Australia and the United States

An Alliance for the Twenty-first Century

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A Report of the
CSIS SOUTHEAST ASIA PROGRAM

CSIS CENTER FOR STRATEGIC & INTERNATIONAL STUDIES
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In August 2017, the Center for Strategic and International Studies (CSIS) partnered with the U.S. Department of State, the United States Studies Centre in Sydney, and the Perth USAsia Centre to hold a conference titled “Australia and the United States: An Alliance for the 21st Century.” The conference informed the findings and recommendations in this report, though all opinions are those of the conference cochairs and do not necessarily reflect those of the conference participants. The conference and this report were made possible with support from the U.S. Department of State.
Conference Summary and Context

The Center for Strategic and International Studies (CSIS) on August 21–22, 2017, organized a conference in Sydney, Australia—Australia and the United States: An Alliance for the 21st Century—in cooperation with the United States Studies Centre (USSC) at the University of Sydney and the Perth USAsia Centre at the University of Western Australia. The conference was generously supported by a grant from the U.S. Department of State.

This conference gathered together key thinkers from both countries at an important time for the Australia-U.S. alliance. The scope of cooperation between Australia and the United States has never been greater—extending well beyond traditional defense, intelligence, and diplomatic engagement—and the alliance enjoys healthy support among policymakers and the wider public in both countries. Bilateral economic, social, and cultural ties are broad and deep. The two countries are working closely together to defeat the threat posed by ISIL and other terrorist networks in the Middle East and globally, and to ensure the Asia-Pacific region remains stable and prosperous. Australian defense planning over the next several decades is premised on a strong alliance.

Yet the Australia-U.S. alliance faces growing external and internal challenges. The United States, Australia, and other allies confront rising threats in Asia, Europe, and the Middle East, and globally from terrorism, financial instability, pandemic diseases, and other transnational challenges. Revisionist powers are seeking to reshape regional security dynamics and carve out spheres of influence, jeopardizing the liberal rules-based order that has supported American and Australian security and prosperity for more than half a century. The risks of miscalculation and conflict are growing, as is the prospect of proliferation of weapons of mass destruction.

At the same time, allied resources available to meet these problems are constrained by slow economic growth across the developed world and the cost of supporting aging populations. Now, economic dislocation and stagnant wages are generating a wave of populist and protectionist sentiment in many parts of the world that risks undermining governance and a return to zero-sum, mercantilist economic policies—while U.S. political divisions and some policy choices are exacerbating allies’ concerns about the future of American global leadership.

Many of these issues are playing out in the contemporary Australian debate, with a range of senior political figures and commentators calling for Australia to distance itself from the United States and recent opinion polls suggesting doubts about U.S. staying power as well as growing affinity for China. This is broadly consistent with polling from the region that suggests that China’s growing economic clout and military capabilities are driving expectations that China will supplant the United States as the predominant power in the Asia Pacific.

These trends raise new questions about the future of the alliance in domestic, bilateral, and international contexts that we must address. They also highlight: the increasingly complex challenges facing U.S. and Australian alliance managers; the importance of not taking the alliance for granted; a requirement for fresh ideas about the alliance; and the need to engage a
broader range of stakeholders, including a new generation of strategic thinkers in Australia and the United States.

The Sydney conference brought together a group of about 40 participants—including 10 young next-generation leaders from Australia—for a two-day discussion on the opportunities and challenges facing the Australia-U.S. alliance across geopolitical, security, and economic issues. It focused on identifying key takeaways and formulating practical recommendations to improve the Australia-U.S. alliance’s capacity to adapt to changing dynamics, both globally and in the Indo-Pacific region, and to ensure support for the alliance well into the twenty-first century. Participation was by invitation and the discussions were off the record.
Conference Takeaways and Recommendations

Strategic Assumptions, Then and Now

Takeaways

Australia has been on the United States’ strategic radar since the early part of the twentieth century, but the United States did not supplant the United Kingdom as Australia’s primary strategic partner until World War II and the Suez Crisis showed that London could no longer play a decisive role in Asia. The alliance has been fundamentally shaped by geopolitics, with the United States stepping in as the external guarantor of Australian security and Australia serving as an outpost on an outer defensive line in the Pacific, providing defense in depth against rising Asian powers (Japan in World War II, China today). U.S. expectations of Australia have increased along with the relative importance of Asia to American security and prosperity, and Australia is becoming more important to U.S. strategy relative to the United Kingdom. Australian and U.S. interests have not always aligned, and the alliance has hit real rough patches over the last 60 years, particularly during the Vietnam War and the East Timor crisis. The alliance has shown extraordinary resilience, however, in part because of shared values and a common heritage, but also because of shared national interests for which sentiment is no substitute. The trade relationship is also key to the strong alliance, and in fact predates defense ties. Public support for the alliance remains high in Australia, but there are indications that the younger generation in Australia may not be as convinced of the value of the alliance as previous generations.

Recommendations

- Arguments in favor of the alliance should focus more on shared national interests and objectives, while not abandoning arguments based on shared values that have long dominated discussion of the alliance. Values-based arguments in favor of the alliance are important, but relying on them too heavily can lead to overreaction about the underlying strength of the alliance when natural differences on some values are exposed. Balancing values-based arguments with those based on shared national interests would provide a moderating effect on alliance discussions, helping both U.S. and Australian audiences understand the enduring value of the alliance even when there is disagreement on values.

- Alliance managers should talk more openly about the ways in which strategic assumptions between Australia and the United States are converging, particularly in the Indo-Pacific region. The rising strategic importance of Asia and growing U.S. attention on the Indo-Pacific is leading to a natural convergence of U.S. strategic interests with Australia’s core national interest in a stable, prosperous, and peaceful neighborhood. The rise of China and the potential threat it poses to the rules-based order in Asia is a key challenge facing both
Australia and the United States (as well as other U.S. allies and partners in the region) that calls for a stronger alliance to successfully manage.

- **Australia needs to drive any strengthening of the alliance, which will require Australian governments to be more upfront with the public about the challenges created by a rising China.** The United States is a global power that can often be distracted by events outside of the Indo-Pacific, which puts the onus on Australia to focus U.S. attention and push alliance initiatives in Asia with energy. Australian governments have been hesitant to have frank public discussions about the challenge posed by China, but doing so is necessary to build the public support needed for Australia to take a leading role on strengthening the alliance with an eye on the balance of power in Asia.

- **Rather than talking about the need to maintain the status quo, alliance managers should honestly discuss the ways in which the status quo is being altered and the need to make changes to preserve regional equilibrium.** The status quo in the Indo-Pacific is inevitably shifting as the power of China and other regional countries increases and the relative power of the United States and its allies and partners declines. While the shared alliance objective of upholding the rules-based order in Asia remains valid, policymakers must reckon with changing geopolitical realities in the region and begin a sustained effort to adapt long-standing strategies and alliance mechanisms in order to preserve a favorable regional equilibrium.

- **Arguments in support of the alliance need to be renewed to convince a younger generation in Australia where support for the alliance may be softening.** Younger Australians came of age in a period where the alliance was focused on counterterrorism and unpopular military operations in the Middle East and Central Asia, leading many to doubt whether the alliance really benefits Australia. A shift in the focus of the alliance back to the Indo-Pacific provides an opportunity to convince the younger generation that the alliance does serve to protect Australia’s national interests, but care must be taken not to overly focus on the potential threat posed by China when speaking to a generation that is generally less skeptical of Chinese intentions.

### Geopolitics and Regional Order

**Takeaways**

A strong alliance with the United States remains in Australia’s interest, but the rise of China is already stressing the alliance and its ability to uphold a liberal regional order in Asia. U.S. policymakers have underestimated China’s resolve to alter the regional order in Asia, and U.S. policy to date has not succeeded in altering Beijing’s strategic calculus. Participants agreed that China’s willingness to go to war is overestimated, and that it is seeking to change the Asian order to its advantage by measures short of war without blowing up the existing system. Participants disagreed on whether the existing order in Asia was sustainable or if a new model for regional order was needed to adapt to a powerful China, but all agreed that maximizing U.S. influence in the Asia-Pacific was key to maintain an order friendly to the interests of Australia and other U.S. allies. U.S. leadership is needed to coordinate the efforts of allies and partners.
whose national interests are not naturally aligned, which makes the threat of Washington pulling back from the region under the Trump administration particularly worrying. Australia has the unique ability among Asia-Pacific allies to influence U.S. policy from the inside due to its close and trusted relationship, which gives Canberra a key role in convincing Washington of the need to continue to play a leadership role in Asia.

Recommendations

- **There is a need for more debate within the United States on its role in Asia, and for greater efforts by U.S. leaders to build public support for maintaining the U.S. position in Asia.** Convincing China to alter its assertive behavior in the region will require the United States to push back more forcefully and run the risk of increased friction with Beijing, but this will only be successful if China believes that Washington is serious enough about maintaining its position in Asia to undertake painful measures, including possible military action. Convincing Beijing of this will be difficult and requires debate in the United States to build support for a more confrontational policy in Asia and demonstrate U.S. will to follow through. U.S. leaders must also decide that countering China’s regional impact in Asia is not less important than securing China’s cooperation on addressing global challenges.

- **The alliance needs a greater focus on the Indian Ocean and should not become overly oriented toward the Western Pacific.** The China challenge and existing structure of U.S. alliances in Asia will naturally lead to a focus on the First Island Chain and the Western Pacific as Washington devotes greater attention to Asia, but the Indian Ocean is also strategically important and should not be an afterthought in alliance discussions. Australia— and Western Australia in particular—is oriented toward the Indian Ocean in a way the United States is not and therefore should take the lead in pushing alliance initiatives in the Indian Ocean.

- **Alliance managers should focus more on regional interactions among U.S. allies and partners in Asia and not become overly focused on bilateral responses to China’s rise.** The relative decline in the power of the United States and its allies and partners in Asia makes it imperative that they work more closely as a group to maintain a favorable regional equilibrium. U.S. leadership in the region will remain key to coordinating these efforts, but the ongoing move from a "hub-and-spokes" model to one where U.S. allies and partners are more networked with one another provides opportunities for key U.S. allies like Australia and Japan to play a greater role in shaping regional dynamics.

- **Policymakers should revisit the “Quad” concept and explore new ways to increase cooperation between Australia, India, Japan, and the United States.** Increasing U.S. focus on the Indo-Pacific region and shared concerns about Chinese assertiveness provides an opportunity to reexamine the “Quad” and other potential avenues for greater cooperation between the Indo-Pacific’s four major democratic powers. Canberra and Washington should discuss and coordinate their cooperation with Japan in the Western Pacific and cooperation with India in the Indian Ocean through existing alliance mechanisms.

- **Alliance managers should focus more on the political-military level of the relationship, where much of the real work of the alliance takes place outside the public eye.** The alliance
is well-institutionalized at the political level, with the Australia–United States Ministerial Consultations (AUSMIN) bringing together the Australian ministers for foreign affairs and for defense with the U.S. secretaries of state and defense on an annual basis. Ties at the operational level are similarly well-institutionalized, with close military and intelligence cooperation, including Australian embeds at key positions in U.S. Pacific Command (PACOM). The intervening political-military level is relatively under-institutionalized in comparison, however, and more formal mechanisms to bring together senior and mid-level alliance managers on a regular basis would be welcome as these are the officials who drive many of the important decisions and policies that keep the alliance moving forward.

Security: Responding to the Threats and Challenges of Today and Tomorrow

Takeaways

Chinese military capabilities have grown significantly over the past decade and its neighbors are worried about Beijing’s intentions as it leverages those capabilities to assertively seek a greater role for itself in regional affairs. The risk of a great power war in Asia is relatively low, with a conflict on the Korean peninsula remaining the most likely spark for such a war. China’s assertive push on maritime disputes in the East and South China Seas is an exercise in salami-slicing tactics and China is unlikely to risk a military conflict with the United States over those disputes. U.S. responses thus far to China’s maritime challenges—such as freedom of navigation operations (FONOPs)—have been useful steps, but have been ineffective in altering Chinese behavior. Participants disagreed over whether the political will existed in Washington or Canberra to run the risks likely needed to deter assertive Chinese behavior. The Trump administration’s top priority in Asia is North Korea, and it has largely ignored the maritime challenge posed by Beijing. This is not helpful in Southeast Asia, a region both Australia and the United States could more effectively engage. Much of the existing engagement with Southeast Asia is focused on counterterrorism, an important area of cooperation that should continue but also one that grates on regional partners when it is seen as the sole interest of Western partners. Southeast Asia remains eager to engage more with Australia and the United States on maritime security issues, and encouraging Southeast Asian partners to play a role on North Korea—particularly on sanctions enforcement—is a good idea as long as it does not dominate the agenda with Southeast Asia.

Recommendations

• The alliance should discuss rebalancing military commitments from the U.S. Central Command (CENTCOM) area of responsibility to the U.S. Pacific Command (PACOM) area of responsibility. Effectively hedging against growing Chinese capabilities over the long term will require that rhetorical support for an increasing alliance focus on Asia be backed up by a shift in military commitments and posture that allows the Australian and U.S. militaries to build readiness for high-level contingencies in the Indo-Pacific.

• Alliance managers should consider further options for U.S. force posture initiatives with Australia, either expanding on existing marine and air force initiatives in Northern Australia or
Pursuing new initiatives. Potential options include the further integration of the U.S. Navy at HMAS Stirling, the development of new lift concepts for Marine Rotational Force Darwin (MRF-D), or collaboration on maritime patrol missions from Christmas and Cocos islands.

- **Policymakers need to better differentiate between short-term responses to assertive Chinese behavior and long-term strategies to deter it.** Policymakers are overly focused on FONOPs and other incremental responses to China’s maritime challenge, and alliance discussions about how to jointly push back have revolved around these responses. While of some use, these responses are not sufficient to alter China’s strategic calculus and alliance managers should instead focus their energies on crafting a long-term strategy for deterring Chinese adventurism and denying its objectives in the Indo-Pacific.

- **Australia and the United States should do more to build support in Southeast Asia for a harsher line on North Korea, particularly support for stronger enforcement of the international sanctions regime.** Dealing with North Korea’s nuclear and ballistic missile programs is deservedly a top priority for the U.S. administration, and many of the countries in Southeast Asia can do more to limit their economic ties with North Korea and crack down on illicit North Korean activity within their borders. While pushing for a harder line on North Korea is important, Australian and U.S. officials should be careful to balance their diplomatic engagement on North Korean with other security issues of more direct concern to Southeast Asian allies and partners.

- **Australian and U.S. diplomatic engagement with Southeast Asia should be more nuanced and avoid focusing narrowly on the high-profile issues of the day.** Australian and U.S. counterterrorism (CT) cooperation with Southeast Asia is a longstanding success story, but it also demonstrates how a narrow focus on a single issue—as has happened with Southeast Asian CT issues in the past—can lead to resentment among allies and partners who view issues like CT as just one among a broad set of interests. Southeast Asian nations want to see key issues like CT addressed as part of a broader Australian or U.S. strategy toward their region, and alliance managers should work to craft and coordinate their respective Southeast Asia strategies.

- **The alliance should multilateralize its efforts in Southeast Asia wherever possible, and the allies should fill in for each other in countries where political challenges exist.** Both Australia and the United States have robust cooperative relationships with many countries in Southeast Asia, but this cooperation is generally undertaken on a bilateral rather than multilateral basis. Alliance discussions to ensure the coordination and deconfliction of these efforts are valuable, but the alliance should strive for truly integrated multilateral cooperation with key Southeast Asian partners, possibly including other regional partners like Japan. The allies should also look to fill in for each other when one has political difficulties with a Southeast Asian partner to ensure that overall alliance cooperation with key partners are not seriously set back by what are often transient political disagreements.
Economic Engagement: Trade, Business, and Investment

Takeaways

The Australia-U.S. economic relationship remains strong and largely free of political or policy impediments, but the election of President Trump on the back of a wave of populist, antiglobalization sentiment in the United States has created a great deal of concern about what the future of U.S. economic engagement with the world will look like. Participants viewed Trump’s broad approach to trade issues—and the withdrawal of the United States from the Trans-Pacific Partnership (TPP) in particular—as both ill-advised and a threat to the global economic order created and led by the United States. Participants agreed that no single country can substitute for U.S. leadership of the global economic order, but countries like Australia and Japan are obvious candidates in Asia to take on a leadership role and work with a coalition of like-minded countries to preserve the open international economic system. The Trump administration seems serious about winding back U.S. support for international trade agreements, and some participants noted that the backlash against trade is not confined to Trump, with broader political support in both the United States and parts of Europe. U.S. protectionism could have serious repercussions for the Australian economy, not only because of the loss of bilateral gains in trade and investment expected from the TPP but also because of a likely period of drift and potential regression in trade openness in Asia produced by the absence of U.S. economic leadership. Australia will need to do more to deepen regional economic integration in a fashion that does not exclude the United States and leaves the door open for Washington to return to regional agreements in the future, with finalizing the TPP-11 agreement being the key short-term goal for this process. Australia and the United States also need to work more closely together to share lessons learned and strengthen alliance cooperation on the growing challenge of Chinese investment.

Recommendations

- **The United States should endorse the completion of the TPP-11 agreement and return to the agreement at an appropriate time.** The U.S. withdrawal from the TPP was a mistake and jeopardizes the results of years of tough negotiations to arrive at a deal that was advantageous to U.S. economic and strategic interests. A TPP-11 agreement is in the U.S. interest as it would preserve many of the gains made in the TPP in promoting trade liberalization and economic reforms in the region, and would leave the door open for the United States to return to a high-standard regional trade agreement in the future.

- **Australia should continue negotiating the TPP-11 agreement, while pushing for the inclusion of high standards in other regional arrangements such as the Regional Comprehensive Economic Partnership (RCEP).** The TPP-11 remains in Australia’s interest both because it will strengthen regional economies—including Australia’s—and contribute to broader economic growth and stability in the region, and because it will promote high-standard trade liberalization and economic reforms in the region. The RCEP has a similar potential to boost regional economic growth and stability—and includes key countries like China, India, and Indonesia that are not members of the TPP—but it does not currently have the same potential to promote high-standard trade liberalization and economic reforms. Australia
should push to include high-standard elements of the TPP into the RCEP to increase its impact. Australia should also work to ensure that the TPP-11 and RCEP do not divert trade from the United States and Europe with stringent rules of origin or distorting preferential arrangements.

- **Australia and the United States should establish a mechanism for information sharing on foreign investment among themselves and other allies such as Japan and Canada.** Both countries have legitimate national security-related reasons to be concerned about Chinese investment, and the opaque nature of Chinese corporate governance structures makes collaboration and information sharing vital for effective investment review mechanism. The U.S. Congress is examining ways to strengthen the Committee on Foreign Investment in the United States (CFIUS) investment review mechanism, providing alliance managers an opportunity to push for greater international cooperation on this important issue.

- **Australia and the United States should support open trade in energy products and promote the development of the natural gas market in Asia.** Both countries are important energy exporters and thus have a shared interest in supplying the growing energy demand in the Indo-Pacific. Australia is one of the largest exporters of liquified natural gas (LNG) to Asia, and the United States is also beginning LNG shipments across the Pacific. The allies should work together to promote the development of the natural gas market in the Indo-Pacific by developing gas infrastructure, promoting market reforms, and assisting in the creation of LNG hubs.

**Technology: The Role of Innovation in Making the United States and Australia More Prosperous and More Secure**

**Takeaways**

Australia and the United States are both on the forefront of the ongoing “Fourth Industrial Revolution” involving artificial intelligence (AI), robotics, additive manufacturing, and other technologies. Innovation in this area is being driven largely by the commercial sector, and promises to have significant economic, military, political, and social consequences. Both countries depend on innovation as a key driver of economic growth, and their increasing investments in research and development demonstrates a continued commitment to pursuing innovation. The disruptive impacts of new technologies—AI in particular—have not been adequately considered, however, and policymakers need to begin thinking about how to handle the inevitable job losses and other social disruptions that will come with future innovation. Retraining existing workforces with the skills needed to succeed in an economy remade by ubiquitous AI and advanced robotics will be a huge challenge, and public resistance to innovation-driven changes will rise if this challenge is not met.

Periods of rapid technological change generate instability in the international system, and emerging military technologies are likely to proliferate quickly and be difficult to control because of their origins in the commercial sector and dual-use nature. The rapid rate of technological change and narrowing window for a particular technology to provide a military advantage is ending the era of stability in the defense production environment and could lead
militaries to shift away from small numbers of high-quality platforms and toward large numbers of cheaper systems that are easier to upgrade or replace. The U.S. “Third Offset” strategy is still in its early stages, and the U.S. Department of Defense is wisely making small investments in a broad range of new technologies with potential battlefield uses rather than picking winners too early. Australia is well-positioned to benefit from any Third Offset innovations, but Australia could potentially take a more independent defense industry path as advanced technologies allow it to produce more of its military capabilities at home and reduce its reliance on foreign defense manufacturers.

Recommendations

- **Policymakers need to more seriously consider how Australia and the United States can best reap the benefits of innovative new technologies while minimizing the risks of social dislocation.** Policies that effectively retrain workers and utilize emerging technologies to reinvigorate manufacturing sectors could lessen the economic stagnation and growing inequality that has led to growing populism and antiglobalization sentiments. In the absence of effective policies, however, emerging technologies could worsen existing social cleavages and risk a magnified political backlash. The workforce impacts of emerging technologies like AI are likely to spread beyond the manufacturing sector—into legal and financial services, for example—making it even more imperative that policymakers devise strategies to effectively reshape the workforce and ensure a politically acceptable distribution of the economic gains from new technologies.

- **Australia and the United States should jointly examine the role of technology, and joint technological development, in overcoming the challenges that allied operations in Asia would face.** As the alliance shifts its focus back to Asia and builds readiness for contingencies in the region, it will be necessary to shape allied operational concepts in response to the unique political, military, and technical challenges in the Indo-Pacific. Discussion of technical challenges could serve as entry point for an alliance dialogue that could eventually move on to more sensitive discussions of political-military challenges to allied operations in the region, while also serving to guide future technology development and acquisition.

- **Australia should participate as fully as possible in early Third Offset experimentation and exercises in order to shape the follow-on operational concepts and doctrines that emerge.** The future trajectory of the Australian Defence Force as described in the 2016 Defence White Paper is one where Australian capability development and doctrine will be increasingly aligned with that of the U.S. military. Given this tight linkage between the allied militaries, it is in Australia’s interest to participate in the Third Offset and encourage the development of capabilities and doctrines that are suited to Australia’s strategic environment and likely operations. The United States should welcome Australian participation in the Third Offset as a means to boost future interoperability with a key ally in the Indo-Pacific.

- **Alliance managers should be prepared to drive the adaptation of military forces, structures, and organizations needed to effectively utilize emerging technologies.** Technology is not a panacea and emerging technologies will not reach their full military potential unless
militaries can successfully adapt to utilize them. Adopting innovations can be difficult for leading militaries, however, which are already highly effective with existing capabilities and organizational practices. Today’s emerging technologies may be particularly hard for military establishments to adapt to given their rapid rate of change, broad applicability, and highly technical nature. The commercial origins of many new technologies also increase the difficulty of discerning how to best utilize a new technology for military use. Policymakers should remember that the adaptation of forces, structures, and organizations to effectively utilize new technologies is the hard part, and should look to the past for examples of successful institutional adaptation in times of rapid technological change.

Regional Cooperation: Strengthening Regional Architecture and Capacity

Takeaways

While the limitations of Asian multilateral frameworks are well-known, the regional architecture plays a critical role in the rules-based order that Australia, the United States, and like-minded partners seek to promote in the Indo-Pacific. The Association of Southeast Asian Nations (ASEAN) does not get enough credit for promoting geopolitical stability in the region, or for its crucial role in bringing larger powers together on somewhat neutral ground to engage on key issues. ASEAN and the multilateral frameworks centered on it also embed and promote important norms of noncoercion, open regionalism, respect for international law, and an emphasis on dialogue to resolve disputes. Strengthening this regional architecture should be a priority for the alliance, but adding new frameworks is no longer the best way to do so. The creation of the East Asian Summit (EAS) and ASEAN Defense Ministers’ Meeting-Plus (ADMM-Plus) filled key gaps for meetings of regional heads of government and defense, and now the focus of reform efforts should be on streamlining the existing set of institutions to create a more substantive and results-oriented regional architecture that can effectively address key security and economic challenges. The rise of China will complicate these efforts, as Beijing seeks to contest the current regional order and develop a new institutional framework more conducive to its interests and values. China’s creation of the Asian Infrastructure Investment Bank (AIIB) and Belt and Road Initiative (BRI) are part of this effort to insert China-centered institutions into the largely ASEAN-centered regional architecture in Asia. China has also managed to weaken ASEAN itself through a divide-and-conquer strategy that has undermined ASEAN’s unity and ability to come to consensus on key issues. Multilateral frameworks in Asia are already a forum for competition between China and the United States and its allies and partners, and this contested dynamic likely will make broad multilateral institutions less capable of delivering results, forcing frustrated states to turn to smaller-scale ad hoc cooperation on specific issues or problems.

Recommendations

- Rationalization of the region’s many cooperative endeavors should be a priority, although achieving this in the contested regional setting will be complex. The region increasingly needs effective multilateral institutions to promote cooperation as security and economic tensions grow and coordinate policy responses to transnational challenges, but the
institutions and mechanisms that make up the regional architecture are poorly equipped to respond to the competitive dynamic developing in Asia. The differing goals of the United States and its allies and partners—which seek to buttress the existing regional order—and China—which seeks to alter the regional order to meet its own needs—will make agreement on reforms to the regional architecture difficult to reach.

- **Policymakers should focus on the East Asia Summit (EAS).** The EAS has the most potential to evolve into an effective framework, but needs some institutional reform and strengthening. Positive steps would include creating a sherpa process and linking the EAS more effectively with the ADMM-Plus. Institutionalizing an EAS foreign ministers’ meeting with substantive responsibilities and an EAS economic framework would also be valuable, allowing leaders to direct their defense, foreign, and economic ministers to follow up on key EAS initiatives.

- **Policymakers should downplay the ASEAN Regional Forum (ARF), and think creatively about revitalizing the Asia-Pacific Economic Cooperation (APEC) forum.** A venue to voice diplomatic views and lay down markers on strategic issues remains important, but the EAS is the forum with the relevant players and the EAS foreign ministers’ process should gradually subsume the role of the ARF ministerial on key issues. The U.S. withdrawal from TPP has left APEC adrift, but the launch of TPP-11 would help stimulate the organization. APEC should also focus on key areas like e-commerce and investment barriers, with Australia, the United States, and like-minded partners pushing pathfinder initiatives in these sectors.

- **Australia and the United States should focus more on “minilateral” and functionally focused initiatives to advance collaborative goals.** Cooperation in large-scale institutions like EAS and APEC will be increasingly difficult as Asia’s geopolitics become more contested, and expectations for these institutions should be managed to reflect this. The allies should look to smaller-scale cooperation with ad hoc groupings of countries to achieve results on key issues that allow for such an approach.

- **Policymakers should continue to invest in ASEAN, but should also support ad hoc cooperation between Southeast Asian states.** ASEAN remains valuable as a grouping, even if a lack of unity has decreased its relevance as of late. Sustained high-level engagement by the U.S. president with ASEAN leaders should be continued, and President Trump should consider inviting all ten ASEAN leaders to a second U.S.-ASEAN summit in the United States. Australia and the United States should continue to build up and strengthen trilateral frameworks among allies and partners, and support Southeast Asian-led minilateral initiatives like coordinated patrols in the Sulu Sea.

The Future of the U.S.-Australia Alliance: Interactive Session with University of Sydney Students

**Takeaways**

After the conclusion of the conference, several conference participants traveled to the University of Sydney for an interactive session with students, who were asked to provide their views on a series of questions regarding the future of the Australia-U.S. alliance and the
geopolitical situation in the Indo-Pacific. The conference participants discussed the questions with the student attendees, providing insights from the previous conference discussion and seeking student input on why they answered the way they did. Student views were consistent with those of the conference participants on some issues, with the students strongly supportive of the U.S. alliance as important for Australian interests. Many students were skeptical about the threat posed by China’s rise and bullish on China’s potential to become the most powerful country in Asia and Australia’s most important economic partner over the next 30 years, in line with other public polling results. Some students were also quite positive about the long-term prospects of India, and a large number viewed climate change as the most important security threat facing Australia.

Recommendations

- **Alliance managers should present a positive vision for the region in their arguments in support of the alliance, and not focus overly on threats or U.S.-China rivalry.** The liberal, rules-based regional order is just such a positive vision that both describes what the Australia-U.S. alliance is working to defend, and is inclusive of other regional players like India, Japan, South Korea, and states in Southeast Asia. China is a potential threat to this order, but overly focusing on that argument probably will not convince younger Australians (or Americans) who are not convinced that China poses such a threat. Alliance advocates may be better advised to continue focusing on the positive contributions states in the Indo-Pacific region can make to jointly support a regional order that is beneficial to all, while restricting criticism of China for instances where Beijing’s behavior clearly violates international rules and norms.

- **Alliance advocates should go beyond the typical hard security focus to discuss ways Australia and the United States can work together to address nontraditional security challenges.** Climate change, migration, and other nondefense issues are important and resonate with the public in ways that hard security issues often do not. Discussing ways in which the allies can work together on these challenges could boost the relevance of the alliance to younger generations and those uninterested in defense matters.

- **Alliance managers should use history to illuminate past challenges faced by the alliance and show how they can inform the choices the next generation must make about the alliance’s future.** The Australia-U.S. alliance has faced significant stresses—both internal and external—over its long history and come out stronger than ever due to the shared interests, values, and history that bind the countries together. Reminding the next generation of this history and pointing them toward chapters relevant to today’s geostrategic situation in the Indo-Pacific would help guide them as they make their own decisions about the shape the Australia-U.S. alliance should take.
Annex I: Conference Agenda

Australia and the United States: An Alliance for the 21st Century
August 21–22, 2017
Sydney, Australia

Day 1: Monday, August 21

11:30 a.m.  Registration

12:00 p.m.  Welcome Lunch

Remarks by:

Dr. Amy Searight
Senior Adviser and Director, Southeast Asia Program, Center for Strategic and International Studies

Dr. Simon Jackman
Chief Executive Officer, United States Studies Centre

Mr. James Carouso
Chargé d’Affaires, U.S. Embassy Canberra

Ms. Penny Williams
Deputy Secretary, Australian Department of Foreign Affairs and Trade

1:00 p.m.  Session 1: Strategic Assumptions, Then and Now

What role has the alliance played in U.S. and Australian strategic thinking? How has this evolved over time in each country? What is the contemporary role of the alliance in U.S. and Australian strategy? Can public support for alliances be sustained? How?

Framing Remarks by:

Dr. Michael J. Green
Senior Vice President for Asia and Japan Chair, Center for Strategic and International Studies

Mr. Andrew Shearer
Senior Adviser on Asia-Pacific Security and Director, Alliances and American Leadership Project, Center for Strategic and International Studies
Public Opinion Brief by:

Ms. Alex Oliver
Director, Polling Program, Lowy Institute

Dr. Simon Jackman
Chief Executive Officer, United States Studies Centre

Moderator:

Dr. James Curran
Professor, Department of History, University of Sydney

2:30 p.m. Coffee Break

2:45 p.m. Session 2: Geopolitics and Regional Order

How does the alliance contribute to upholding the regional order in the Asia Pacific? How is the alliance affected by the rise of China, and how should it respond? Is growing tension with China likely to lead to closer U.S.-Australia ties or act as a wedge issue for the alliance? Do the two allies have different levels of risk tolerance? How can the United States and Australia respond to China’s use of asymmetry, ambiguity, and incrementalism to alter the status quo while avoiding conflict? What nonmilitary steps can the allies take to deter Chinese coercion? How should the traditional Asia-Pacific alliance network adapt to new threats and challenges?

Framing Remarks by:

Dr. Kori Schake
Research Fellow, Hoover Institution

Mr. Hugh White
Professor, Strategic and Defence Studies Centre, Australian National University

Dr. Thomas Wright
Director, Center on the United States and Europe, Brookings Institution

Moderator:

Dr. Michael J. Green
Senior Vice President for Asia and Japan Chair, Center for Strategic and International Studies

4:00 p.m. Session 3: Security: Responding to the Threats and Challenges of Today and Tomorrow
Are U.S. and Australian counterterrorism programs built up in Southeast Asia since 9/11 capable of dealing with the threat of foreign fighters returning from the Middle East? How can the United States and Australia most effectively work with each other and with foreign partners to combat terrorist groups and returning foreign fighters? Given increasing security threats in the Indo-Pacific region, to what degree should Australia prioritize out-of-area operations as opposed to a more limited regional posture? How can Australia and the United States work together to support development and stability in the South Pacific? How can the allies build partner nation capability and capacity, especially in Southeast Asia?

Framing Remarks by:

Mr. Aaron Connelly
Research Fellow, East Asia Program, Lowy Institute

Dr. Charles Edel
Associate Professor of Strategy and Policy, U.S. Naval War College

Moderator:

Mr. James Brown
Director of Research, United States Studies Centre

5:15 p.m.  Group Picture
5:30 p.m.  Adjourn
6:30 p.m.  Travel to dinner
7:00 p.m.  Gala Dinner

Hosted by: KPMG Australia
Level 38, Tower Three, International Towers Sydney, 300 Barangaroo Avenue

Remarks by:

The Honourable John Howard, OM AC

Day 2: Tuesday, August 22

9:00 a.m.  Session 4: Economic Engagement: Trade, Business, and Investment

What are the best ways to highlight and further strengthen bilateral economic linkages? What will be the economic and strategic impact of evolving energy markets, including growing LNG exports by both the United States and Australia? In the absence of TPP, are there other ways that Australia and the United States can promote high-standard trade and investment rules in the Asia Pacific region? Should Australia consider pursuing TPP without the United States (‘TPP-1’)? What
will be the economic implications of RCEP for bilateral and regional trade and investment?

Framing Remarks by:

Mr. Matthew Goodman
William E. Simon Chair in Political Economy and Senior Adviser for Asian Economics, Center for Strategic and International Studies

Dr. Joshua Meltzer
Senior Fellow, Global Economy and Development Program, Brookings Institution

Dr. Shiro Armstrong
Codirector, Australia-Japan Research Centre and Fellow, Crawford School of Public Policy, Australian National University

Dr. Llewelyn Hughes
Associate Professor, Crawford School of Public Policy, Australian National University

Moderator:

Dr. Simon Jackman
Chief Executive Officer, United States Studies Centre

10:15 a.m.  Coffee Break

10:30 a.m.  Session 5: Technology: The Role of Innovation in Making the United States and Australia More Prosperous and More Secure

What will drive innovation in an age where advances in artificial intelligence and robotics are determined by software rather than hardware? How should the United State and Australia create a collaborative business environment that encourages the type of joint ventures most likely to lead to innovation? How are the United State and Australia innovating in their incorporation of emerging technologies into their militaries? How should Australia incorporate remotely piloted systems such as the MQ-9 Reaper into their surveillance and strike planning in the Western Pacific? If artificial intelligence and robotics drive the size and shape of the U.S. and Australian militaries, how will that influence interoperability, as well as diplomatic coordination? If innovations are likely to come from the commercial sector and spill over into the military arena, rather than the reverse, as they did in the Cold War, how should this shape U.S. and Australian military procurement? What opportunities does this create? Does the growth of artificial intelligence raise ethical and moral issues for the United States and Australia, particularly when it could involve algorithms making decisions in the military and commercial realms that could influence jobs, as well as life and death?
Framing Remarks by:

Dr. Michael Horowitz
Professor, Political Science Department, University of Pennsylvania

Dr. Stephan Frühling
Associate Dean (Education), College of Asia and the Pacific, Australian National University

Ms. Claire McFarland
Director, Innovation and Entrepreneurship Program, United States Studies Centre

Moderator:

Mr. Bruce Klingner
Senior Research Fellow, Northeast Asia, Heritage Foundation

11:45 a.m. Lunch Served

12:00 p.m. Lunch Keynote

Remarks by:

The Honourable Paul Keating

12:45 p.m. Session 6: Regional Cooperation: Strengthening Regional Architecture and Capacity

Is the EAS in its current form sufficient? How can it be elevated from a “strategic forum” to a format that will be more substantive and outcome-driven? How can the United States, Australia, and like-minded countries boost the relevance of APEC? Should APEC be expanded to include India, or is it already too big? On the security front, how can Australia and the United States continue the positive momentum on regional security cooperation in the ADMM-Plus? Has the ASEAN Regional Forum outlived its usefulness? Now that the ADMM-Plus has stepped into the role of practical cooperation on transitional challenges like disaster relief, counterterrorism and maritime security, what is the role of the ARF? Are Australian, U.S., and Japanese efforts at capacity building in Southeast Asia sufficiently coordinated? What role can the new Southeast Asia Maritime Security Initiative (MSI) launched by the United States in 2016 play in regional capacity building efforts? What mechanisms have other dialogue partners found most useful?

Framing Remarks by:

Dr. Nick Bisley
Executive Director of La Trobe Asia and Professor of International Relations, La Trobe University
Dr. Amy Searight  
Senior Adviser and Director, Southeast Asia Program, Center for Strategic and International Studies

*Moderator:*

Dr. Michael J. Green  
Senior Vice President for Asia and Japan Chair, Center for Strategic and International Studies

2:00 p.m.  
**Coffee Break**

2:15 p.m.  
**Session 7: Closing and Recommendations**

*Perspectives from next-generation leaders followed by a group discussion.*

*Lead discussants:*

Dr. Danielle Chubb  
Senior Lecturer in International Relations, Deakin University

Mr. Eric Sayers  
Special Assistant to the Commander, U.S. Pacific Command

Mr. Geoffrey Hartman  
Fellow, Southeast Asia Program, Center for Strategic and International Studies

*Moderator:*

Mr. Gordon Flake  
Chief Executive Officer, Perth USAsia Centre

3:15 p.m.  
**Adjourn**

3:30 p.m.  
**Travel to University of Sydney**

4:00 p.m.  
**Session 8: The Future of the U.S.-Australia Alliance—Interactive Session with University of Sydney Students**

*Moderator:*

Mr. Ashley Townshend  
Research Fellow, Alliance 21 Program, United States Studies Centre
Annex II: Conference Participants List

Dr. Shiro Armstrong
Codirector, Australia-Japan Research Centre; and Fellow, Crawford School of Public Policy
Australian National University

Dr. Nick Bisley
Executive Director, La Trobe Asia; and Professor of International Relations
La Trobe University

Mr. James Brown
Director of Research
United States Studies Centre

Mr. Jackson Busse
Senior Consultant
Statecraft

Dr. Danielle Chubb
Senior Lecturer in International Relations
Deakin University

Mr. Aaron Connelly
Research Fellow, East Asia Program
Lowy Institute for International Policy

Dr. James Curran
Professor, Department of History
University of Sydney

Dr. Peter Dean
Associate Professor, Strategic and Defence Studies Centre
Australian National University

Dr. Charles Edel
Associate Professor, Strategy & Policy
U.S. Naval War College

Mr. Yaron Fisher
Student
University of Western Australia

Dr. Gordon Flake
CEO
Perth USAsia Centre

Dr. Stephan Frühling
Associate Dean (Education), College of Asia and the Pacific
Australian National University

Dr. Michael Fullilove
Executive Director
Lowy Institute for International Policy

Mr. Matthew P. Goodman
Senior Adviser for Asian Economics and William E. Simon Chair in Political Economy Center for Strategic and International Studies

Dr. Michael J. Green
Senior Vice President for Asia and Japan Chair Center for Strategic and International Studies

Mr. Geoffrey Hartman
Fellow, Southeast Asia Program Center for Strategic and International Studies

Dr. Michael Horowitz
Associate Professor of Political Science University of Pennsylvania

Dr. Llewellyn Hughes
Associate Professor, Crawford School of Public Policy
Australian National University
About the Conference Cochairs

Amy E. Searight is senior adviser and director of the Southeast Asia Program at CSIS. Her career has spanned defense, diplomacy, development, and economics in both government and academia. Most recently, she served in the Department of Defense as deputy assistant secretary of defense for South and Southeast Asia (2014–2016) and previously served in senior roles at the U.S. Agency for International Development and the U.S. State Department. Her past academic affiliations have included George Washington, Northwestern, and Harvard Universities.

Michael J. Green is senior vice president for Asia and Japan Chair at the Center for Strategic and International Studies (CSIS) and director of Asian Studies at the Edmund A. Walsh School of Foreign Service at Georgetown University. He served on the staff of the National Security Council (NSC) from 2001 through 2005, first as director for Asian affairs with responsibility for Japan, Korea, Australia, and New Zealand, and then as special assistant to the president for national security affairs and senior director for Asia, with responsibility for East Asia and South Asia. Before joining the NSC staff, he was a senior fellow for East Asian security at the Council on Foreign Relations, director of the Edwin O. Reischauer Center and the Foreign Policy Institute and assistant professor at the School of Advanced International Studies (SAIS) at Johns Hopkins University, research staff member at the Institute for Defense Analyses, and senior adviser on Asia in the Office of the Secretary of Defense. He also worked in Japan on the staff of a member of the National Diet.

Andrew Shearer joined CSIS in May 2016 as senior adviser on Asia-Pacific Security. He is also director of a new CSIS project on alliances and American leadership. Mr. Shearer was previously national security adviser to Prime Ministers John Howard and Tony Abbott of Australia. In that capacity, he played a leading role in formulating and implementing Australian foreign, defense, and counterterrorism policies. He provided high-level advice that shaped Australian government decisions on engagement with the Asia-Pacific region, defense capabilities, responses to international crises and terrorist incidents, and longer-term strategic challenges.
Australia and the United States
An Alliance for the Twenty-first Century

CONFERENCE COCHAIRS
Amy E. Searight
Michael J. Green
Andrew Shearer