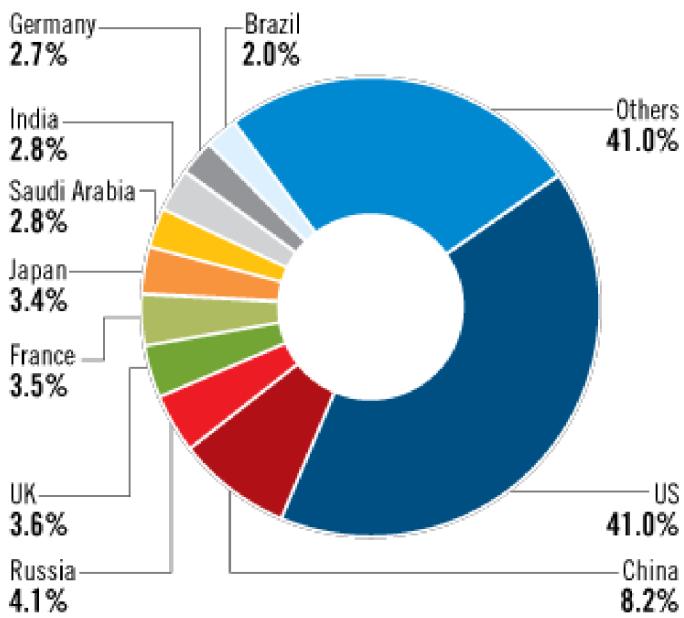


Asian arms race may leave us behind

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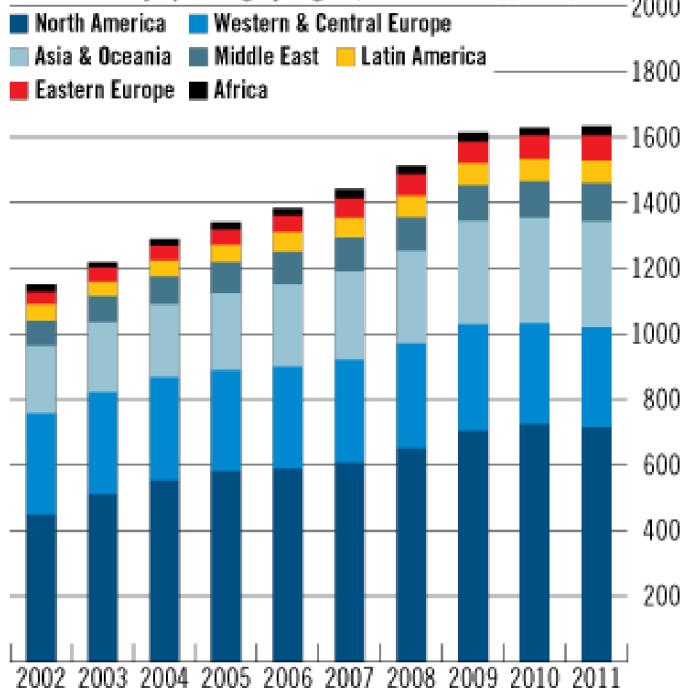
Big spenders

Shares of world military spending for the top 10 spenders 2011 (%)



*Figures are in constant (2010).

World military spending by region, 2002-2011* (\$USbn)



SOURCE: SIPRI

John Kerin

A regional arms race is threatening Australia's traditional weapons edge over its near neighbours as countries buy more sophisticated fighters, warships and missiles, and China continues its military build-up.

The warning is contained in the draft Defence White Paper 2013, which lays out the Gillard government's vision for defending Australia over the next two decades.

Australia's spending power as a developed country and relationships with the United States and Europe have kept it well ahead in purchasing the most advanced weapons for decades, but the draft white paper finds this is in danger of being eroded as Asian nations increase their military spending.

It warns that China's defence spending has increased by 170 per cent in real terms since 2002, citing the Stockholm International Peace Research Institute, including investment in modern submarines, anti-ship missiles, advanced stealth fighters, aircraft carriers and counter space systems. It says the region is "also seeing growth in other defence budgets, including in India, the Republic of Korea, Japan and in south-east Asia".

The major tasks for Australia will continue to be the defence of the continent against direct attack, securing the stability of the Pacific and working with allies such as the US in overseas deployments and contributing to UN-sponsored peacekeeping, it says.

The biggest risks remain China's territorial disputes in the South China Sea and East China Sea with its neighbours, Taiwan, and the North Korean nuclear crisis.

Cyber threat elevated

But the draft white paper plays down the risk of a direct conflict between the US and China and, unlike the 2009 version, does not urge Beijing to be transparent about its military build-up.

The threat posed by cyber warfare is elevated in the draft, which concludes that an enemy could attempt to thwart operations by targeting sensitive defence systems.

The global military spending shift has only been exacerbated by the global economic crisis and continuing uncertainty, which has hit advanced economies harder than developing ones.

"Over the next three decades, Australia's relative strategic weight will be challenged as major Asian economies grow rapidly and they modernise their militaries," the draft white paper says. "Australia will, however, maintain the

capacity for effective self-defence and for an active regional posture.

"While this [military build-up] represents significant new opportunities for partnering . . . it also raises the level of capability required by the Australian Defence Force to maintain the edge that has historically underpinned the defence of a large island nation with comparatively small resources," it adds.

India is investing in new classes of frigates and destroyers, conventional and nuclear submarines.

Singapore, Indonesia, Malaysia and Vietnam are deploying or planning to deploy "advanced platforms into the region", including air-to-air and anti-ship missiles and new warships and submarines.

Western countries bear brunt of downturn

In contrast with the Asian military modernisation, the draft paper concedes that Western countries have borne the brunt of the global downturn and Australia, though faring better, is no exception.

While the US has plans to slash spending by \$US487 billion over 10 years and the UK by £74 billion, Australia has cut or delayed spending of almost \$25 billion since 2009, including \$5.5 billion over the next four years.

The Australian defence cuts have triggered opposition accusations that the government has undermined the nation's defences and the US alliance, claims rejected by Defence Minister Stephen Smith.

"The white paper includes a budget model that is realistic and appropriate for uncertain fiscal circumstances, it will ensure defence has the resources to . . . maintain a credible ADF with the intent the budget grows to 2 per cent as Australia's fiscal circumstances allow," it says.

The paper points out that Australia will introduce its fleet of advanced F-35 joint strike fighters, its three new air warfare destroyers and two giant troop transport ships, as well as replace the frigate fleet in an effort to keep pace with the regional build-up.

The US will remain by far the most advanced military power and guarantor of stability until 2030.

US, China to prefer stability

In relation to possible conflict between the US and China, the paper says that while some competition between the two was inevitable, neither country would want conflict, preferring to seek stability and prosperity.

"On this basis the Australian government is optimistic the most likely future is one where both the US and China are able to maintain a constructive relationship that peacefully combines competition and co-operation," it says.

A spokeswoman for Mr Smith said the paper was an "early draft and likely to be revised before it comes to government".

"The minister has said it will be released in the first half of 2013," the spokeswoman said.

But Kokoda Foundation co-founder and defence analyst Ross Babbage said the wording on China's military build-up suggested Australia had "gone soft" on Beijing.

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