

# SPECIAL REPORT



AUSTRALIA-CANADA SECURITY COOPERATION IN THE ASIA-PACIFIC  
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## TRANSNATIONAL CHALLENGES AND FUTURE SECURITY COOPERATION: THE AUSTRALIA-CANADA RELATIONSHIP

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# **TRANSNATIONAL CHALLENGES AND FUTURE SECURITY COOPERATION: THE AUSTRALIA-CANADA RELATIONSHIP**

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## ABOUT THE PROJECT

Begun in late 2012, this two-year project will explore and promote the ways that Canada and Australia can enhance their security cooperation and contribute to more stable regional security environments and governance mechanisms in the Asia-Pacific region.

The region has become an increasingly important area for the Canadian government's international economic priorities. Regional security and stability are prerequisites to achieving these priorities, and given Australia's tremendous success engaging with Asia-Pacific countries from trade and investment through to security, there is no better partner for Canada's own broader engagement in the region.

CIGI and ASPI will explore the possibilities for Canadian and Australian cooperation in promoting strengthened security and regional governance in the Asia-Pacific. It will cover areas such as strategic policy, cooperation in foreign policy and defence initiatives, and closer military-to-military ties. The project will be led by Australian and Canadian co-chairs, advised by a binational council of prominent individuals and officials. The project's research will contribute to discussions at the February 2014 Australia-Canada Economic Leadership Forum in Melbourne. The resulting report will be presented later in 2014 to both Australian and Canadian governments.

As an additional element, CIGI is working closely with two Korean partners — the Seoul Forum for International Affairs and the Asan Institute for Policy Studies — which will host one of the two regional workshops that form part of the project. It is expected that this workshop will also give important insights into the possibilities of Korean engagement with Canada and Australia in ongoing cooperation in the security domain.

## ABOUT THE AUTHOR

Sarah Norgrove holds a master's degree in strategic studies and was the 2012 T. B. Millar scholar of the Strategic and Defence Studies Centre at the Australian National University. She works as a researcher at ASPI in Canberra.

## EXECUTIVE SUMMARY

The possibilities for future Asia-Pacific security cooperation between Australia and Canada are promising. Economic development and population growth mean that security challenges present themselves as opportunities. Australia and Canada are well positioned to influence regional approaches to transnational challenges such as crime, terrorism, piracy and environmental degradation, and to contribute to food, energy and cyber security. The two countries can expand the remit of their existing intelligence-sharing arrangements, regional relationships and norm-building activities to form an integrated response to contemporary Asia-Pacific security conditions. Their regional presence can be expanded and sustained through an approach that builds on their mutual capacity for flexibility, innovation, communication and transparency.

Australia and Canada are active players in the Asia-Pacific, contributing goods and services, opportunities for investment, expertise and strong institutions to the region. They are also, in many ways, on the periphery of Asia. Both countries are geographically removed from the region and do not share the cultural history of many countries in the Association of Southeast Asian Nations (ASEAN) or East Asia. Also, they have been slow to engage with the region, as security, defence and development policy in both countries has been geared towards Europe and the United States.

Australia has made progress in bridging this gulf in the past few decades. It has developed its trade interests, and improved cultural awareness and language education. Australia has also displayed a more sustained interest in the region, particularly since China's economy opened up under Deng Xiaoping, the chief architect of China's economic reforms during the 1980s. Canada, likewise, has expanded its development and peacekeeping interests in the region, and has offered its services in diplomacy and trade, including workshops with the Canadian International Development Agency on South China Sea disputes. However, over the past decade, ASEAN has noted a lack of meaningful engagement from Canada, which has impeded Canada's acceptance in the region as a player in Asia-Pacific's growth.

## INTRODUCTION

Australia and Canada are aligned by way of colonial history, their camaraderie in wartime, their European culture and their similar development trajectories.

With the Asia-Pacific region becoming a major hub of global development and growth, and the potential for conflict and security challenges to cause major disruption, it is in the interests of both Australia and Canada to deepen their engagement with each other and

with the region. At present, this engagement exists in defence and security cooperation, through trade and the sharing of ideas, information and technology. This paper explores the current state of security cooperation between Australia and Canada in the Asia-Pacific, and identifies opportunities to extend the relationship, focussing on collaborative efforts like economic and maritime cooperation, which may help tackle transnational security challenges.

## THE AUSTRALIA-CANADA RELATIONSHIP IN THE ASIA-PACIFIC

The national foundations of Australia and Canada are comparable: they were established on frontier values after invasion and conflict with indigenous peoples. Both countries have: acquired wealth through primary industry and export-driven economies; colonial roots; relatively small populations per square kilometre of country; and a solid factor of migration from the Asia-Pacific.

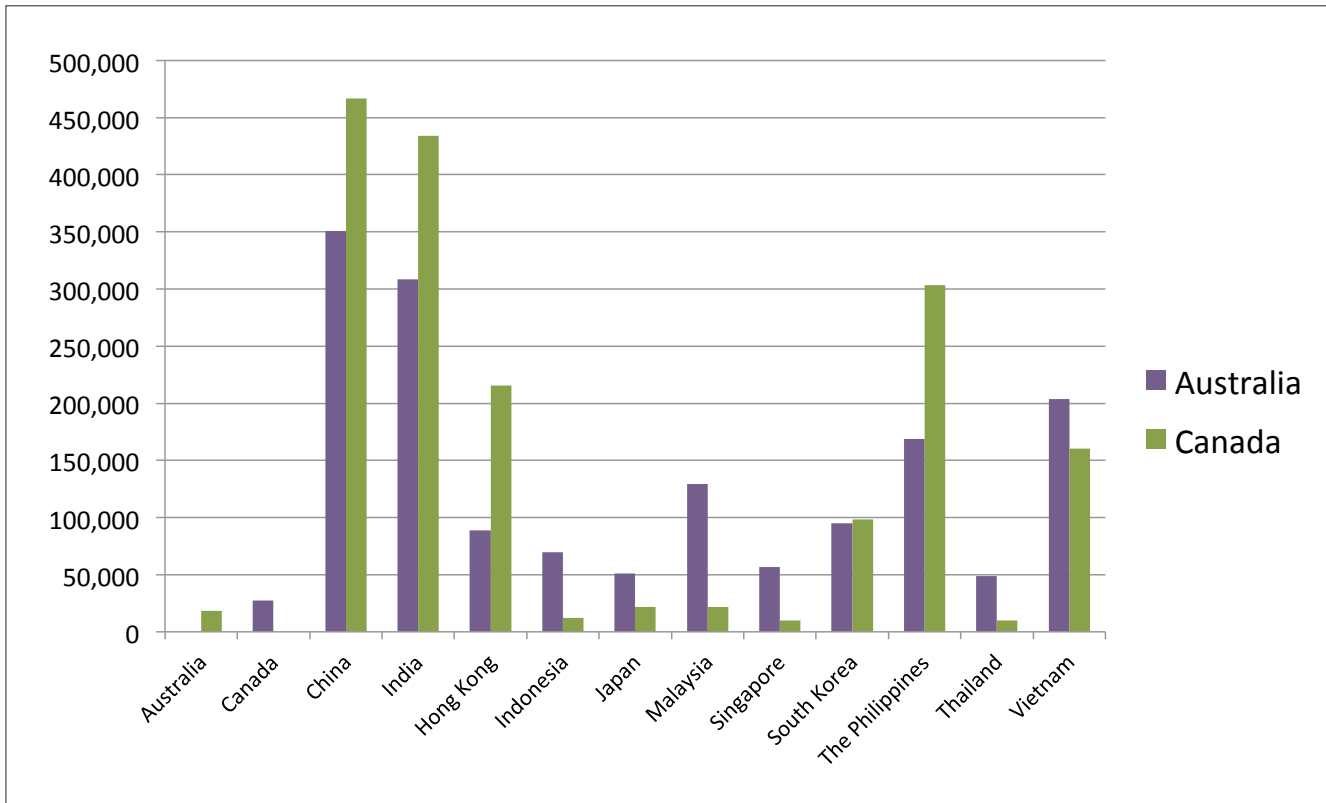
Australia's population was set to reach 23 million by April 2013. Canada's population was over 34 million in 2011 and is projected to hit 35 million in 2013.

In 2009, over half of the world's population lived in the Asia-Pacific region. Canada and Australia are two of the top 10 destinations for global migrants. Since 1993, over half of all immigrants to Canada have come from Asia (Figure 1); in 2006, this accounted for 2.3 million people.

Australia and Canada provide Asia with a substantial amount of natural resources (Figure 2). Australia is a primary exporter of raw materials to Japan and China. Canada's work in exploiting its unconventional gas reserves has been mirrored in the United States, and both seek to enhance their energy export capacity.

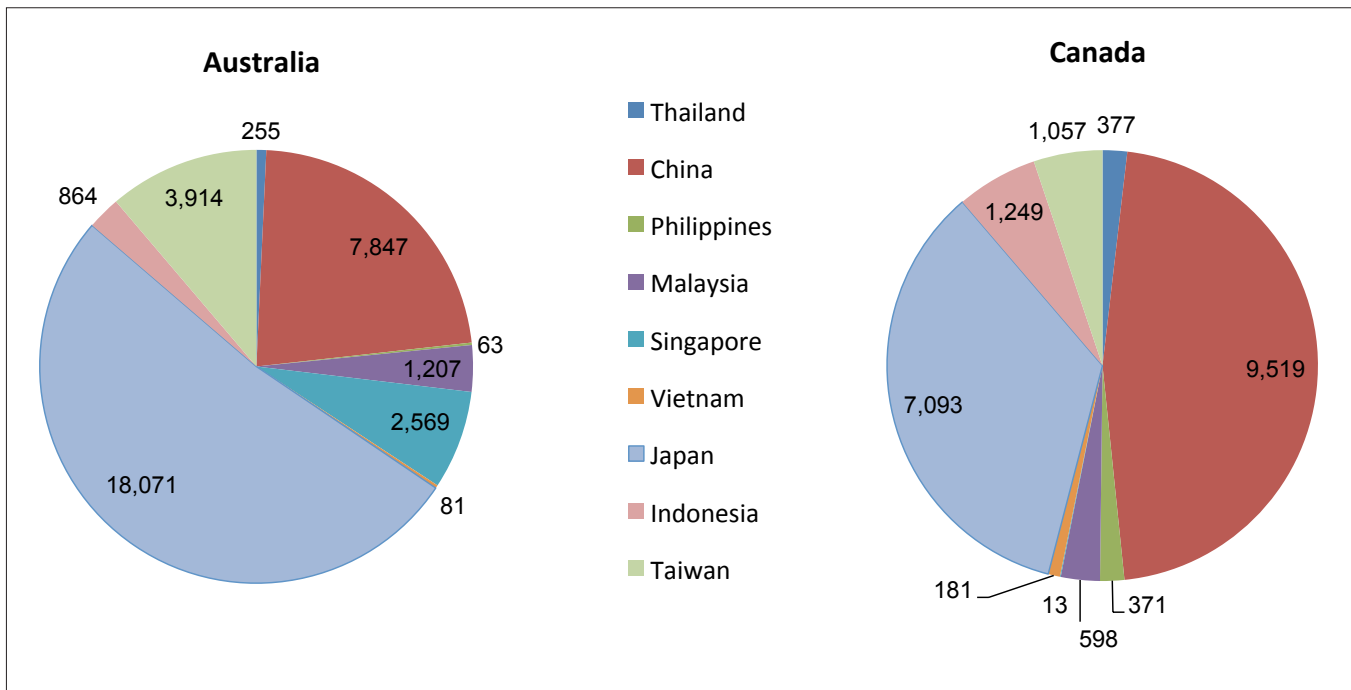
Canada has traditionally supplied gas to the United States, but it also supplies China and Japan. Given that US gas reserves and supply have outstripped demand, the United States no longer relies as heavily on Canada for its supply. This means that Canada and the United States are both looking for new markets and buyers for their excess energy reserves. The security of this energy supply will be of premium concern to all stakeholders.

Figure 1: Asian Migration to Australia and Canada in 2006



Data sources: Industry Canada and Australian Bureau of Statistics.

Figure 2: Raw Materials and Petrochemical Exports (2009–2012) in AUS\$'000



Data sources: Industry Canada and Australian Bureau of Statistics.



Canada and Australia share a common economic interest in the rapid expansion of nuclear energy in the Asia-Pacific, as well as the common goal of ensuring that this expansion is peaceful, secure and safe. Both countries are major exporters of radioisotopes to states in the region. Canada has concluded lucrative nuclear reactor sales in Northeast Asia and South Asia, and Australia exports uranium oxide to China, Japan and South Korea, and is negotiating an agreement to supply it to India.

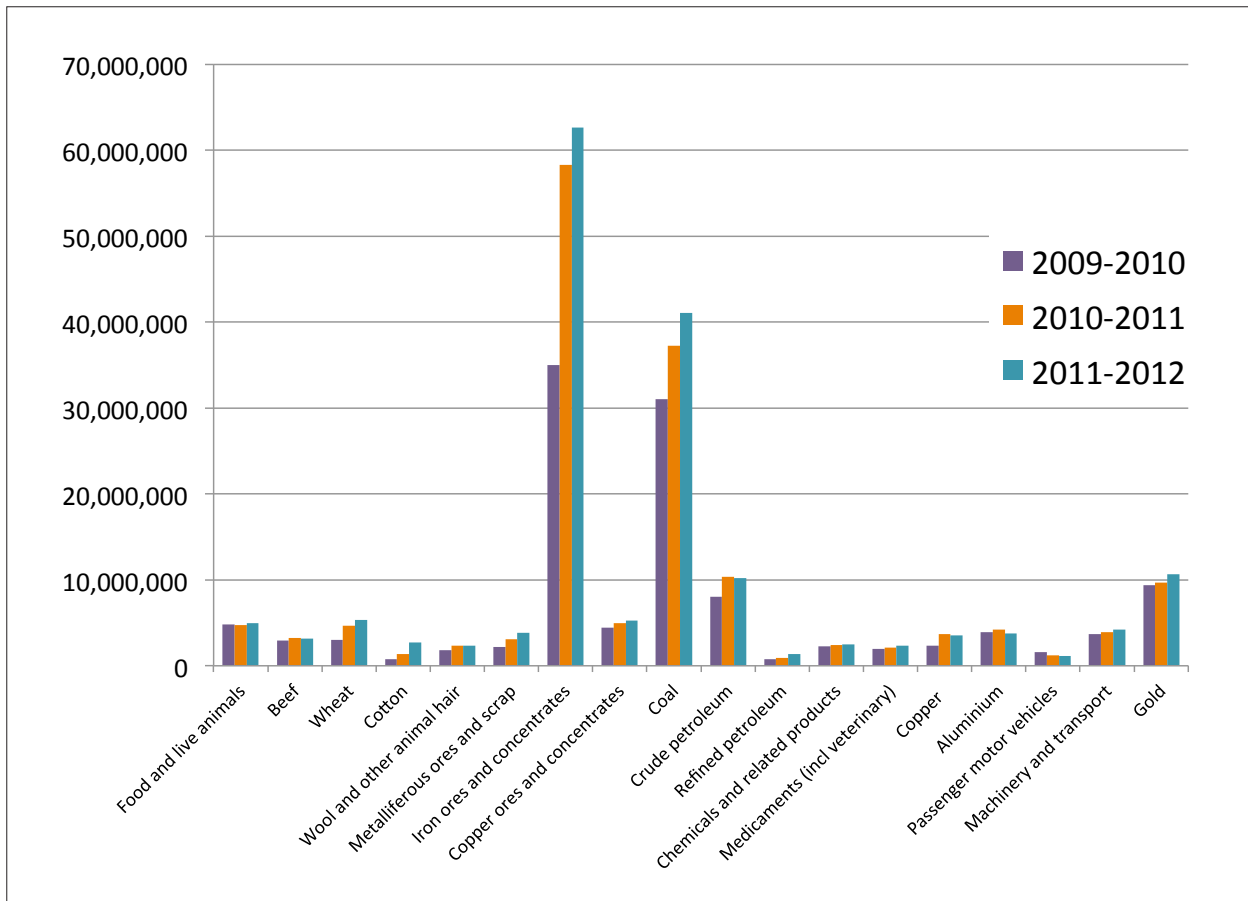
Australian uranium production provides an estimated 11 percent of world uranium supply. In 2008-2009, uranium oxide comprised about 35 percent of Australia's energy exports, reaching a value of over AUS\$1.1 billion.

Production problems at Olympic Dam<sup>1</sup> from late 2009 into 2010 set production back, and the Fukushima nuclear reactor accident in Japan in March 2011 softened prices, but the industry remains strong.

Australia is a preferred uranium supplier to East-Asian markets, where demand is growing most rapidly. Key markets for Australian uranium oxide are Japan (2,500 tonnes per year), South Korea (1,500 tonnes per year) and China (about 500 tonnes per year). The World Nuclear Association asserts that Australia could readily increase its share of the world uranium market because of its low-cost resources and its political and economic stability.

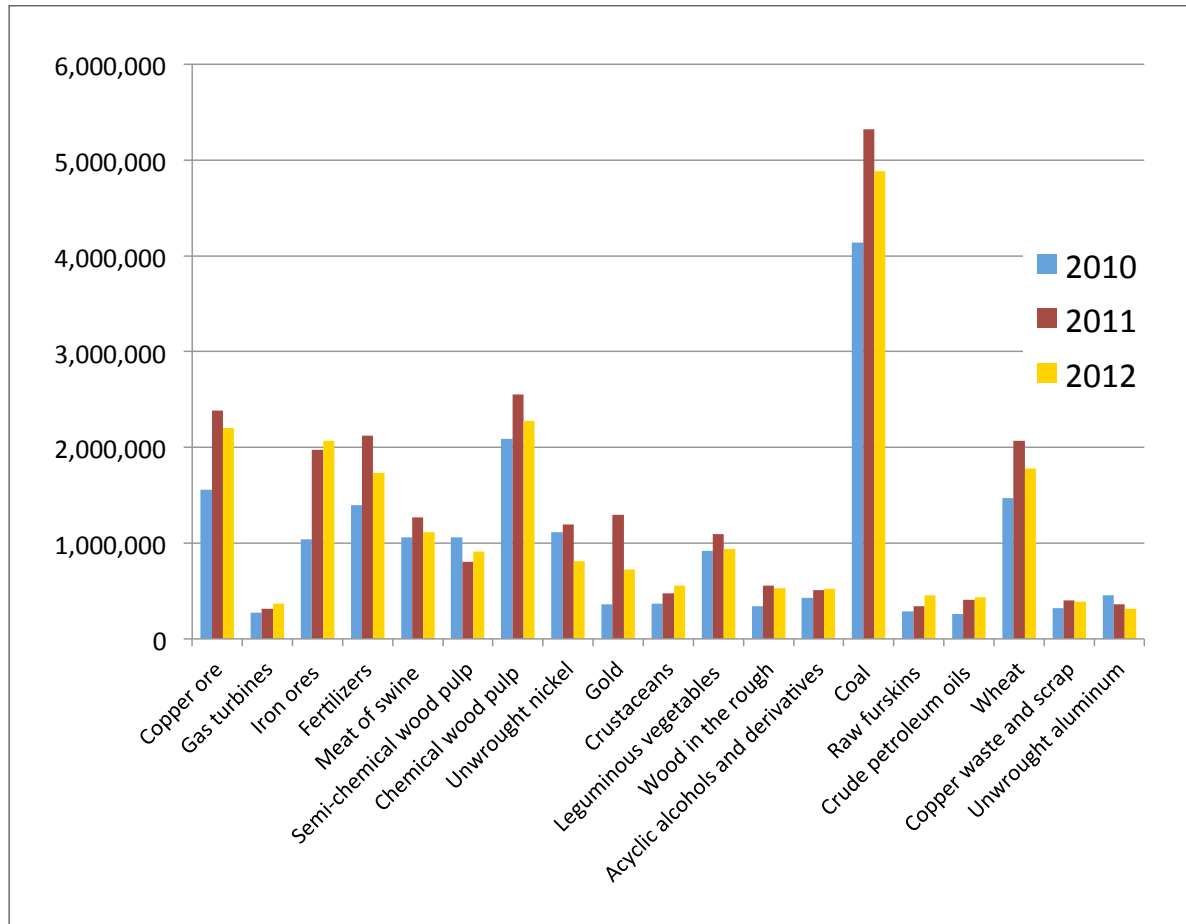
<sup>1</sup> The Olympic Dam project in northern South Australia mines copper, uranium, silver and gold. The mine has since been expanded, but encountered production problems and questions regarding resource taxation, which decreased production and export volumes beginning in October 2009. For more information on the Olympic Dam see Gavin Mudd's 2010 report, available at: <http://users.monash.edu.au/~gmudd/files/ODam-Cu-only.pdf>, and "Australia's Uranium" (2013), World Nuclear Association, available at: [www.world-nuclear.org/info/Country-Profiles/Countries-A-F/Australia/](http://www.world-nuclear.org/info/Country-Profiles/Countries-A-F/Australia/).

**Figure 3: Australia's Exports to Asia: Selected (2009–2012) in AUS\$'000**



Data source: Australian Bureau of Statistics.

Figure 4: Canada's Exports to Asia: Selected (2010–2012) in CDN\$'000



Data source: Industry Canada.

Australia and Canada have also established strong trade bilaterally, having signed their first trade agreement in 1931. Australia's trade with Canada in goods and services has shrunk by almost three percent since 2006, but has been steadily improving since 2011. Canada is Australia's eighteenth-largest merchandise trading partner (AUS\$3.62 billion). In 2005, Australia's merchandise trade with Canada consisted of AUS\$1.9 billion in imports and AUS\$1.8 billion in exports.

Canada and Australia are both world leaders in the natural resources sector. Sector differences notwithstanding, their economies are similar and comparable to those of other industrialized countries. Mining and resources are strong features of their trade with Asia, where other agricultural commodities are lacking (figures 3 and 4). Canada's coal exports to Asia trump Australia's by a small margin, but Australia's coal exports are increasing (Figure 3). The scope to expand in the food commodities and agricultural sectors has also been a feature of trade and investment dialogue between Australia and Canada, most visibly in agricultural reform through the Cairns Group forum, a coalition between agricultural sectors from Latin America,

Asia and Africa. Both Canada and Australia can further capitalize on a growing Asian commodity market.

Asia has become the linchpin of Australia's natural resource export market. In 2011, of Australia's AUS\$263.5 billion in goods exports, the Asia-Pacific Economic Cooperation (APEC) took AUS\$208.1 billion and ASEAN AUS\$26.8 billion. Australia's trade in natural resources is markedly increasing. Investment from Asia in the mining sector is also growing, commensurate with increasing demand from the region. Foreign direct investment (FDI) in Australia's mining industry accounts for a quarter of all industry investment. China has become Australia's largest overall trading partner, and its biggest customer in iron ore, copper, wool and cotton, with gas demands growing exponentially. Minerals and resources account for more than 80 percent of China's \$AUS10 billion FDI in Australia. Australia's exports have a high share of commodities, which works when prices are high, but makes it more vulnerable to price fluctuations than Canada. Canada's share of trade in the global commodities economy is greater than Australia's, so profits are still boosted considerably even when there are slight increases in terms of trade.

Australia and Canada grant each other preferential tariff rates on a limited range of products agreed to under the Canada-Australia Trade Agreement, established in 1960 and amended in 1973. However, the agreement predates the multilateral trading system, and has been superseded by tariff reductions achieved by negotiation in the World Trade Organization.

Approximately 2,000 Australian businesses either export to, or operate in, Canada every year. In May 2012, the Australian Industry Group and its Canadian counterpart, the Canadian Council of Chief Executives, released a joint statement of 11 recommendations for enhancing the bilateral trade and economic relationship with Canada. It was designed to enhance top-performing Australian exports, including wine (AUS\$255 million); nickel ores (AUS\$220 million); medicaments, including veterinary, (AUS\$62 million); and lamb, mutton and goat meat (AUS\$45 million). Companies exporting to Canada include food processors (Capilano Honey and Burns Philip); food retailers (Bakers Delight); consumer products retailers; packaging (Amcor); software (Mincom, Adacel and Keycorp); tourism (Wotif.com and Flight Centre); financial services and processing (Macquarie Infrastructure and Computershare); and mining (Ashton Mining and BHP Billiton).

Canada's investment in Australia was worth US\$25 billion in 2011, a 34 percent increase from 2010. Australia's investment in Canada rose to US\$43 billion, an increase of 16 percent. Large Canadian investors in Australia include Placer Dome, Alcan, Nortel and McCain Foods. Other well-known Canadian companies in Australia are Air Canada, Royal Bank of Canada and CAE.

The Australia-Canada Economic Leadership Forum extends and expands on the relationship between the Australian Industry Group and the Canadian Council of Chief Executives. Companies involved in the forum include Macquarie Group, Viterra Inc., BHP Billiton, Brookfield, Barrick, Rio Tinto Alcan, Air Canada, ATCO Group, Bombardier, SNC-Lavalin, Norton Rose, Cameco, Stikeman Elliott, Paladin Energy, TMX Group and Transfield Services. Government sponsors include the Australian and Canadian governments, and Export Development Canada. The Canadian-Australian Chamber of Commerce and Trade works to facilitate investment between the two countries.

## AUSTRALIA AND CANADA IN ASIA-PACIFIC REGIONAL SECURITY ARCHITECTURE

The Asia-Pacific regional security architecture is more than the sum of its parts. It is multi-dimensional, has expansive scope and advances normalized political, trade and military relationships within the region. Parties, countries and economies in Asia and the Pacific engage through

formal and informal mechanisms to work for the region's greater security and prosperity.

The region is geographically extensive and culturally diverse. Its security architecture has been described as unnecessarily complex and overextended in dealing with transnational issues of such depth and breadth. The growing integration of formal and informal echelons of government and militaries are, in fact, necessary to address the unique set of security challenges that face the region. For example, government and industry are interested in ensuring a stable platform for trade and investment in energy, and the logistics of supply cross into the realm of civil and military operations.

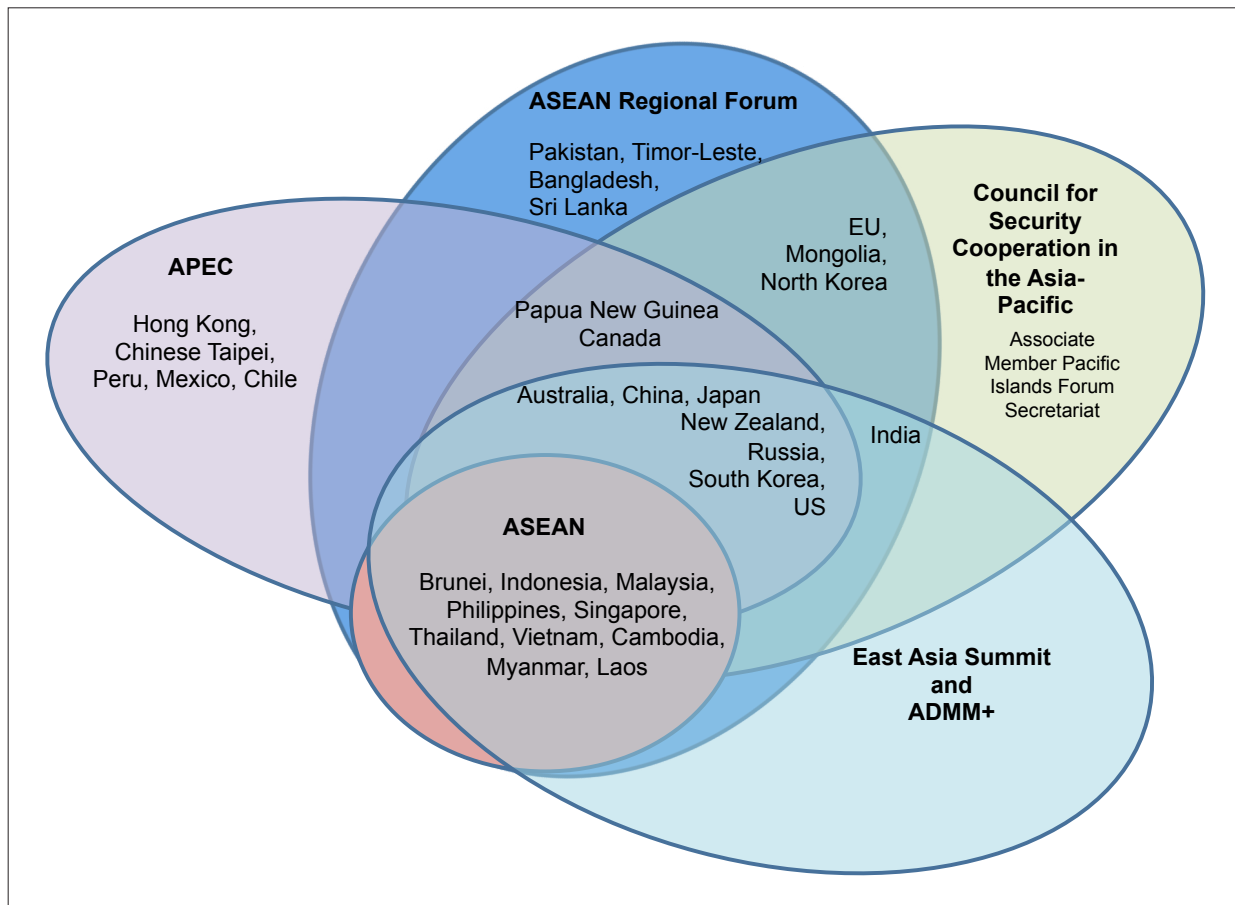
Both Australia and Canada operate meaningfully within the region without being party to ASEAN (Figure 5). They engage in the ASEAN Regional Forum (ARF), APEC and the Council for Security Cooperation in the Asia-Pacific (CSCAP), and Australia is a member of the East Asia Summit and the ASEAN Defence Ministers Meeting Plus (ADMM+). According to Surin Pitsuwan of ASEAN, the door to Canada's place in the East Asia Summit has not closed completely: sustained and meaningful activity in the region will be appreciated in the next round of considerations (Clark, 2012). ASEAN considers Canada's application for the ADMM+ "active" and is looking to engage Canada in non-material military and security issues such as cyber security, counterterrorism and disaster relief.

APEC is the premier Asia-Pacific economic forum. It works to streamline investment, trade and business best-practice regimes, including human resources management and implementing International Organization for Standardization standards. APEC has 21 members, including Australia and Canada (both joined as founding members in November 1989). The members account for approximately 40 percent of the world's population, 55 percent of world GDP and 44 percent of world trade.

Australia's total trade with APEC accounted for AUS\$431.5 billion in 2011 (70 percent of Australia's total trade in goods and services). Total two-way trade between Canada and APEC grew by 3.5 percent from US\$725.6 billion in 2010 to US\$750.9 billion in 2012.

APEC is moving further into the realm of transnational security. Regions are becoming the referent object of security for APEC initiatives in agricultural biotechnology, resource security, resource sustainability, growth models, energy, inclusive growth, climate goals, emergency preparedness, cross-border privacy, data security and counterterrorism.

**Figure 5: Asia's Regional Security Architecture — Where Australia and Canada Fit**



Data sources: Australian Department Foreign Affairs and Trade and ASEAN.

The Services Trade Access Requirements are one of the ways APEC is creating regional business norms to encourage further investment and trade liberalization. Australia funded the first phase of the rollout in 2010, addressing five service sectors in five economies: financial services; mining and energy services; professional services; telecommunications; and transport and logistics. Phase 2, jointly funded by Australia and APEC, was completed in 2011 and expanded to cover 11 APEC economies: Australia, Canada, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and the United States. In 2012, Phase 3 rolled out to cover all APEC economies and three new services sectors — education, distribution and information technology.

APEC is also working with ASEAN to develop green initiatives in energy, urban planning, food security and ecology. The APEC-ASEAN meeting in March 2013 had a sustainable industry focus, as did the APEC meeting in Medan, Indonesia in June 2013.

The Asia-Pacific Business Advisory Council (ABAC) is a permanent high-level business advisory group created by the APEC forum in 1995 as a direct channel for business input into the APEC work program. ABAC brings together

three senior business executives from each APEC economy who advise leaders and ministers on priority concerns for the private sector in the areas of trade and investment liberalization and business facilitation. ABAC meets three times a year to develop its report and recommendations to APEC, which then delivers it to APEC leaders at their annual meeting.

To carry forward the work program for 2013, ABAC has established working groups covering regional economic integration; sustainable development; small, medium and micro enterprises and entrepreneurship; finance and economics; and the ABAC Action Plan and advocacy.

ABAC's recommendations are conveyed to APEC governments through APEC senior officials, finance ministers, trade, small and medium enterprises, and directly to APEC economic leaders at the annual dialogue with APEC leaders.

The ARF was conceived at an ASEAN ministerial meeting in 1993 after the need for political and security dialogue between regional economies was identified. The ARF came into being in 1994 to contribute towards confidence building and preventive diplomacy in the

Asia-Pacific region. Its regional economies include Australia, Bangladesh, Brunei Darussalam, Cambodia, Canada, China, North Korea, the European Union, India, Indonesia, Japan, the Lao People's Democratic Republic, Malaysia, Myanmar, Mongolia, New Zealand, Pakistan, Papua New Guinea, the Philippines, South Korea, Russia, Singapore, Sri Lanka, Thailand, Timor-Leste, the United States and Vietnam.

The ARF hosts Track 1 dialogue between policy makers and security, defence and national security officials. It hosted 19 meetings in 2011 and 2012, including workshops on prevalent transnational issues such as disarmament, proxy actors in cyberspace, disease detection, non-proliferation and confidence-building measures.

The Australian White Paper 2003 and Canada's International Statement 2005 touch on the role of the ARF in ensuring prosperity and stability. The ARF is moving towards transnational issues and national security with a large maritime focus second only to those of the East Asia Summit and the ADMM+.

The ADMM+ has been described as the optimal configuration for dealing with Asia-Pacific regional security issues. It has also been called "an acronym to watch," as its remit accounts for a substantial section of the region's contemporary transnational security issues. All ASEAN states are members of the ADMM. Australia became a member of ADMM+ in 2010, alongside the United States, China, India, Japan, South Korea, New Zealand and Russia. While Canada's application is still pending, its outlook is promising. There are five working groups charged with implementing findings and resolutions from the ADMM+ summits.

ADMM+ has made ASEAN central to its tenure — this arrangement suits many, but not all, of the member states. It also meets once every three years (the core ADMM meets annually). While the issues the ADMM+ addressed in its inaugural summit were limited, they represented salient challenges for the region (humanitarian and disaster relief, military medicine, counterterrorism and peacekeeping). There is also time and momentum to extend the ADMM+ mandate to include other features of Asia-Pacific security, such as non-proliferation, human movement and maritime trade logistics.

At a meeting in Seoul in November 1992, representatives from 24 strategic studies centres from 10 countries in the Asia-Pacific (Australia, Canada, Indonesia, Japan, South Korea, Malaysia, the Philippines, Singapore, Thailand and the United States) decided that the region needed more structured non-governmental processes to address security issues. The CSCAP was formally established at a meeting in Kuala Lumpur on June 8, 1993, and now has 21 full members: Australia, Brunei Darussalam, Cambodia, Canada, China, the European Union, India, Indonesia,

Japan, North Korea, South Korea, Malaysia, Mongolia, New Zealand, Papua New Guinea, the Philippines, Russia, Singapore, Thailand, the United States and Vietnam and one associate member (the Pacific Islands Forum Secretariat).

The CSCAP's study groups are vital to Track 2 policy briefs. Ongoing projects include Countering the Proliferation of Weapons of Mass Destruction (WMD) in the Asia-Pacific (co-chaired by US CSCAP and CSCAP Vietnam), and the Export Controls Experts Group, which is a subgroup of the Study Group on WMD. CSCAP is now looking forward to consolidating its links to the ARF and starting on a Track 1.5 dialogue to deal with transnational security challenges.

There has been a trend among Western analysts and practitioners in recent years to dismiss the ARF and CSCAP as "talks shops" that have little concrete impact on security building in the Asia-Pacific. This attitude is becoming less prevalent, as a number of CSCAP and ARF initiatives have proven to be constructive, especially in the areas of export controls, non-proliferation and counterterrorism. Southeast Asian scholars and practitioners tend to offer a more balanced critique of ARF and CSCAP, recognizing the important role that they play in norm building and agenda setting, but expressing frustration about the overly complex structure of the security architecture in the region, which places heavy demands on state capacity, often leading to "meeting fatigue" among officials.

## MULTILATERAL DEFENCE AND SECURITY COOPERATION

Australia and Canada's bilateral defence cooperation dates back to the 1940s when, as John Blaxland (2013) details in his forthcoming paper, they signed formative material agreements for artillery, expertise, goods and services.

Today, they take part in multilateral and plurilateral defence cooperation in the Asia-Pacific, the nature of which reflects the changing face of security challenges in the region. Both Australia and Canada bring sophisticated expertise and equipment to bear, and go far in socializing international norms and reciprocity into defence exercises in which they take part.

Most multilateral defence exercises are naval, taking place within the US Pacific Command and Rim of the Pacific Exercises (RIMPAC) regional configurations. Much of the focus of these exercises is now on transnational issues, including disaster relief and humanitarian aid.

Non-military exchange consists primarily of intelligence and data sharing through the United Kingdom-United States of America Agreement (UKUSA). Canada, Australia and New Zealand have collectively addressed Asia-Pacific issues within the United Nations through the Canada-Australia-New Zealand group to deliver greater

bargaining power and to more effectively represent shared interests.

Maritime activity in the Asia-Pacific region is growing, with more civil and military engagement from more countries than ever before (see Figure 6). It is an arena where actors can build reciprocity and trust, but also engage with regional challenges and, in doing so, integrate into the region’s strategic and security architecture.

The Western Pacific Naval Symposium (WPNS) is a forum for naval professionals, which aims to increase naval cooperation in the Western Pacific by providing a venue for discussions on professional issues, generating a flow of information and opinion, leading to common understanding and potential agreements.

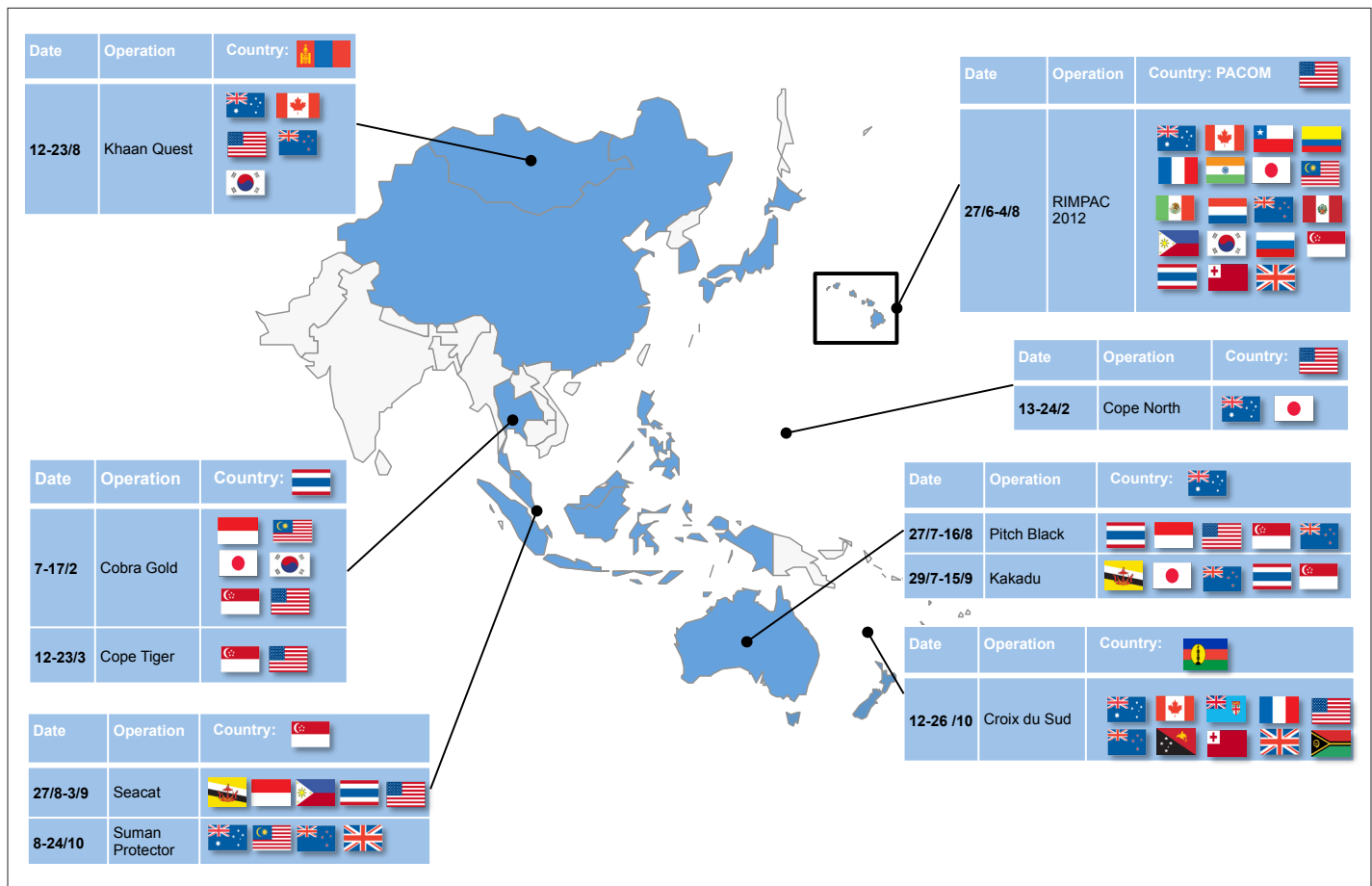
There are currently 20 full members: Australia (1987), New Zealand, Brunei Darussalam, Papua New Guinea,

Cambodia, Philippines, Canada (2010), South Korea, Chile, Singapore, China, Russia, France, Thailand, Indonesia, Tonga, Japan, the United States, Malaysia and Vietnam. There are currently four observers: Bangladesh, Mexico, India and Peru.

The WPNS has long been concerned with the threats posed by non-state actors. Seminal papers<sup>2</sup> presented by Singapore in the early 2000s presented a “whole-of-government” approach to the issues of piracy, transnational crime and terrorism.

2 These papers include the published work of the Singaporean Ministry of Defence featured in the *POINTER* journal in the early 2000s, particularly TC Irvin Lim, RSN (2007), “Comprehensive Maritime Domain Awareness – An Idea Whose Time Has Come?” *POINTER* 33, no. 3: 14.

Figure 6: Selected Military Training Exercises Asia 2012



Data sources: Department of Defence, ASPI and High Commission of Canada.

Australia proposed the development of a maritime information exchange directory that would provide guidance on what information navies should request and how that information should be provided to them. Recently, Australia proposed the development of an interoperability

matrix, outlining the equipment each navy could make available for humanitarian assistance and disaster relief, search and rescue, and mine countermeasures. This will be incorporated into the maritime information exchange directory.

Australia was tasked with developing what became the Code for Unalerted Encounters at Sea. The code was presented at a workshop in South Korea in April 1998 and later endorsed by the naval chiefs for voluntary adoption by members and any other navy. The United States sponsored the development and promulgation of a simple *Tactical Signals Manual* for use by all WPNS members.

At the fourth symposium, hosted by Malaysia in 1994, the WPNS continued to examine non-military security issues. That meeting included maritime security, rescue at sea and environmental issues, including the prevention of sea pollution. Interestingly, the WPNS avoided examining confidence-building measures and developed the cooperative approach to issue identification through the chiefs' symposiums and the work programs that would be produced during these meetings. Recently, the WPNS has also examined humanitarian assistance and disaster relief.

In 1997, the WPNS acknowledged transnational small munitions challenges to regional security, particularly in Southeast Asia. Australia proposed cooperation on mine countermeasures, an initiative that was significant for the positioning of mine countermeasures as a common naval capability, leading to a joint exercise hosted in Singapore and Indonesia in June 2001, involving 16 countries, 15 ships and 1,500 personnel. The program included mine-hunting and minesweeping operations, mine countermeasures, diving, sea riding and medical exchange programs.

Singapore and Indonesia hosted expanded exercises in the Singapore Strait and off the Indonesian island of Pulau Bintan that involved 18 countries, 20 ships and 1,600 personnel. In addition to the 2001 elements, these exercises included: combined maritime explosive ordnance disposal training; live mine disposal charge firings at sea; and shore-based training on formation minesweeping tactics. In December 2005, Australia hosted an international mine countermeasures seminar in Sydney.

The Proliferation Security Initiative (PSI) was launched by US President George W. Bush in May 2003 at a meeting in Kraków, Poland. There are currently 98 nations involved in the initiative, including Australia, Canada, the Philippines, Cambodia, Vanuatu, Samoa, Papua New Guinea, Brunei Darussalam, Japan, South Korea and New Zealand.

The aim of the PSI is to establish internationally recognized guidelines to reduce WMD proliferation worldwide. It also seeks to test the authority and capability of PSI partner nations to interdict WMD-related materials.

Naval exercises under the auspices of the PSI move to underwrite security in the face of transnational challenges. In August 2005, a multinational maritime interdiction exercise — Exercise Deep Sabre — was conducted in Singapore as part of the PSI. Launched at the Changi Naval Base and conducted in the South China Sea, the

exercise involved some 2,000 personnel from the military, coast guard, customs and other agencies of 13 countries, including Australia, Canada, Japan, Singapore and South Korea.

In June 2009, the North Korean vessel *Kang Nam*, which was suspected of being en route to Myanmar, turned around after being tracked by the US Navy. Under a PSI activity in the same year, two Japanese men and one Korean man were arrested for trying to import WMD technology to Myanmar. Under the PSI in June 2011, the North Korean vessel *MV Light* was intercepted by the USS *McCampbell*, after being suspected of transporting missile technology to Myanmar.

## TRANSNATIONAL CHALLENGES AND FUTURE SECURITY COOPERATION

### THE TRANSNATIONAL NEXUS

Transnational security issues in Asia are complex, interconnected and multi-dimensional, requiring cooperation that originates largely from existing security platforms (the police and defence forces) — what Alan Dupont (2001: 7) calls “extended security.” These issues also call for an integrated approach with civil institutions, with common goals for security and prosperity. This requires having faith in neighbouring states' strength of governance and the quality of their civil societies.

There is more cross-jurisdictional dialogue taking place with ASEAN states on transnational security, but it is not commensurate with intraregional cooperation. It is here that vertical engagement with key civil institutions can generate action on maritime security, territorial disputes and cyber security. It can also prepare the ground for cooperation on challenges that will have consequences for the future — the geopolitics of energy, environmental degradation and maritime security — on a smaller, incremental and sustainable scale. Public policy and educational institutions in Australia and Canada are world-renowned and respected. Historically, they are successful exports to Asia and can be marketed in fresh ways to engage the region on prospective challenges.

To garner such faith is a big leap, but not impossible. In ASEAN and its progenies (the ARF and East Asia Summit), proximity and cultural history transcend post-colonial fears of national dissolution and long-standing political differences. This means that the region can pursue its shared interests in prosperity, stability and security, despite diplomatic and domestic challenges.

Civil institutions, corporations and government ventures are an effective combined force in addressing transnational challenges in the Asia-Pacific. Australia and Canada can

make meaningful contributions to helping this allied force and encourage collective efforts for a genuine shift towards a favourable regional security environment. Both countries can help tackle Asia's transnational challenges through research, development, private innovation and small-scale initiatives to create better interoperability between military and civil apparatuses. Their strong maritime presence can facilitate humanitarian and disaster relief cooperation, expand confidence-building measures, and help uphold and consolidate international norms. Conservation programs, technical innovation and the development of maritime protocols and port security and safety will be strong, well-placed and timely contributions. Australia and Canada's respective responses to cyber threats can be coupled with converging regional networks to enhance fighting crime and cyber security.

Looking ahead, Australia and Canada will want to enhance trade with the Asia-Pacific region. Goods and services will trade in an environment resting heavily on the geopolitics of energy exports (coal, oil and gas), amid the degradation of air quality, fish stocks and agricultural ecology. Opportunities exist to cultivate a favourable regional economy using the combined strength of their civil, diplomatic and military mechanisms.

## MARITIME SECURITY

Maritime cooperation in the Asia-Pacific is already facilitating broader and deeper engagement of extra-regional powers. Existing activities such as RIMPAC, WPNS and even PSI have the scope to expand their Asia-Pacific mandates. Naval exercises, disaster relief, peace, humanitarian and stabilization operations generate reciprocity and normalized military approaches to transnational security challenges. Trust and familiarity can help mitigate misunderstandings at sea. Canada and Australia would have a meaningful place in a combined trans-state and multiagency approach to transnational crime.

The Australian Civil-Military Centre heads the Multiagency Peace and Stabilisation Operations Project. The project helps identify maritime realms in which Australia can engage to provide confidence-building and pragmatic transnational responses to conflict and disaster. The Australian Maritime Safety Authority has put forward a Regional Technical Cooperation Strategy for 2012–2015 to modernize services in marine safety, marine environment protection, and maritime and aviation search and rescue, without overlapping on ASEAN's or APEC's remit.

Australia and Canada already cooperate in the Asia-Pacific through naval exercises. The WPNS is a model for development in harmony with the flux of the regional security environment. Importantly, it addresses transnational challenges through a cooperative rather than a confidence-building approach. For example, the

joint training on mine countermeasures led by Australia embodies an integrated approach to a regional problem. There is room for arrangements like WPNS to better engage with civil agencies such as coast guards to meet transnational challenges to Asia-Pacific maritime security.

Australia-China joint maritime exercises look to solid yields as both confidence-building measures and security measures for prospective transnational challenges.

Asia's sea lines of communication (SLOC) are the arteries of the region's growth, and the logistics of energy security feed the region's overarching prosperity. SLOC falls under both maritime and energy security, and it is here that Australia and Canada can put forward a regional approach to managing the safe passage of goods through the region. This can be achieved by acknowledging existing approaches to SLOC security and looking to expand or build on them to ensure cooperation and burden-sharing in the seas of the Asia-Pacific region.

There are Track 2 mechanisms in place to facilitate this move. CSCAP and the International SLOC Group have the capacity to focus on the importance of maritime cooperation and SLOC protection issues. Current members of the SLOC Group include Australia, Canada, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Taiwan and the United States. Conferences and publications by both organizations address the role of the United States in SLOC security (particularly in the Malacca Strait), and how other states and institutions can pursue a more active role. Informal mechanisms such as this can work with regional civil society and geostrategic advisory groups to identify points of contention and importance, and outline strategies for future security while eschewing the pressure of more formal mechanisms. Databases and workshops as embodied by APEC's Secure Trade in the APEC Region program would provide a strong basis for addressing such issues.

## CYBER SECURITY AND COUNTERTERRORISM

Cyber security and counterterrorism are priorities in contemporary Asia. Data sharing is a realm where stakeholders across state and industry can and do work together for effective solutions. The UKUSA or "Five Eyes" intelligence-sharing arrangement involving Canada and Australia has served member states well through wartime, and in identifying and mitigating terrorism and transnational criminal activity. The computer emergency response team (CERT) approach to cyber security and the plethora of symposiums in Asia to coordinate the fight against cybercrime and enhance data protection show that actors are willing to engage on this issue through a synthesis of government and industry interests. If Australia and Canada wish to integrate further in Asia, promoting data-sharing arrangements such as these may prove useful.



APEC has funded the STAR database, an Australian initiative co-sponsored by Chile, Japan, New Zealand, the Philippines and the United States, to provide regional businesses with a forum for exchanging information pertaining to investment. The economies covered include Australia, Chile, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and the United States. The STAR initiative looks at growth industries that are vital to the security of the region, including banking and insurance, mining and energy, transport and logistics, telecommunications and professional services (legal, accounting, architecture and engineering). In future, the STAR database could expand to include other forms of data sharing — for example, it could also be used as a template for open-source information sharing in the Asia-Pacific in the areas of transnational security, in conjunction with civil groups.

The UN Office on Drugs and Crime has developed a special intelligence-sharing mandate to tackle transnational security issues in the Asia-Pacific. The Global Synthetics Monitoring: Analyses, Reporting and Trends (SMART) Programme was launched in Bangkok in September 2008, and expanded to Latin America in 2011. Currently, the SMART Programme provides capacity building to 11 countries in East and Southeast Asia.

Australia and Canada could look to integrate these global frameworks and create a plurilateral platform for intelligence sharing and civil-military cooperation on transnational crime and security concerns. By its nature, cyber security is jeopardized by the fast transfer of data, which necessitates the use of networks that can ultimately be infiltrated. The challenge to stay ahead of cybercrime perpetrators could be better met with pooled resources.

Addressing human smuggling and the small-arms black market in Asia would be easier if there was a better understanding of the results of unequal distribution of wealth, radicalization, arbitrary borders and the pressure for unified nationhood. The Australian Federal Police established the Transnational Crime Coordination Centre in 2002 to tackle terrorism, illicit drug trafficking, people smuggling and high-tech crime. The centre has recently launched a Pacific wing, and has the scope to develop an Asia wing. A recalibrated regional nexus of intelligence sharing with Australia and Canada at the Asia-Pacific helm will help not only to identify non-state actors engaging in transnational crime, but also to investigate and prosecute them.

Canada and Australia are primary destinations for displaced people, refugees and asylum seekers. In 2011, the Australian High Commissioner in Canada floated a cooperative approach to human smuggling with the Standing Committee on National Security and Defence of the Senate of Canada, which would cover law enforcement, burden sharing and a regional framework including the

UN High Commissioner for Refugees and the International Organization for Migration.

The Global Counterterrorism Forum, co-chaired by Australia and Indonesia, directs working groups in Southeast Asia that deal with radicalization and counter-radicalization. It looks at how to integrate civilian operations into drafting and applying best practices in dealing with terrorism. Recently, it involved the ASEAN Secretariat, Brunei Darussalam, Cambodia, East Timor, Laos, Malaysia, Papua New Guinea, the Philippines, Singapore, Thailand, Vietnam and the United Nations in its latest working group meeting on youth radicalization. There is room for Canada to become an active member of the Global Counterterrorism Forum and to help develop its remit through data exchange and partnerships with other institutions sharing a regional transnational security mandate.

## LOOKING TO THE FUTURE

Trade is the key to Australian-Canadian regional engagement. While trade with Asia is at an all-time high, there is a need for market diversification away from natural resources exports. Canada's Minister of Foreign Affairs, John Baird, has focussed discussions on China, Canada's second-largest trading partner, and other markets in Asia. Canada doesn't have any formal trade arrangements in Asia, despite its accession to the ARF. It has the capacity to capitalize on its nascent potential. It is not part of the East Asia Summit, but is looking to enter the Trans-Pacific Partnership, and Australia is supporting Canada's application. Australia and Canada can diversify their markets and output to Asia in order to shore up stronger and deeper trade. Natural resources are important, but expertise, technology and normative experience are also in high demand.

Australia's proximity to Asia and its trade infrastructure naturally gear it to Asia, although, as is also the case for Canada, the United States remains a primary trading partner. Canada is a primary stakeholder in the Asian Development Bank and part of the Cairns Group, which is pressing the World Trade Organization to meet agricultural trade liberalization stipulations necessary for free trade. This illustrates a relationship between markets and security; food security for Asia rests on access — the ability to provide affordable goods in adequate proportions to all people.

The Regional Comprehensive Economic Partnership was launched by ASEAN with its trading partners, and those partners accounted for AUS\$356.4 billion in trade with Australia in 2011 and 70 percent of its goods and services exports. Canada could look to establishing trade arrangements of this nature. Canada and Australia could also influence the Free Trade Area of the Asia-Pacific mandate of APEC to be more advantageous to trade in

natural resources, and to help APEC economies develop to a standard of readiness.

Environmental degradation is a prominent source of insecurity in the Asia-Pacific. The effects of climate change and direct manipulations of ecosystems are jeopardizing food and water stocks for a growing regional population. Unsustainable farming practices, deforestation and water redirection may reap short-term benefits in damming and yield, but cannot continue on their current trajectory if regional prosperity is to be assured in the medium to long term.

APEC is working with ASEAN to develop green initiatives in energy, urban planning, food security and ecology. APEC-ASEAN meetings in March and June 2013 covered these issues. Workshops to develop green infrastructure will enhance member governments' sustainable construction capabilities. Despite the Australian government downsizing aid expenditure in 2012 for the Asia-Pacific region, the Australian Council for International Development, the Australian Agency for International Development and the Department of Foreign Affairs and Trade continue to work in the region to bring about a safer, more prosperous region through ecological management best practices. These forward-thinking projects bring together industry and government for sustainable development.

Australia and Canada have demonstrated their commitment to food security in Asia. Civil society institutions have advanced their commitments to sustainable enterprise, despite governments renegeing on Kyoto commitments. The two countries can promote their technical expertise in ecologically sustainable projects and put forward their respected institutions to be used as hubs for exchange, facilitation and the provision for such projects.

The Asia-Pacific Partnership on Clean Development and Climate is putting forward a number of initiatives in 2013, including the Carbon Sequestration Leadership Forum, the "Methane-to-Markets" Partnership, the Renewable Energy and Energy Efficiency Partnership and the International Partnership for the Hydrogen Economy. Australia's existing role in the Asia-Pacific Partnership would be strengthened by Canada's interest in the partnership. Australia's research into sustainable maritime ecology and agricultural practices look to the future of food and resource security, alongside smaller innovations such as water filters for water security in remote communities. The Food Aid Convention (Australia and Canada are members) is working in Sub-Saharan Africa to improve food security. Ventures such as these would function well in the Asia-Pacific region. Canada has a large stake in Asia's food supply, with trade set to increase as FoodEx Japan forges ahead on trade with Agriculture and Agri-Food Canada. Australian food policy leans toward net food export, and

targets Asia predominantly with China's niche demands for Australian products growing. Food security issues are not, however, limited to food supply.

Agricultural output from Australia and Canada is vital to food security, but the two countries also enhance security through innovation and expertise in science and technology. Their contributions address not only agricultural yield, but also practices to sustain output, conservation to preserve stocks and alternative forms of energy to combat environmental degradation. Australia's contribution to agricultural science is most prominent in China, where it is both industry-led and government-led through the Australia-China Joint Science and Technology Commission. Australia is also involved in ecological fish stocks conservation in the waters of East Asia. In addition, it provides Singapore, South Korea, Taiwan, Japan and India with technology and expertise to reduce carbon emissions, some of which is sponsored through the International Science Linkages Program.

Australia and Canada do not currently have an official science and technology agreement, but collaborate unofficially in more than 700 agreements spanning industry and government. The Australian Centre for Social Innovation is well placed to establish and direct a Track 2-style approach to the effective application of science and technology to Asia-Pacific transnational security challenges.

Australia's and Canada's public policy, education and institutions are highly sought after in the Asia-Pacific. ASEAN states have looked to tap into the prestige of Australian and Canadian tertiary institutions through student exchanges and scholarships, and through bureaucratic training in policy and normative conduct. The Crawford School at the Australian National University and the Australian Defence Force Academy are prime examples of training and education services that are in high demand in the Asia-Pacific. Courses are offered to foreign personnel and public servants in arts and policy studies, with the objective of equipping them with the tools and knowledge necessary to increase productivity and capacity in economics, diplomacy, strategy and security. It is no accident that the National Security College works closely with both the Crawford School and the Australian Defence Force Academy.

The Australian government has already marketed education as a commodity in Asia, and has been successful in eliciting investment and demand. Education was Australia's fourth-largest export industry in 2004 at US\$3.5 billion. It is here that industry-led initiatives should also be acknowledged and harnessed if possible. The International English Language Testing System Program has hubs all over the Asia-Pacific, in about 50 countries in the region.

Ministers, parliamentarians, senior officials and defence and security officials engage in political-military talks and foreign policy discussions that incorporate transnational issues in the Asia-Pacific. Senior and distinguished economist Kevin Lynch has spoken at the Canada-Australia Public Policy Initiative about the importance of a reliable public service in turbulent times. A forum with this fast-paced industry dynamic could be extended to facilitate regional outcomes on security objectives.

## FINDINGS

The possibilities for future Asia-Pacific security cooperation between Australia and Canada are promising. There are some areas where Canada and Australia are already established within the region; there are others that have scope for improvement and others that require some human and economic capital investment.

Economic development and population growth mean that security challenges present themselves as opportunities. Australia and Canada are tapping into the growing appetite for energy, resources and investment in Northeast Asia, and there is room for both countries to improve their trade relations in this area. Canada and Australia can put forward a regional approach to managing the safe passage of goods through the region. This can be done by acknowledging existing approaches to the security of SLOC, and looking for ways to build on them. Canada and Australia could influence the free trade area of the Asia-Pacific mandate of APEC to be more advantageous to trade in natural resources.

Australia's and Canada's public policy and educational institutions are world-renowned and respected. They are, historically, successful exports to Asia, and can be marketed in fresh ways to engage the region on prospective challenges. Innovation and technology cooperation can be the most benign and empowering methods of engagement. Given that these are areas of international expertise for both countries, it makes sense to join forces on these fronts in the Asia-Pacific. Both countries have shown their commitment to food security in Asia. They can promote their technical expertise in ecologically sustainable projects and could use their respected institutions as hubs for exchange, facilitation and the provision of such projects.

Transnational security challenges in Asia are complex, interconnected and multi-dimensional. They require cooperation through existing and new security platforms and "extended security" arrangements. They also call for an integrated approach with civil institutions, with common goals for security and prosperity. Australia and Canada are well positioned to influence regional approaches to transnational challenges such as crime, terrorism, piracy and environmental degradation. Both nations could look to integrate existing global frameworks

to create a plurilateral platform for intelligence sharing and civil-military cooperation on transnational crime.

The CERT approach to cyber security and the plethora of symposia in Asia to coordinate the fight against cybercrime and improve data protection show that actors are willing to engage on this issue, which provides opportunities for Australian-Canadian leadership.

The challenges that face Canada and Australia engagement in a credible manner in the Asia-Pacific region lie with their perceived staying power. Maritime cooperation in the Asia-Pacific, for example, is already facilitating a broader and deeper engagement of extra-regional powers. While suspicions may exist that Australia and Canada are only in Asia because of its economic growth, naval exercises, disaster relief and peace, humanitarian and stabilization operations generate reciprocity and normalized military approaches to transnational security challenges go some way to establishing the character of Asia-Pacific engagement from Australia and Canada in the road ahead.

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## ACRONYMS

ABAC	Asia-Pacific Business Advisory Council
APEC	Asia-Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ADMM+	ASEAN Defence Ministers Meeting Plus
CERT	computer emergency response team
CSCAP	Council for Security Cooperation in the Asia-Pacific
FDI	foreign direct investment
PSI	Proliferation Security Initiative
RIMPAC	Rim of the Pacific Exercises
SLOC	sea lines of communication
SMART	Synthetics Monitoring: Analyses, Reporting and Trends
WMD	weapons of mass destruction
WPNS	Western Pacific Naval Symposium
UKUSA	United Kingdom-United States of America Agreement

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