Cooperation in Contested Asia:
How Japan and Australia can shape the region's changing security dynamic

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ABOUT THE SERIES

The La Trobe Asia Brief is a publication from La Trobe Asia, based at La Trobe University. This series provides a platform for commentary, research and analysis of policy issues that are of key importance in the Asian region. The work will feature La Trobe University academics working with collaborators based in the region. The papers in The La Trobe Asia Brief series are written for an informed audience and are ordinarily 3000-4000 words in length. Authors will be invited by La Trobe Asia to contribute to this series.

PHOTOS

Front cover: The Japanese Maritime Self Defence Force submarine JS Hakuryu sails through Sydney Harbour on its way to Fleet Base East, Sydney (Photo: LSIS Peter Thompson/Department of Defence).


EDITOR

Matt Smith

With thanks to:
Diana Heatherich
Tom Barber

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It gives me great pleasure to welcome you to the first issue of The La Trobe Asia Brief, a series published by La Trobe Asia that is intended to provide high quality analysis on important international issues within our region. The briefs will be written by La Trobe academics in collaboration with partners based in Asia.

This inaugural brief brings together experts in international relations from La Trobe and our closest partner in Japan, Kyushu University. La Trobe and Kyushu have established an outstanding collaborative relationship that includes student and staff exchange, research colloquia, and is built on the success of our joint Institute of Mathematics for Industry.

In this brief, Professor Nick Bisley and Dr Rebecca Strating from La Trobe University, and Associate Professors Chisako Masuo and Nobuhiro Aizawa from Kyushu University, set out the case for why and how Australia and Japan should work together to advance common security interests in a geopolitically unsettled Asia.

Security in East Asia in particular has become highly contested, and the policy paper outlines a clear need and opportunity for strong cooperation, and for the concerted efforts that are needed from governments in both Australia and Japan.

This policy brief is a wonderful example of the strong collaborations our academic community has built with international partners throughout Asia, and in particular our relationship with Kyushu University. I would also like to acknowledge the Department of Foreign Affairs and Trade’s Australia-Japan Foundation for their support of the work involved in preparing this brief.

La Trobe Asia is an important part of La Trobe University’s engagement with Asia, and has provided excellent leadership in building university expertise and engagement throughout the region. The publication of this new series is another way in which La Trobe Asia is seeking to shape public debate and policy on key issues in the region.

Professor John Dewar
Vice-Chancellor

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Amidst growing competition between great and emerging powers, Australia and Japan must engage collaboratively together and with other regional states to manage East Asia’s increasingly unsettled, fluid security environment.

East Asia’s security environment is changing rapidly. China’s power and confidence is rising, the US is increasingly introspective and uncertainty abounds about its power and purpose. India and Russia also clamour for influence. Regional powers are entering a period of growing rivalry and animosity, nationalism is an increasingly pervasive force, and prompted by a widespread sense of strategic uncertainty, military spending is ramping up in many countries. As a new equilibrium has yet to be established in the security order, how can middle ranking countries like Japan and Australia manage their interests? The two countries have developed a close and cooperative security partnership since 2007. The changing environment is challenging but they can better navigate it by working together in a closely coordinated manner involving both diplomatic and security policy tools.

This La Trobe Asia policy brief explains how Australia and Japan can work collaboratively to advance their shared interests in a dynamic regional order. It is based on discussions held at an experts’ workshop that was convened in Fukuoka, Japan, co-hosted by La Trobe University and Kyushu University and generously supported by the Australia-Japan Foundation.

In managing this increasingly unsettled security environment, this policy brief recommends Australia and Japan should:

- Coordinate their dual hedging strategy to help bind the US to the region while simultaneously planning for a reduced and less reliable long term US role;
- Form interest-driven minilateral coalitions to advance the capacity of regional powers to shape their security environment;
- Work together in institutional forums, both new and old, to advance their shared interests. In particular, they should coordinate their engagement with China’s Belt and Road Initiative (BRI);
- Diversify their diplomatic and economic relations to become less dependent on the two dominant powers;
- Ensure their ‘rules-based order’ discourse matches their policy reality.

Prime Minister Malcolm Turnbull, Australia, with Prime Minister Shinzo Abe, Japan.
Asia’s post-Cold War security order was structured around the continuity of US primacy and its acceptance both by other major powers as well as the region more generally. That order, however, is becoming increasingly contested as China is no longer content to live in an international security environment organised around US dominance. This should not be surprising given the scale of Chinese power, the way it conceives of its interests and the perception in Beijing that the security order was designed by Washington to advance and protect American interests.

While China has not yet set out to overturn the existing arrangements, it is testing the limits of the old and pioneering new institutions. Its testing of the geopolitical disposition of the order – through the construction of artificial features and the militarisation of these in the South China Sea – is prominent, but just as significant is its creation of new institutional mechanisms such as the Asian Infrastructure Investment Bank (AIIB) and efforts to forge a new regional settlement by invigorating the Conference on Interaction and Confidence-Building Measures in Asia (CICA) and other initiatives. These activities challenge the underlying purpose of the US-led order.

Great power enmity has replaced amity, but this is not the only significant shift in the contours of the security order. Other states are beginning to reposition themselves in response to the ongoing changes. This is driving a sense of insecurity in the region and contributing to a feedback loop of strategic uncertainty. The most obvious manifestation of this is the increase in spending on offensive defence capabilities across many East Asian states. Notwithstanding a slowdown across the region in 2017, the long term trend is of more than 5 per cent per annum in real terms since 2012. China continues to dominate Asian military spending: according to the International Institute for Strategic Studies (IISS), China accounts for 40 per cent of the region’s defence spending, and its defence budget increased 7.1 per cent from US$143.7 billion in 2016 to US$148.4 billion in 2017. The second biggest defence player – India – has also grown and now accounts for 14 per cent of the region’s defence spending.

A second trend has been the development of new security alignments intended not only to signal political commitment but to substantively develop new means to advance and protect interests. The resurrection of the Quadrilateral Security Dialogue (the ‘Quad’) between India, Australia, Japan and the US is one example of states trying to coordinate their military policies to reflect the changing circumstances. The region has also seen a number of states shift their strategic alignments. Most East Asian states are hedging between the US and China, maximising their leverage as they defend their interests. Vietnam’s shift into Washington’s orbit and Duterte’s courting of China are only the most visible examples of this.
A third important element of the contested security setting is the growing array of multilateral mechanisms and processes. States have shown a degree of institutional entrepreneurship in this security multilateralism with the establishment of both large scale mechanisms with ambitious visions (such as the East Asia Summit) and more focused minilateral mechanisms with specific functions or mandates such as the ASEAN Defence Ministers Meeting (ADMM). These have proliferated over the past decade and to some degree reflect the uncertainties created by the shifting regional setting.

Finally, China is challenging the supremacy of existing international norms and rules. This is nowhere more apparent than in the maritime domain, as disputes over boundaries, territory and resources have become potential sources of conflict, unsettling and eroding the established security order. China has challenged contemporary rules governing maritime space. Its ‘nine-dash line’ concept appears to make a large swath of the South China Sea effectively Chinese territory based on historical claims few accept.

It is tempting to view the disruption caused by Donald Trump and his nativist ‘America first’ proclamations as evidence of a significant break with the old order. And while there has been plenty of bombast and some unsettling moves at the Singapore Summit with the DPRK, there has been no decisive disjuncture as yet: the US remains a major power in the region, and China’s military capabilities are still some way from displacing those of the US. Even so, the consensus-based security order that underpinned the old order is being replaced by contestation.

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The unsettled order has produced security dilemma effects as strategic competition in East Asia has intensified. While increased spending does not inevitably lead to arms races, and arms races do not inevitably lead to conflict, possible miscalculation regarding intent could produce conflict between great powers. There is little doubt that a major conflict between the US and China would be disastrous: it would create massive problems for the global economy, escalate the risk of nuclear warfare, and leave Japan and Australia facing extraordinarily difficult choices.

The paradox is whether Australia and Japan can act to alleviate the incipient security dilemma while simultaneously strengthening their defence capacities to protect against the threats presented by regional military build-up. Australia’s growing spending on recent and planned defence acquisitions – the A$50 billion submarine and Joint Strike Fighter programs – both recognise the threats presented by the contested security order and highlight its ongoing commitment to the US alliance. A key domestic commitment of Shinzo Abe’s government is to revisit the constitutional constraints on the use of force, which has provoked concerns in neighbouring states – principally China and South Korea – about a prospective remilitarised Japan.

China’s challenges to the existing order have implications for Australia and Japan, but in different way. For both states, the seas of East Asia matter because they constitute significant trading thoroughfares, and both states have an interest in ensuring these remain open for navigation and trade. But Australia is a peripheral player in East Asian disputes.

Its core interests lie in the ways in which the disputes threaten the rules and norms that govern the use of the seas, especially the United Nations Convention on the Law of the Sea (UNCLOS). As a regional power, Australia has considerable interests in ensuring that international law and norms assist in providing a stable balance of power. Japan, on the other hand, is a claimant in East Asian maritime disputes, and has territorial and national identity concerns at stake. It has, for example, pushed back against China’s historical claims over the Senkaku/Diaoyu islands, over which Japan exercises administrative control. These maritime disputes are subject to historical grievances and the symbolic politics of nationalism, which has implications for how regional powers, such as Australia and Japan, may form coalitions with others in the region.

In a world of multiple major powers, another key dynamic is the way that rising authoritarian powers – namely China and Russia - are challenging the post-Cold War liberal order. Japan and Australia are liberal-democratic states that share an interest in defending common principles and values such as universal human rights, democracy, open markets and the rule of law. These rules have provided the foundations for prosperity, economic development and increased global trade for regional states such as Australia and Japan. Canberra and Tokyo have interests in ensuring open markets and buttressing this openness through multilateral agreements, such as the Trans Pacific Partnership, of which both states are currently members. But the transactional approaches of the current US administration in Asia presents particular concerns for trading states like Japan and Australia as they continue to rely upon the US to underwrite their security through the alliance structure.

What’s at stake for Japan, Australia and the Region?

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There is a risk that liberally oriented regional powers will suffer as geopolitical contests and economic nationalism become a new normal in the region. The question then is how Australia and Japan can best protect and preserve those elements of the system that serve their interests, while adapting to and trying to shape the new regional structure.

First, both states share the basic predicament that their economic prosperity is driven heavily by a rising China while they remain strategically bound to the United States. Yet things are not so straightforward. The US remains a key source of inbound investment to Australia and Japan, and both are unsettled by the prospects of a shift in Washington’s long-term attitude to its regional security role.

Japan and Australia’s dependence upon the US in the security realm means they both face the classic alliance risk of entrapment in a conflict they might have otherwise avoided. Alternatively, they may become victims of a grand Sino-American strategic bargain if an increasingly nativist US abandons the region and its alliance commitments. While it is unlikely that the US will disappear from East Asia altogether, Australia and Japan should engage in a dual hedging strategy wherein they work to convince the US to remain committed to Asia to hedge against Chinese power, but begin to prepare for a world in which the US plays a lesser role in the region. While Australia and Japan should avoid over-reliance on the US, they should also not permit concerns about China’s approbation to unreasonably dictate their foreign policy choices. More adroit diplomatic management of these tensions is needed than the current policy settings in Canberra.

Second, Australia and Japan should form multilateral coalitions with regional powers that share common interests, as a component of creative regional power diplomacy. The Quad could provide a foundation for Japan and Australia to foster strategic interests and harness collective political will among ‘like-minded’ regional states. While Japan has continued to engage in trilateral dialogues with the US and India, former Prime Minister Kevin Rudd withdrew Australia from the Quad in 2007 over concerns that China viewed the grouping as a containment strategy. In 2018 the Quad is back on the table in Australia, reflecting the strategic need to encourage the US to remain committed to Asia to hedge against Chinese power, but begin to prepare for a world in which the US plays a lesser role in the region. While Australia and Japan should avoid over-reliance on the US, they should also not permit concerns about China’s approbation to unreasonably dictate their foreign policy choices. More adroit diplomatic management of these tensions is needed than the current policy settings in Canberra.

Third, Japan and Australia’s collaborative institutional entrepreneurship should focus on making security co-operation work more effectively within existing institutions. There is a common interest in increasing the capacity of the EAS, however, this has run into the long-term challenge of ASEAN’s unwillingness to share leadership of its offshoot organisation. Australia and Japan could propose a blueprint for the new regional economic development that provides greater possibilities for coordination and enhanced connectivity with China’s Belt and Road Initiative. A specific aim would be to drive a more multilaterally-oriented structure to BRI and its governance rather than a China-centred economic hub and spokes system. This would offer benefits in the security realm as economic cooperation and shared interests can ameliorate strategic competition. There are good reasons for scepticism about the strategic intent behind the BRI, particularly the use of ‘chequebook diplomacy’ and debt entrapment. Ultimately, however, it is better for Australia and Japan to be at the table as this nascent initiative develops, because it will enable them to help shape the rules, processes and structures of the BRI. Furthermore, it is possible for states such as Australia and Japan to provide alternatives for developing states in infrastructure funding, thereby mitigating the risks of debt entrapment.
Since China’s labor force has already begun to shrink, it is crucial that it finds new forms of productivity growth thus potentially providing incentives to act in a cooperative and economically liberal manner. Further, institutions such as the AIIB do not necessarily challenge existing economic norms or governance structures. Australia and Japan could seek to reform and strengthen the Asian Development Bank, and collaborate on other regional multilateral initiatives such as the Africa-Asia Growth Corridor with India. These initiatives should be oriented towards buttressing the foundation of the existing liberal order, and finding ways of engaging with new economic institutions.

Fourth, regional powers, such as Australia and Japan, are clearly working to diversify their foreign policy approaches to avoid dependence upon China and the US. It is in the interests of all states to be less dependent on either of the great powers. These diversification approaches can already be seen in efforts to increase their engagement with ASEAN and India, and in their enthusiastic embrace of the Indo-Pacific concept. These states should work towards co-ordinating their diversification strategies with ‘like-minded states’. By working together they can use these relationships to alleviate security dilemmas, increase trust and transparency, and reduce their dependence upon the US and China. But the issue for policy-makers is how they operationalise such a large strategic theatre: without an increase in funding, regional states such as Australia and Japan risk paying lip service to diversification by over-extending their diplomatic resources.

Finally, Japan and Australia have enthusiastically adopted the phrase ‘rules based order’, which acts as diplomatic code for criticising China’s actions that are perceived to break with existing practice. Yet, they need to ensure that their actions match their rhetoric. For example, in maritime disputes discussed above, both states can play a role in determining the capacity of norms, law and institutions to assist in resolving contests while avoiding military actions that inflame tensions. Canberra and Tokyo also need to acknowledge that these norms and laws constrain their own activities. To that end, Australia’s recent Timor Sea boundary treaty has been used by Australian leaders as a tangible example of Australia’s commitment to the rules-based order. Ultimately, Australia and Japan are going to need to substantially operationalise their commitment to the rules-based order into the future for it to work as a persuasive public diplomacy strategy.

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"The Quad" defence ministers at the 2018 Raisina. Adm. Katsutoshi Kawano (Japanese MSDF), Vice Adm. Tim Barrett (Australian Navy), Admiral Sunil Lanba (Indian Navy) and Adm. Harry B Harris Jr (United States Navy)(Photo from Raisina Dialogue twitter @raisinadiologue).
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