Japan-Australia Security Cooperation

Emerging Challenges and Opportunities

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1. Introduction

Since the end of the Cold War, especially since the 2000s, many countries in the Asia-Pacific region have attempted to diversify their security partnerships to hedge against regional risks and uncertainties. There is no more successful example, however, than Japan-Australia security cooperation. Originally launched from low-key information exchanges and mutual visits between defense officials, the relationship has developed into what some now describe as a “quasi-alliance” capable of being utilized in diverse types of contingencies.

To understand why and how Japan and Australia have developed such a close security partnership, this paper will first review some historical background, especially from the post-Cold War era. It then discusses U.S. Asia policy under President Donald Trump and its potential implications for Japan-Australia relations. In particular, the paper argues that the Trump administration offers both challenges and opportunities for Japan-Australia security cooperation. Finally, the paper highlights five key areas – military training, exercises, and interoperability; information and intelligence sharing; missile defense; cyber security; and regional defense engagement – in which Japan and Australia can further promote bilateral cooperation in order to contribute to a rules-based international order.

2. Historical Background

While relations between Japan and Australia during the Cold War mostly involved economic cooperation, they also participated in some security exchanges, such as information sharing and military training, especially since the mid-1970s. Yet, such cooperation was limited in scope and mostly facilitated by the United States, rather than through direct cooperation between the two countries. Indeed, there was a view inside the Japan Defense Agency that Tokyo should not pursue close defense relations with countries other than the United States during the Cold War. It was not until the end of the Cold War that the two countries began regular bilateral exchanges and dialogues between their foreign and defense agencies.

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2.1. The 1990s: The Beginning of Defense Exchanges

Unlike in Europe, the end of the Cold War in the Asia-Pacific did not quickly translate into a more peaceful and stable environment. Despite the demise of the Soviet Union, many risks and uncertainties remained, including the situation on the Korean Peninsula, the future directions of Russia and China, and a potential reduction of U.S. military presence in the region. In response, both Tokyo and Canberra began to enhance their own regional engagement by expanding their bilateral security partnership, even as they kept strong alliance relations with Washington. It was in this context that Japan and Australia came to cooperate closely in various fields, including defense and security.

In March 1990, senior defense officials from Australia visited Japan for talks on regional security issues with their counterparts at the Japanese Ministry of Foreign Affairs. This “strategic dialogue” continued with regular exchanges until February 1996, when official political-to-military (PM) and military-to-military (MM) dialogues were institutionalized. Mutual visits by defense ministers and senior officials also began between 1990 and 1992.

Both countries’ active roles in regional security – such as the peace settlement in Cambodia beginning in the late 1980s and regional institution-building through the Association of Southeast Asian Nations (ASEAN) Regional Forum (ARF) – also contributed to the development of bilateral cooperation. In May 1995, the leaders of both countries announced a Joint Declaration on the Australia-Japan Partnership. The Declaration pledged Japan and Australia to work jointly on security issues such as institution building, peacekeeping operations (PKO), and disarmament.4

This relationship was further reinforced in the mid-1990s. Japanese prime minister Ryutaro Hashimoto and Australian prime minister John Howard both reinvigorated their U.S. alliance relationships through the U.S.-Japan Joint Declaration for Security of April 1996 and the Sydney Statement of July 1996, respectively.5 At the same time, the two leaders agreed to strengthen their own bilateral dialogue (including PM/MM meetings) and cooperation in the political and security fields. The Japanese and Australian defense chiefs also agreed to expand reciprocal visits, high-level talks, and joint training between the Japan Maritime Self-Defense Force (JMSDF) and the Australian Defense Force (ADF). For the first time, Japan’s 1997 defense white paper named Australia in its section on bilateral defense exchanges with foreign countries.

The growing strength of China may have motivated Japan’s outreach to Australia. In particular, the 1995-96 Taiwan Strait Crisis stimulated concern among the two countries’ policymakers and the issue was discussed at the first PM/MM meetings. A 1997 bilateral summit between their leaders affirmed for the first time that they would “make efforts to keep China engaged with the international community.”6 Howard later recalled that “[t]he major challenge” in this period was “to reassure the Japanese that we were not flirting too much with the new suitor, China.”7 According to Asia specialist Michael Green, the strategy paper made by the Liberal

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Democratic Party in 1997 recommended that, in addition to the alliance with the United States, Japan should strengthen cooperation with regional countries such as South Korea and Australia, “which also have reason to be concerned about China’s future course.”

Yet Tokyo and Canberra were fully aware that the rapid development of bilateral defense cooperation would unsettle their Asian neighbors, which could negatively impact regional security. In particular, Australia’s Howard government attempted to enhance political and economic relations with China, which temporally deteriorated after Australia supported the deployment of U.S. aircraft carriers near the Taiwan Strait. Australia aimed to avoid giving the impression that it was interested in the “encirclement” of China. Thus, while he acknowledged the benefits of expanding Japan-Australia security cooperation, Prime Minister Howard believed “rapid expansion [was] not favorable.” He instead recommended a gradual expansion of security dialogues. Prime Minister Hashimoto also supported such an incremental approach. As a result, bilateral security cooperation in the 1990s was mostly limited to low-key exchanges, rather than more serious operational cooperation.

2.2. The 2000s: From Exchange to Cooperation

In the 2000s, the symbolically important Japan-Australia defense exchanges evolved into more practical cooperation. Direct engagement between the Japanese Self-Defense Forces (JSDF) and the ADF occurred in bilateral operations, and often trilateral operations involving the United States, at both regional and global levels. Regionally, Japan and Australia played central PKO roles in East Timor, providing large-scale military and engineering units and collaborating closely in areas like road and bridge construction. Tokyo and Canberra also collaborated in humanitarian assistance and disaster relief (HA/DR) activities. After the 2004 Indian Ocean earthquake and tsunami, for instance, they were active in HA/DR operations in Indonesia as members of a “core group” with the United States and India.

Globally, Japan and Australia contributed to the U.S.-led “war on terror” more than any other regional countries by providing military, economic, and diplomatic support. Such cooperation led to the Australia-Japan Joint Statement on Cooperation to Combat International Terrorism in July 2003. In February 2005, the Howard government decided to send 450 ADF personnel to protect a JSDF unit operating in the city of Samawah, Iraq to support reconstruction. Between 2004 and 2008, moreover, Japan Air Self-Defense Force (JASDF) units airlifted more than a thousand ADF personnel – the second largest number after U.S. military personnel – operating as part of Multi-National Force—Iraq.

To some extent, this regional and global cooperation was stimulated by geostrategic concerns, including the rise of China. Throughout the 2000s Japan grew increasingly worried about China’s growing maritime activities in its surrounding areas, as well as North Korea’s nuclear and

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10 Japanese PMC, [The Record of Japan-Australia Joint Press Conference].
missile programs. While Australia saw little direct military threat from China, it predicted that “U.S.-China relations may be a significant source of tension in the region in coming years,” which could significantly affect Australia’s security. In order to hedge against growing strategic uncertainties caused by the changing regional balance of power, Japan and Australia began to enhance their bilateral and trilateral defense relationship with the United States, as well as strengthen their traditional U.S. alliance ties by assuming greater regional and global burden-sharing.

As a result, a Trilateral Strategic Dialogue (TSD) was established in the early 2000s. Originally started at the sub-cabinet level, TSD was upgraded to the foreign ministers’ level in March 2006. The U.S.-Japan-Australia Security and Defense Cooperation Forum (SDCF) – an annual meeting at the assistant secretary level – also kicked off in April 2007. While TSD was largely driven by geostrategic interests, many of the issues discussed centered on non-traditional security, such as counter-terrorism and HA/DR. Cooperation in such “soft” security areas made it possible for all three countries to enhance their defense cooperation without much controversy at the initial stage of the TSD process.

In line with this growing trilateralism, Japan and Australia also began to institutionalize their bilateral defense and security relationships. In March 2007, just one year after the upgrade of TSD, both countries announced the Japan-Australia Joint Declaration on Security Cooperation. While the Howard government proposed the conclusion of an official security treaty, it was declined by the Japanese government due to constitutional constraints. The first Japan-Australia Foreign and Defense Ministerial Consultation (a “two-plus-two meeting”) was then held in June 2007. In December of the following year, the two nations’ defense ministers signed a revised Memorandum on Japan-Australia Defense Exchanges, which provided a framework for expanding practical engagement between the JSDF and the ADF.

2.3. The 2010s: Toward a Quasi-Alliance?

The power shift caused by the rise of China and the relative decline of the United States became more prominent in the late 2000s. With its rapid growth in economic and military power, China became increasingly assertive over maritime interests including resources and territorial claims in the region. In response, the administration of President Barack Obama began to enhance U.S. military, economic, and diplomatic commitments to the Asia-Pacific through the “pivot” or “rebalance” policy. At the same time, it encouraged regional allies and partners to take on more independent roles by addressing regional security challenges on their own.

In this context, close defense and security cooperation between Japan and Australia continued under the Democratic Party of Japan (DPJ) and Australia’s Labor Party. The countries signed an Acquisition and Cross-Servicing Agreement (ACSA) and an Information Security


Agreement (ISA) in May 2010 and May 2012, respectively. After the Great East Japan Earthquake of March 2011, Australia dispatched three out of its four C-17s to help relief efforts. This was highly appreciated by the Japanese government. An ADF contingent also began to support JSDF engineering units dispatched for the United Nations (UN) mission in South Sudan starting in August 2012.

This DPJ-Labor period also saw a rapid development of bilateral and trilateral military training and exercises involving the United States, not only on PKO and HA/DR, but also on hard security issues. Since 2007, for instance, bilateral and trilateral military exercises have been conducted quite regularly and included amphibious and anti-submarine warfare operations. Some of these exercises were conducted in areas near Okinawa, the South China Sea, and the Mariana Islands where the Chinese navy had been increasing its presence. There was also increased bilateral cooperation in defense technology, space, and cyberspace. Indeed, the Rudd government initially proposed the possibility of cooperation in submarine technology to the DPJ government.

Close security links between Australia and Japan were further upgraded when conservative prime ministers took power in both countries. Under the banner of a “special strategic partnership,” Japanese prime minister Shinzo Abe and Australian prime minister Tony Abbott pushed for cooperation on Australia’s future submarine project. They also facilitated joint operations and exercises between the JSDF and the ADF. Given these developments, some argue that the Japan-Australia security partnership has already become a “quasi-alliance” or “an alliance with a lowercase ‘a,’” even though it is not a formal alliance grounded in a mutual defense treaty.

Yet, the failure of the submarine deal – the April 2016 decision by Prime Minister Malcolm Turnbull’s government not to choose Japan as its partner for Australia’s next submarine – poured cold water on warming relations between the two countries. Some view Australia’s close economic relations with China as the major reason for the setback. While there is no clear evidence to support such a view, it is at least true that the “strategic interests” Japan emphasized in its submarine bid were not shared by the Australian side as much as some Japanese policymakers expected. The outcome highlighted some subtle differences in terms of priorities as well as perceptions of China between the two countries.

Notwithstanding such differences, Japan and Australia have maintained momentum toward closer security cooperation even after the “submarine shock.” This is not only because of their shared commitment to liberal international order, as often stressed by the two governments, but also because of shared concerns over future risks and uncertainties, including the rise of China and the potential decline of U.S. power in the region. To prepare for “future strategic shocks,” Japan and Australia have further deepened their strategic partnership while maintaining strong alliance relations with the United States. This “omni-directional” hedging strategy appears increasingly appropriate as the regional strategic outlook becomes less predictable, especially with the arrival of a new U.S. administration in January 2017.

3. Emerging Challenges and Opportunities

3.1. The “Trump Shock” and Japan-Australia Relations

The victory of U.S. presidential candidate Donald Trump – as well as his nationalistic and isolationist remarks during the election campaign – raised serious concerns about the credibility of the U.S. commitment to Asian allies like Japan and Australia. Some believe the Trump administration’s call for greater burden-sharing will cause friction, making alliance management much more difficult than before. Others argue that while the U.S.-led “hub and spokes” alliance system may survive, the post-war liberal international order will be significantly weakened under a U.S. president who emphasizes an “America first” doctrine and shows little commitment to liberal values such as liberal democracy or free-market economics. The administration’s protectionism increases such concerns, particularly through withdrawal from the Trans-Pacific Partnership (TPP).

In response to these concerns, President Trump’s foreign policy and security advisors have worked hard to reassure the United States’ regional allies that strong alliance relations will continue. This includes solidifying the U.S. military commitment to Asia by strengthening alliances, increasing the number of naval ships, and ending defense sequestration.\(^\text{15}\) The Japanese and Australian governments have both welcomed such reassurances from the new U.S. administration. Nevertheless, there remain deep anxiety in both Tokyo and Canberra about Washington’s credibility. The Trump administration’s mismanagement of regional alliances or failure to implement promises of enhanced military presence could easily trigger further mistrust. As a result, trilateral security cooperation between these countries may become hard to manage.

In Australia, there had already been growing anti-American or anti-alliance feelings before Mr. Trump’s victory. A number of Australian intellectuals – not only liberals and alliance skeptics, but even pro-alliance conservatives – advocated that Australia keep its distance from the United States under the Trump administration and seek a more independent foreign and defense posture. Before the U.S. election, almost half (45 percent) of Australian adults said that “Australia should distance itself from the United States if it elects a president like Donald Trump.”\(^\text{16}\) After the election, a majority of the public (58 percent) predicted that relations between Australia and the United States would get worse when Trump became president, including 23 percent who said “much worse.”\(^\text{17}\)

While complete independence from the United States or “bandwagoning” with China is highly unlikely, alliance skeptics in Australia could be strengthened if U.S. Asia policy goes off course. Indeed, after Trump’s disastrous phone call conversation with Prime Minister Turnbull on February 2017, even more Australians in the foreign policy and economic establishments have questioned Australia’s relations with the United States and called for closer ties with China.\(^\text{18}\) This may push the government to take a more neutral stance between the United States and China on key issues, such as the South China Sea and regional economic institutions. Such an attitude could

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in turn bolster U.S. criticism of Australian “free-riding” and create further distance between Washington and Canberra.

Unlike Australia, Japan’s initial response to the new U.S. president was what should be called “cautious optimism.” After his first meeting with President-elect Trump in New York in November 2016, Prime Minister Shinzo Abe said he got an impression that Trump was a “trustworthy partner.” He then reportedly pointed out the difference in Trump’s attitudes toward Japan before and after the election. Some also speculate that Abe has personal chemistry with Trump and can get along with him better than with Obama, who was known to be a businesslike person. Many current and former Japanese officials also predicted continuity rather than change in the U.S.-Japan alliance regarding U.S. bases in Japan. Such “cautious optimism” was visible in a poll just after the U.S. presidential election, in which almost a majority of Japanese people (49 percent) answered that the U.S.-Japan relationship would be “unchanged” even after Trump was inaugurated, while only 22 percent thought the relationship would “go wrong.”

Japan’s cautious optimism was evident in the success of the first U.S.-Japan summit meeting in February 2017, which confirmed that the U.S.-Japan alliance would be strong even under the Trump administration. Nevertheless, such optimism could quickly decline if the Trump administration noticeably shifts U.S. policy toward Asia. Specifically, there remain deep concerns in the Japanese policy community that the Trump administration could make a deal with China — perhaps by ignoring Chinese reclamation and construction of artificial islands in the South China Sea in exchange for decreases in Chinese exports to the United States. President Trump’s reportedly close relationship with former U.S. secretary of state Henry Kissinger has also fueled such speculation.

Should such a nightmare become real, Japan might adopt a more independent defense posture in order to cope with growing threats from both China and North Korea. While some movement toward an independent foreign and defense posture may be unavoidable, too excessive a shift would raise concerns among Japan’s neighbors and could easily escalate tensions in Northeast Asia. The existing gap in strategic priorities between Japan and Australia (due to their different geographical positions and threat perceptions) would likely expand further. Japan’s relations with South Korea might also weaken, making it difficult to maintain strong U.S.-Japan-ROK security cooperation, as well as the U.S.-Japan-Australia security triangle.

On the other hand, too great an exercise of power by the United States under the banner of “peace through strength” could also trigger a conflict, which would reverberate across the region. Mira Rapp-Hooper has argued that President Trump’s pledge to impose a 45 percent tariff on Chinese imports could “start a trade war, lead to a massive recession, eliminate millions of U.S. jobs, and damage the economies of some close U.S. allies.” President Trump’s apparent attempt to use the U.S. “one China” policy as a bargaining chip in negotiations with Beijing could also risk

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19 Sankei Shimbun, November 19, 2016.
20 Sankei Shimbun, November 11, 2016.
22 Public opinion poll conducted by Asahi Shimbun, November 22, 2017.
unnecessarily escalating U.S.-China tensions, or damage U.S. credibility if those threats are not actually implemented. Such an approach would put Japanese and Australian leaders in a difficult position by increasing concern about entrapment in a U.S.-led war against China, making bilateral and trilateral security cooperation much trickier.

3.2. New Momentum for Cooperation

At the same time, the new U.S. administration provides opportunities for defense and security cooperation between Japan and Australia, in which the United States could be involved trilaterally. In particular, President Trump’s call for increased burden-sharing from regional allies could elicit a more active defense and security posture from both Japan and Australia. This could increase opportunities for cooperation and coordination on a regional and even global scale. Indeed, there are voices in Tokyo and Canberra calling for the two countries to do more to strengthen their alliances with the United States.

Burden-sharing need not come in the form of financial contributions to the alliance, such as indigenous defense spending or host-nation support for the U.S. military. Rather, Japan and Australia could instead enhance their roles not only bilaterally with the United States, but also regionally and globally. Japan and Australia could, for instance, step up their defense engagement with Southeast Asia, including through joint training and exercises, capacity building, and defense industry cooperation with like-minded states. The JMSDF and Royal Australian Navy (RAN) could also embrace opportunities to work with the U.S. Navy on maritime security across Indo-Pacific.

Meanwhile, Japan and Australia might accelerate diversification of their international security partnerships in response to greater uncertainty under the Trump presidency. Even though both countries are fairly confident about the continuity of their alliances with the United States, at least in the short term, they need to hedge against the possibility of a transformation of the international order from the current unipolar world to a more multipolar one. As discussed in the previous section, it was this strategic risk that originally encouraged stronger cooperation between the two countries following the end of the Cold War.

Whether pro-alliance or alliance skeptic, conservative or liberal, many in Australia support deeper engagement with the region through expanding strategic partnerships with like-minded countries, most notably Japan. This is important not only to counter common threats, but also “to identify areas of common interest and jointly seek to influence U.S. thinking.” Japan has accelerated its regional engagement and the diversification of its strategic partnerships under the

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banner of a “free and open Indo-Pacific.” Australia is positioned as the center of such a strategy. In this sense, Japan and Australia are, as Turnbull has stressed, “all-weather friends” who share many common interests and concerns even under different circumstances.

4. Key Areas of Cooperation

As discussed above, the Trump administration provides opportunities as well as risks for Japanese and Australian foreign policy. If they jointly exploit the opportunities while minimizing the risks, strong Japan-Australia cooperation could provide the foundation for a more stable regional security environment still based on a continuous U.S. military presence. Indeed, there are a number of areas in which the two countries can further enhance their collective efforts with the United States to maintain and strengthen a liberal, rule-based, and inclusive regional order.

4.1. Military Training, Exercises, and Interoperability

Japan and Australia have attempted to improve interoperability between the JSDF and ADF through bilateral or trilateral training and exercises. Practical cooperation on PKO and HA/DR has also contributed positively. Japan’s new security legislation, passed by the Diet in September 2015 and effective in March 2016, could leverage these successes into other areas. The JSDF has already begun training and exercises for new missions assigned by the new legislation, including one with the United States.

Under the new law, the JSDF can provide medical support or ammunition to the U.S. military and to foreign militaries in situations that “will have an important influence on Japanese peace and security.” This was prohibited previously as such a provision was understood to be an “integral part of the use of force.” The JSDF will be also be able to provide necessary logistics support (except for the supply of ammunition) to the armed forces of countries “collectively addressing a situation which threatens international peace and security.” Although JSDF ships used to engage in refueling activities for foreign militaries in the Indian Ocean only under temporary legislation, this is now permanently possible so long as appropriate UN resolutions are approved for the mission.

Based on these changes, Japan and Australia signed a revised ACSA in January 2017. In addition to previous activities such as UN PKO or HA/DR, the revised agreement broadens its scope by adding “internationally coordinated peace and security operations” and “any other activity in which the provision of supplies and services is permitted under the laws and regulations of the respective countries.” It also enables the mutual supply of ammunition between the JSDF and the ADF. Thus the revised ACSA is expected to improve the capacity of the JSDF and the

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27 Shinzo Abe, “Address by Prime Minister Shinzo Abe at the Opening Session of the Sixth Tokyo International Conference on African Development” (speech, Nairobi, Kenya, August 27, 2016).
ADF to provide each other with logistical support during exercises, training, operations, and other activities like international evacuations.

Japan and Australia have been also negotiating a Reciprocal Access Agreement (RAA) that would ensure smooth combined operations and training. They seek to conclude the pact by the end of 2017, which would improve and simplify reciprocal administrative, policy, and legal procedures for when JSDF and ADF units visit the other’s home country. This includes but is not limited to customs, immigration, and quarantine (CIQ) checks, including the inspection of highly sensitive equipment; medical activities of JSDF or ADF personnel who do not possess the other country’s medical license; and the status of JSDF or ADF vehicles not registered in the other country.30 Since Japan only has this kind of agreement with the United States, its conclusion would not only improve interoperability between the JSDF and ADF, but also symbolically enhance Japan-Australia security relations.

4.2. Information and Intelligence Sharing

Another promising area is information or intelligence sharing. Although it is their oldest field of bilateral security cooperation, it was not until the late 2000s that these two countries began to institutionalize high-level information or intelligence exchanges. For instance, an outcome of the Australia-Japan 2+2 dialogue in December 2008 was an agreement to commence discussions on a “possible legal framework between the Governments of Australia and Japan on their cooperation to promote information sharing.”31 A bilateral ISA was concluded in May 2012 and came into force in March 2013. This was later reinforced by Japan’s establishment of the Act on the Protection of Specially Designated Secrets (SDS) in December 2013. In October 2016, defense authorities from the United States, Japan, and Australia signed a Trilateral Information Sharing Arrangement (TISA) in order to provide an opportunity for deeper levels of exchange, enabling “higher capability defense exercises and operations among the three nations taking into account situational awareness in the region.”32 Specifically, TISA may enable more horizontal data-sharing among the three countries during such operations as intelligence, surveillance and reconnaissance (ISR) in key areas of the region.

To a large extent, these developments ran parallel to Japan’s growing interest from the mid-2000s onwards in foreign intelligence gathering. Japan already has several intelligence agencies: the Cabinet Information Research Office, the Defense Intelligence Headquarters at the Ministry of Defense, and the Intelligence and Analysis Service at the Ministry of Foreign Affairs. Yet there is a lack of coordination among the different agencies and no unified body to analyze the information they gather. This has been seen as a problem for Japanese security policy for some time.33 Japan also lacks human intelligence (HUMINT) capabilities. For these reasons, the Abe government has

33 Yuki Tatsumi, “To Fight Terror, Japan Must Fix Its Intelligence Apparatus,” The Diplomat, June 1, 2015.
reportedly tried to establish its own foreign intelligence agency in order to gather overseas security-related information. Moreover, after ISIS’s killing of two Japanese hostages in February 2015, an International Terrorism Intelligence-Gathering Unit was established inside MOFA that December.

Cooperation with Australia could at least partially offset Japan’s current weakness in intelligence gathering. In particular, Japan might be allowed greater access and engagement with the “Five Eyes” – the United States, United Kingdom, Canada, Australia, and New Zealand – although full Japanese membership in the network is premature. Australia’s Office of National Assessment (ONA) could be a model for Japan’s new intelligence organization, which could be established under the new National Security Council. On behalf of the Australian prime minister and the senior ministers in the National Security Committee of Cabinet, Canberra’s ONA independently assesses and analyzes all sources of information available to the government. The Australian Secret Intelligence Service (ASIS) could also advise Japan regarding HUMINT and counter-intelligence know-how. In exchange, the Japanese intelligence community might grant Australia more access to sensitive information regarding Northeast Asian security issues.

4.3. Missile Defense

Since the Cold War, Australia has contributed to U.S. ballistic missile defense (BMD) through the provision of early-warning information gathered by joint intelligence facilities on its soil. Recently, however, Australia has been interested in more direct participation with the U.S. missile defense program. It was agreed at the Australia-U.S. Ministerial Meeting (AUSMIN) in November 2013 that the United States and Australia should work to “identify potential Australian contributions to ballistic missile defense in the Asia-Pacific region” beyond its ongoing cooperation on research and capability development. The United States and Australia later established a bilateral working group to examine options for potential Australian contributions to integrated air and missile defense in the region. Australia has also constructed three new Hobart-class destroyers equipped with the U.S. Navy’s Aegis Combat System. These systems could be easily upgraded to conduct BMD with SM-6s and SM-3s.

Australia’s growing interest in missile defense stems from its increasing concern over the proliferation of ballistic and cruise missile capabilities in the Indo-Pacific and the Middle East. Its 2016 Defense White Paper stated that while the threat of an intercontinental ballistic missile attack on Australia is low, “Longer-range and submarine-launched ballistic and cruise missiles could threaten Australian territory, and shorter-range ballistic and cruise missiles pose a threat to our deployed forces.” Some also see the possibility that Australia’s Air Warfare Destroyers (AWDs) could collaborate with assets belonging to other countries like Japan in order to enhance collective

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34 “Abe Administration Considering Creating MI6-Style Spy Agency,” Japan Times, March 6, 2015.
BMD capabilities among U.S. allies.\textsuperscript{39} According to one observer, such cooperation could prove useful in countering short-range tactical and theater ballistic missiles.\textsuperscript{40}

This might be good news for Japan. Although Tokyo has attempted to increase the number of its Aegis-equipped ships to eight, this is still insufficient to counter the growing and diversified missile threats it faces. While the United States and Japan have recently commenced BMD cooperation with South Korea, Australia’s participation in such cooperation would provide more than a symbolic contribution to allied forces. Deploying AWD in the Pacific could also make a broader contribution toward supporting the U.S. presence in the region.\textsuperscript{41} Indeed, the defense chiefs of the United States, Japan, and Australia have exchanged opinions on missile defense since at least 2015. Thus, Australia’s 2016 White Paper also stated, “We will continue to explore opportunities to expand cooperation with Japan in areas such as intelligence, developing common capabilities like the Joint Strike Fighter, air and missile defense and maritime warfare technologies.”\textsuperscript{42}

However, full-fledged participation in BMD would impose significant costs of Australia—both economically and politically. Equipping the \textit{Hobart} class with the SM-3 interceptor is estimated to cost $20-24 million per missile for the most recent model.\textsuperscript{43} Testing expenses are substantial, with a single test in 2008 costing over $112 million.\textsuperscript{44} Australia would also need to consider the political downsides of acquiring BMD, especially in its relationship with China. Considering China’s strong reaction to South Korea’s introduction of the Terminal High Altitude Area Defense (THAAD) system—despite THAAD’s inability to intercept Chinese long-range missiles—it is easy to imagine that Beijing would view such a move negatively. This may deepen Australia’s already apparent strategic dilemma between its alliance with the United States and its economic relationship with China.

4.4. \textbf{Cyber Security}

Japan has also been investing resources in relatively new security fields like cyber. Over the past few years, the government has rapidly established new institutions to cope with cyber threats, such as a “cyber defense unit” inside the Ministry of Defense, the Cyber Security Strategy Headquarters, and the National Center of Incident Readiness and Strategy for Cybersecurity (NICS) inside the Cabinet. Tokyo also established a new Cybersecurity Strategy in September 2015. Japan’s 2015 Cybersecurity Strategy stresses the need for Japan to “proactively promote cooperation and collaboration with the [United States] and like-minded countries or organizations on sharing threat information and human resources development.”\textsuperscript{45}

\begin{itemize}
\item \textsuperscript{39} Richard Brabin-Smith, “Australia and Ballistic Missile Defense: Our Policy Choices,” ASPI Strategic Insight no. 5 (Canberra: Australian Strategic Policy Institute, April 2004), 7.
\item \textsuperscript{40} Andrew Davies and Rod Lyon, “Ballistic Missile Defense: How Soon, How Significant, and What Should Australia’s Policy Be?” ASPI Strategic Insights no. 71 (Canberra: Australian Strategic Policy Institute, May 2014).
\item \textsuperscript{41} Ibid.
\item \textsuperscript{42} Department of Defense of Australia, 2016 Defense White Paper, 132.
\item \textsuperscript{43} “Australia Can Have Ballistic Missile Defense – Doesn’t Mean We Should,” The Conversation, May 27, 2015.
\item \textsuperscript{44} Nathan Church, “Ballistic Missile Defense and Australia,” FlagPost (Australian Parliamentary Library Blog), December 13, 2013.
\item \textsuperscript{45} Government of Japan, Cyber Security Strategy (Tokyo: GOJ, September 2015), 36.
\end{itemize}
Australia can be one of Japan’s most reliable partners in the Asia-Pacific for countering this newly emerging threat. In February 2015, Tokyo and Canberra launched a bilateral “cyber policy dialogue” and they then held a second meeting in August 2016. They have also enhanced trilateral cooperation with the United States through policy dialogues, multilateral exercises, and capacity-building efforts with Southeast Asian countries. For instance, Japan, Australia, the United States, and a UN agency are all members of an initiative to prevent and combat cybercrime in Southeast Asia. This effort is led by the Global Forum on Cyber Expertise, which is a platform for states, international organizations, and private companies to exchange best practices and expertise on cyber capacity building.

As with intelligence sharing, Japan could benefit from greater access to the Five Eyes network, especially through cooperation with the Australian Signals Directorate (ASD). Japan and Australia share a view that a free, fair, and secure cyberspace is a foundation for peace and stability and both countries advocate against state censorship of the internet. Japan, Australia, the United States, and other partners could promote norm setting in cyber space through regional and international fora, while also strengthening bilateral and trilateral cooperation.

4.5. Regional Defense Engagement

Finally, Japan and Australia have both enhanced their defense engagement with the Indo-Pacific region, especially Southeast Asia. Japan has recently increased its “strategic port calls” to some maritime nations; conducted and participated in bilateral and multilateral training and exercises; and enhanced its capacity-building activities through the provision of coast guard ships and other equipment to partner states in order to improve regional maritime surveillance abilities. Likewise, Australia has increased the frequency of aerial patrols over the South China Sea, provided coast guard and navy ships to Malaysia and the Philippines, and upgraded its bilateral defense and security relations with countries like Indonesia and Singapore.

The two countries’ increasing presence and partnerships in the Indo-Pacific have provided greater chances and opportunities for cooperation between the United States, Japan, and Australia in terms of capacity building, joint training or exercises, and policy coordination in multilateral security frameworks such as the ARF and ASEAN Defense Ministers’ Meeting Plus (ADMM-Plus). For instance, the three countries conducted seminars on submarine medicine as part of collective capacity building assistance for Vietnam in 2013, 2015, and 2016. They also conducted joint cruise training in waters near Indonesia in April 2016.

The three countries have also increasingly collaborated with some ASEAN and non-ASEAN countries like South Korea and India in the areas identified above. In 2016, for example, joint naval exercises were held by Japan, Australia, and the United States together with Canada and South Korea. Japan decided to join the U.S.-India Malabar exercise as a regular member, which Australia has also expressed an interest in joining. Japan is also reportedly interested in joining the U.S.-Philippines joint exercise Balikatan, in which Australia has regularly participated. Such a “bilateral-plus” or “trilateral-plus” approach could help to promote a

“principled network” of cooperation among like-minded countries, similar to what the Obama administration promoted. This regional network could provide leverage not only against the growing influence of China, but also against the possibility of a less involved or less principled U.S. administration.

5. Conclusion and Policy Recommendations

This paper has reviewed current challenges and opportunities for Japan-Australia security cooperation, as well as explained some historical background. It has argued that Japan, Australia, and the United States should take full advantage of new opportunities while also minimizing risks. Enhancing existing bilateral and trilateral security cooperation would strengthen an important element of the regional order. To achieve this, the following recommendations should be considered:

1. The United States should establish a concrete strategy toward the Asia-Pacific (or Indo-Pacific) under the Trump administration and consult closely with regional allies and partners. This is not only important to reassure U.S. allies, but also to establish a more consistent policy that can address the region’s diverse security challenges beyond the current transactional approach. Releasing a new publication like the 1998 East Asian Strategy Report, which has not been published since, would be a good idea.

2. Japan and Australia should encourage a continued U.S. commitment to liberal international order, especially in the Asia-Pacific region. Japan and Australia have a common interest in an open, liberal, and rules-based order. They should therefore support the U.S. military presence in the region as well as encourage the United States to commit to free trade and regional institutions. To do so, Japan and Australia must review and increase their roles in bilateral defense cooperation with the United States, both in regional and global contexts.

3. Japan and Australia should develop a new common strategy that can respond to a rapidly changing security environment. The emergence of a new U.S. administration, as well as China’s growing maritime strength and North Korea’s increasing provocations, have forced both Tokyo and Canberra to revise their defense policies. Australia is planning to announce a new Foreign Policy White Paper, and Japan will revise its National Defense Program Guidelines as early as 2017. Given these changes, both countries should review their Joint Declaration on Security Cooperation announced in March 2007 and consider a new joint declaration reflecting those changes.

4. Japan should continue and accelerate its defense reforms, including the implementation of new security legislation. To a great extent, Japan’s security reforms have provided more opportunities for close security cooperation within the U.S.-Japan alliance as well as with Australia. The Australian government should encourage Japan’s continued security reform efforts and, if necessary, support its legal, institutional, and operational development.

5. Japan and Australia should step up their cooperation in regional defense engagement across the Indo-Pacific, especially with Southeast Asian countries. In particular, they should establish a joint strategy toward Southeast Asia, just as they managed to do for their cooperation in the South Pacific. Such an approach would not only strengthen regional capacity and resilience.
against any type of threat, but also offer improve intra-regional partnerships. Tokyo and Canberra should be the center of a network of regional security cooperation.