

Australia's conundrum: A coherent defence plan needs a coherent national strategy

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In a recent [address](#) to Australia's National Press Club (NPC), Australian Deputy Prime Minister and Defence Minister Richard Marles summarised the core tenets of the nation's new [National Defence Strategy](#).

Reinforced during Marles' NPC appearance was the priority to tackle 'vulnerabilities associated with... sea lines of communication.' Australia, an island nation, is seen as particularly exposed to 'coercion' by potential adversaries with the capacity to cut off its maritime lifelines.

The speech set out the case for shifting from a balanced defence force posture to one more focused on maritime warfare capabilities. But while it explained how the nation's capabilities should better align with its geography, it failed to escape old quandaries.

One key conundrum is that for all Australia's promised procurements, its 'sea lines of communication' (SLOCs) will continue to extend well beyond its power projection capacity. The other is that in the regions where Australia does plan to protect SLOCs – 'the north-eastern Indian Ocean through the maritime Southeast Asia into the Pacific' – Australia would likely be unable to overcome an insurmountable asymmetry against what is seen as its most likely adversary, China.

In other words, while Marles spoke of improving self-reliance, Canberra's planning continues to pin much on factors beyond its control – in particular, the naval supremacy of the United States, which has long underpinned the global freedom of maritime trade.

Yet this, in reality, reflects a deeper and largely unspoken problem. This is that behind the overstating of Australian defence potency is another strategic failure – a long unwillingness to hedge against threatening contingencies the nation is, in reality, powerless to prevent. Put another way, the 'damage [that] can be done' by obstructions to Australia's maritime lifelines has, due to a lack of preparation, assumed such a degree of existential gravity as to become practically unthinkable. This might explain Canberra's temptation to essentialise improbable scenarios of power projection.

The real problem for Australia in this sense is not, for instance, a disjunct between the publicity and the reality of the AUKUS nuclear-powered submarine pact – criticised in some quarters as a false panacea for Australia's strategic conundrums. Rather it is the discrepancy between a military strategy that recognises the nation's distinctive vulnerabilities as a far-flung island nation in the Pacific, and a national strategy that, to the extent that it exists at all, is more in the vein of a continental nation in Europe or North America.

This is particularly apparent in Australia's performance in mitigating the very vulnerabilities Marles discussed – particularly in comparison to other wealthy 'middle-power maritime nations' in the region such as Japan, South Korea, Singapore.

Marles, for instance, cited Australia's reliance on maritime shipments of refined petroleum from other Asian nations as a key exposure. Yet this exposure exists because Australia's [emergency petroleum reserves](#) are light years below not only the aforementioned Pacific states, but every other International Energy Agency (IEA) member. This decline has been matched by that of Australia's [oil refinery capacity](#), which stands, whether on a per capita or gross basis, as a fraction of Japan's, South Korea's and Singapore's, all of which are [global top 15 refiners](#).

Just as significantly, while Marles highlighted fears of disruptions to its maritime lines of communication, Australia controls a tiny fraction of the large cargo ships it would need to call upon to supply the nation in a high-risk maritime environment. South Korea, Japan, and Singapore are all world leaders in terms of [beneficial ownership](#), and miles ahead of Australia in terms of [overall ownership, registration, and shipbuilding](#).

On other metrics that should be of concern to a security-minded 'middle power maritime nation,' the list of poor comparative performance stretches on – from [port capacity](#) to [domestic steel production](#) and [industrial sovereignty](#) and more.

The need for a national strategy to address such weaknesses has been [flagged](#) in the recent past. Yet overpromising on defence could be diminishing the sense of urgency. The procurement of AUKUS nuclear-powered submarines, for example, was touted by the defence minister as a means for enhancing national 'agency' – presumably by increasing Australia's capacity to resist 'coercion,' as well as by reducing its security reliance on the United States.

Not only is it questionable to tie together power projection weapons and national agency in this way, but if existential vulnerabilities aren't mitigated, the best that extra capability can do is alter the threshold of the nation's capitulation to its antagonists and protectors. Only national strategy can create the true conditions for maximising agency, which is creating a plurality of viable options for responding to contingencies.

While there is no like-for-like comparison available, the aforementioned wealthy Pacific middle powers could offer important lessons for forming such a national strategy. One example of a nation whose consciousness of its geography permeates many dimensions of policy, and that punches well above its weight in terms of its influence and capacity to assert its agency, is Singapore.

Beyond resilience: Successes in Singapore's national strategy

Singapore is a city-state on the potentially volatile geopolitical hotspot that is the mouth of the Malacca Strait. In terms of area, all of Singapore is smaller than Canberra; its population is roughly equivalent to the US city of Philadelphia or Barcelona in Spain. Yet through prudent planning, Singapore has mitigated vulnerabilities associated with its geography and reliance on maritime trade.

There is no doubt that military preparedness is a part of this picture. Singapore, which has been called the '[most densely defended country in the world](#),' practices conscription, historically [spends](#) a relatively high percentage on defence (in recent years 3–5 percent of GDP), and owns about as many military aircraft and three-quarters as many naval vessels as much larger Australia. The nation engages with an extensive array of partner nations in military training and exercises, including both the [United States](#) and [China](#), and, in defiance of the latter, until very recently, [Taiwan](#).

But Singapore's preparedness extends to other dimensions of policy. These include: (1) enhancing maritime trade security; (2) developing resilience and self-sufficiency; and (3) diversifying trade and investment and strengthening regional and extra-regional connections.

In the maritime domain, Singapore has leveraged its position alongside key global trade routes to make itself one of the most [important shipping hubs in Asia](#), while taking strong measures to address maritime vulnerabilities.

For one, it has appropriated a strong [measure of control](#) over the ships it may need to task to traverse dangerous maritime environments. Singapore ranks fourth in the world in its share of the global cargo fleet, fifth in terms of registration, and fifth in [beneficial ownership](#), while owning one of the largest and most advanced [shipbuilding and repair industries](#) in the world. It also has the world's second biggest cargo port in terms of handling capacity, which is home to more than 140 international shipping groups.

Yet Singapore has also hedged against the prospect of interruptions to maritime trade and strengthened its resilience in ways that defy the limits of its geography.

In terms of energy security, the city's giant refinery and storage capacity – including a massive [underground storage facility](#) – have led to it being called the 'undisputed oil hub in Asia.' The city also complements maritime imports of LNG with piped gas from Indonesia, and has made further efforts to diversify supply, stockpile LNG, force generation companies to sustain emergency supplies, tap into regional power grids, and invest in alternative green energy carriers.

The city state has also taken strong steps to develop a [multipronged approach](#) to tackle the perennial issue of food security by [diversifying](#) import sources, investing in innovative food storage technologies, and through its '30 by 30' initiative, which aims to domesticate 30 percent of the nutritional needs of the city by 2030. Remarkably, the city state has [come first](#) in recent Global Food Security Index country rankings, and ranked within the top 30 in [2022](#).

While a powerhouse in the financial sector, Singapore has retained a strong sovereign industrial base with a highly advanced manufacturing sector that accounts for over 22 percent of the nation's GDP. It is a major machine producer, and is combatting its heavy reliance on semiconductor imports by developing an already burgeoning local production capacity in this critical commodity. It now has plans to [grow its manufacturing output](#) by 50 percent by 2030, with the Trade and Industry Minister Chan Chun Sing [emphasising](#) that the ability to access commodities in times of need might depend 'on whether we have things that other people value that they want to obtain.'

The country has also accrued a large volume of strategic reserves, estimated by some to be in the ballpark of 1 trillion Singapore dollars.

Singapore has also gone around the unsurmountable constraints of its geography by investing and linking into the supply chains of its near neighbors. Its security has also been enhanced by efforts to increase its indispensability to those neighbors and more distant powers by leveraging its positional and competitive advantages to become a 'gateway' to Southeast Asia, one of the world's fastest economically growing regions.

These efforts have been complemented by efforts to diversify suppliers of critical commodities. Similarly, its inbound and outbound FDI partners are roughly evenly spread across North America, Asia, and Europe, and with a sizable portion invested in South America. Singapore's strategic investments, according to a [recent study](#), have also strengthened its capacity to extend its influence through economic means, enabling it to punch well above its weight in 'the use of economic instruments to pursue collaborative interests and beneficial geopolitical outcomes.'

In short, Singapore's geopolitical risk-hedging and geographically-minded approach to a broad range of policy areas have helped it transform from a vulnerable small state into a resilient middle power – one with viable options to ride out or adapt to different contingencies that could impact maritime trade in and beyond its region.

Australia's challenge

Canberra is to some extent working toward strengthening these three facets of national strategy. For instance, it is in the preliminary stages of creating the foundations for a small maritime navy, is working to increase its domestic emergency oil reserves, and, through the Future Made in Australia Act, is looking to revive and upgrade its manufacturing capacities.

However, past neglect means that the Herculean challenge to bolster these three areas could require bold and potentially disruptive political decisions – especially in view of Marles' statement that the nation 'no longer has the luxury of a ten-year window of strategic warning time for conflict.'

In terms of shipping, for instance, Australia owns just around 0.2 percent of the [world's merchant fleet](#) while registrations account for even less (respectively, one-thirtieth and one-fiftieth the share of Singapore). Emergency oil reserves still languished at about 57 days in February 2024, with Australia having now failed to reach the IEA's 90 day standard every month for the past 12 years.

Despite being the world's largest exporter of iron ore, the country is a minor steel producer, while its manufacturing share stands at roughly 5.7 percent of GDP, dwarfed by New Zealand (10 percent) – popularly regarded as over-reliant on agriculture and forestry – not to mention South Korea (25 percent), Japan (21 percent), Malaysia (22 percent), and Indonesia (18 percent). Relative to the last century, this decline has been as much a product of lagging output as rising competing sectors.

Moreover, Australia's admirable aspirations for an advanced manufacturing sector lie in stark contrast to its R&D capacity, now at a [two decade low](#) and not within the ballpark of its aforementioned Pacific peers. Its [economic complexity](#) ranks behind those of Uganda, Armenia, Honduras, and Malawi (Japan, South Korea, and Singapore all ranked in the top five as of 2021).

Australia is also heavily exposed economically to the risk of a conflict between the two superpowers thanks to concentrated – and geographically and geopolitically blind – trade and investment portfolios. China leads all other nations by a considerable margin in terms of Australian exports and imports, while inbound and outbound FDI are highly concentrated in the nation's AUKUS partners the United States and the United Kingdom, which together account for over half the gross figures. Southeast Asia's share in Australia's outbound FDI is less than 4 percent.

This last point hints at what is perhaps the largest challenge for Australia, namely that the nation should do more to establish its security and prosperity in alignment with its geography. In particular, it can mitigate the risks of long maritime supply lines, and domestic constraints, by developing and tapping into localised supply chains.

Again, there is some recognition of these gaps by the Albanese government, which has made some progress in addressing them. It released its [Southeast Asia Economic Strategy to 2040](#) last year, with Prime Minister Anthony Albanese [emphasising](#) that the strategy 'reflects an enduring truth: this is where Australia's economic destiny lies.' In March this year Albanese [announced](#) a AU\$2 billion investment financing facility to boost investment in Southeast Asia. Late last year Australia also [signed](#) an MoU with Indonesia on electric vehicle cooperation.

Yet much more can be done. A broader strategic approach could see Australia leverage its advantages in iron ore, critical minerals, finance and business services, as well as niche R&D strengths and industrial capabilities developed through the Future Made in Australia Act, to consolidate Australia's place in a local industrial symbiosis. Then Australia can contribute more to the region's development trajectory in a way that serves domestic resilience needs as well as the region's economic aspirations. Targeted subsidies and modern practices such as 'twinning,' or segmenting value chains among neighboring countries to leverage compatible strengths, could also further these goals and offer alternative and more locally-minded pathways to prosperity.

Moreover, accentuating its economic importance to its neighbors could aid Canberra's attempt to influence its region's security architecture while taking some pressure off its diplomacy – another area which, like defence, appears to have been strategically overburdened. Rumors that the Department of Foreign Affairs and Trade is in competition with the Department of Defence for funding, perhaps on the grounds that both are weighted with the existential burden of keeping Australia free from 'coercive' attempts to exploit its vulnerabilities, reflect how failures of national strategy are feeding a peculiar confusion of their roles.

Ultimately, a fairer sharing of the nation's strategic burden through a geographically minded national strategy is the key to helping defence and the nation's foreign policy relearn, and become better positioned to achieve, what lies within the limitations of their remit.

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