

CHAPTER 3

Maritime Security and Capacity-Building: The Australia-Japan Dimension

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Introduction

This analysis aims to take stock of and identify trends for maritime security cooperation between Japan and Australia, as reflected in recent ‘2+2’ meetings, defence white papers and other official documents such as the Australian government’s white paper on “Australia in the Asian Century.” I will track the two governments’ respective approaches to capacity building in Southeast Asia (and to a lesser extent, the South Pacific), since this is where the obvious overlap exists. The emphasis here is on bilateral and trilateral dimensions. Australia and Japan also share maritime security interests in multilateral fora, from the International Maritime Organisation (IMO) to the various ASEAN-centred regional groupings. Clearly, there is scope for regulatory coordination at the IMO and for Japan and Australia to shape a maritime agenda for the East Asia Summit and ADMM+, as the two key regional clusters. Such coordination no doubt takes place, but is hard to corroborate from public sources. Hence the multilateral dimension is largely excluded for the purposes of this discussion.

There are three underlying themes to note upfront:

First, on maritime defence Australia and Japan have much in common, bearing out their geostrategic symmetry as the anchoring “north” and “south” polar spokes of the US alliance system in the Western Pacific. China is almost certainly the common benchmarking concern for conventional conflict scenarios and defence capabilities. The South China Sea assumes a broadly comparable significance for Japan and Australia, situated mid-way between them; beyond the ambit of territorial defence and their respective maritime approaches, but strategically relevant as a “flow” space and manoeuvre space, and hence potentially within the scope of forward naval operations.

Such commonalities are also readily apparent to China, which is prone to characterising Japan and Australia as pincer-like extensions of the US forward-deployed military posture in the Western Pacific; this need not be a constraint on security cooperation, but it does need to be borne in mind.

Second, I see an ongoing long-term shift in Japan's maritime security priorities in Southeast Asia from the "traditional" focus on counter-piracy and safe navigation through the Straits of Malacca, to a more conventional power-centred paradigm in which China increasingly influences Tokyo's external capacity-building priorities, as well as its immediate defence and maritime law enforcement concerns. This shift is going to blur the distinctions between "soft" and "hard" security in ways that will require more flexible jurisdictional lines between Japanese government ministries, and a more flexible remit for Japan's overseas network of defence attachés in particular.

Third, though I will say much less about it, Australia is undergoing a long-term shift from a maritime state primarily concerned with freedoms of navigation to an outlook more closely resembling that of a coastal state. This shift, which feeds into policy, is driven less by strategic factors and more by normative factors governing maritime law and environmental concerns. Hence it matters little for maritime defence, though there is a conventional security angle to the protection of offshore resources within Australia's Exclusive Economic Zone (EEZ) and continental shelf.

In the course of the paper, I will also attempt to draw out implications for the security and defence relationship between Japan and Australia, including the potential for collaboration on Australia's Future Submarine programme. I will also consider some of the lingering constraints limiting Japan-Australia cooperation in the maritime domain.

Bilateral maritime fundamentals

“Australia like many countries in our region is a maritime nation. And so abiding ... by the Law of the Sea, providing for a free and safe navigation, providing for secure sea lines of communication—is very important to Australia and very important to our region economically.”

Defence Minister Stephen Smith, 25 September 2012¹

The primacy of the US security relationship for Australia and Japan, and the importance of their respective trade ties with China can all too easily overshadow the direct maritime economic linkages that continue to bind Australia and Japan. These alone constitute a convincing rationale for some level of bilateral naval and maritime security cooperation between the two countries, independent of their common treaty ally.

In 2008-09, Australia’s top-ten maritime trading partners in terms of imports were in descending order: China, Japan, United States, Singapore, Germany, Thailand, Malaysia, New Zealand, Republic of Korea and Indonesia. In terms of exports, Australia’s top ten maritime trading partners were: Japan, China, Republic of Korea, India, Singapore, Thailand, United States, New Zealand, Indonesia and Malaysia.

More than the overall ranking, however, it is the strategic nature of the commodities traded that is significant for the security relationship. Globally, Japan is the number-three importer of petroleum, currently taking in volumes by tanker closely comparable to China. Japan is also the second-largest importer of coal and still the largest importer of LNG—one-sixth of it from Australia. These dependencies will stay high and may even increase if Japan’s nuclear sector stays largely offline. Australia currently provides Japan with 78% of its domestic consumption of coking coal (for steel) and nearly half of its thermal coal. Australia is the largest supplier of iron ore, zinc and bauxite

¹ Japan-Australia Defence Minister Joint Press Conference (12:43-01:15 P.M. September 25, 2012): www.mod.go.jp/e/pressconf/2012/09/120925_japan-australia.html

to Japan.² Australia is also a major supplier of food to Japan.

Japan and Australia therefore have an overlapping national interest in safeguarding sea lines of communication through the Indonesian archipelago and South China Sea—though in extremis both can be bypassed provided a surplus of shipping is available. These sea routes are predominantly “commercial,” but the overlap in freedom of navigation extends to naval transits and military overflight. Regular transits of the South China Sea en route from Singapore and Indian Ocean destinations by both the Maritime Self Defense Force (MSDF) and Royal Australian Navy (RAN) provide opportunities to uphold the various UNCLOS passage regimes, as a check against “thickening jurisdiction” on the part of some littoral states.³ Through its port visits to Java via the Sunda Strait, twice-yearly on average, Japan’s MSDF is also in a position to support Australia’s particular interest in lateral (east-west) navigation through the Indonesian archipelago.

Whaling is the only area where Japan and Australia’s maritime interests have clashed to any meaningful degree. By the same token, the issues are predictable and can usually be managed without wider fallout, though it is still a factor bearing on Australian public opinion.

Alliance “cross-bracing”

Japan-Australia maritime cooperation has both bilateral and trilateral dimensions in the context of “cross-bracing” security linkages among US treaty allies in the Western Pacific. The concept is far from new; indeed “cross-bracing” no longer features in the official lexicon. But it has received a boost in recent years under the combined weight of rising concern about China, US fiscal retrenchment and the mixed record of “mini-lateral” experiments,

² “Australia in the Asia Century,” Government White Paper, pp. 91-92: asiancentury.dpmc.gov.au/.

³ See Council for Security Cooperation in Asia Pacific Memorandum Number Six: www.cscap.org/uploads/docs/Memorandums/CSCAP%20Memorandum%20No%206%20--%20The%20Practice%20of%20the%20Law%20of%20the%20Sea%20in%20the%20AP.pdf

including the four-power “Quad” (US-Japan-Australia-India). Despite the Obama administration’s studious buy-in to Asian multilateralism, the return of power politics to Southeast Asia has also laid bare the shortcomings of ASEAN-based multilateral groupings as vehicles for security cooperation.

Trilateral Australia-Japan-US cooperation takes place through the Trilateral Defence Ministers’ Meeting, the Trilateral Security and Defence Cooperation Forum (SDCF) and trilateral service-specific talks. In June 2012, Japan, Australia and the US held their first trilateral amongst defence ministers, on the margins of the Shangri-la Dialogue. The trilateral element features prominently in recent Australian policy documents, such as the cross-government white paper, “Australia in the Asian Century,” which states that:

“Australia and Japan have substantial shared interests and values, including as allies of the United States, which are reflected in a range of trilateral dialogues at the Ministerial, senior officials’ and working levels, including the Trilateral Strategic Dialogue and other processes. Our relationship with Japan is likely to become even more important over coming decades in building sustainable security in our region.”⁴

The Joint Declaration on Security Cooperation, signed March 2007, reportedly fell short of original Australian ambition for a formal defence accord. Yet it has nonetheless set a template which other US allies in East Asia have thus far been unable to improve. The major components of the Joint Declaration were not specifically maritime. But the strategic rationale for increased Japan-Australia coordination was always implicitly understood in a maritime context. Japan hosts the Seventh Fleet and, along with Guam, houses the most important US bases and forward-deployed forces in the Western Pacific. Seventh Fleet’s area of responsibility extends to the eastern half of the Indian Ocean.

⁴ “Australia in the Asian Century,” p. 231.

While Singapore is an important logistics hub for the US, Australia is the lynchpin ally in the south of PACOM's operating area, linking the Indian Ocean and Pacific. Australia has ruled out new permanent bases for the US, apparently scotching the possibility of a second forward-deployed carrier battle group. Yet in terms of size, geography (close enough, but not too close) and political reliability Australia remains the US ally with the most obvious potential for enhanced strategic cooperation and burden-sharing as far as the regional US military footprint is concerned. These factors, combined, raise the status of Japan and Australia to *primus inter pares* within the US hubs-and-spokes system, notwithstanding the US' enduring alliances with Thailand, Philippines and South Korea.

The latest round of '2+2' Japan-Australia consultations, held in Sydney in September 2012, outlined a set of common maritime security objectives:

“Promoting regional adherence to norms of maritime security and safety, including freedom of navigation, unimpeded lawful commerce, and the rules-based peaceful resolution of disputes in the South China Sea and beyond in accordance with international law, including the United Nations Convention on the Law of the Sea (UNCLOS).”⁵

Maritime security and regular maritime exercises were further identified as specific areas for bilateral defence cooperation. A bilateral RAN-MSDF exercise staged off Kyushu this June, focused on undersea warfare and maritime interdiction operations. It is notable that undersea warfare features openly within the navy-to-navy element of Japan-Australia maritime cooperation. This reflects a region-wide trend as submarine forces continue to expand. There has been a concomitant “return” of ASW to the forefront of naval missions, as underlined by the loss of ROKNS *Cheonan* in March 2010. The MSDF brings institutional expertise in ASW and a substantial legacy

⁵ “4th Australia-Japan Foreign and Defence Ministerial Consultations Australia and Japan—Cooperating for peace and stability: Common Vision and Objectives,” Ministry of Foreign Affairs, Japan: http://www.mofa.go.jp/region/asia-paci/australia/pdfs/2plus2_1209.pdf.

force purpose built for this role during the late Cold War. Both the MSDF and RAN are planning to expand their submarine fleets in the coming years; Japan by 37 percent and Australia by 100 percent. MSDF vessels have also participated in the multilateral Kakadu and Pacific Partnership naval exercises over the past year.

Trilateral training among the navies of Japan, Australia and the United States took place off Brunei in July 2012 (an offshoot from Pacific Partnership), including one participating MSDF vessel.⁶ More significantly, in February 2012 the three air forces conducted their first major trilateral exercise, Cope North Guam, underlining the growing importance of Guam within the scope of US-Japan joint operations, involving a total of 20 Air Self Defense Force aircraft.

Submarine Collaboration?

The partial relaxation of Japan's restrictions on arms exports, via the 2011 Guidelines for Overseas Transfer of Defence Equipment, has opened the door to defence industrial cooperation with Australia, and hence a potentially substantive new driver to the relationship, which could also have a trilateral dimension if US firms participate. With an Acquisition and Cross-Servicing Agreement (ACSA) already in place, Australia's DSTO and Japan's TRDI are exploring potential synergies and possibilities for collaboration. However, the reality is that serious bilateral momentum can only be generated by a major acquisition or joint development programme. (The Japan-UK defence relationship is at a similar crossroads in this regard).

The most promising candidate to fill the gap is the follow-on to the *Collins*-class submarine. Japan's AIP-capable *Soryu*-class boats have been identified in defence circles—though not at the official level—as one of the few candidate platforms, with the range, endurance, sensors, weapons load and other specifications (crew size being one importance variable given

⁶ *Defense of Japan 2012*, Chapter Three, Figure II-3-1-7.

existing manpower problems) to meet Australia's Future Submarine mission requirements, as outlined in the 2009 White Paper.⁷ This calls, inter alia, for an expanded force of 12 submarines "able to undertake prolonged covert patrols over the full distance of our strategic approaches and in operational areas," as well as "low signatures across all spectrums, including at higher speeds."⁸ Although the nuclear submarine lease option has its advocates in Australia, nuclear propulsion is politically controversial and was explicitly ruled out in the 2009 defence White Paper.

The developmental problems and costs encountered with the *Collins* programme should, on balance, dissuade the Australian government from committing to a wholly indigenous replacement. But, given the sunk investment in the Australian Submarine Corporation, it would be more surprising if Canberra opted for an entirely off-the-shelf acquisition. Re-configuring a foreign hull design to meet Australia's particular maritime defence needs, with Australian and possibly US industrial participation, may be the most viable option. RFIs were sent out by Australia's Department of defence (DoD) to three European submarine builders in December 2011. However, the *Soryu* design—as a medium range, conventionally powered attack submarine—retains basic advantages over the European contenders, which are all essentially coastal submarines of limited range and thus suited to territorial defence missions. Moreover, since defence unit-production costs in Japan are generally higher than for UK or US counterparts, neither of which produces non-nuclear submarines, the *Soryu* is a comparatively rare area of comparative advantage for Japan in the international defence market.

If there is forward movement on the *Soryu* collaboration then it is currently out of sight. Public signals have been mixed. At a joint press conference by the Japanese and Australian defence ministers, on 25 September 2012 Stephen Smith said that "potential may well be there down the track in terms

⁷ Mick Ryan, "The Japanese *Soryu*-class Submarine: its potential to meet Australia's requirement," *Australian Defence Force Journal*, No. 189, 2012, pp 21-34.

⁸ "Defending Australia in the Asia Pacific Century: Force 2030," Defence White Paper, Department of Defence, 2009, p 70.

of technology cooperation and transfer between Australia and Japan, the conversation that we've just started." When Minister Morimoto was asked a direct question about the possibility of Australia seeking access to the *Soryu* he replied: "This time we did not discuss specific issues such as submarines."

Major hurdles on both sides would have to be cleared before such a ground-breaking acquisition could go ahead. Whichever platform is ultimately chosen for Australia's Future Submarine programme, undersea warfare is likely to be a continuing focal area for Japan-Australia defence cooperation. An MSDF submarine participated in this year's Australia-Japan bilateral naval exercise, *Nichi-gou Trident*, for the first time, "demonstrating the strong commitment of both countries towards improving maritime security in the region."⁹

At the other end of the security spectrum but still at the high technological end, Japan's advanced capabilities in space-based maritime surveillance and sensing have potential for non-military cooperation with Australia in maritime security and related scientific fields. The Federal Government's recent white paper "Australia in the Asian Century" identified Japan as a leader in space technology: "In the maritime domain, for example, information from space can provide essential data for anti-piracy measures, fisheries enforcement and environmental operations." Collaboration could be government-to-government, making use of the bilateral information-sharing agreement already in place, commercial, or indirectly as an area for assistance to littoral states in Southeast Asia and the Pacific, where access to commercial space imagery and other oceanographic data is currently limited or entirely absent. Australia's high-technology niches may be attractive for Japan, as well its geographical advantages—much as Australia has played an important supporting role down the years for both the US civilian and military space programmes.

⁹ Royal Australian Navy website: 117.55.225.121/Australian_Navy_Frigate_arrives_in_Japan_for_bilateral_and_trilateral_maritime_exercises

“Strategic” Capacity Building

Japan’s recently signalled policy shift towards “strategic” applications for its overseas assistance programme potentially brings a more coordinated security dimension to Tokyo and Canberra’s respective Maritime Domain Awareness (MDA) efforts in Southeast Asia and the South Pacific, where Australia has historically played lead fiddle among external donors. At their most recent 2+2, Australia and Japan committed to “enhancing maritime surveillance” as a common objective in the South Pacific. Underlining the shift towards hard security in capacity building, the agreed text of September’s 2+2 further committed Canberra and Tokyo to “(e)xamining opportunities for defence capacity building cooperation in South East Asia and the Pacific.” While Australia-Japan collaboration on capacity building is a natural outgrowth of their closer security relationship, there is also a sense in which such cooperation is simply responding to the “competition,” from China, which is prepared to offer capacity without conditions attached, often in conjunction with major infrastructural assistance, as in Timor Leste, Cambodia and a number of Pacific Island States.

Safety of Navigation in the Straits of Malacca

In Southeast Asia, where Japan has traditionally led external capacity-building in the maritime sector, Tokyo’s longest-standing focus has been on safety of navigation in the Straits of Malacca and countering piracy. The Japan International Cooperation Agency (JICA) has funded training for regional coast guards and maritime authorities, to these ends, for several years. Japan’s capacity building in these areas is mature and to some extent, already fulfilled. Tokyo’s long-term commitment to building up capacity and its willingness—by trial and error—to follow an indirect approach in the Malacca Straits was eventually rewarded by the establishment of the Cooperative Mechanism in 2007. Set up under IMO supervision, this has since served as the administering body for funding and technical issues for the upkeep of safe navigation in the Straits. The Marine Electronic Highway is the latest initiative to be launched, suggesting that external capacity building has matured to the stage that safety measures and navigational aids can maintain pace with the growth of traffic in

the Straits.¹⁰ One of Japan's other objectives for the Cooperative Mechanism was to widen the donor base among user states. Despite some initial successes, including one-off contributions from South Korea, the Middle East and EU members, momentum on this front has since been lost. Although China overtook Japan as the largest 'user' of the Straits some years ago, it has yet to be drawn into the Cooperative Mechanism. Tokyo may feel some reluctance here, since navigational capacity building has also a useful 'soft lever' for Japan in the region, and Chinese capacity building efforts will inevitably dilute Japan's remaining influence. Thus, as a commercial shipping power, China may continue as a free-rider or unilateral provider of capacity in the Malacca Straits for some time.

Counter-Piracy

2012 has been an unexpectedly good year for countering piracy, still one of Japan's major maritime security concerns and priorities for capacity building. The spate of attacks in the southern South China Sea in 2010-11 has fortunately not been repeated. More significantly, the loose anti-piracy naval coalition in the Indian Ocean, to which Japan and Australia are both contributors, has finally received a dividend after several years of apparently fruitless efforts, in the form of dramatically reduced attacks in the second half of this year. Japan's past capacity building in Southeast Asia has included the donation of a single patrol vessel to Malaysia and three vessels to Indonesia (in 2006). The major multilateral effort bringing international coast guards together, through the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP), is another Japanese-directed initiative. Australia's bid to join ReCAAP will add an important venue for coordinating countering piracy and maritime crime in Southeast Asia.

Beyond Southeast Asia, the passage, in July 2009, of the Anti-Piracy Special Measures Act significantly broadened the scope of the MSDF's mandate in

¹⁰ "Marine Electronic Highway (MEH) Demonstration Project in the Straits of Malacca and Singapore," International Maritime Organisation website (accessed 27 November 2012): www.imo.org/OurWork/Safety/Navigation/Pages/MarineElectronicHighway.aspx

Gulf of Aden to include shipping of all flags, not only vessels with a Japanese flag or owner.¹¹ It also gives the SDF expanded scope to use force against civilian vessels suspected of engaging in pirate attacks. This has broader resonance as a legislative precedent, since the existing mandate governing MSDF maritime security operations is more restrictive, applying only to “Japan-affiliated ships.” Moreover, the opposition Liberal Democratic Party has pledged to allow Japan to exercise its right to collective self-defence and to revise the Constitution if it regains power, in December’s elections. Counter-piracy is still primarily a coast guard lead in Japan, including capacity building in Southeast Asia. But the MSDF’s Gulf of Aden piracy mission has recently broken one other entrenched post-war taboo, on overseas bases. The opening of a dedicated SDF facility to support MSDF P-3Cs operating from Djibouti, since 2011, has symbolically crossed that Rubicon, although the SDF’s access to the US facilities on Guam in fact offers Japan more tangible strategic benefits in the Western Pacific.

“Strategic” re-orientation?

With growing concern about China’s assertiveness, the focus for Japan’s maritime capacity building efforts within Southeast Asia has, unsurprisingly, moved to the South China Sea, Vietnam and the Philippines in particular. Capacity building to the Philippines has been stepped up significantly, through the planned provision of ten new 40-metre civilian patrol boats and two larger vessels, for reported delivery in 2014. Earlier in 2012, Tokyo upgraded its dialogue with Manila to the status of ‘strategic partnership,’ and both sides declared at their inaugural ‘2+2’ meeting, in July 2012, common interests in maritime security and announced their intention to begin holding staff talks between the Philippine Navy (PN) and the Maritime Self-Defense Force.¹² The SDF also sent three personnel as observers to the Balikatan US-Philippines joint exercises in April-May 2012. Defence exchanges have also been opened up between Japan and Vietnam, with undersea warfare again prominent.¹³

¹¹ *Defense of Japan 2012*, p. 301.

¹² www.mod.go.jp/j/press/youjin/2012/07/02_st_e.pdf

¹³ Yomiuri Shimbun, “Japan and East Asia / Nations face off beneath the waves,” 24 January 2012: <http://www.yomiuri.co.jp/dy/world/T120123004718.htm> (accessed 27 November 2012).

One potential constraint on Japan's external capacity building efforts is fiscal: opened up by the intensification of tensions with China in the East China Sea. The Noda administration has announced its decision to allocate 17 billion yen (USD207 million) in supplementary funding to the Japan Coast Guard. For as long as Japan continues to feel direct pressure from Chinese and Taiwanese patrol and fishing activities around the Senkaku islands, budgets for capacity assistance to Southeast Asian countries may have to be scaled back in order to meet the more pressing need. Another potential hurdle to Japan's "strategic" uses of overseas aid is internal, arising from the firewall of civilian control that has strictly limited the role of Japanese defence attaches to the formal defence relationship, and caused 'turf' battles.¹⁴

Elsewhere in Southeast Asia, Japanese and Australian maritime capacity is currently limited. In Indonesia, for example there have been no significant Japanese capability-building initiatives since 2007. Japan has established channels of communication with Indonesia's Ministry of Transportation. JICA also maintains representatives who provide assistance and advice. For Australia, the January 2009 Australia-Indonesia Joint Statement on Defence Cooperation highlighted maritime security as an area for cooperation but there is currently no specific Australian-funded maritime capability building project either in Indonesia (the United States and China have funded or offered separate maritime surveillance systems).

The Australia-Indonesia security relationship remains healthy and active, however, and the RAN and TNI-AL exercise together regularly. In 2012, this included Exercise Cassowary, which featured a programme of simulated coordinated patrols, boarding party procedures, and search and rescue. The two navies also conducted the third annual Coordinated Maritime Patrol (AusIndo Corpat) which targeted illegal fishing, and participated together in the multilateral Kakadu exercise. The Australian government has in place a

¹⁴ Yoichiro Sato, "Southeast Asian Receptiveness to Japanese Maritime Security Cooperation," Asia-Pacific Centre for Security Studies, September 2007: www.apcss.org/Publications/Maritime%20security%20cooperation%20Japan-SE%20Asia%20Sato.pdf.

separate initiative for dealing with people trafficking, which is unrelated to maritime security issues, although there is some overlap in terms of monitoring and policing the maritime routes used for illegal migration, particularly to Ashmore and Cartier Reefs.

Conclusion

For all its obvious potential, the bilateral Japan-Australia security relationship is destined to remain the short side of an isosceles triangle formed by US-Japan-Australia relationship. It has nonetheless outperformed other cross-bracing efforts, especially Japan-Korea, which was poised to adopt a similar template with an ACSA and information-sharing framework, yet was unable to reach escape velocity from domestic politics. Since the bedrock of alliance cooperation resides in information and technology sharing, cooperation on undersea warfare and collaboration on Australia's Future Submarine programme currently holds out the most significant potential to elevate the bilateral and trilateral security relationship beyond the current cordial but still comparatively low level of maritime interaction.

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