



Beyond Baghdad:

ASPI's Strategic Assessment 2004

Executive summary

ASPI's first strategic assessment, *Beyond Bali*, was published in November 2002 following the bombings in Indonesia that killed 202 people. Our new assessment, *Beyond Baghdad*, appears in May 2004, just weeks after the Madrid train bombings and widespread fighting in Iraq. The threat of terrorism is still a central strategic preoccupation. Indeed, Australia faces its most challenging and turbulent strategic outlook since the mid-1960s.

The threat of terrorism has brought about some important changes to Australia's national security decision-making structures. But there is never a point at which governments can afford to stop developing new counter-terrorism strategies. We must be confident that the total value of these measures is greater than the sum of their parts.

Terrorists will attack Australia if they identify an opportunity. We must take al-Qaeda at its word when it repeatedly claims that Australia is a

target. The lethal connection between militant Islam, violent extremists and terror may confront us for years, if not decades.

Iraq's future prospects are currently poised on a knife edge. One possible outcome is the creation of a stable, more open and prosperous regime in the Middle East. The other is anarchy, and a substantial if temporary rebuff to America's place in the world. The skill with which military operations and political affairs are conducted for the remainder of 2004 will have a major influence on which of these outcomes is more likely.

Australia's involvement in the Coalition is an important signal of our support for the US and for the essential work of rebuilding Iraq. Australia's interests are served by maintaining a strong commitment to the Coalition and the reconstruction of Iraq.

Australia faces its most challenging and turbulent strategic outlook since the mid-1960s.

We're entering an **age of warfare**, where precision strike weapons and low-technology fertiliser bombs compete uneasily for dominance. Network-centric warfare—the complex integration of sensors, communications and weapons—presents both options and challenges for the ADF.

This will involve difficult policy trade-offs for Australia. We must ensure that our forces have the technical capabilities to operate with the US military, and also that this investment works to enhance our independent military capabilities. There is an urgent need to rethink our military doctrine and training in the light of these high-technology trends.

America's economic and military power will make it the world's strongest state for the foreseeable future. Regardless of who is in the White House, retrenchment from Iraq or a weakening of counter-terrorism strategies is not a tenable option for any US administration. Australia's defence alliance with the US remains vital, and we should look for new ways to strengthen cooperation while retaining our independent approach to security. We should establish a regular Australia–US dialogue on China, and increase practical cooperation on intelligence sharing, military exercises and, in a limited way, on ballistic missile defence.

In **North Asia**, the character of Chinese power is the dominating strategic issue. China's economy continues to grow, and we're seeing a new phase of constructive diplomacy from Beijing. In Japan, a brighter economic picture is matched by more outward-looking foreign and security policies.

Australia's task is to maximise our influence with the North Asian powers in shaping a secure and stable region. We should use our position to act as a 'friendly counsel' with Washington and Beijing as they interact on security. We need also to build more substantial security ties with the Chinese and deepen our relationship with Japan with more practical military-to-military cooperation.

In **Southeast Asia**, governments are struggling with a number of problems: economic modernisation, weak administration, demands for less paternalistic political systems, religious

fundamentalism and terrorism, and leadership transitions. The next few years will be particularly challenging for the region.

Police cooperation has done a great deal to improve Australian–Indonesian relations and should be Australia's first priority, ahead of military-to-military links. We should now aim to build a broad military-to-military relationship with Vietnam. It's also time to explore how our relationship with Malaysia can be reinvigorated.

In the **South Pacific**, Australia's policy of more active engagement has produced positive results in Solomon Islands.

Helping PNG reform is a much more substantial task. The Enhanced Cooperation Package is a step in the right direction, but we need an overarching strategy for our assistance to PNG, and we need to reinvigorate the relationship at all levels by redeveloping people-to-people links. While Australia must ask tough questions about the long-term viability of some South Pacific states, it makes sense to move towards increased regional integration, including on security.

Australia has had a lively **strategic policy** debate over the past few years about the core focus of our strategic and defence policies, and there is now greater emphasis on the ADF's capacity to deploy, sustain and operate forces in our near region. However, the pace of strategic change is accelerating, and the need to ensure that our defence policies are adequate means that the government should prepare a new Defence White Paper for release in 2005.

A major change in Australian policy-making since the October 2002 Bali bombings has been the emergence of a more coordinated and centrally driven **national security policy**. In an age when security problems are horizontal, our government structures are vertical. We need to treat defence, foreign affairs, domestic security and intelligence policies as components of a broader national security strategy.

A sensible next step would be for the Prime Minister to sponsor the development of a national security policy statement to clarify and strengthen key lines of policy across all government departments

Recommendations

Terrorism

- A national counter-terrorism strategy is needed to ensure that Australia is setting the right priorities, coordinating work, identifying gaps and finding solutions.
- The forthcoming White Paper on terrorism should address the root causes of support for terrorist groups, as well as strategies to counter current threats.

Iraq

- Australia should maintain a strong commitment to Iraq and to the military Coalition. In time, it may be possible to reduce our military presence and focus on humanitarian aid, reconstruction and trade.
- Australian support for the US is important to sustaining a multilateral response in Iraq and in working to defeat international terrorism.

Warfare

- We must carefully select which ADF military elements to make highly compatible with US forces. These choices must complement our own strategic priorities.
- Australia needs to rethink the human dimension of network-centric warfare, in particular by reviewing ADF training and battlefield doctrines.

The United States

- Australia should propose a senior-level strategic dialogue with the US on China's emerging power, and we should deepen the exchange of strategic assessments about the Asia-Pacific and global security.
- The proposal to establish a joint US-Australian exercise and training facility in Australia is valuable and should be developed in greater detail.
- Australian involvement in ballistic missile defence is sensible, but any investment shouldn't distort our strategic priorities.

North Asia

- Australia should expand military and strategic dialogue with China and seek to act as

a 'friendly counsel' with Washington and Beijing as they interact on security.

- Australia should increase security cooperation with Japan, with measured steps to improve military-to-military ties. This could start by exchanging the military lessons learned from both countries' operations in East Timor and Iraq.

Southeast Asia

- Cooperation between police forces will be the most fruitful form of security links with Indonesia and should be Australia's first priority, ahead of military ties.
- We should aim to build a military-to-military relationship with Vietnam.
- It's time to reinvigorate security relations with Malaysia, perhaps through a visit to Kuala Lumpur by the Australian Prime Minister.

South Pacific

- Australia should build on the excellent Enhanced Cooperation Package with Papua New Guinea to create an overarching strategy for assistance to that country.
- Government should foster more Australia-PNG people-to-people links between officials, parliamentarians, the business sector, academics and youth.
- The government should continue to encourage South Pacific integration in economic and financial management, trade, education and security.

Strategy

- The government should prepare a new Defence White Paper for release in 2005.

National security

- The government should develop a national security policy statement to clarify and strengthen key lines of security policy across all departments.
- Departments and agencies should review their structures to make a more effective contribution to national security policy.
- Government should reject proposals to create a huge national security department.



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