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# ***The next Defence White Paper: challenges facing Defence***

an edited version of a presentation to the Institute on 26 August 2014 by

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*Australia's next Defence White Paper will shape the Australian Defence Force for the next 20 years. It will need to address the fraying of the Pax Americana, the rise of China and the threat of terrorism. It will need to extend the existing maritime strategy to address the space and cyber-space domains; to build closer partnerships with Asian countries; and to formulate a balanced and achievable force structure within government-imposed fiscal constraints.*

**Key words:** Australia; Defence White Paper; *Pax Americana*; China; terrorism; maritime strategy; Australian Defence Force; force structure; defence budget.

The Australian government is planning to release a new Defence White Paper in 2015. Defence white papers are periodic reviews of Australia's defence strategy and inform force structure 20-30 years forward. This will be the seventh published since 1976 and one of the most consequential. As a statement of declaratory policy for a range of audiences – the Department of Defence, the Australian Defence Force (ADF), the Australian public and foreign governments who want to know who we are defending against – it will need to avoid confusion of message.

Overall, the white paper development process should involve:

- identifying the emerging threats to Australia and its interests;
- examining the current defence strategy and deciding what needs to change;
- considering the implications for the force structure of the Australian Defence Force (ADF);
- presenting costed, alternative force structures to government for decision – the white paper is not owned by the Department or the ADF; it is owned by the government of the day; and
- the government deciding how much it is willing to spend and which force structure to adopt.

I will now go through this process and tell you what I think the problems are and what needs changing in the next white paper.

## **Strategic Trends**

Three important strategic trends dominate the security space currently and will need to be addressed by the white paper. They are the fraying of the *Pax Americana*; the rise of China; and the challenge of a new form of terrorism.

### ***Pax Americana***

While the United States is not a declining power, the *Pax Americana*, which has been the basis of the world order since 1945, is fraying at the edges and there has been a relative loss of American power compared to 10

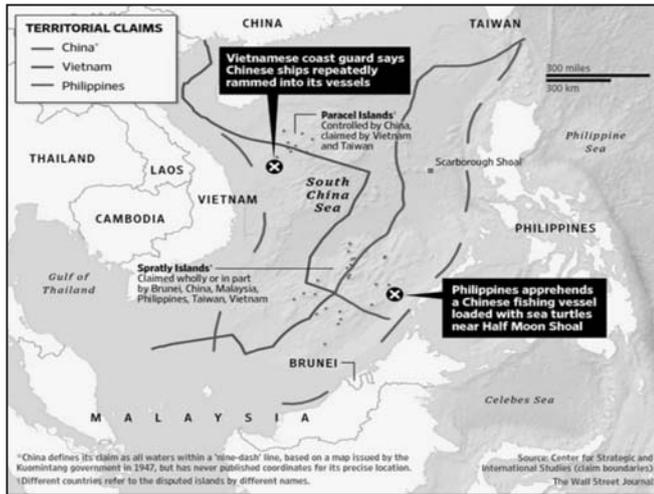
years ago. This has been caused partly by a loss of domestic confidence in the United States due to a diminution of its financial position, coupled with war weariness. The United States wants out of wars to focus on its domestic agenda. This relative decline also has been caused partly by 'the rise of the rest'. With a lot of countries around the world looking for regional leadership to fill the vacuum left by the withdrawal of American power, some regional hegemony are emerging, like China, Russia, and Iran. Consequently, issues the white paper needs to consider include whether the United States will become a more dominant power in the future; whether we should continue to have all our eggs in the one basket; and what that may mean for our defence capability.

### ***China***

While the rise of China is not new, China is now projecting its power into the maritime domain of the Western Pacific. The Chinese are challenging the *status quo* and want to resume what they consider to be their rightful place in the Asian security order by forcing the United States to withdraw from the area. China is developing its naval fleet accordingly and is adopting an aggressive approach to staking its territorial claims in the East and South China Seas, bringing it into conflict with its neighbours – Japan, Vietnam and the Philippines, in particular. In the South China Sea, China defines its claim as all waters within a 'nine-dash' line, based on a map issued by the Kuomintang government in 1947. The overlapping territorial claims of China, Vietnam and the Philippines in the South China Sea are shown in Map 1. China is seeking to dominate the South China Sea and has identified four strategic spots which would give it sea control (Map 2). It has constructed a port at Sanya on the southern tip of Hainan and is now developing fortified bases on three separate coral shoals – at Woody Island in the Paracel Group; Scarborough Shoal which China has recently seized from the Philippines; and Johnson South Reef. These are to become their 'unsinkable aircraft carriers' in the South China Sea.

I am not saying that we are likely to go to war with China. This, however, is a high-stakes game and it affects

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**Map 1:** The South China Sea, showing the overlapping territorial claims of China, Vietnam and the Philippines [Source: Center for Strategic and International Studies (claim boundaries) and *The Wall Street Journal*]



**Map 2:** The South China Sea, showing strategic spots for sea control – Sanya, Woody Island, Scarborough Shoal and Johnson South Reef [Source: Alan Dupont]

Australia directly as our vast maritime trade with north Asia passes through those waters. The outcome of these games may be benign, but we cannot base our planning on it being so. Accordingly, the white paper will need to consider the possibility that it will not be benign.

### Terrorism

Terrorist tactics have moved on from those of 11 September 2001 when civil aircraft were hijacked by al-Qaeda and flown into the Twin Towers in New York and the Pentagon in Washington DC. Today, some terrorist organisations have a global ideology, a world view and values directly opposed to those we hold dear, accompanied by an ability, never seen before in a non-state actor, to project military force. Indeed, Islamic State organises its fighters in Syria and Iraq along military lines then employs them to engage in conventional warfare to capture and hold territory for their caliphate. Consequently, terrorism is becoming a core defence issue, not just a national security one. The white paper will need to treat it accordingly.

### Australia's Current Defence Strategy

Currently, our declared defence strategy is described as a 'maritime' strategy. Given the foregoing trends, though, there are a number of problems with it. Three stand out:

- it involves an overly rigid approach to strategic planning which militates against rapid responses to changes in the strategic environment;
- it is geographically-based ('geographical determinism'), giving highest priority to issues closest to home, whereas Australia's interests are now global and events in distant places can be of equal strategic importance to us as ones close to home; and
- there is a gap between what we say and what we do – implementation falls short of the strategic rhetoric.

I am not arguing that countries near us are not important to us. We do need to take responsibility for the security of our own neighbourhood. But proximity to Australia is no longer necessarily a driver of threats – they can arise anywhere in the world; and geography is less of a protector than it once was when we viewed our neighbourhood as our primary region of strategic responsibility.

When you look at a map of Australia, it seems self-evident that we should have a maritime strategy, as we are an island continent and you would think that any enemy would have to approach it though the air-sea gap (a term we have dropped recently). When we first came up with the maritime strategy idea, it basically emphasised the role of the Air Force and the Navy. The Army's role was limited to occupying islands in Australia's northern approaches. In contrast, governments have envisaged a much broader role for the Army. This is exemplified by the following tabulation.

### ADF overseas deployments since the end of the Cold War

[data are troop numbers as a % of total troops deployed]

United Nations Peacekeeping	43
United States-led Coalitions	15
Humanitarian	19
Regional Assistance	10
Evacuation	10
Other	3

Further, we should not restrict ourselves to a maritime strategy, because the maritime domain is not our only concern. Warfare can be conducted in five domains today – land, sea, air, space and cyber space – so we need an integrated five-domain strategy that picks up the importance of space and cyberspace.

Space is increasingly critical especially for communications, spatial positioning and surveillance on earth. Indeed, most of the enabling technologies actually go through space in one shape or form. As modern defence forces rely upon those space-based technologies, future warfare is going to be for control of space as much as the land, sea and air.

The cyber domain has already become the fifth domain of warfare, with threats to our civil and military communications regularly coming through cyberspace. We need to protect our communications from cyber penetration by states and non-state actors.

We also need to develop closer cooperation with our region and build closer partnerships with Asian countries. Every white paper recounts wonderful things we are doing with regional defence forces. My argument is we are not doing enough and not doing it strategically. It is one thing to have defence cooperation with Indonesia, have exercises with them and have a few of their officers training with us. It is quite another to think about our Asian partners as being force multipliers with us in the way that we have previously viewed the United States.

An example would be to invite Indonesia to join with us in developing the Cocos Islands as a joint base for surveillance of the Indian Ocean and the Malacca Strait, waters vital to both of us, with the intelligence acquired shared. That is the way we should be approaching our regional alliances in the future. We need to be seen to be 'Asianising' our alliances.

As to our alliance with the United States, I do not agree with Malcolm Fraser who believes we do not need the alliance, that it will drag us into a war with China and that we would be better off being self-reliant and independent. I consider that the ANZUS alliance remains overwhelmingly in our interest, but I agree it needs to change. It needs to become more a relationship of equals, with more equal burden sharing and recognition that we are becoming more important to United States strategy rather than less important, because our interests are converging over the Indian Ocean and Malacca Strait.

### ADF Force Structure

The 2015 White Paper will need to formulate a structure for the future Defence Force. Pragmatically, it cannot start from scratch. It will need to start with what we have and fine-tune it. The 2009 Defence White Paper<sup>2</sup> did this quite well, but the proposed force was not funded adequately – it could not be realised. So this next white paper essentially will be about providing the money to fund the 2009 White Paper force structure.

It is essential that we have a balanced force capable of addressing all reasonable defence contingencies that may arise over the next 20 years, even if there is only minimal capability in some areas. Capabilities that have been discarded cannot be grown back in an emergency. Today, unlike in World War II, you basically have to fight with the force you have at the outset. At best, you may be able to add on a few things quickly.

There are four key force structure decisions which need to be made now:

- Frigates – we must replace our eight ANZAC-class frigates, either with a modernised version of the current ones or with a more capable and costly destroyer, an option which, if based on our air-warfare destroyer hull, is likely to cost around \$40 billion.
- Submarines – we need to select the next generation of submarines, decide what type we want and how many. The 2013 White Paper<sup>3</sup> envisaged 12 conventional submarines, but we may have to make do with six to eight, probably an export version of the Japanese Soryu-class diesel-electric submarine, have them built in Japan, and then have them maintained by Australian Submarine Corporation in Adelaide – project cost around \$36 billion.

- F-35 Lightning II Joint Strike Fighter – we have 72 of the F-35A (Air Force) model on order already. We must now decide whether to order another 28 as the 2009 White paper envisaged and, if so, whether any of them should be the F-35B version – the Marine Corps' STOVL (short take-off and vertical landing) version which could operate from our new amphibious assault ships, subject to the deck being strengthened to sustain regular F-35B operations.
- Armoured combat vehicles and land transport for Army – we need to make provision for the next generation of land mobility and protection vehicles for which a provision of some \$23 billion is probably required.

### Fiscal Realities

For the force structure to be credible, it must be affordable within the fiscal constraints imposed by government. This has been the 'Achilles heel' of recent white papers.

When it came into office, the Abbott government faced a \$30 billion Defence budget shortfall, roughly one year's whole Defence budget. Abbott immediately restored \$4 billion in lost funding and pledged to have the Defence budget rise by 5 per cent annually for the next decade to restore it to 2 per cent of GDP – it is currently \$29.3 billion, 1.8 per cent of GDP. Unless the government maintains this increased spending for the next nine years, we are not going to get there. These are the fiscal parameters against which a credible force structure must now be formulated.

### Conclusion

Australia's next Defence White Paper faces big strategic and force structure challenges. Of the six white papers to date, this will be one of the most important, because the decisions that need to be made cannot be put off any longer and will shape the Australian Defence Force for the next 20 years. It all comes down to the money available, unfortunately, and that remains the big question mark.

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<sup>2</sup>Department of Defence (2009). *Defending Australia in the Asia Pacific Century: Force 2030 – Defence White Paper 2009* (Commonwealth of Australia: Canberra), Chapters 8–10.

<sup>3</sup>Department of Defence (2013). *Defence White Paper 2013: defending Australia and its national interests* (Commonwealth of Australia: Canberra), para. 8.46, p. 82.