Asia to develop a multilateral framework for security management based upon the ongoing Six Party Talks processes that would greatly contribute to developing stable relations among the major powers in Northeast Asia. Japan and Australia should not miss this golden opportunity.

5 Conclusion: Japan–Australia bilateral relationships

Australia's strategic stake in Northeast Asia has increased with closer economic relations with the region's economies. Japan will occupy a much larger part of Australia's strategic thinking on Asia in the decades to come because Japan's future foreign and defense policy direction will increasingly affect Australia's political and economic interests. How Japan develops its relationships with the rest of Asia—especially with China—will be crucial to Australia's strategic and economic interests.

Contrary to popular belief, the 1990s was not the 'lost decade' for Japan. Japan adapted itself to changing internal and external environments during the 1990s, although the process was painful and difficult. Japanese governmental and political institutions have become more transparent and accountable, and therefore resilient. Japanese private companies have become more competitive, taking more aggressive business practices abroad. A new generation of political leaders is more willing to assert Japan's interests in international affairs. Japan is changing and rising.¹⁰

Kenneth Pyle of the University of Washington, a distinguished scholar of modern Japanese political history, argues that 'Japan is making a revolutionary change of course.' For more than 150 years of its modern history, Japan has adapted both its foreign policy and its domestic institutions to fit changes in the

international system. According to Pyle, 'Abe's election is an unmistakable indication of Japan's maturing response to the far reaching changes in its post Cold War environment.'¹¹

Australia has been welcoming and has encouraged Japan to take a more proactive policy line in regional and international security for many years. However, at the same time, it is against Australia's interests if proactive Japanese security policies cause negative reactions among Japan's neighbours. It is in the best interests of Australia that Japan's as yet undefined global and regional security roles are welcomed and well accepted in the region. The worst-case scenario for Australia would arise if Japan's expanded security role, together with its more assertive foreign policy, causes serious trouble with its Asian neighbours.

Thus, it is crucial for Australia that Japan's expanded new security roles (which Australia strongly supports, especially under the former Howard government) are developed with regional blessings. For that to happen, it would be highly desirable for Australia to have channels available to make Australia's voice heard in Japan's decision-making processes. Through those channels, Australia could help Japan expand its security roles, with blessings from the other countries in the region.

It seems to me that this consideration pushed the Australian Government to propose and conclude the March 2007 joint security declaration with Japan. The declaration clearly demonstrates that Japan's future direction has been occupying more of Australia's strategic thinking. Contrary to general perceptions on the security declaration, which most people understood and assessed in the context of alliance coordination to deal with the rise of China, I have a strong feeling that the 'Japan factor' drove Australia's proposal to conclude the declaration, not

the ‘China factor’ (although the China factor was involved).

On the other hand, Japan has ‘discovered’ Australia as one of its most important partners in dealing with great transformations in East Asia. Japan appreciates Australia’s strategic thoughts and insights in its foreign and security policy considerations.

Japan and Australia share basic policy orientations to the changing regional environments in the Asia–Pacific region. However, the new Labor government under Kevin Rudd’s leadership may pose policy challenges for Japan in its relations with Australia, which were firmly established under John Howard. Intensive strategic dialogue and consultation should be further enhanced, given the tremendous implications for both countries of decisions about how to respond to the great transformations of Asian international relations.

The challenges to Japan–Australia cooperation are so huge that both countries need to address them carefully and creatively.

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The Japan–Australia strategic relationship; an Australian perspective

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On the 6th of July 1957 in Hakone Japan the Prime Minister of Japan Nobusuke Kishi and Australia's Trade Minister 'Black Jack' McEwen signed the *Agreement of Commerce between Australia and Japan*. Designed to improve and develop commercial relations between the two countries, the Agreement heralded what was to be a mutually beneficial economic partnership between Australia and Japan; a partnership that has now endured for more than half a century and remains as vibrant and strong as it has ever been.

Over the same period, relations between Japan and Australia have grown in other ways with culture, tourism and education now firmly established as important parts of the bilateral relationship. While such developments may have been foreseen by those present at the signing of the Agreement back in 1957, it is unlikely that they anticipated Japan and Australia drawing together to cooperate in the security domain as has occurred over the past several years.

This paper reviews the development of relations between Australia and Japan and examines prospects for the future. It begins by looking broadly at the impact of the 1957 Agreement on Commerce before narrowing its focus to explore in detail the recent developments on the security and strategic fronts.

'Being desirous of improving and developing commercial relations...'

In essence, the 1957 Agreement conferred most-favoured-nation status to each of the parties. Put simply, Australia and Japan agreed

that trade between the two countries would face no greater tariffs, tax barriers or other hindrances than imposed on any third party, and that quotas or other restrictions on imports would not differ from those imposed on all third parties.

Compared with the aspirations of today's free trade advocates, it was a modest agreement. It even included a clause allowing either nation to 'take such measures as are necessary to safeguard its external financial position and balance of payments'. Nonetheless, it unleashed trade between Australia and Japan which has grown substantially over the years. In 1957, for example, Australia exported only \$67,000 of coal to Japan¹. Today annual exports of coal from Australia to Japan stand in excess of \$9 billion².

The volume of trade between the two countries is impressive. According to data prepared by Australia's Department of Foreign Affairs and Trade;

- Japan was the number one destination for Australian merchandise exports in 2006 with a value of A\$32.6 billion representing 19.4% of the total
- Japan was the number three source of merchandise imports to Australia in 2006 with a value of A\$17.4 billion representing 14.3% of the total.

From the Japanese side, these merchandise exports and imports put Australia at number twelve in the ranking of Japanese export destinations (1.9%) and number five in terms of import sources (4.8%).

The importance of Japan as an export destination for Australia is not a recent development. In fact, it took only ten years after the signing of the 1957 Agreement for Japan to become Australia's number one export destination, a position it has held for four decades.

The success of trade between Australia and Japan is built upon the complementary structure of the two country's economies. Australia has resources that Japan needs, and Japan is an efficient manufacturer of goods that Australia desires. In addition, Australia is an attractive destination for Japanese tourists and students. Around 700,000 Japanese people visit Australia each year. Interest in each other's cultures is also strong with more than 300,000 Australian students studying Japanese in secondary schools and tertiary institutions.

With so much vested in the relationship, it is not surprising that the last forty years have seen a growing political relationship between the two nations. In 1957, the then Australian Prime Minister Sir Robert Menzies visited Japan—the first Australian leader to do so. Subsequently, Australian Prime Ministers visited Japan four times in the 1970s, five times in the 1980s, six times in the 1990s and five times already this decade.

It is worth remembering that the depth and breadth of bilateral relations between Japan and Australia owes a lot to the foresight and continued efforts of governments on both sides. The 1976 *Basic Treaty of Friendship and Co-operation between Japan and Australia* was an important step in cementing the gains from the 1957 treaty³. It remains the only bilateral umbrella treaty to which Australia is a party to.

What makes the 1957 Agreement, and even the 1976 Treaty, so impressive is that they were achieved against a background of less than complete amity between Australia and Japan. The 1957 Agreement was signed only five years after the San Francisco peace treaty was concluded. At that time, WWII still cast a heavy shadow over Australian perceptions of Japan. Conversely, Australia carried the burden of a racist immigration policy (only effectively revoked in 1973) that hardly endeared it to its Asian neighbours, Japan included.

But such matters are now largely the concern of historians. So much so that in the past several years Australia and Japan have begun to broaden their relationship beyond shared economic benefit to embrace—albeit tentatively—shared strategic interests.

'Affirming that the strategic partnership between Australia and Japan...'

Many have been surprised at the pace Australia and Japan have moved to deepen their defence and security relationship over the past couple of years.

In June 2007 the two nations held inaugural two-plus-two defence and foreign minister talks in Tokyo⁴. This meeting followed the signing of a Joint Declaration on Security Cooperation⁵ in March that committed both sides to work together 'to respond to new security challenges and threats'. Both initiatives complement the inaugural Australia–Japan–United States strategic trilateral dialogue⁶ that brought the three nation's foreign ministers together to discuss security in March 2006.

Perceptions in Australia of what is behind the newfound strategic partnership between Australia and Japan vary.⁷

On one side are those who see recent events in entirely positive terms. Japan is finally shaking off the strictures of an outdated post-WWII constitution to play a role befitting the world's second largest economy. In this 'coming of age' tale, deepening security cooperation with Australia and the United States will help Japan emerge as an effective security actor for the good of all. To the extent that this version of the story has villains, they are the villains of the so-called non-traditional security agenda; violent non-state actors, transnational criminals, pandemic causing microbes, weak states in need of rebuilding and rogue states in need of restraint.

Others see a less promising narrative developing. The long-established power balance in East Asia is being torn by the rise of China causing roles and relationships to be redefined. In this version of the story, the new found closeness between Australia and Japan, and the United States in turn, represent the first steps in counter-balancing the rise of China as a great power. Take care, we are told in this version of the story, or our actions might create a China more in line with our fears than our hopes.

So where does the truth lie?

The more upbeat of the two assessments can certainly lay claim to reflecting the official line of the three countries. For example, the joint communiqué following the March 2006 Australia–Japan–United States Trilateral Strategic Dialogue reads like a checklist of uncontroversial security concerns centred mainly, but not exclusively, on the Asia Pacific. Topics canvassed included North Korean and Iranian proliferation, counter-terrorism cooperation, democratic reform in Burma, the stability of Pacific Island states and preparing to deal with the consequences of major pandemics.

The only mention of China was a single sentence that ‘welcomed China’s constructive engagement in the region and concurred on the value of enhanced cooperation with other parties...’ The only hint to changing power balances was a tangential reference to ‘the importance of reinforcing our global partnership with India’ (in which the reader is left to speculate on the meaning of the term ‘global partnership with India’). And the only concrete actions agreed to were to enhance the ‘exchange of information and strategic assessments’ and, naturally, to hold another dialogue. In the final analysis, the Trilateral Strategic Dialogue saw the three nations agree to agree on things that they had already agreed upon.

Although the Australia–Japan Joint Declaration on Security Cooperation is a much more substantive document than the anodyne trilateral communiqué, it still accords closely with an upbeat perspective of the emerging security relationship. At its heart is a list of nine areas for cooperation; eight focused directly on non-traditional security issues and one for the exchange of information. There is absolutely no reference to balance-of-power geopolitics, let alone anything that could be construed as a suggestion of collective defence. The joint declaration is most definitely *not* a mutual defence treaty or pact.

Nonetheless, the joint declaration does establish a program of strengthened defence and security cooperation through exchanges of personnel, coordinated activities and joint exercises. Importantly, however, the latter two initiatives are cast in the context of non-traditional security concerns, specifically; humanitarian relief, law enforcement, peace operations and regional capacity building. The joint declaration was followed by an *Action Plan* in September 2007⁸ that provided more detail without expanding the scope of planned cooperation.

The joint statement⁹ following the two-plus-two talks in June 2007 was bland in the extreme, once again canvassing a range of non-traditional security problems while avoiding any mention of China. The only point of vaguely strategic import was a diplomatic statement of concern regarding North Korean proliferation.

Thus, on the basis of what has been said officially, and in terms of actual cooperation in Iraq and elsewhere, the emerging trilateral Australia–Japan–United States and bilateral Australia–Japan security relationships are explicitly directed at security concerns other than the changing power balance in East Asia.

So where does this leave the interpretation of recent events centred on counterbalancing China's rise? Certainly, none of the three countries have ever suggested that their closer security relationship has anything to do with China, if anything they have argued the contrary. Explicitly so in the case of Australia, whose then Prime Minister John Howard said that the trilateral dialogue (and by implication the bilateral Australia–Japan strategic relationship) 'is not directed against China or the people of China'¹⁰. Nonetheless, there are two strong reasons to give credence to a perspective that puts China at the centre of recent developments.

First, the mere fact the United States and two of its Asia–Pacific allies are drawing together on security issues is important in and of itself. In this regard, context is critical. While the US–China relationship has warmed considerably in the years following 9/11, tensions remain between the two countries. In part, this reflects memories of the three recent Sino–American crises; the 2001 EP-3 aircraft downing incident, the 1996 Taiwan Strait crisis and the 1999 US bombing of the Chinese embassy in Belgrade.

While these events are now in the past, the fact remains that both the United States and China are strategically wary of each other—to the extent that they both appear to be developing military capability with each other in mind. The United States does so explicitly through its stated policy of maintaining decisive military superiority in order to 'influence countries at the strategic cross roads' of which China stands preeminent in US thinking.¹¹ For its part, China is developing a range of advanced weapons, including anti-satellite capabilities, presumably with the aim of having freedom of action (against US counters) across its air and maritime approaches particularly around Taiwan¹². With the military balance between China and the United States at the forefront of both nation's

minds, any move by the US to consolidate its alliances in the Asia Pacific inevitably, even if inadvertently, factors into that balance.

Second, and even more important, the recent bilateral and trilateral initiatives used language that put China on the opposing side of an ideological rift. The preamble to the Australia–Japan joint declaration refers to 'democratic values, a commitment to human rights, freedom and the rule of law' and the trilateral communiqué mentions 'supporting the emergence of democracies'. By themselves, these statements are nothing more than diplomatic recitals of long established positions. But, once again, context is everything.

The ideological rhetoric needs to be seen in light of the US position, reaffirmed as recently as 2006, calling for 'political liberalization' in China¹³—the inevitable conclusion of which would be an end to the communist regime. Couple this with the proposal from the United States¹⁴ to create a partnership of democracies including Australia, India, Japan and the United States—centred geographically around, but necessarily excluding, China—and a different picture emerges: Despite the recent warming of relations between China and the United States/Japan, an ideological rift remains that, among other things, defines a sphere of security cooperation centred on the United States to the exclusion of China.

Similarly, though somewhat less pointedly, under foreign minister Aso, Japan embarked on a program of 'values based diplomacy' with an emphasis 'on 'universal values' such as freedom, democracy, human rights, the rule of law and the market economy' which sought to '[f]urther strengthen ties with the US, Australia, India and the member states of the EU and NATO among others' and create an 'arc of freedom and prosperity' that formed a 'prosperous and stable region based on universal values around the outer rim of the Eurasian continent'¹⁵.

At least one neoconservative commentator¹⁶ in the United States has gone so far as to propose establishing a *League of Democratic States* 'to bestow legitimacy on actions that liberal nations deem necessary but autocratic nations [specifically China and Russia] refuse to countenance' and specifically mentions 'Japan, Australia and India' as potential members.

To the surprise of some domestic commentators, Australia's normally pragmatic Prime Minister at the time, John Howard, was quick to accept this ideologically based conception of strategic affairs. His response when challenged on China's possible reaction to the development of a closer bilateral security relationship between Australia and Japan was informative. On two such occasions he argued, not unreasonably, that there was no conflict in Australia having constructive relations with both nations, before then pointing out that Australia's relationship with Japan fell into a qualitatively different category because both nations are democracies.¹⁷ On other occasions he has stressed the ideological basis of the trilateral relationship between the United States, Japan and Australia¹⁸ going so far as to call it 'a natural coming together of three Pacific democracies'.

China's response to the Australia–Japan–United States trilateral has been diplomatic. When asked for China's perspective on the trilateral strategic dialogue, President Hu said that China 'believed that countries in this region should increase their dialogue and cooperation on the basis of mutual trust, mutual benefit, equality and cooperation to attain common security and common development'¹⁹. The notion of 'mutual trust, mutual benefit, equality and cooperation' has for several years now been the basis for what China calls its 'new security concept'. The question is; can a model of security cooperation that differentiates between

democracies and non-democracies be reconciled with one based on equality?

Apparently not—from China's perspective at least—if India is added to create a quadrilateral grouping. According to media reports that were subsequently confirmed by official Australian sources²⁰, China sent a *demarche* (a 'please explain' diplomatic note) to Canberra, New Delhi, Tokyo and Washington on the eve of senior officials from those capitals meeting to discuss security on the sidelines of the May 2007 ASEAN Regional Forum (ARF) in Manila.²¹ Subsequently, both New Delhi and Canberra downplayed any suggestion of a four-way security partnership²², notwithstanding joint maritime exercises involving the four nations and Singapore in September 2007²³.

So where does this leave us? Which of the two disparate interpretations of the growing security partnerships between Australia, Japan and the United States is correct? To some extent, it depends on the preconceptions that one brings to the question. Those who see the world changed irrevocably by the events of 9/11 tend to place greater emphasis on the gains from engaging a responsible and prosperous nation like Japan to assist with the new non-traditional security agenda. Those who see the emergence of China through the bitter lessons of European history fear a repeat of the nonsensical situation that saw the world go to war in 1914.

The Howard government was confident that it could reap the benefits promised by the former perspective while avoiding the risks inherent in the latter. Others are not so sure. Australia's new Prime Minister Kevin Rudd has, so far, adopted a decidedly more cautious approach. While committing to continue security cooperation with Japan across the effectively full gamut of areas set out in the 2006 joint declaration, he's taken a firm line against a formal defence pact with Japan

arguing that it would ‘unnecessarily tie our security interests to the vicissitudes of an unknown security policy future in North East Asia’. In contrast, his predecessor John Howard said that the joint declaration might eventually lead to a treaty²⁴, a view consistent with that expressed by then Japanese Foreign Minister Aso who left open the possibility of a future Australia–Japan–United States alliance²⁵.

In many ways, however, Australia has a different view of China to both the United States and Japan. We have no arguments over history or trade and, unlike the United States, we do not lecture the Chinese regime about how to be a ‘responsible stakeholder’. In fact, following the 2007 two-plus-two talks in June 2007, the Australian Foreign Minister Alexander Downer was at pains to explain to the media that China’s growing military budget was both reasonable and benign²⁶. Australia’s perspective of China is best described as relaxed and comfortable.

On past experience, Australia’s largely sanguine view of China will limit the potential of either the bilateral or trilateral initiatives to go beyond their present carefully circumscribed limits. Recent joint Australia–Japan diplomatic pronouncements reinforce this judgment. And even though the Howard government took Australia one small step closer to a partnership of democracies on China’s periphery, this is will not survive the new Rudd Labor government. If there was ever any doubt of this, Stephen Smith, the new Australian foreign minister, put the matter to bed during his inaugural visit to Japan and China when he informed both nations that Australia would no longer participate in four-way security talks with Japan, India and the United States²⁷.

This more cautious approach makes sense. From Australia’s perspective, prudence dictates that the potential benefits of

engaging Japan on non-conventional security matters must be conservatively balanced against the danger of provoking a potentially dire deterioration in international relations in East Asia. A key part of doing so is for Australia, Japan and the United States to remain constructively engaged with China. For Australia, the task has been made easier by the recently announced Australia–China strategic dialogue.

It remains to be seen whether the Australia–China dialogue leads to security cooperation between Australia and China on par with that being developed between Australia and Japan. Even more interesting would be an Australia–China joint declaration on security.

The fact that the Australia–China dialogue commenced at the ministerial level is significant. While bilateral security dialogues are not extraordinary—China and Japan have held seven and China and the United States four—these have all been at the vice ministerial level. Whatever happens, at least the Australia–China strategic dialogue brings a degree of symmetry to Australia’s relations with the powers of North Asia and softens the perception that earlier Australia/Japan/US initiatives were directed at China.

Moving forward

Assuming that the foregoing argument is correct, the new dimensions of the Australia–Japan relationship will be more focused on security issues than strategic affairs (in the sense of competition between great powers). That still leaves ample room for worthwhile cooperation given the two countries’ shared interests.

To begin with, Australia and Japan are mercantile states which are highly dependent on the free flow of goods, materials and energy to and from our shores. As a consequence, their prosperity is vulnerable to even relatively small disruptions in the global

security landscape. Moreover, in recent years both have experienced rapid growth in trade with China; a phenomena that has every prospect of continuing into the future.

Then there is the fact that both countries are close allies of the United States. And while their respective alliances greatly enhance our local security, both are subject to growing expectations from the US to support its broader security global agenda in places like Afghanistan and Iraq. Recent cooperation between the Australian Defence Force and the Japanese Self Defense Force in Iraq shows the potential for synergies from bringing together complementary capabilities.

Finally, both countries have open democratic political systems and free market economies. Thus, while their two cultures reflect distinctly different Eastern and Western heritages, they nevertheless share a range of important underlying values. Specifically, they agree on the fundamental relationship between the individual and the state, and on the best way to build prosperity at home and abroad.

Taken together, these three factors give Australia and Japan a good deal of common ground, and indeed common cause, to work together. It's not surprising then that cooperation is already underway in several areas.

Of all the security issues that have arisen in recent years, none has attracted as much attention as that of Islamist terrorism. Both Australia and Japan lost citizens in the 9/11 attacks of 2001 and the Bali bombing of 2002, making terrorism an important issue for both our countries. It's understandable then, that they have been cooperating on a number of levels to combat international terrorism. This was formalised in the Statement and Action Plan issued jointly by the Australian and Japanese Prime Ministers in July 2003 and reinforced in the Joint Declaration of 2007. Cooperation embraces immigration

controls, transport security, law enforcement, international finance and the development of response capabilities for chemical, biological and radiological incidents.

Arguably the most tangible commitment that Australia and Japan have made in countering terrorism was the dispatch of forces (albeit in quite different roles) to Afghanistan in the aftermath of 9/11. Of course, it would be naïve to pretend that Australia and Japan's efforts in Afghanistan were not at least equally motivated by a desire to nurture the US alliance for its own sake.

The rise of Islamist terrorism has, in turn, given new urgency to containing the spread of Weapons of Mass Destruction (WMD). Accordingly, both Australia and Japan are members of the 'core group' of fifteen countries participating in the Proliferation Security Initiative (PSI).

While the PSI and other ongoing non-proliferation initiatives are important, it is the diplomatic efforts underway to curb North Korea's nuclear ambitions that will be critical in the immediate future. Here, the opportunity for Australia and Japan to cooperate has been limited. Although there is much at stake in North Korea, the reality is that Australia is but a concerned observer while Japan is a direct party to the Six Party talks.

On the question of Iranian proliferation, Australia and Japan are so distant as to be irrelevant in the first instance. That said; following the 2003 attempt to 'disarm' Iraq, Japan and Australia ended up working together to rebuild infrastructure in that country.

Despite the relatively circumscribed level of cooperation between Australia and Japan on counter-terrorism and counter-proliferation, a worthwhile contribution to the overall international effort has resulted in both areas.

The same is equally true for cooperation between Australia and Japan in other non-conventional security areas. No doubt this will continue as opportunities arise and new challenges emerge.

Finally, although future cooperation between Australia and Japan will likely avoid trying to influence the actual or perceived balance of power in East Asia, it is still perhaps possible for the two countries to enhance strategic stability in that region. Specifically, Japan and Australia could work towards creating a security architecture for East Asia based on cooperation rather than confrontation.

It has become cliché to say that the stability of East Asia depends on finding a way to simultaneously accommodate the rise of China as a great power, manage the normalisation of Japan as a strategic entity and keep the United States engaged as a stabilising factor in the region. Usually it is assumed, implicitly or otherwise, that this would be easier if there was a regional forum, usually termed a security architecture, to facilitate consultation and dispute resolution. None of the existing alphabet soup of regional forums is suitable for this purpose; most are too large to be practical and all are principally focused on non-security affairs.

The most credible proposal at present is to evolve the six party talks into some sort of standing entity to deal with questions of North Asian security. Such an entity would have the advantage of engaging China, Japan and the United States on an equal basis. Of course, the difficulty of institutionalising such a forum would be the exclusion of the myriad of smaller nations in the broader region including those of Southeast Asia. But this might be unavoidable if a workable solution is sought; the problems of what is essentially North Asian security are not going to be solved by convening a 'general assembly' of the Asia Pacific.

Even if a manageably small and properly focused 'security architecture' emerges, it will be at best a means to an end. What's ultimately needed is a combination of implicit norms and explicit rules by which regional countries—and especially China, Japan, United States—delineate power, resolve disputes and accommodate each other's interests. Although a forum for discussion is almost certainly necessary, it will not be sufficient.

Australia has a strong stake in seeing a forum emerge with the necessary accompanying rules and norms. The country's three key trading partners (Japan, China and the United States) are the principle strategic players in East Asia, and the United States is its closest ally. Australia's security and prosperity depends critically on the strategic stability of East Asia. The same, of course, is even more acutely true for Japan.

Of itself, the recently established security/strategic partnership between Australia and Japan is but a minor development in the broader landscape of East Asian security. Nonetheless, it presents the opportunity for both nations to work together on the truly strategic task of helping establish an effective security architecture for East Asia. Arguably, the prospects for doing so are improved by the distinctly different relationships they each have with the key players—the United States and China in particular. It may be that, as with commerce, Australia and Japan find that their complementary characteristics deliver mutual benefit.

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