



## **The Security of Maritime Trade in Australia's Indo-Pacific Strategic Oceanic Space**

Issues in the security of Australia's maritime trade have often been canvassed in United Service, most recently in Admiral Tim Barrett's lecture 'Resilience in Australia's Maritime Industry' in September 2021. This opinion piece draws on these and other sources to invite members' attention to maritime security issues in the Indian and Pacific Oceans attendant on China's rapid rise in both maritime and mercantile standing in a region of key strategic importance to Australia.

To set the scene, here are some of the key influences on the situation.

- The International Maritime Organisation (IMO), the UN division which regulates the world's maritime industry, estimates over 80% of international trade is exchanged in ships. For island countries like Australia and its Indian-Pacific regional neighbours the percentage is much higher.
- Adherence to IMO regulations is voluntary, as is respect for the UN Convention on the Law of the Sea (UNCLOS), which lays down the principles governing the use of international waters and national contiguous seas. 168 nations have ratified the Convention, but not Kiribati, Marshall Islands, Palau, Timor Leste, Tonga or the United States.
- Disputes over UNCLOS are settled by the International Court of Justice, whose rulings can be flouted or ignored, as China's occupation and militarisation of rocky outcrops in the South China Sea illustrates.
- Although few nations 'own' ships, Chinese shipping firms collectively became the largest owners of merchant shipping in November 2019. The other 'top ten' nations are Japan, Greece, USA, Singapore, Germany, South Korea, UK, Taiwan and Norway<sup>1</sup>.
- As Ukraine's present grain shipping situation demonstrates, it is generally ship owners who decided whether cargoes will be shipped and from and to which ports - with maritime insurance companies hovering at their shoulders.

With China still the developed world's preferred manufacturing hub, as well as a huge domestic market, shipping flows to and from China through the Indian and Pacific Oceans have steadily increased. This has put pressure on the traditional mercantile shipping choke points, such as the Malacca and Singapore Straits, which the largest ships (and the trend in mercantile construction is towards larger vessels) can no longer transit safely. Increased traffic densities in northern Australian waters leading from and to the South China Sea and the North Pacific have resulted, a situation we should be concerned about.

Clearly, a strategic issue has arisen from the continued expansion of Chinese dominance in sectors of the maritime shipping industry, gravitating towards dependence in certain areas, like containers. There is not much Australia can do to modify this trend except to encourage other maritime nations to consider the issue in that light. Genuine commitment to diversifying the sources of our imports and the re-establishment of the manufacture of key strategic materials in Australia would also help. However, there is also the control of international and national waters to be considered, which does directly involve this country.

Already operating the world's largest navy, the Chinese Central Military Commission also controls the world's largest Coast Guard, with over 200 vessels and slightly fewer personnel than the RAN. Backing this up is a 'fishing militia' of ocean-going vessels numbering in the thousands, plundering fish stocks in other nations' exclusive economic zones (EEZs) - another UNCLOS restriction China has declined to honour - by swarming over them. Put simply, without countervailing pressure and maritime wherewithal to enforce international agreements on the use of the sea and maritime resources, Beijing could - on paper - do whatever it wanted.

There are practical constraints on any such abuse of military and paramilitary power. China has lifted itself to its present position of influence through international trade. Despite efforts, such as the Belt and Road Initiative, to reduce its dependence on maritime linkages with the world, interruption of the flow of cargoes to and from Chinese ports would be a national disaster. These constraints do not, however, extend to the harassment of other cargoes carried in the ships of other nations on the high seas or deprivations in national EEZs.

To obviate this threat, Australia should demonstrate its' preparedness to counter any Chinese - or other - interference with shipping in the international waters to our north. With only modest maritime means, the nation needs to impress upon our neighbours and trading partners through diplomacy the need to adhere to and uphold international law as it applies to this region. It could also:

- Strengthen its material and operational support for regional nations in defending their UNCLOS rights, including the exchange of intelligence on potential threats.
- Develop military and coast guard cooperation in enforcement of UNCLOS when regional national rights are threatened or flouted by other powers.
- Train, exercise and demonstrate Australia's commitment and capability to uphold its maritime rights and responsibilities through the deployment of the ADF and Border Force assets.
- Keep disputing Chinese disregard for international law.

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<sup>1</sup>Chinese firms also produce most of the world's container cranes, 80% of its shipping containers, operate ports in over 30 countries (including Australia), and attract nearly 50% of mercantile ship construction orders.

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