

STILL AN 'EXCELLENT' RELATIONSHIP:
AUSTRALIAN-AMERICAN RELATIONS IN TESTING TIMES

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- The new Australian government led by Prime Minister Kevin Rudd combines a sophisticated but as yet untested blend of idealism and pragmatism that could sharply test the Australian-American alliance
- Australia could become a more qualified or, in certain circumstances, even a reluctant actor in the American-led “long war” against international terrorism
- The Rudd government will push for multilateral regional security dialogues and mechanisms in Asia that may force the United States to adjust its own long-standing bilateral security approaches in the region on trade, arms control and other key issues.
- The ‘China factor’ will remain the most critical and potentially the most volatile element in the Australian-American security relationship.

Australia’s election of a new Labor Government in late November 2007 was viewed by many observers as marking the end of a golden era in that country’s security alliance with the United States. During his eleven-plus years in office, Australian Prime Minister John Howard cultivated a uniquely intimate relationship with Washington. This was particularly the case since the George W. Bush administration assumed office in early 2001 and major terrorist attacks were launched in Manhattan and against the Pentagon on September 11 of that year. By the time he was defeated in Australia’s November 2007 election, many observers felt that Howard had positioned his country to be among the United States’ three or four most important allies (along with Britain, perhaps Israel and arguably Japan). For a

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country of just over 20 million people, this represents a remarkable achievement in the management of its national security policy.

In the 2004 election, Howard had successfully portrayed the Labor Party's Opposition Leader Mark Latham as anti-American and as someone who could not be regarded as providing a "safe pair of hands" for managing the alliance. Sensitive to this legacy, the Labor Party's 2007 National Platform pledged that if it was elected to government it would manage the alliance relationship with the U.S. as 'one of Australia's great national assets' and 'continue to build on this excellent relationship...' The day after his election the new Labor Prime Minister Kevin Rudd invoked the American alliance in his first post-election press conference, revealing that he had spoken with President Bush and had reiterated "the centrality of the U.S. alliance in our approach to foreign policy." Strategic continuity appeared to be the order of the day and Rudd appeared determined to establish his own government's loyalty to Australia's great and powerful American friend.

Glossed over in this reaffirmation of alliance affinity was the reality that not every aspect of the Howard government's alliance relations with the U.S. resembled a lovefest. Indeed, Howard's first few years cultivating those ties were not always tranquil. The Prime Minister confronted an unabashedly Eurocentric Clinton administration that was, at times, seemingly indifferent toward his best efforts to "reinvigorate" ANZUS after what he viewed as a decade of neglect given the previous Labor government's strong economic and diplomatic orientation towards Asia. Although Canberra openly supported Washington's dispatch of two carrier battle groups to the region during the March 1996 Taiwan Strait crisis - incurring clear albeit temporary costs to Australian economic ties with the People's Republic of China (PRC) by doing so - Australia derived few tangible gains from Washington in return. The somewhat bland 'Sydney Statement' generated during the July 1996 AUSMIN meetings reaffirmed basic alliance principles. It was unaccompanied, however, by a commensurate U.S. readiness to pre-position military supplies in Australia - that country's geography was too distant from areas of core American military operations in the Middle East and Northeast Asia - or to provide U.S. combat forces to supplement the International Force for East Timor (INTERFET) operation in late September 1999. Bilateral trade tensions were also apparent with the Clinton administration's decision in July 1999 to slap tariffs on Australian lamb exports to the U.S.

Such frustrations evaporated with George W. Bush's ascension to the White House in early 2001 and particularly following the terrorist attacks against New York and Washington on September 11 of that year. Howard was in Washington when the attacks occurred and immediately invoked Article IV of the ANZUS Treaty to codify Australian military support for the U.S. 'war on terror' in Afghanistan. Subsequent Australian military involvement in a highly controversial war against Saddam Hussein's Iraq earned Howard the effusive praise of Bush – the Prime Minister was labeled by the President as a 'man of steel' – and Australian access to the highest levels of American intelligence, diplomatic planning and military technology. An Australia-United States Free Trade agreement was signed in May 2004. Australia was designated by Washington as a de facto 'Pacific Partner' within NATO circles and a Trilateral Strategic Dialogue (TSD) was developed between Australia, Japan and the United States to co-manage joint security policies directed toward the Asia-Pacific region. Australia was allowed to attend an inaugural session of a regionally exclusivist East Asian Summit (EAS) convened in Kuala Lumpur during December 2005 primarily due to its status as a viable proxy for U.S. interests in the region. The Bush administration openly campaigned for Howard's re-election in 2004 and demonstrated clear favoritism toward his incumbency when a national poll was conducted three years later (November 2007).

Kevin Rudd's election victory over Howard has thus understandably intensified speculation over the future of Australia-U.S. ties at a critical time in the history of both countries. After projecting a distinct brand of foreign policy unilateralism throughout much of its time in office, the Bush administration is about to step down to an undesignated successor government of either major American political party that will clearly depart from that posture to adopt more multilateral approaches to strategic cooperation with long-standing allies. The Rudd Government understands that this situation, along with other rapidly changing dynamics in international relations, will inevitably give it more independence in dealing with Washington. It is determined, however, that Australia's U.S. policy strikes a judicious balance between an independent foreign policy on selected issues and maintenance of a valued American alliance.

Climate change and related environmental questions have already emerged as one area of difference between a Rudd-led Australia and ongoing U.S. policy. Within two weeks after assuming office, Rudd led a delegation to Bali, Indonesia and engineered Australia's ratification of the Kyoto Protocol as the first official act of his new government. American

officials representing the major industrialized country that has not yet ratified that accord clearly felt pressured at Bali. Yet the old adage ‘appearances can be deceiving’ clearly applied to this episode. Australia has joined Canada, the United States and Japan in demanding that developing states be included in whatever binding cuts are to be negotiated in a ‘post-Kyoto protocol’ accord and that the latter states’ ability to meet these emissions standards must shape their own adherence to any such negotiation.

The new Australian government has likewise come down hard on Japanese whaling activities in the Southern Ocean off the coast of Antarctica, announcing it will deploy a customs ship and a surveillance plane to monitor Japanese harvesting of humpback whales and to gather evidence for possible future legal challenges to Japanese whale hunting. At first glance, this would appear to be a case of Canberra prioritizing environmental considerations above the Japan-Australia economic and security partnership that has been a lynchpin for Asia-Pacific regional stability and a key element of U.S. strategy in the region. The U.S. ambassador to Japan has argued that a deal was struck between the Japanese and U.S. governments in mid-December 2007 to exclude the humpback from slaughter by the Japanese whaling fleet. Neither the Australians nor Americans, however, would want to press such a culturally sensitive issue on to Japanese political leaders in ways that would lead to an unnecessary jettisoning of momentum recently achieved within the TSD process or of Japan’s remaining an active member of the U.S.-led alliance system. How Prime Minister Rudd will apply his brand of ‘policy pragmatism’ to finesse this issue will constitute one of the first tests of his government’s ability to engage in effective management of intra-alliance relations. That Japan announced a ‘temporary suspension’ of targeting the humpback just prior to Christmas indicates that this test may be yielding a passing grade.

Beyond these initial dramas, several major tests relating to preserving the basic fabric of the Australian-American alliance loom ahead. These include the nature and extent of future Australian involvement in the American-led ‘long war’ against international terrorism; the degree to which a Rudd government will emphasize arms control over pre-emption, deterrence and defense as a means of securing the Asia-Pacific region; the intensity of that government’s support for multilateral security diplomacy; and, above all, how Rudd will balance his country’s alliance with Washington relative to the intensification of Sino-Australian economic and (increasingly) politico-security relations. Each of these dimensions will be briefly reviewed.

To Continue to Deploy?

John Howard deployed around 2000 Australian Defence Force (ADF) personnel at the outset of the Iraq War in 2003. Staunchly opposed to setting a timeline for troop withdrawals from that country, he criticized U.S. Democratic Party presidential candidate Barak Obama in February 2007 for introducing legislation in the U.S. Congress to bring U.S. forces home by March 2008 as playing into the hands of *al Qaeda* and other terrorist elements. During the October/November 2007 Australian election campaign, Kevin Rudd pledged to withdraw the 550 Australian combat troops stationed in Talil, southern Iraq by the middle of 2008 on the grounds that the Iraq deployment has made Australia more of a target for international terrorism. Any such troop removal, however, would be partially symbolic rather than totally substantive as several hundred additional Australian military personnel in Iraq are serving in 'non-combat roles' such as guarding diplomats, training Iraqi forces and providing humanitarian assistance, and would remain in place.

Current Australian force strength in Afghanistan of about 1000 troops attached to an International Security Assistance Force under Dutch leadership is scheduled to remain constant through mid-2010. The new Australian government has promised that no reductions in its 400-strong reconstruction task force at Tarin Kowt in south-central Oruzgan province will be made as long as the 1600 Dutch forces invested with the responsibility of protecting Australian reconstruction personnel – themselves supported by formidable *Apache* helicopter gun ships, self-propelled guns and F-16 combat aircraft -, remain in place. In December 2007, the Netherlands announced its decision to withdraw all of its troops from Afghanistan by 2010 on economic grounds and due to intensifying domestic political pressure, creating a new decision-making situation for Australian policy-planners who are hardly keen to sustain deployments in the absence of formidable NATO support units. Along with NATO European powers, Australia under a Labor government may soon be facing a benchmark decision: is sustaining a grinding counter-insurgency war in a remote part of Central Asia a sufficiently central Australian strategic interest to warrant an open-ended military commitment to that conflict? If the Rudd government ultimately decides it is not, the reverberations for the Australian-American alliance could be serious as Washington continues to pressure and chastise its NATO allies for extending insufficient efforts in the Afghanistan campaign.

An Asian Arms Control Agenda?

Australia's new Prime Minister is on record as offering Australia's services as a mediator for Sino-American discussions on nuclear arms reductions. Rudd has also indicated he will exercise an Australian veto in the Nuclear Suppliers Group to negate a recent uranium sales agreement between the U.S. and India if that deal is not revised to comply with the Nuclear Non-Proliferation Treaty (NNPT) or if India's own divided parliament fails to jettison the accord. There may also be differences between the new Labor government and Australia's Japanese and American allies over missile defense. When asked about "... dialogue and cooperation between America and Japan and Australia on the issue of missile defense" in late May 2007, Rudd responded that Labor had historically "been extremely skeptical about missile defense" because of ongoing technological barriers impeding its workability and over fears that missile defense shields could precipitate greater offensive nuclear arms production in an effort to overwhelm them. Japan's reportedly successful SM-3 missile defense test conducted from a Maritime Self Defense Force (MSDF) destroyer in December 2007 may help overcome the first perception. However, Labor fears over a possible "action-reaction cycle" of missile deployments would not be mitigated by this development.

It is doubtful that a Rudd government would allow strategic differences between Canberra and Washington to spiral into a replay of the mid-1980s U.S.-New Zealand ANZUS dispute over extended nuclear deterrence. Impending differences in strategic thinking, however, will require substantial effort to be expended by both Australia and the U.S. to sustain policy continuity and harmony if the "alliance intimacy" that Rudd states to highly value is to be preserved. The United States, moreover, will need to be more flexible in its approaches to regional security than it was immediately after the Cold War when the George H.W. Bush administration flatly rejected most of the previous Labor government's suggestions for inaugurating multilateral regional security negotiations and confidence-building measures. The 'Basket I' model of the 1970s Helsinki Accord leading to the founding of the Conference for Security and Cooperation in Europe (CSCE), which clearly promulgated an arms control ethos, was not regarded by U.S. Secretary of State James Baker or other U.S. officials to be applicable to establishing a Conference for Security and Cooperation in Asia (CSCA) at that time. The current Labor government could well seek to

resurrect a CSCA-type approach to arms control challenges in contemporary Asia and to work with China, ASEAN and other regional actors if Washington continues to resist such an approach.

Multilateral Security Diplomacy

Utilizing multilateral instrumentalities for arms control negotiations reflects a larger trend of moving beyond uncontested American regional strategic primacy in the Asia-Pacific with its 'hub and spokes' alliance system to a more complex security order, involving a nexus of regional and global security challenges and predicated on their co-management by institutional cooperation. Previous Australian Labor governments have displayed a strong bias toward such Wilsonian norms. This bias could be translated in contemporary terms into strong support for the United Nations, the Asia-Pacific Economic Cooperation (APEC) grouping that promotes 'open regionalism' throughout Asia, and adherence to norms that underwrite international free trade and international law. None of these orientations vary greatly from John Howard's world view (he was, for example, a strong advocate of APEC and a free trader at heart) but the policy *style* of the Rudd government in advancing these principles may be quite different from that of its predecessor. This has already been apparent by the relatively higher degree of comfort members of the Rudd cabinet displayed in a mixed and boisterous setting of developed and underdeveloped states that confronted it at Bali in December 2007. It will be more apparent still by the strong adherence the new Australian government is likely to establish toward various international regimes such as the NNPT and the World Trade Organization. Multilateralism will trump bilateralism more often than not and bilateral free trade negotiations with Japan, China and other prospective partners may lose some of the momentum they enjoyed under the Howard government.

If multilateralism does prove to be Australia's preferred diplomatic *modus vivendi*, sustaining the "special relationship" with the Americans that developed under John Howard's watch will be more difficult. The Bush administration has assigned a premium to alliance loyalty and this proved to be Howard's greatest trump card. The symbolism represented by Australian support for increasingly unpopular American policy causes counted for much within the alliance between 2001 and 2007; while Kevin Rudd is not an alliance critic in the mold of Mark Latham he will take great care for his country not to be viewed by its Asian neighbors or extra-regional powers as a geopolitical sycophant or "deputy sheriff" for American agendas within or beyond the Asia-Pacific region. In some instances, a more

independent Australian posture will be easier to establish and maintain (the fragile Melanesian and Polynesian states readily come to mind where Australia, rather than the United States, has traditionally underwritten multilateral initiatives for security and development within the South Pacific Forum). In other cases, it will be harder as Australia continues to struggle with the question as to whether it is increasingly “a part of Asia”. A Mandarin speaking Prime Minister should theoretically make it easier for the Rudd government to answer that question! But still outstanding cultural differences and Australia’s own historical legacy of relying on a great and powerful Anglo-Saxon friend for its ultimate survival will not be easy to overcome.

The China Factor

To no lesser degree than his predecessor, Kevin Rudd will be confronted with how to balance Australia’s increased economic dependence on a booming China market with its American security relationship. Initially emerging during Howard’s tenure in office, the trend of Australia’s primary economic relationship being different from its major security partner is unprecedented in the country’s history since it became a federation a little over a century ago. No less than Howard, moreover, is Australia’s current leader facing what has been described as Australia’s ultimate foreign policy ‘nightmare’: having to choose between Beijing and Washington in a future regional contingency, most likely involving Taiwan. Another critical problem is how to steer Australian participation in such regional architectures as the TSD without such participation being seen by the Chinese as instruments of containment.

China’s dispute with Taiwan is less amenable to outside arbitration than most other sources of Sino-American tension because the Chinese government considers it to be a strictly internal affair. It is improbable that the Rudd government would be any more sympathetic than its predecessors or the Bush administration to Taiwanese separatists. It may have been encouraged by the Guomindang Opposition Party’s landside electoral victory in Taiwan’s January 2008 parliamentary elections and its wide lead in the polls over the ruling Democratic Progressive Party (DPP) as the March 2008 Taiwanese presidential election looms closer. The Guomindang leadership has pledged it will work to strengthen China-Taiwan relations.

However, if Taiwan were to someday cross the “red line” of Chinese tolerance for separatist behavior the United States would be required to assess how *not* applying the Taiwan Relations Act would affect regional perceptions of its own great power credibility. Australian officials would invariably be involved in consultations with the American government of the day on this issue. Such deliberations would be complicated even more by the strong warnings Chinese officials have already extended to their Australian counterparts with regard to Australia supporting or participating in any such American military operation. The Howard government’s Foreign Minister Alexander Downer’s effort to finesse or qualify the language of the ANZUS Treaty that would otherwise commit Australia to undertake such action was immediately and sharply criticized by the U.S. Ambassador to Australia at the time and by U.S. State Department officials. Facing such a precedent, a decision by the Rudd government to defer or deny future U.S. requests for such support would risk a final breach of ANZUS and very likely lead to the United States severing the alliance.

The need to avoid such a dire scenario provides a rationale for the continuation of systematic dialogues between the United States and its two key regional allies – Japan and Australia – on how to manage or defuse such a crisis. To ensure that such discussions are adequately transparent and balanced, Australia announced at the September 2007 APEC summit in Sydney that it would conduct annual bilateral strategic talks with China as well. This pattern fits comfortably into the Rudd formula that emphasizes confidence-building and overlapping dialogues as the best means to avoid misperception and regional conflict. The foremost challenge for Australia’s new government will be to calibrate these cross-cutting processes in ways that will eventually allow security confidence-building to prevail over security dilemmas in a region where China, Japan and India are all competing for long-term geopolitical influence at a time when U.S. power appears distracted or declining. In this context, Australian-American security relations are entering perhaps the most challenging time of their long and proud history.