

Regional Maritime Security Issues

Andrew Davies

Australian Strategic Policy Institute

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Introduction

For the past 75 years maritime security in the Asia-Pacific region has been largely underwritten by the capability of the United States Navy. That reflects the unusual circumstances that prevailed at the end of WW2, where all the Asian powers were weakened by years of war, and in Japan's case by disastrous defeat. It was a local manifestation of a global rewriting of the world order which had the United States as the dominant power everywhere but Eastern Europe. The global economic system defined at Bretton Woods reflected the unrivalled financial strength of the post war United States, and the global trading system became increasingly liberalised. And the net result was the creation of a system in which many nations prospered—not least of which in Asia over the past quarter century. The Soviet Union, for most of that period the only serious geopolitical rival to American power, finally collapsed when it couldn't match the economic growth that was powering its rivals.

Today we are seeing the metastable post WW2 order again coming under serious pressure. Ironically, the main challenge is coming from China, perhaps the biggest beneficiary of the order the United States has led. Here in Taiwan I don't have to explain the role played by the US and other countries, including my own, in helping the PRC enter the world economy and setting it on the path to becoming the world's largest economy. It was always the hope—and probably expectation—that the PRC would 'normalise' into the world community and become a partner in the order from which it had benefitted so much. I think it's fair to say that most of us are disappointed, if not outright alarmed, at the actual trajectory the PRC seems to have chosen for its rise to the top of the list of world powers.

China is throwing out significant challenges in all aspects of national power. Its economic clout is considerable, its military power is growing rapidly, its espionage activities are very successful and it isn't afraid to use any or all of those to pursue its own interests. Of course all countries do that to some extent, and we shouldn't be surprised when China puts its own interests first. But what's different, I think, is that China appears to want to be the most successful player in a game in which it defines its own rules, rather than becoming a powerhouse in the order that the rest of us have been happy to operate within. I recall in the 1980s when Japan was seen to be very much in the ascendency. At the time some commentators thought that Japan might overtake the United States as the world's dominant economy. There was some speculation about what that would mean, but nowhere near as much as is currently the case with China. And I think that's because Japan was a very different geopolitical player—its democratic government and general outlook on the world was compatible with the established liberal trading order, and there was no serious suggestion of rewriting the rules.

Of course Japan didn't overtake the United States. It was never going to, given the fundamentals of population size. But precisely because of that, China will become number one, unless something very dramatic happens—and I think that could be worse than the consequences of a continued rise. So we are going to have to work out how we can live with a more powerful China, and what we can do to produce outcomes we can live with. I'm going to focus on maritime security, as is the topic for this session, but we should bear in mind that it's only one aspect of a broader set of challenges, and that we probably can't isolate one aspect of security from others.

Regional maritime security challenges

Let me start with a survey of maritime security in the Asia–Pacific region. By 'maritime security' I mean mechanisms to prevent actions that could seriously disrupt trade or to cause security problems that could destabilise the regional order. But even there we have to be careful in defining what we mean. It is easy to confect views of maritime security that are not analytically rigorous. We can talk about 'vital trade routes' or 'critical sea lines of communication', and those turns of phrase are routinely used in Australian strategic documents in discussing the rationale for strong naval forces. And there is no doubt that we all depend on the sea to a very great extent. But we need to take care in distinguishing real threats to security from confected ones.

Let me start with the criminal behaviour of non-state actors. One of the ways this can manifest at sea is piracy. The traffic heavy sea lanes of Southeast Asia continue to attract substantial numbers of pirates and I was surprised to learn that it is far from being a declining problem in the region¹:

Southeast Asia was the location of 41% of the world's pirate attacks between 1995 and 2013. The West Indian Ocean, which includes Somalia, accounted for just 28%, and the West African coast only 18%. During those years, 136 seafarers were killed in Southeast Asian waters as a result of piracy — that's twice the number in the Horn of Africa, where Somalia lies, and more than those deaths and the fatalities suffered in West Africa combined.

But while there is obviously work to be done to counter the threat of piracy, we should also keep it in perspective. It is estimated that piracy extracts around \$10 billion per year from the world economy, which totals around \$18.8 trillion in total exports². Piracy is not going to ruin the world economy, or even make significant dents in Asian trade. The appropriate response is to help regional countries to share information between and build capacity to police transit routes, with resources proportionate to the threat.

Realistically, only states have the ability to seriously threaten trade or upset the established security order. As far as trade is concerned I don't subscribe to the school of thought that says that each nation can guarantee its trade security through naval strength. (Although that won't stop navies around the world from arguing the case in order to win resources.) Given the evolution of modern naval capabilities and the long-established vulnerability of surface vessels, any modern navy has the ability to credibly threaten shipping, and the sheer volume of world trade makes it practically impossible to protect it directly.

¹ <http://time.com/piracy-southeast-asia-malacca-strait/>

² World Trade Organisation 2014 figures. https://www.wto.org/english/news_e/pres14_e/pr721_e.htm

Instead, the main security guarantor of trade is the inbuilt 'mutually assured destruction' that comes from any serious disruption of globalised trade. If trade stops, nobody wins. That doesn't mean that no one would interfere with trade in certain circumstances, but it does mean that the cost of doing so is high, making any large scale interference with trade routes or shipping unlikely in anything but extreme circumstances. One example is the 'distant blockade' component in the CSBA analysis of the ways in which the Air Sea Battle Concept could be operationalised³.

The major players all want to be able to dominate at least their immediate environs and preferably well beyond, even though it is not always completely clear what the end goal of such domination is. As a result, we are seeing the development of power projection capabilities such as nuclear submarines and aircraft carriers by rising powers the PRC and India, and investment in major warships by other countries such as Japan and Australia, along with a general force modernisation throughout Southeast Asia. All of those countries will be able to field increasingly capable naval forces, and the consequences of any naval conflict will rise commensurately.

But just as the mutually assured destruction of Cold War nuclear arsenals led to tensions playing out in proxy wars, sabre rattling, geopolitical arm wrestles over client states and the occasional tense stand-off, the trade MAD I mentioned previously is likely to play out in similar ways as well. I think we're seeing some of those in the Asia-Pacific region at the moment (and to a lesser extent in the Indian Ocean).

The role of constabulary and naval forces

Let me try to reduce the problem to first principles. The ocean can be used to convey trade, project force or be exploited for natural resources. Less tangibly, it can also be seen as an extension of sovereignty or control over land masses, with a greater area of ocean under a nation's control bringing a psychic reward of its own by increasing status. While most discussions of maritime security focus on the tangible aspects, I think there is actually more weight given to the status aspect by nations than is usually acknowledged by analysts. A surprising amount of public money is spent on being able to sail flags around on expensive platforms.

But let focus on the tangible aspects, starting with resources and territorial claims. Resource exploitation is a source of tension in many places, as we have seen in recent years in drilling activities in disputed areas and in confrontations over fishing. Of course there is a body of international law that pertains, but dispute resolution mechanisms are slow, uncertain and—most importantly—require all parties to operate in good faith. What we have seen has been various players, most visibly but not exclusively the PRC, acting unilaterally in attempts to essentially lock in their claims through presence and activity—often backed up with paramilitary or even naval forces.

To a certain extent meeting force with force can be used as a counter-strategy. The prospect of a strong response from constabulary or naval forces might act as a deterrent to egregious pre-emption or coercion. But it also increases tensions and all parties need to have well-defined strategies for managing escalation. In practice I think we've seen that the PRC's aggressive and assertive stance tends to win out, because the other players either don't care as much, are uncertain of the willingness of the PRC to use force, or both.

³ <http://csbaonline.org/publications/2010/05/airsea-battle-concept/>

Of course, the calculus of benefits and risks works both ways. As other states with competing claims build their own capabilities and capacity, the PRC will have to decide whether the potential of a clash is worth the returns. So there are incentives for other claimant states, or those nations that have an interest in sustaining the existing rules based order, to 'push back' against the PRC's actions and to meet strength with strength.

But there is also the downside risk of raising the stakes across the board if confrontations escalate beyond words, with any armed clash becoming both more likely and more consequential. We have already seen incidents in which PLA-N vessels have locked fire control radars onto Japanese platforms, and a collision between a PLA-AF and an American aircraft. The more militarised the region's seas become, the greater the risk that similar future incidents will escalate.

One way to manage the escalation chain is to deploy lightly armed or unarmed constabulary units rather than military forces in situations that don't require the extra firepower. Beijing has already used this tactic quite successfully, deploying its Coast Guard units in support of Chinese fishing vessels and other activities. The advantage is that it makes the use of military vessels in response by other states appear to be disproportionate. And given the low level of capability many of the PRC's competitors have, it is a winning strategy. Only major powers such as Japan and the United States have constabulary forces with capability commensurate with the PLA-N vessels, and neither has chosen to intervene in South China Sea disputes, although there have been suggestions that the US Coast Guard could be a useful contributor to balancing PRC naval strength.⁴

Beyond its use in support of territorial or resource claims, there is a broader application of naval power for power projection. For the past half century or more the United States uses the sea to project air power against land targets, and by so doing has provided a credible deterrent to would-be revisionist states around the world. As well, the formidable American submarine fleet has provided a nuclear deterrent, and represents a significant sea denial capability against any other naval power.

American naval power has been mostly uncontested for decades—the Soviet Union was much less strong at sea than on the land or in the air—but it is now coming under pressure in the Western Pacific due to the growing ability of the PRC to field anti-access and area denial capabilities. I don't have to explain here in Taiwan the difference in PLA capability relative to the US today compared to 20 years ago during the Strait crisis.

That has led some commentators to argue that the ability of the US to underwrite the security of its partners and allies in this part of the world has declined. I'm not so sure of that. It is certainly true that there is much less qualitative difference between PRC and US capability today, and due to proximity, the PRC probably has a quantitative advantage in most circumstances. But it is far from being able to overwhelm the United States, and any significant armed clash would still be disastrously costly (increasingly for both sides). So the forces of the US still represent a substantial deterrent to overt military adventurism—which is one reason why we are seeing the constabulary

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http://www.realecleardefense.com/articles/2015/05/29/5_ways_to_foil_china_in_the_south_china_sea_107986.html

force based 'pushing of the envelope' I described above—and the question ultimately boils down to one of American resolve.

Conclusion: the rebalance and the policies of American allies

So let me finish by saying a little about the American rebalance to the Pacific. While the economic and diplomatic aspects haven't gone as well as Washington might have liked, there has been some development on the military side, despite the serious distractions posed by the Ukraine and Middle East. US forces in the Pacific have grown in size (though modestly) and their force posture is more forward-based in some instances (nuclear submarines in Guam) and is developing further depth, with forces being located in Singapore, Australia and potentially other places in the future. So the US is far from being counted out as a serious security player in the Pacific. In fact I would argue that remain the most significant player, and will be so for some time to come.

The challenge for US allies and partners is to keep that level of American engagement. In the past we have all tended to 'free ride' on American power. Japan is spending under 1% of GDP on defence and Australia 1.8%, while the US spends more than 4%. When there was no serious challenge to the USN in our region that was a low risk strategy. But today we have to collectively think harder about the costs and benefits of alliance and partnership contributions. If the US sees its good will towards its friends in the region being taken advantage of, it will have less incentive to continue to commit substantial resources, especially as the environment becomes ever more challenging.

I think Australia is about to recognise the need for a greater and more tangible commitment to the alliance. The current government is a staunch supporter of the role of the United States in our part of the world, and it is also committed to increasing defence spending. I think the forthcoming Defence White Paper will reflect both of those observations, and that the force structure decisions the government take will be a good fit for alliance operations. At the target 2% of GDP, we will still be well short of a proportional contribution, but we will be carrying more of the burden than before. At the same time Australia is deepening its defence relationship with Japan, another US ally.

In effect, Australia is placing a bet that a stronger contribution to the American alliance framework will help underpin the current security structure. As I set out above, that strategy is vulnerable to 'chipping away' at the periphery, which the PRC is currently doing, but it probably still represents the best alternative in the big picture of regional security.