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Perspectives

The Defence Strategic Review: What about commerce warfare?

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Corey Lee Bell and Elena Collinson

Dr Corey Lee Bell is a Project and Research Officer at the Australia-China Relations Institute, University of Technology Sydney (UTS:ACRI).

Elena Collinson is head of analysis at the Australia-China Relations Institute, University of Technology Sydney (UTS:ACRI).

The unclassified version of Australia's much-anticipated Defence Strategic Review (DSR) was released on April 24. In launching the review, Prime Minister Anthony Albanese described it as 'the most significant work that›s been done since the Second World War'.

The DSR found that Australia's defence posture 'is not fit for purpose for our current strategic circumstances' and as such recommended, in Defence Minister Richard Marles' words, 'recasting the mission of the Australian Defence Force' in order to ensure it 'has the capacity to engage in impactful projection through the full spectrum of proportionate response.'

Essentially, Australia needs to reshape its defence capabilities to respond to a fundamental change in the region's strategic architecture – the erosion of US supremacy in the Indo-Pacific. This, the review says, requires Australia to strengthen its capacity for self-help, reach out to other partners and play a role, if needed, in augmenting US power in a Washington-led alliance. But perhaps the most important strategic impact of this shift is that, in conjunction with developments in cyber and missile technology, it has rendered the nation's relative geographic isolation, a factor that had been viewed as Australia's biggest defensive asset, more strategically neutral, even a vulnerability. This had been discussed amply in the lead-up to the release of the DSR.

For instance, on March 19, the Defence Minister stated that Australia needed to address the vulnerabilities of its expansive 'sea lanes', which would become more exposed if the global rules-based order is challenged, or is unable to be enforced by US might.

The DSR's summation of Australia's strategic environment pressed this home, emphasising Australia's 'fundamental interest in protecting our connection to the world.' Its overview of Australia's strategic circumstances added that 'the use of military force or coercion against Australia does not require invasion' for potential adversaries 'are able to project combat power across greater ranges, including against our trade and supply routes, which are vital for Australia's economic prosperity.'

In part this reflects how shifting power dynamics has thrown into relief a taken-for-granted factor behind the resilience of the post-Second World War global trading system – the reach and unquestioned supremacy of American naval power.

This dominance underwrote not only a relatively unfettered period of global capitalism, but saw the rise of late 20th century economic superpowers content to remain bereft of the sovereign capacity to secure their maritime lifelines.

The island nation of Japan was perhaps the exemplar of this – but as a nation whose wealth rode upon the sails of global maritime trade, Australia is an equally fitting, if smaller example. Notably Japan, like Australia, is now bolstering its defensive capacities and naval power.

Yet this also reflects the growing concerns about the likelihood of conflict finding expression in maritime trade warfare, or commerce warfare, which refers to warfare aimed directly at disrupting maritime trade.

As tensions between the People's Republic of China (PRC) and the US over Taiwan have sharpened, and in the wake of the PRC's construction and militarisation of islands in disputed waters in the South China Sea, debate on the theme of maritime trade warfare – to an extent a taboo topic in many nations' official naval strategies – has been reinvigorated.

On this front, the PRC's work in what it typically calls 'maritime blockades' has not only examined the matter, but has already entered the phase of demonstrating capability – at least in the context of Taiwan, where Beijing in August last year coordinated of a large-scale simulated blockade of the island in the wake of then-US House Speaker Nancy Pelosi's visit to, repeating the exercise when Taiwan's President Tsai Ing-wen visited the US several weeks ago. Australia – in its understanding and approach to the problem of maritime commercial warfare, not to say anything of offensive or defensive training and coordination – lags behind, as does the US.

The US has long steered clear of developing a maritime trade warfare doctrine. Indeed, as late as 2017, the US Navy's Christopher J. McMahon posited that 'the US Navy has no doctrine and no current practices regarding protecting maritime commerce from attack, and precious few resources with which to do so in any case.'

A US foreign policy scholar observed in 2013 that that literature on commerce warfare was 'remarkably sparse, circumscribed and inconclusive' – partly because, according to McMahon, 'commercial links between China and the United States are so intertwined.'

However, increasing concerns about war across the Taiwan Strait, island building in the South China Sea, the Crimean blockade in the Russia-Ukraine war, a global sovereignty/resilience push and US attempts to partially decouple from the PRC have altered this scenario.

The race for the West to dust off older theories on commerce warfare and catch up in modernising them has, as such, recently begun apace with contributions from analysts from the US and Europe. But few are invested in considering the idiosyncratic geostrategic environment and conundrums of Australia.

This scarcity of analysis is reflected in the DSR, which mentions the importance of addressing the protection of trade routes in its discussion on Australia's strategic circumstances, as well as the need for a maritime domain force structure that 'must be optimised for... the security of our sea lines of communications and maritime trade.' Yet it otherwise rarely touches on the matter, other than subsuming it under the force structure aspirations of improving Australia's long-range strike, surveillance/communications and forward defence capabilities. This is arguably one of the report's major weaknesses.

Here, it is important to reflect on the lessons of history in terms of the effect of past instances of commerce warfare, or the broader impact of war on commerce, on Australia.

Both of the 20th century's world wars had profound impacts on Australia's maritime trade, with the Second World War seeing a 50 percent drop in import tonnage and a more than 80 percent drop in wheat exports by volume. Even then Australia was fortunate with Japan's submarine warfare doctrine not taking a premium on targeting commercial shipping. And while Japan attempted to cut Australia off from the US through its campaigns in the Solomon Islands, this challenge was overcome by the US, to whom Canberra's shifted towards on the back of the demonstrated incapacity of the British Navy to protect Australia. Should the US find itself contained in a conflict involving the PRC, Australia's will have no other equivalent power to turn to.

It also needs to be considered that the capability needs of responding to potential embargoes or attacks on Australia's maritime commerce is not just about conflict or war. Rather, it relates to the structures of power in the region today, as a state's vulnerabilities – especially those it has no capacity to rectify – can be exploited by rivals or adversaries to constrain one's agency.

Former PRC president Hu Jintao once described the Straits of Malacca as the 'boot on China's throat.' And the former People's Liberation Army Air Force General Qiao Liang once noted that one of the constraints keeping the PRC from attacking Taiwan is that America could exploit 'its naval and air supremacy and cut off China's maritime life-line.'

Eroding the supremacy of the US navy would remove those constraints, freeing that nation to extend the boundaries of its agency. Conversely, it could also mean that Australia could find its agency constrained in new ways.

While the DSR gives little detail on how these challenges will be addressed, they may be subject to greater examination in Australia's surface fleet review, to be led by a retired US admiral and scheduled to be conducted later this year. The *Sydney Morning Herald* reports it is also to be handed to the Australian government before the end of 2023. This leaves little time to build the analytical foundations for a surface fleet reform that could help Australia be better equipped to defend its maritime trade routes or bridge the gulf between the prescriptions for developing a sovereign capability that can meet this challenge and the limits of Australia's current economic, demographic, industrial and innovation capacities.

It may be enough, however, to allow the government to reinforce the political message it has been advancing, that the answer to the challenge of weakening American power could be even greater integration within the US alliance.

Authors

Dr Corey Lee Bell is a Project and Research Officer at the Australia-China Relations Institute, University of Technology Sydney (UTS:ACRI).

His work has been published in *The National Interest*, *The Diplomat*, *The Australian*, The Australian Strategic Policy Institute's *The Strategist*, *Yazhou zhoukan* and other outlets. He has also contributed to edited volumes and think tank reports. He has served as a researcher or visiting scholar in Greater China, South Korea and Japan, and is a former editor of *Taiwan Insight*, a digital magazine affiliated with the University of Nottingham. His research interests include China's international relations and geopolitics in the Asia Pacific. He attained his doctoral degree at the University of Melbourne's Asia Institute.

Elena Collinson is Manager, Research Analysis at the Australia-China Relations Institute, University of Technology Sydney (UTS:ACRI).

She is principal author of the *Australia-China monthly wrap-up* (previously the *Australia-China relations monthly summary*) launched in 2018. Her work has been published in *The National Interest*, the *Sydney Morning Herald*, *The Guardian*, the *South China Morning Post*, *The Diplomat*, *The Conversation*, *Australian Foreign Affairs*, the Lowy Institute's *Interpreter*, the Australian Institute of International Affairs' *Australian Outlook*, and the Council on Foreign Relations' *Asia Unbound* amongst other outlets, and she has contributed chapters to edited volumes. She is a lawyer admitted to the Supreme Court of New South Wales and has previously held research and project positions in Australian departmental, ministerial and Senate offices, at state and federal levels.