

POLICY BRIEF

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ENDURING TIES AND ENDURING INTERESTS? AUSTRALIA'S POST- AFGHANISTAN STRATEGIC CHOICES IN THE GULF

WHAT IS THE PROBLEM?

Mainly as a consequence of its military commitments in Afghanistan and Iraq, Australia has built strong defence ties in the Persian Gulf, particularly with the UAE.

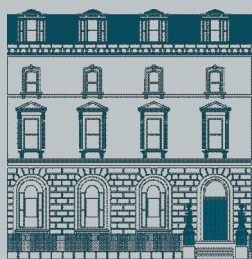
These relationships complement Australia's growing political and economic ties with the region, and have become an asset in pursuit of more direct Australian interests, including the security of some 20,000 Australians who live in the region.

Because successive Australian governments have failed to define and articulate either Australia's strategic interests in the Middle East in general and the Gulf in particular, or the long-term policy settings flowing from these interests, there is a risk that defence and other ties will wither once our combat forces leave Afghanistan in 2014.

WHAT SHOULD BE DONE?

The government should produce a whole of government, Australian Middle East strategy paper comprehensively outlining our interests and a policy framework for advancing those interests.

More specifically, once Australia's combat forces are withdrawn from Afghanistan, the government should retain a small military presence in the UAE in order to leverage the close relationships built up over the last decade and to signal our long-term strategic interest in the region.



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Three years ago the Lowy Institute published a policy brief advocating that Australia should view the Gulf as an area of national strategic interest distinct from the broader Middle East.¹ The policy brief argued that because of limited resources and competing strategic priorities, Australia should also identify a key strategic partner in the Gulf. Given its support for Western military operations in the past, significant economic links with Australia, interest in developing ties with Asia and geographical advantages, the paper recommended that Australia focus its efforts on developing its strategic ties with the United Arab Emirates (UAE).

Since the paper was published, Australia's strategic, political and economic links with the Gulf region in general, and with the UAE in particular, have grown. Yet these relationships remain vulnerable to inevitable future pressures for cost cutting and changes in Australia's foreign policy focus, particularly when Australia's last big military commitment in the region, in Afghanistan, comes to an end as the government has signaled, in 2014. While it is appropriate that before this point Australia should reconsider its strategic commitments and arrangements in the Gulf region, the government should not sacrifice the valuable relationships that have been built up in recent years.

If history is any guide, Australian military forces will probably serve in West Asia again even after a withdrawal from Afghanistan. Australia should avoid the mistake of the early 1990s. Defence relationships with Gulf countries were developed as a consequence of Australian participation in the 1991 campaign to evict Iraq from Kuwait. But they were

allowed to waste away and had to be rebuilt when Australia returned to the region in the first part of the last decade. Even if sizeable Australian military forces never serve in the Gulf again, Australia's defence and security engagement with the region now serves a broader set of political, consular and commercial interests. The goal of this paper, therefore, is to propose a number of cost-effective ways for Australia to preserve key security relationships with Gulf partners in coming years to help protect and advance its broader interests in the region.

Australia and the Gulf

In the last decade there has been a significant expansion in Australia's defence engagement with the countries of the Gulf. In large part that engagement has been a by-product of Australia's two big – and primarily US-alliance related – military deployments to the region, in Afghanistan and in Iraq. As part of those deployments, Australia was required to make arrangements for the basing and support of its forces in the region. Those arrangements, in turn, led variously to bilateral agreements with a number of host nations in the region, most notably the UAE; to the provision of training opportunities for members of Gulf states' armed forces in Australia; to increased visits by Australian ministers and officials to the region and, in some cases, to the building of strong personal relationships with their local counterparts, all of which significantly raised Australia's strategic profile in the Gulf.

In particular, the UAE has emerged as a key partner for Australia in the Gulf. An Australia-UAE Defence Cooperation Agreement was

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signed in April 2007. Following the withdrawal of our combat forces from Iraq in 2008, Australia consolidated its national HQ previously based in Baghdad, its logistic support base in Kuwait and its C-130 assets in Qatar² with its P-3 maritime surveillance assets at al-Minhad airbase in the UAE. Without the permission of the UAE to operate out of one of its military bases, Australia's ability to prosecute its missions in the Gulf and Afghanistan would have been seriously compromised. Cooperation on defence issues has helped to round out an already strong bilateral economic relationship. Indeed, new dimensions of the relationship are emerging. The two countries have recently entered into negotiations over a bilateral nuclear safeguards agreement as a precursor to the sale of uranium to power Emirati nuclear reactors that are expected to come on line in 2017. Australia was a strong supporter of the UAE's successful bid to host the headquarters of the International Renewable Energy Agency (IRENA), and there are now over 80 flights a week between Australia and the UAE.

It is not just the UAE, however. There are now over 20,000 Australians residing in the Gulf, a more than threefold increase in the past seven years. Over 17,000 students from the region enrolled to study in Australia in 2010,³ creating a pool of future Gulf nationals knowledgeable about and well disposed towards Australia. All of this comes on top of a strong economic relationship. Australia's merchandise trade with the GCC is now worth over AUD 8 billion, and the region accounts for 80 per cent of Australian car exports. If trade in services were taken into account (no figures are currently available), the economic strength of

the relationship would be even more pronounced.

This year the first annual Joint Ministerial Meeting of the GCC-Australia Strategic Dialogue was held.⁴ Australia and a number of GCC countries have found common ground on some security issues. Both the UAE and Qatar, for instance, contributed aircraft to the imposition of the UN-sanctioned Libyan no-fly zone, a measure that was strongly supported by the Australian Foreign Minister. The Gulf states have, along with Australia, been involved in contributing maritime assets to the counter-piracy Combined Task Force 150. The UAE continues to provide combat troops to Afghanistan. And there is a strong and growing interest in the UAE and Oman to explore regional cooperation in the Indian Ocean, a region that is of increasing strategic importance to Australia.

In response to these growing ties, the Australian government has begun to better articulate Australia's interests in the Middle East and the Gulf.

As was noted in the 2009 Defence White Paper:

'Australia has a range of national security interests in the Middle East, including substantial economic and trade interests, maintaining peace and security within the region, preventing the proliferation of WMD, and helping to ensure global access to Middle East energy reserves.'

And by the Foreign Minister Kevin Rudd in February this year:

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‘..the Middle East represents one of the many rapidly evolving theatres of interest that directly affect Australia's national interests...the maintenance of Australian national security; the enhancement of Australia's national prosperity; the development of a regional and global rules-based order aimed at underpinning long-term peace, stability and prosperity for the region and the world...(and) the protection of Australian citizens abroad.’⁵

Yet it remains far from clear that the Australian government has decided where the region fits into our overall strategic priorities and upon what basis, therefore, defence and security cooperation with the Gulf might continue into the future. The 2009 White Paper's recommendation for future engagement with the Gulf was simply that as ‘..the armed forces of Gulf States become more sophisticated, (Australia) will continue to pursue opportunities for cooperation.’ There is no sense that Defence places Australia's security interest in the Gulf into the context of Australia's broader ties with region. Nor has any effort been made to integrate Defence's attitude to Australia's Gulf relations into any whole of government approach.

Such complaints might seem odd at the moment given that the Middle East has assumed a higher profile in Australia's diplomacy in recent months. Yet a key reason for this has undoubtedly been the Foreign Minister Kevin Rudd's particular interest in the region. Although Australia's pursuit of a seat on the UN Security Council is also a motivation, there is more to it than just this. He has provided vocal support for the forces of democratisation in the region following the

Arab uprisings, backed up by new commitments of aid to the region. He was also extremely active internationally in support of military action against Libya. One can also point to the interest that his immediate predecessor, and current Defence Minister, Steven Smith has shown in the Gulf, illustrated by his initiation of the Gulf foreign minister's dialogue.

Yet the activism of these two ministers also highlights part of the problem. Much of our engagement with the region has been based on the personal interests of, and relationships forged by, individual ministers and some senior Defence and government officials. But governments change and officials move on and retire, and unless Australian policy in the Gulf is placed on a firmer, long-term footing then it may well succumb to the changing interests and focus of future ministers and officials.

Post-Afghanistan choices

Against the background of the continued uncertain place of the Middle East in Australia's strategic thinking, and because Australia's defence relationship with the Gulf began largely as by-product of major military deployments in the region, the obvious question is what will happen – or indeed, what should happen – when these deployments end. The Gillard Government has said that Australia will withdraw combat troops from Afghanistan in 2014, but that Australia would remain ‘involved’ in the country for the next decade. While the nature of that involvement has not been spelled out, it is likely to be confined to diplomatic and aid-related support, with only a small military presence (if at all) as part of a

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Kabul-based NATO Training Mission-Afghanistan (NTM-A) remaining.

The drawdown of Australian forces in Afghanistan raises an immediate question about what should happen to Australia's current military base at al-Minhad in the UAE. It will also raise the broader question of what kind of security relationship Australia wants with the Gulf Arab states (in particular the UAE), but also what kind of security relationship the Gulf states, (in particular the UAE), want with Australia.

A decade ago these questions would have been a lot easier to answer. In many respects Australia's strategic, if not economic, interests in the Gulf were essentially limited to supporting the regional security goals of the United States. But in the last decade much has changed. Our bilateral relationships with countries in the region, most notably the UAE, have deepened, and geo-political and geo-economic developments have made the region strategically more important for Australia. In deciding on the nature of our defence engagement with the Gulf following a withdrawal from Afghanistan, the following five factors will need to be taken into consideration:

Australia's strategic interests in the Gulf.

The Gulf is obviously never going to be as important to Australia strategically as its immediate region. Yet the last decade has highlighted both Australia's existing and new strategic interests in the region. In terms of existing interests, even after Australia's deployment to Afghanistan ends, Australia's principal ally, the United States, will continue to seek Australia's help in achieving its security

goals in the Gulf region. The past is no guarantee of the future, and it is unlikely that we will participate in full-spectrum military operations in the region any time soon. It is very possible, however, that Australia will once again be called upon to deploy niche military and/or other government assets into the region to conduct evacuation, special recovery or military assistance missions. Even if this proves to be significantly less onerous than Australia's deployments to Iraq and Afghanistan, it will still require the support of local states.

It was very clear from Australia's experience with the Iraq and Afghanistan deployments that the United States expects Australia to make local arrangements in support of its own forces without much assistance from Washington. Moreover, Australia's ability to make its own judgments about these deployments and the missions they are meant to serve is obviously improved by maintaining independent and direct lines of communication with the governments of the region.

The last decade has, however, also underlined new Australian strategic interests in the Gulf, quite apart from the alliance dimension. The impact of the so-called Arab spring is unlikely to be known fully for years, but the political instability that it is causing in some countries has the potential to radically restructure the political and security architecture of the region. This will have a number of possible implications for Australia, including: its effect on future patterns of international terrorism, including in Australia's immediate region; Australia's growing energy imports from the Middle East, and those of our major trading partners in Asia, including China; and most directly on the safety and security of the large

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number of Australians now living and working in the Gulf. Even without the current political turmoil this latter development has added a whole new dimension to Australia's strategic interests in the Gulf. Australia has already been called on to assist with the evacuation of its nationals in the Middle East, most notably in Lebanon in 2006, when over 5,000 nationals were evacuated using military assistance, but also more recently in Egypt and Libya.

Finally, Australia's strategic planners are increasingly focused on the Indian Ocean as an area of growing interest to Australia. A key reason for that has been the prospect of an expanding Chinese presence in the Indian Ocean, driven in large part by its efforts to secure its sea lines of communication from the Gulf in order to guarantee its energy needs. The Australian government has sought to engage a number of countries of the Indian Ocean littoral on this and other more commercial issues, and the already significant investment in defence relations in the Gulf is entirely consistent with this.

Sunk costs and flexibility.

Australia has already built up a strong defence relationship with the UAE. The signing of a Defence Cooperation Agreement in 2007, the establishment of a Joint Defence Cooperation Committee that meets annually to discuss issues of mutual concern, as well as combined training activities have all been established. The UAE continues to contribute forces to Afghanistan, and the UAE Air Force worked with Australian military and civilian aid agencies in Pakistan in 2010 to transport elements of the joint Inter-Agency Medical Task Force to Kot Addu to set up a primary health care facility.

This investment in defence cooperation with the UAE should not be viewed as an end in itself, nor should it be seen as being more substantive than it actually is. Rather, it should be seen as a pragmatic decision by the Emiratis and for Australia something that provides flexibility for future contingencies. In a security policy environment where the role of China in our region gains the most attention from our strategic planners, we will still need to be prepared for contingencies beyond our region.

A continued limited military presence would give the Australian government flexibility in staging elements that may have to deploy in future operational contingencies from North Africa to Pakistan. In particular, it would allow the forward deployment of assets to a secure location during the build-up to a crisis, giving them time to acclimatise and deploy in good order while giving the government maximum flexibility before having to commit. We should not assume that we would be guaranteed the use of military basing in the region in the future should we need it in the event that Australian forces are withdrawn in their entirety, and the opportunity cost (both financial and political) of re-establishing one would be significant.

The nature of states in the Gulf.

In general, politics in the Gulf is highly personal. Political institutions are weak, and all key decisions tend to be the preserve of a single person, albeit with input from some key interlocutors. As a consequence, issues or disputes in one area of a relationship have the potential to spill over into other areas. A recent example of this was the way that an essentially business dispute between the UAE

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and Canada involving commercial issues spilled over into the security field. As a result of a breakdown in negotiations over landing rights for Etihad and Emirates airlines in Canada, Canadian forces were abruptly given 30 days to leave al-Minhad airbase and new and tougher visa arrangements were imposed on Canadians visiting the UAE. It can work the other way as well. South Korea has rapidly developed its bilateral relationship with the UAE, including winning the rights to build the UAE's first nuclear reactors, by taking a comprehensive approach to developing the relationship, including through an agreement to rotate a special forces company through the UAE for combined training with Emirati forces.

In addition to the centralisation of authority, these key decision-makers routinely stay in office for decades until they die or step aside. As a result they have much longer memories than their Australian counterparts. During the 1991 Gulf War, for example, Australian naval forces were based in Oman. Attempts at gaining basing rights in Oman for the 2003 war however reputedly failed because the Omani government recalled verbal commitments regarding bilateral security cooperation made following the 1991 war that were not subsequently fulfilled.

It is also worth remembering in this context that one of the golden rules in dealing with GCC governments is to ensure that no decisions come as a surprise. Host country decision-making processes can be drawn out, even if decisions can appear to be sudden. But they also have a low tolerance for decisions by their international partners that catch them by surprise. This is particularly the case with respect to security issues, where the presence of

Western forces serves broader Gulf security interests by sending a message to Iran through the provision of basing rights to foreign forces.

All of this said, Australian policymakers will need to be conscious of the possible challenges of maintaining close relationships with some of the regimes in the region. The Australian government has rightly been supportive of recent popular demands for greater democracy in the Arab world. But these demands have often been vigorously opposed by all Gulf states. Both Saudi Arabia and the UAE (our two largest regional trading partners) provided military support to the government of Bahrain, whose minority Sunni population rules over a Shi'a majority denied many fundamental political and economic rights. These new potential tensions in our relations with Gulf governments make it even more important for Australian policymakers to define and articulate Australia's strategic interest in the region. The government needs to be clear, with itself, with the Australian people and with its partners in the region that its engagement in the region is based on national interests and not on any endorsement of the methods by which some regional governments choose to rule their countries.

Host nation expectations.

Most of the GCC states, with the exception of Saudi Arabia, host foreign forces for two reasons: first, they feel that the very presence of these forces increases their security vis-à-vis external threats, without leaving them dependent on any one ally; second, they hope that the presence of these forces will improve the capability of their own forces through training or exercises. Australia will need to think carefully about providing such

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commitments in the future, particularly as tensions between Iran and GCC states rise. At the same time, leaving when Gulf states perceive themselves to be vulnerable to increased Iranian interference in the region may send a message regarding Australia's commitment that has unintended consequences for our broader regional relationships. A modest presence may indicate a willingness to provide reassurance and also provide a way of avoiding more significant commitments later. In particular, by using any ongoing, but small, in-country presence to facilitate skills transfer to local forces or to increase interoperability would send a strong message of support at little cost to Australia, and may serve as an offset against any future requests for assistance during any more serious confrontations with Iran.

Commercial advantage.

The United States remains the favoured source of defence-related equipment, but most Gulf states have shown a willingness to source equipment from a range of countries to ensure they don't become over-reliant on America. The United Kingdom and France have been the two main alternative suppliers but the Australian shipbuilder Austal, for example, has had some success in selling military and civilian vessels in the region and has opened an office in Dubai. Obviously, having a government-to-government defence relationship has the potential to improve prospects not only for defence sales but also other commercial ventures, although this needs to be pursued with some caution.

The French, for example, constructed a naval base in Abu Dhabi, motivated in part by the desire to improve their chances for defence and

commercial contracts, particularly their bid for the construction of the UAE's first nuclear power plants. In the end that contract went to a South Korean company, sweetened by the aforementioned military assistance promised by the South Korean government. What this example illustrates is that just pursuing basing without providing the transfer of knowledge and skills through training is less than optimal. Conversely, countries willing to commit themselves to improving the capability of the UAE Armed Forces send a message to the key Emirati decision-makers. Of course, commercial advantage is not, in the Australian context at least, a justification on its own for maintaining an overseas base. But viewed as part of a broader national engagement strategy the potential benefits become more apparent.

Policy recommendations

Initiatives such as strategic dialogues with the GCC states and the signing of a Defence Cooperation Agreement with the United Arab Emirates are good indicators of a willingness on the part of Australia to engage with the Gulf countries. But they are initiatives done largely in isolation without any sense of being part of a coordinated, longer-term plan. The multi-billion dollar trade relationship, the long-term impact of moves towards democratisation manifest in the so-called Arab Spring, our past and ongoing military activities in the region, the importance of the Indian Ocean Rim community to Australia's interests, the increasing strategic interest of China in the Gulf and growing numbers of Australian expatriates living in the region are just some of the many reasons why the region is of long-term

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significance to Australia and requires a coordinated whole of government approach.

A more sustainable and comprehensive national approach to the region needs, in the first instance, the production of a whole of government, cabinet-endorsed Australian Middle East strategy paper outlining in a comprehensive manner our interests in the region and a policy framework for advancing those interests. Even though these interests are primarily focused on the Gulf region, it will be important to place these in the broader context of Australia's interests in the Middle East as a whole. There should also be regular reviews – perhaps every two to three years – coordinated by the Department of Prime Minister and Cabinet to ensure that changes to the political, commercial and strategic landscape in this region are taken into account.

More specifically, once Australia's current deployment in Afghanistan ends, the government should, through a relatively small commitment of resources, transform Australia's current military presence in the UAE into an ongoing in-country commitment, preferably at al-Minhad but conceivably elsewhere in the UAE. This should include maintaining a small ADF element at a greatly reduced base with a regular (possibly joint) rotation of small training cadres to conduct training with (or for) UAE Armed Force elements, and on occasion other selected regional partners. Within the region, symbolism counts for much, and the message a small ongoing presence sends has the potential to improve commercial opportunities for Australian companies.

It also lends weight to future strategic dialogues if Australia has signaled a small but long-term

commitment to the region, and it gives Australia an ongoing presence in one of the Indian Ocean rim countries. At a practical level, it would also provide excellent training opportunities for Australia that could be shared between the Services at relatively little cost. It also gives Australia a small regional mounting base, with outstanding access to civilian aviation and maritime transport hubs that could be used in a range of credible regional contingencies.

NOTES

¹ R. Shanahan, Why the Gulf matters: crafting an Australian security policy for the Arabian Gulf, Policy Brief, Lowy Institute for International Policy, May 2008.

² Home away from home, Australian Defence Magazine, 1 March 2009:
<https://www.australiandefence.com.au/index.cfm?objectid=523F5404-33B6-11DE-BC7E0050568C22C9>.

³ Foreign Minister Rudd Speech, Australia-Gulf economic relations, 9 May 2011.

⁴ China initiated their own GCC strategic dialogue in 2010 and held the second meeting a month after the Australian meeting. Pakistan initiated a GCC Strategic Dialogue this year and Turkey in 2008. The US conducts an annual Gulf Security Dialogue where two assistant secretaries (State and Defence) conduct counterpart talks on a range of security issues.

⁵ Foreign Minister Rudd Speech, Australia's foreign policy interests in the Middle East, 22 February 2011.

ABOUT THE AUTHOR

Doctor Rodger Shanahan is a former army officer and now a non-resident Fellow at the Lowy Institute. In the Army he had extensive regimental service within the Parachute Battalion Group (PBG). He served as a UN Military Observer in South Lebanon and Syria, with the PBG in East Timor in 1999, as the Military Liaison Officer in Beirut during the 2006 Lebanon war, and has deployed as an operational inquiry officer to Afghanistan several times. He has also served in the Australian embassies in Riyadh and Abu Dhabi. Dr Shanahan has MAs in International Relations and Middle East and Central Asian Studies from the ANU and a PhD in Arab and Islamic Studies from the University of Sydney. He has written numerous articles for the Australian and foreign media, has been published in several academic journals and is the author of *Clans, Parties and Clerics: the Shi'a of Lebanon*.

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