

Something new under the Rising Sun:
expanding Australia–Japan defence cooperation
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A number of recent policy documents signal the Australian Government's intent to deepen defence engagement in the Asia–Pacific, and future defence policy statements are likely to reinforce that objective. The *Australia in the Asian century* White Paper clearly established Asia as our primary economic and strategic focus. Australia's first National Security Strategy gave as the first of its three priorities 'strengthening regional engagement to support security', and the 2013 Defence White Paper—released in May 2013—sets out an ambitious plan to strengthen defence relations with Japan.

There are several factors working to make the strategic environment more uncertain for Australia and other countries in the Asia–Pacific. First, and more quickly than was expected, there's been the emergence of a sharper-toned China–US strategic competition. Military-to-military relations, in particular, are difficult. Second, there's a curious blending of elements of cooperation and competition in Asia–Pacific affairs. The region's tied together by economic and trade relations, but in important respects there's an absence of trust between countries, particularly on military matters. Third, a number of middle-sized powers are emerging with stronger voices on security matters, particularly Japan, South Korea, Indonesia, Vietnam, India and even Australia. Fourth, there's been a broad increase in the capabilities of many regional military forces and with it the growing risk of military incidents, particularly in the maritime domain. Taken together, these developments point to an increasingly complex region where competitive multipolarity is the defining characteristic of international engagement.

Even with an ensured American presence, because Australia's resources are limited we can't hope to achieve all of our strategic objectives in the region without engaging other players and finding innovative ways to develop a cooperative approach to building security. As the most capable of American partners in the region, Japan offers much as a closer partner to Australia. The bilateral relationship's already strong—Japan's now one of our closest Asian security partners.

Domestic factors

Recent developments in Japanese politics and defence policy have created an environment that encourages closer engagement. Japan's conservative Abe government has made the nation's defence forces a priority, with plans to increase defence spending by over A\$1 billion (the first real increase to

the defence budget in a decade). Prime Minister Abe favours a revision of Japan's postwar Constitution that would see the Japan Self-Defense Forces (JSDF) rebranded as the 'National Defense Military'. Repositioning the role of the JSDF to officially recognise its full capacity as a defence force is currently prohibited under Article 9 of Japan's Constitution, which bans Japan from maintaining armed forces with 'war potential'. Furthermore, the Treaty of Mutual Cooperation and Security between the US and Japan restricts Japan's defence contacts outside of its alliance with the US. If the Abe government succeeds in this initiative, this transformation might lead to expanded defence engagement with other countries, including Australia. In particular, Japan and Australia could increase their defence industry cooperation and ease export controls (a move that Japan has recently taken with the United Kingdom).

While perhaps not as dramatic as the changes looming in Japan, there are aspects of the Australian political landscape that could have an impact on our defence relations. They include recent substantial cuts to the defence budget, the completion of a new Defence White Paper, and a potential change of government at the September 2013 federal election.

In May 2012, the Australian Government announced that it would cut the Defence budget over the next four years by \$5.45 billion. The 2013 budget partially offset these cuts with an increase of expenditure over the next three years of around \$3 billion but almost all of this was to cover the acquisition costs of an additional 12 Super Hornet aircraft equipped with the Growler electronic warfare system. In other respects the 'savings and efficiencies' of earlier years will continue to have a potentially negative impact on defence engagement. While the government insists that the cuts won't affect Australia's current overseas operations, they mean that future overseas operations could become more limited in number and scope, and there'll clearly also be pressures on exercising and other forms of regional engagement—including with Japan. Except at the margins Defence did not use the 2013 White Paper to review equipment acquisition priorities because the government's position is that all core capabilities will be delivered, notwithstanding the spending cuts on force structure matters the 2013 White Paper looks very similar to the 2009 paper. However the statement contains a stronger focus on Australia's defence *posture*—that is, what we do now with the military assets we actually have, rather than planning for the capabilities we don't currently have.

Finally, there's the federal election. Should a change of government take place later this year, Australia's foreign policy towards Japan is unlikely to change. It's largely bipartisan and, even though the Coalition has pledged to write a new Defence White paper 18 months after taking office, there are unlikely to be major changes to Australia's defence position on Australia–Japan security relationship. We can expect a Coalition government to be as enthusiastic as the current one about developing it further.

Some of Australia's domestic developments are concerning and some positive for the future of Australia–Japan defence relations. The question's how to work through our changing domestic political situation and partner with Japan in the most productive and mutually beneficial way.

This paper analyses the benefits that could follow from expanded Australia–Japan defence engagement and outlines specific areas for enhanced engagement. While there are good reasons for like-minded allies of the US to cooperate on security issues, the degree to which we do so will be a matter for judgement by governments on both sides—Australia and Japan both have local, regional and global interests, and they aren't all equally weighted. But enhanced Australia–Japan defence cooperation could lead to the development of capabilities that would allow the two countries to play a bigger role in contributing to the security of the region to the benefit of all.

Current defence relations

Australia–Japan defence engagement has grown in recent years, largely due to similarities in strategic outlook that make us natural security partners. We both have the US as our main strategic ally under the ‘hub and spokes’ model, we’re both thriving democracies and we both have advanced economies and sophisticated military forces. We’re both members of the OECD and we share similar objectives for regional security. Importantly, we’re both stakeholders in a stable, rules-based international order and, as such, have a considerable stake in how the US responds to growing Chinese power and influence in the region and in the future of US–China relations generally.

This year’s seen further positive developments in the Australia–Japan defence relationship. In January, the Australia–Japan Acquisition and Cross-Servicing Agreement came into force, allowing logistics support between Australian and Japanese forces operating together. The agreement will further enhance our defence relations, providing a necessary framework for mutual logistical support during humanitarian, disaster relief and peacekeeping operations. Discussions have also been held between our two defence departments on the potential for science and technology cooperation. These achievements build on the substantial progress that was made in 2011 and 2012.

In March 2011, Australia’s disaster assistance to Japan during a triple crisis built trust between the two nations and significantly bolstered defence ties. In the aftermath of the Fukushima nuclear disaster, the earthquake and the tsunami, for the first time in the history of Australia–Japan defence relations there were three Australian C-17 aircraft in Japan transporting JSDF personnel and equipment to and from the disaster zones.

2012 was a particularly big year. The Agreement on the Security of Information, signed in May, provides a framework for the protection of national security information shared between the Australian and Japanese governments. The agreement’s only the fourth of its kind (Japan’s signed similar ones with the US, NATO and France). To some extent, it’s a benchmark reflecting the significance of the Australia–Japan defence relationship.

In September 2012, a successful fourth ‘two-plus-two’ ministerial meeting resulted in an agreement between the Australian and Japanese defence and foreign ministers to expand joint military exercises. This meeting has paved the way for more practical military engagement between Australia and Japan and will ultimately enhance our interoperability and increase the skills and abilities of both defence organisations. In light of the opportunities presented through Japan’s 2011 Guidelines for Overseas Transfer of Defense Equipment, our defence ministers also agreed to discuss a framework under which technology cooperation could be enhanced. Also to our mutual benefit will be the deepening and broadening of our information exchanges and the more personal connections that are allowed to develop within our military, policy and scientific communities.

In addition, in 2012 Australia lent support to Japan’s peacekeeping mission to South Sudan, deploying two Australian Defence Force personnel to be embedded with the Japanese contingent. This is significant because it’s the closest contact the Japanese and Australian defence forces have had since their mission in Al Muthana province in Iraq in the mid-2000s.

These bilateral arrangements and activities have added important new layers to the Australia–Japan defence relationship and reflect a positive trajectory for the future of the relationship.

Trilateral engagement with the US on security matters remains an important prospect for Australia and Japan. In June 2012, the senior civilian defence officials

of the three countries participated in the Trilateral Strategic Dialogue on the sidelines of the Shangri-La Dialogue in Singapore. Our Defence Ministers gave an undertaking to refine and consolidate our trilateral defence engagement over the next decade and to implement an action plan to meet common security challenges. The dialogue, which was established in 2006, provides an important opportunity for our Defence Ministers to discuss common regional threats, share their strategic perceptions and more closely align their strategies. As well as working on our trilateral defence engagement, there's also the prospect of closer cooperation in cybersecurity and space.

The 2013 White Paper adds further ballast to the relationship, setting out a detailed statement of planned cooperation:

The defence relationship will support the ability of Australia and Japan to work together to contribute to international responses in the areas of humanitarian assistance and disaster relief, and peacekeeping. In the region, Australia and Japan work to enhance the capacity of regional defence and security forces to improve their internal management and respond to challenges, including conducting humanitarian assistance and disaster relief.

Japan has a strong history of technology and manufacturing expertise; the Government will continue to develop a defence science and technology relationship with Japan to identify cooperative areas of mutual benefit. Opportunities to enhance defence science and technology cooperation will be explored in both the research and operational testing fields, as will opportunities for industry cooperation.

The bilateral exercise program continues to grow in both scope and sophistication and the Government will continue to deepen exercises with all three Services with a focus on naval and air force cooperation. The Government will also pursue closer trilateral cooperation involving the United States through the Trilateral Strategic Dialogue.

Reasons to increase defence engagement with Japan

For the last half of the 20th century, Australia and Japan enjoyed—for the most part—a long period of relative strategic stability. Since the end of the Cold War, however, the security situation's become more complex. The challenges posed by shifting power dynamics in the Asia–Pacific, the proliferation of weapons of mass destruction (WMD), and non-traditional and emerging threats such as cybercrime have steadily increased.

Of those factors, the rise of China and the shift in power relativities in the Western Pacific are probably the biggest challenge, even though they present no immediate military threats. A strategic competition is intensifying between the US and China and, while it's been carefully managed up to now, there are signs that it could become more complex and potentially dangerous. The US has made it clear publicly that it would like both Australia and Japan to do more in the sphere of military security, so it's sensible to think about our options for closer strategic engagement.

North Korea and Iran are continuing to develop nuclear and missile capabilities that can directly threaten their immediate regions and, should they continue to export WMD material and technology, their actions could have wider negative repercussions.

In response to these developments, and the more general spread of high-level defence capabilities through military modernisation around the globe, the US is developing new strategies for operating in an environment where an adversary is attempting to deny access. The Joint Operational Access Concept and its subordinate AirSea Battle concept (discussed in detail below) put a premium on allies providing support in the form of bases, military contributions, or both. This

could have significant implications for Australia and Japan, which will be called upon to provide more capability in a broader security teaming arrangement.

Working against that are the rising cost and complexity of military systems. High-end capabilities are increasingly expensive and difficult to develop, and the worldwide trend is towards defence industry mergers and like-minded countries looking for areas where they can share the research and development burden. There's room here for Australia and Japan to cooperate, to share technologies and to realise greater economies of scale.

There are many areas of non-traditional security where cooperation would allow more efficient uses of each country's resources. For example, multinational groups can pose a threat from almost anywhere. In the maritime domain, the world's major trade routes carry import and export traffic from essentially all countries. While Australia and Japan are geographically separated, they share common infrastructure in cyberspace, especially with the convergence of communications and computer systems. There's room for cooperation in this regard.

And populations settled in areas prone to natural disasters are growing, producing a greater demand for humanitarian and disaster relief operations. The potential impact of climate change in the future will further exacerbate this trend.

It's true that Australia, Japan and other countries already have cooperative programs in place or under development. They include multilateral efforts, to which Australia and Japan have contributed warships, to combat naval piracy; military exercises to build confidence and experience across regional militaries; and humanitarian and disaster relief operations in which many countries have participated. As well, there are developing relationships in the area of cybersecurity and network defence. These are all positive developments, and we're likely to see more of this sort of activity. However, these developments are in some ways second-order security matters—with the exception of cybersecurity—and are less challenging than first-order security relationships involving the top-end military capabilities and the more difficult issues thrown up by the geopolitics of the Asia–Pacific region and beyond.

But it doesn't necessarily follow that Australia and Japan should be looking for deep cooperation on all security issues. There'll be instances where our interests don't coincide to any great degree. In every case, the two governments will balance the costs and benefits (immediate or potential) and make decisions based on judgements about how their national interests are best served. For example, Japan has much less stake in the stability of Solomon Islands or Timor-Leste than does Australia. Similarly, the extent to which Australia wants to become indirectly engaged in North Asian security remains a lively topic for national discussion.

The degree of cooperation between Australia and Japan will be decided by future governments in both countries, and they'll weigh many factors when doing so. One of the most important will surely be the expectations that the US has about each of our contributions to the wider security framework that it's trying to put in place.

Opportunities to expand Australia–Japan defence cooperation

In increasing degree of complexity, areas for collaborative work fall under three main categories of sensitivity to the constitutionally constrained Japanese system:

- Low-sensitivity activities could be cooperation in areas where there's already a history of cooperation. This would include working together on humanitarian and disaster relief capabilities, second-order security activities (such as anti-piracy patrols and counterterrorism) and collaboration on cyber defence.

- Medium-sensitivity cooperation would include collaborating on military exercises and on the development of military capabilities. Examples could be exchanges on submarine technology and ballistic missile defence.
- High-sensitivity cooperation would be collaboration on foreign intelligence collection, the development of a shared response to the US ‘AirSea Battle’ model and collaboration on sensitive asymmetric warfare capabilities (such as cyberwarfare and electronic attack).

The low-sensitivity activities are easy to justify and pursue; the medium-sensitivity issues are workable, and more can be done in those areas; the high-sensitivity activities require more discussion, but the US rebalance in the Asia–Pacific will force Japan and Australia to think about them—Washington has expectations of both countries’ contributions to the wider security framework that it’s trying to build.

In pursuing the medium- and high-sensitivity options, the challenge for Australia and Japan will be to weigh the costs and benefits and decide which avenues for expanded defence engagement are worth the risk. The following sections explore three areas of medium to high sensitivity: cooperation on submarine technology, the AirSea Battle concept and network operations.

Submarines: an area for Australia–Japan cooperation?

Australia and Japan both have sophisticated naval capabilities and both employ American-sourced systems, such as the P-3 Orion, the Aegis combat system and Seahawk helicopters. Both navies exercise with the US Navy (USN) and have a high degree of interoperability with it. There’s not much we have to do to be able to work with the Americans at sea. However, there’s one current opportunity for collaboration between Japan, Australia and the US that would further the cause of interoperability—Australia’s future submarine project, which has been the subject of much domestic discussion.

The Australian Government is gathering information in order to decide on the best way to proceed. While all options involve diesel–electric systems, the stated requirement is for a long-range submarine with high endurance and a substantial payload. Additionally, interoperability with the USN and the desire to have the best capabilities possible mean that the American combat system and weapons in the current Collins class are likely to be retained. The Collins subs have many of the desired properties but they’ve suffered from reliability problems, especially in their propulsion systems.

The government’s decided that the way ahead will be one of two possible routes: an evolution of the Collins class, retaining the combat system and weapons but with a substantially new propulsion system, or a new design submarine that draws on conventional submarine design skills in Australia and elsewhere and incorporates American combat and weapon systems.

Japan builds very successful large conventional submarines that are suited to operations in the Pacific region and are likely to be of great interest to Australia. It remains to be seen what can be achieved but, as a minimum, Australia would be very interested in Japanese propulsion technology as an option for either of the approaches described above. The Australian Government has committed to developing a submarine propulsion testbed facility, and it would work to Australia’s great advantage if one of the systems tested had significant Japanese input.

AirSea Battle and America’s allies

One of the major policy challenges for Australia and Japan is how to respond, both individually and together, to the US ‘pivot’ and the accompanying development of strategic and military concepts. The most important such concept is AirSea Battle¹,

which has become the most visible sign of efforts by the US military to readjust its doctrine to deal with the growing anti-access/area-denial (A2/AD) challenge. The concept is, in large part, a response to China’s development of greater A2/AD capabilities in an attempt to deny the US access to its near seas.

Put simply, AirSea Battle attempts to align all of the tools in America’s arsenal to coordinate against the increasingly complex threats of the 21st century. In practical terms and to date, it’s been developed to help the US and its allies continue to operate in contested territory.²

So far, the debate in the US on AirSea Battle has paid relatively little attention to America’s Asian allies’ views of the concept or roles in it. However, as a report by the Center for Strategic and Budgetary Assessments noted, ‘AirSea Battle is not a US-only concept. Allies such as Japan and Australia, and possibly others, must play important enabling roles in a stable military balance.’ This raises some important strategic considerations for our defence planning, and it potentially complicates the delicate balance between the US as security ally and China as major trading partner for both Australia and Japan.

While there’s relatively little about AirSea Battle in the public domain, US thinking definitely includes a layered approach to defeating A2/AD challenges. There are several aspects of that approach that will potentially impinge on Australia’s and Japan’s force structures and doctrine development. Alternatively, either or both countries might be forced to decide what they aren’t prepared to do to support the US in A2/AD conflict.

The most significant AirSea Battle components in this respect are:

- the hardening of bases in North Asia and the Pacific (especially in South Korea, Japan and Guam)
- a ‘defence in depth’ approach of dispersing US forces across a wider area
- tactics and technologies to disrupt Chinese command, control, and intelligence, surveillance and reconnaissance capabilities
- deep strike capabilities against distant targets
- distant blockade operations against shipping traffic to and from China.

The first two are relatively easy to implement and can be done on a bilateral basis with the US. Agreements on the hardening of bases or the hosting of US forces are basically matters for the US and its allies and partners to discuss between themselves. For example, Singapore’s agreed to host four USN warships, and Australia will host 2,500 US Marines and additional port visits by American vessels.

The last three are serious undertakings and would require a great deal of commitment by America’s allies if they were to participate. However, Japan and Australia should at least think through the capabilities that we’d need to do so—even if we subsequently decide that they’re steps too far. And the way the issues will need to be discussed won’t be the same for our countries, although they’re likely to be controversial in both.

Australia has long been involved in expeditionary military operations—including many wars—in support of our major-power allies, so to some extent participation in AirSea Battle would be consistent with previous Australian policy. But, as noted above, we’re currently debating where on the spectrum of cooperation with the US we want to sit, and to what extent we want to avoid confrontation with China—in short, how we balance our security and economic interests.

Japan faces the same issue, as well as unresolved territorial disputes, but any participation in AirSea Battle is likely to be further complicated by Article 9 considerations. For example, it would be a very big step for Japan to consider the development of deep strike capabilities.

Nonetheless, there are things that Australia and Japan could do that are short of full participation but would allow a tiered engagement. Our level of engagement could be adjusted in either direction in the future should circumstances require it, while at the same time supporting and enabling the American concept.

Two broad areas for cooperation are the development of naval forces that are interoperable with the USN and cooperation on the development of capabilities for computer network operations. Neither would commit Australia or Japan to AirSea Battle, but both are likely to be welcomed by the US for adding depth to its own capabilities and both would give Australia and Japan the option of participation in American activities at various levels of commitment.

Network operations

A second high-sensitivity question about expanded cooperation is whether Australia and Japan can contribute to a wider allied effort on computer network operations. Those operations can be broken into three types:

- *computer network defence* tries to keep our own data and networks secure and develop an understanding of the nature of the threats against them in order to deploy successful countermeasures
- *computer espionage* involves the use of network exploitation techniques to gather information
- *offensive cyber-operations* involve cyberweapons, network infiltration and disruption, the insertion of false data and the corruption of stored information.

Computer network defence is a perfectly reasonable response to hostile activity such as espionage or sabotage aimed at exploiting our critical systems, so cooperation between Australia and Japan in that activity is easily acceptable. Given that many of the threats to Australian and Japanese (and other countries') systems originate from the same sources, Australia and Japan would be justified in cooperating on cyber defence. While some cooperation in this area is already happening, successful cyber defence needs to be 'joined up' to avoid weaknesses in one sector being exploited to gain access to others.

While cooperation on computer network defence is relatively easy, jointly addressing computer espionage is more difficult. Computer espionage is an increasingly important part of intelligence operations for virtually every country. Australia and Japan—and each of us with the US—already have certain intelligence-sharing and coordination arrangements in place. It stands to reason that at least some of the data collected via network exploitation would also be shared. But operational procedures need to be designed to take account of legal and political considerations. There's no in-principle reason that precludes cooperative activities, but working across jurisdictions requires the alignment of those activities with two sets of domestic law and with international law. This means that Australia and Japan would need to tread carefully if they increase their cooperation in this area.

Offensive cyber-operations are more problematic still—all of the same legal difficulties apply but there's yet another layer of organisational complexity. Australia's opted to set up its Cyber-Security Operations Centre under the auspices of its signals intelligence organisation within the Department of Defence, but not within the Australian Defence Force. The US has opted to set up a Cyber Command subordinate to its armed forces Strategic Command, with components sitting within army, navy and air force command structures. Given the compartmented nature of this kind of work, establishing links between organisations in different countries would require close liaison to establish who the appropriate counterparts are. This

combination of operational sensitivities and organisational mismatches would make it difficult, but perhaps not impossible, to develop a seamless approach to network operations. There's good reason for Australia and Japan to take steps in that direction.

Where to from here?

The Asia–Pacific security landscape is changing in ways that make it more complex (and in some ways more dangerous) as strategic competition between the established and emerging major powers deepens. The American response to this challenge is in many ways still a work in progress. As two of America's close allies in the region, Australia and Japan need to think hard about the expectations that the US might have of us. We need to decide how we can work together to support our ally—and we need to decide what we're prepared to do in support of its strategy.

Australia and Japan currently enjoy a very close defence relationship, partly because of our shared strategic values and the similarities between our security alliances and objectives. In this way, Australia–Japan defence relations are crucial to making long-term peace more likely in a changing strategic and security environment.

All indications are that Australia–Japan defence relations will improve and expand in the coming decades, not only because there's a desire for closer ties and a substantially shared strategic view of the world, but also because there'll be a growing need for us to work together to achieve common security goals.

There are a few hurdles to overcome to get there, not least of which is the availability of resources. Australia's domestic political changes have had a transformative effect on Australian defence policy. Not all of these changes have been successfully handled in the 2013 Defence White Paper, but the document does articulate a sensible strategic approach to the bilateral relationship with Japan. Resource constraints might place limits on the full extent of what we can achieve in deeper defence relations with Japan, but not in the short to medium term.

The Asian century will bring with it new challenges, many of which will require a collective response. Working in concert, Australia and Japan are well positioned to make a positive contribution to the region, but that will require greater effort and more foresight from both sides. Our relationship needs to expand because the region will increasingly look to influential countries, like us, to take leading roles in maintaining regional stability.

Notes

- 1 Anti-access (A2) techniques are intended to deny a foreign military access to an area or prevent it from moving freely through the global commons. A2 challenges could include political and economic exclusion in the first instance and could then expand to include military aspects such as blanket denial of basing, staging and transit. At their most hostile, A2 instruments could include employing all of the offensive weapons of a nation's arsenal. Area-denial (AD) challenges are intended to prevent an opposing force from entering and operating in an uncertain or contested territory. AD obstacles can be present in air, sea, land, space and cyberspace, and are intended to complicate and disrupt an opponent's attempts to gain a presence in these areas.
- 2 For much more on AirSea Battle and its implications for America's Asia–Pacific allies, see Benjamin Schreer, *Planning the unthinkable war: 'AirSea Battle' and its implications for Australia*, ASPI, April 2013.

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