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## LEADOFF

### Liebe Mitglieder,

Many allies and partners are concerned about the US attitude in Trump's era. It is not only the negligent treatment of long-standing friends and partners. It's not just the apparent volatility of the American president. It is probably the beginning of a fundamentally changed transatlantic relationship. In view of the emerging new world order, both sides are well advised to make this new relationship mutually beneficial. Does "Partnership in Leadership" – as suggested in Christina Lin's contribution – have a chance?

Ralph Thiele, Vorstandsvorsitzender

## THEMEN

### Trump and the Emerging multi-order world

At the G7 meeting on June 9, 2018 in Canada, a photo of President Trump sitting cross-armed while German Chancellor Angela Merkel and other leaders stood around him has gone viral on the internet. Pundits claim the photo captures the current contentious relationship between Washington and Berlin, and increasingly between US with Trump's "America First" posture vis-à-vis other traditional allies.

Indeed, there has been a barrage of articles and conferences on both sides of the Atlantic lambasting President Trump as the "Disrupter-in-Chief": threatening the US-led liberal order; undermining NATO and transatlantic ties; waging a trade war with Berlin; planning to "meddle" in German domestic politics; and prompting angry titles ranging from "Donald Trump, Italy, and the threat to Germany" to sad ones such as "Best Friends No More?", lamenting the once strong relationship between Washington and its most important partner in continental Europe.<sup>1</sup>

<sup>1</sup> Benas Gerdziunas, "German politicians call on US to withdraw ambassador", *Politico*, 5 June 2018,

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Ralph D. Thiele

However, perhaps it is premature to lament, and the transatlantic rift may not be a structural one after all but rather one of miscommunication and misunderstanding between Mars and Venus.<sup>2</sup> Undoubtedly Germany has been and still is America's most important partner in continental Europe, and even China knows the road to EU is through Berlin and not Brussels. But, "partner" is not necessarily a "best friend" – which is a position traditionally reserved for the UK – although it is obviously no longer a key US partner in the EU post Brexit.

Thus, rather than for allies and partners to feel hurt or dejected about the shift in US posture in the new Trumpean era, the key point to understand about President Trump is that he is not a globalist, and is actually tapping into an earlier incarnation of American exceptionalism by cementing the traditional Anglo-American special

<https://www.politico.eu/article/richard-grenell-trump-germany-us-ambassador-recall/>; Philip Stephens, "Donald Trump, Italy and the threat to Germany", *Financial Times*, 6 June 2018, <https://www.ft.com/content/41da5d38-6973-11e8-b6eb-4acfb08c11>

<sup>2</sup> "Americans are from Mars, Europeans from Venus", *The Telegraph*, 2 March 2003, <https://www.telegraph.co.uk/news/worldnews/orthamerica/usa/1423535/Americans-are-from-Mars-Europeans-from-Venus.html>

relationship, US-Israel alliance, English Speaking Union, Five Eyes, etc. In his February 2018 *Foreign Affairs* article, Charles Kupchan – professor at Georgetown University and former White House official in the Obama administration – argued that Trump’s “America First” is essentially the original pre-World War II/Pearl Harbor version of “American Exceptionalism.”<sup>3</sup>

### Which version of American Exceptionalism?

In this insightful article, Kupchan discussed the metamorphosis of American exceptionalism from one of spreading democracy by example, to one of spreading democracy by intrusion and invasion. He argued that prior to World War II, American exceptionalism meant insulating the American experiment from foreign threats and international entanglement, spreading democracy by example, embracing protectionism and fair trade, and preserving a relatively homogenous citizenry through racist and anti-immigrant policies. This “American Exceptionalism 1.0” was essentially about America first.

However, the attack on Pearl Harbor ended US isolationism, and began the era of American Exceptionalism 2.0 of active foreign interventions. If US can no longer shield itself from the world and share the American experiment by example, it would run the world by intrusion to project its powers and values. The approach towards Middle East and North Africa (MENA) was under a clear Cold War framework, with a military component supplemented with economics. US and its allied forces sought to advance Western interests by securing oil fields, ensure safe passage of shipping, and inoculating formerly feudal and colonial societies against the seduction of communism.

Now, after decades of misguided regime change policies in MENA, a string of failed states that

<sup>3</sup> Charles A. Kupchan, “The Clash of Exceptionalisms: A New Fight Over an Old Idea”, *Foreign Affairs*, March/April 2018, <https://www.foreignaffairs.com/articles/usa/2018-02-13/clash-exceptionalisms>

spawned rising terrorism and Islamic extremism, floods of refugees destabilizing the EU, and US imperial overstretch, Kupchan argues America needs to shift to Version 3.0 of American exceptionalism. Here, version 3.0 is a combination of 1.0 (isolationism) and 2.0 (imperial overstretch), where Washington needs to exercise strategic modesty in the face of declining resources/material capabilities, waning ideological dominance, and look for *co-governance* with partners in cooperative security (inclusive), not just US-dominant military alliances in collective security (exclusive).

Kupchan recommends that US should shift its role as the world’s *policeman* to one of an *arbiter* of great power peace, emphasizing diplomatic rather than military engagement outside core areas. In this vein, the international community appears to be entering what Trine Flockhart, professor at Kent University and Kupchan’s co-author in a 2014 German Marshall Fund report *Liberal Order in a Post-Western World*, calls a “multi-order world.”<sup>4</sup>

### US, EU, and the emerging Multi-order world

Similar to Kupchan, Flockhart argues that at a time when the West is losing its material primacy and ideological dominance, with devolution of power from Western hegemony to increasing regionalism, identity (E.g., Muslim, Western, Asian, Latin American, African) is likely to be the major defining feature of new orders. While there has been much literature on a coming multi-polar world with the decline of the West and “Rise of the Rest”, and seeing different *powers* or *poles* still within the US-led liberal order, Flockhart’s argument differs in that she sees there will be various *orders*, with the Western liberal order being

<sup>4</sup> T. Flockhart, C. Kupchan, C. Lin, B. Nowak, P. Quirk, L. Xiang, *Liberal Order in a Post-Western World*, 2013-14 Transatlantic Academy collaborative report, 5 May 2014, The German Marshall fund of the United States, <http://www.gmfus.org/publications/liberal-order-post-western-world> Trine Flockhart, “The Coming Multi-order World?” *Contemporary Security Policy*, Vol. 27, Issue 1, 2016, <https://www.tandfonline.com/doi/full/10.1080/13523260.2016.1150053>

one order in a pool of different orders. This is akin to the Cold War international system when different economic orders co-existed – one was the US-led Western liberal order undergirded by US military power and the Bretton Woods institutions, another one was COMECON led by the Soviet Union and the Warsaw Pact, and a third economic order with the Non-Aligned Movement (NAM).

If a multi-order world is indeed forthcoming, we may perhaps see a consolidation of the Americas in one order, Germany/continental Europe in another order, China and Russia in a Eurasian order, Iran/northern Middle East in one order, Saudi Arabia/southern Middle East in another order, an African order, and so on. In such a scenario as also described in Kupchan’s book *No One’s World* (2012), where no one order, power, or pole dominates, the goal and challenge then is to weave a new normative consensus and coordination of diverse capitalist governance models in this system of *decentered* globalism.<sup>5</sup> Thus the sooner the Washington DC establishment realizes and adjust US policies, the better the prospect for a peaceful transition to this new world order. The question now is, which version of American Exceptionalism will the US choose?

### America at a crossroad

Unfortunately, at this juncture, it seems the US Establishment is still allergic to policies not built on a foundation of hegemony, and will likely continue to seek *dominance* over others via military power rather than to *lead* with soft power. Pundits proffer reasons for continued military interventions abroad, underscoring that the US military can extract economic benefits from its security arrangements overseas.

In a 2013 *Foreign Affairs* article, Stephen Brooks, G. John Ikenberry and William Wohlforth argued that a country’s military dominance undergirds its economic

<sup>5</sup> Charles A. Kupchan, *No One’s World: The West, The Rising Rest, and the Coming Global Turn* (Oxford University Press, 2012), <https://www.cfr.org/book/no-ones-world>

leadership, and during the Cold War Washington used its security umbrella to get allies to embrace preferred US economic policies – e.g., convincing West Germany in the 1960s to take costly steps to support the US dollar as a reserve currency.<sup>6</sup> In 2011, when negotiating the free-trade agreement with South Korea, US officials also took advantage of Seoul's desire to use the agreement to tighten its security relations with Washington, with one diplomat explaining *"We asked for changes in labor and environment clauses, in auto clauses, and the Koreans took it all"* in order to maintain the US security umbrella. As such, economic concessions are a form of "protection" money for the use of US military power.

The authors also further argue US politico-military dominance is a form of guarantee for keeping the US dollar as the world's reserve currency. As a general responded when asked what guarantees the value of the US dollar given it is a fiat currency not backed by actual gold or silver, the economy is laden by a \$21 trillion debt, and people may lose confidence in the US government, he answered: US military power. In a way, he may be right. As Brooks *et al* assessed, *"EU's dependence on the United States for its security precludes the EU from having the kind of political leverage to support the euro that the United State has with the dollar,"* and Joseph Nye also observed *"The American military role in deterring threats to allies, or of assuring access to crucial resources such as oil in the Persian Gulf, means that the provision of protective force can be used in bargaining situations"* and get others to fall in line with US interests.

Nonetheless, this type of hard power is not sustainable in the long-run and may create fear, resentment and contempt from other countries abroad, not to mention the neglect of Americans and do-

mestic policies is also breeding discontent at home. Back in 2016, the Washington Establishment was unfortunately out of tune with the rest of the country and the American people, and thus were caught flat-footed when Trump won instead of Clinton. And they will likely continue to be surprised. Part of why President Trump is having frictions with Germany, China and others is driven by domestic concerns about job creation, trade balance, even if some of the policies may be misguided. He is a domestic policy president first, and that is his main driver, with attendant impact on US foreign policy. As a result, this will cause friction in the foreign policy establishment since Trump's policies do not always align with the establishment's interests and preferences.

In the face of political cleavage at home and transatlantic rift abroad, it is all the more important for Trump's America to come to some consensus and cooperation with others in this decentered global system. President Trump needs to balance domestic interests with international commitments, and this calls for US allies to step up to the plate and become important partners for co-governance in the new world order. As Kupchan recommended, America can no longer be the world's policeman, but can be a new arbiter of great power peace by working with other partners. This may mean revisiting the 1989 Partner in Leadership that President Bush offered Germany after reunification, but Berlin failed to accept. Now, with a Trumpean America embarking on American Exceptionalism 3.0, the timing may be right for US in the Americas and Germany in continental Europe to partner as leaders of the Western liberal order, to continue to strengthen transatlantic ties and keep the West "the West", in an increasingly multi-order world.

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## THEMEN

### Geopolitical Trends in the South Pacific: Is the US or China Winning?

#### Security and Defence trends in Australia and New Zealand

#### Security and Defence relations with the US

Australia and New Zealand are both aligned with the US in defence and intelligence. The two countries cooperate closely with the USA under the Five Eyes Intelligence Sharing Agreement (as well as with Canada and the UK). The origins of this alliance date back to the post WW II and cold war eras. Australia is hosting a big intelligence facility in Central Australia, so is New Zealand on the South Island. There has been a division of labour for a long time: New Zealand is gathering intelligence throughout the Pacific Island countries while Australia focuses mainly on its neighbours in South Asia and East Asia.

In the defence area, the 1951 ANZUS treaty between the US, Australia and New Zealand is the foundation for the US military presence in the Pacific Ocean. The three countries fought side by side in the various wars since WW I and WW II in Europe, the Pacific, Korea, Afghanistan and the Middle East.

Australia has always had very close US strategic and military ties and has long been the vital US ally in the Pacific. In 2014 the two countries signed a Force Posture Agreement, which paved the way for 1.250 US Marines to be permanently deployed in Darwin and for increased US aircraft rotations. As a signal of continued US commitment to the region, the number

<sup>6</sup> Stephen G. Brooks, G. John Ikenberry, William C. Wohlforth, "Lean Forward: In Defense of American Engagement", *Foreign Affairs*, January/February 2013 Issue, <https://www.foreignaffairs.com/articles/united-states/2012-11-30/lean-forward>

is to be slightly increased this year with a final target of 2.500 Marines. In 2015 a Joint Statement on Defence Cooperation was issued outlining their future cooperation. Since 2005 they have held joint biennial military exercises. The last one in June, 2017, in Australia involved over 33,000 US and Australian military personnel. The special ties have been reaffirmed in last year's meeting between President Trump and Prime Minister Turnbull as well as at their meeting in March 2018 when Australia secured an exemption from US tariffs on steel and aluminum. The Trump Administration stuck to a previous US-Australian deal brokered by President Obama and resettled refugees into the US who were detained by the Australian government in the Pacific island country Nauru. Australia in turn conducted a highly publicized freedom-of-navigation naval exercise in the South China Sea in April 2018 contesting China's claim of sovereignty.

However, the new Australian Foreign Policy White Paper, published in November 2017, reflects its worries about a growing instability in the region due to China's increased assertiveness. It lays open Australia's dilemma: balancing Australia's interests between its major security partner, the United States, and its major economic partner, China. The alliance with the US continues to be a central pillar of Australia's security net. And Australia urges the US to remain involved in the region and claims: *"The web of US alliances in the Indo-Pacific, especially with Japan, the South Korea and Australia makes an essential contribution to regional security."*

The 2017 White Paper includes for the first time the Indian and the Pacific Oceans in Australia's security shield (previously only Asia Pacific without India) and promotes a "Free and Open Indo Pacific", a concept which was also voiced by US Defence Secretary Mattis in his Shangri-La Dialogue speech in Singapore in June 2018.

Australia seems to assume that the US strategic dominance in the

region can no longer be taken for granted with China challenging the US position in South East Asia. The White Paper warns of growing instability in the region and calls for closer Australian ties with its regional partners Japan, India, South Korea and Indonesia. There seems to be a renaissance of the decade-old idea of the Quad, a rather loose quadrilateral defence alliance of these four countries in the India-Pacific region as an additional security net. At a meeting in January 2018, the Japanese and Australian Prime Ministers agreed as a first step on a Visiting Forces Agreement to strengthen their military cooperation. Australia also plans to raise its defence spending from A\$ 34 billion in the next few years to to approximately A\$ 58 billion, which amounts to about 2% of its GDP.

Australia also recognizes the importance of closer cooperation with the ASEAN bloc, its neighbouring region. At the Australian-ASEAN summit in Sydney in March 2018, PM Turnbull emphasized the importance of working more closely together with the 10 ASEAN countries in a time of global instability. The summit, however, did not show many results in terms of a common future strategic cooperation in the Asia Pacific region.

New Zealand has always been a more distant ally of the US. After New Zealand's ban on US nuclear warships in its waters in 1985, the military relationship between New Zealand and the US was frozen for almost 30 years.

The US-New Zealand relations improved because New Zealand played a supportive role in various international conflicts and assisted the US in the fight against terrorism after September 11, especially in Afghanistan. This rapprochement continued during the Obama administration with President Obama's so called "Rebalancing towards Asia" or "Pivot towards Asia" policy. This policy was proclaimed by the then Secretary of State, Hillary Clinton, at the Pacific Island Forum in the Cook Islands in 2012. The Washington Declaration signed by the American and

New Zealand defence ministers in June 2012 was the official ice-breaker. The agreement provided a framework to strengthen bilateral defense ties. In the same year New Zealand ground troops took part for the first time since 1984 in the biannual US led Rim of the Pacific exercises. The reopening of their strategic cooperation culminated in the visit by a US nuclear powered naval ship to New Zealand in December 2016. Analysts, however, point out that this mainly defence oriented "Pivot towards Asia" had been focused on South East Asia, Australia, Japan and South Korea, an area which the US regarded as strategically more important than New Zealand and the South Pacific Island countries. There is one exception, though, the US Missile Defense base in the Marshall Islands in Micronesia in the South Pacific is a vital link in its strategic Pacific defence strategy since World War II. The base on the Marshall Islands has become even more important since the recent North Korean threats of launching missiles towards the US mainland.

Considering that they are both maritime countries in the Pacific, one would have assumed that it was in the best interests of New Zealand and Australia to cooperate very closely in the defence area. This cooperation is more limited than one would expect. However, account has to be taken of the different history and geography of both nations as well as their different attitudes towards defence and security issues (Michael Powles). Australia was attacked by Japan during WWI, but not New Zealand. And Australia's closest neighbour is an ASEAN country, Indonesia, and a Pacific island country, Papua New Guinea. New Zealand is much further removed from any of these countries, Australia being its biggest and closest neighbour, followed by the South Pacific island countries and the Antarctic.

The new Australian focus on the Indo-Pacific is so far not shared by New Zealand. The maritime strategies of both countries thus have a slightly different geographic focus. The main common denomi-

nator is their interest in stability at their doorsteps in the South Pacific. New Zealand's maritime strategy is primarily focused on the protection of its own vast Exclusive Economic Zone (EEZ) and as a second priority on the South Pacific Ocean and the Antarctic. As a result, New Zealand is investing mainly on surveillance ships for its EEZ as well as ships for aid and disaster-related support for the South Pacific. Australia however, has more "combat oriented capabilities driven by needs in its northern maritime approaches" (Robert Ayson). At his Shangri-la speech PM Turnbull pointed out that his government is investing in the largest naval expansion in peacetime. In line with Australia's new Indo-Pacific strategy, the biggest Australian military purchase was an A\$ 50 billion contract for 12 long range submarines from France with advanced US weapon systems in 2017. Australia recently also purchased a substantial amount of US military equipment.

The increase in Australian defence spending will not be matched by New Zealand as the electorate in New Zealand and the past and present governments are more concerned about the need for education, social welfare and infrastructure spending.

Both countries have been collaborating in the South Pacific on humanitarian missions with their navies and armies, most prominently in Fiji in 2016 after cyclone Winston. The new New Zealand government has vowed to refocus its foreign policy on the South Pacific Island countries. In his first speech in Australia in March this year, Foreign Minister Winston Peters has signaled to his Australian hosts: "Don't forget the Pacific" and warned of "a great power competition in the (South) Pacific" which, Peters claimed, forces the two countries to protect their interests. In a first move, New Zealand extended the assistance to Fiji with a New Zealand Navy patrol vessel and has sent in May 2018 another offshore patrol vessel to help safeguard Fiji's Exclusive Economic Zone. Australia's recent White Paper also demanded "a new approach to the South Pacific

ic" and the government subsequently increased its aid budget to the South Pacific after previous cuts.

#### **Defense relations with China**

Australia and New Zealand both have a Strategic Defence Dialogue with China. But this cooperation is limited to senior level dialogue, hosting visits of Chinese naval vessels and to humanitarian relief drills in the South Pacific. Both Australia and New Zealand respectively, have regular exchanges and exercises with the People's Liberation Army (PLA). Australia is committed to strong and constructive ties with China; but it is critical of China's actions in the South China Sea and considers it a major fault line. It recently identified China's Liberation Army as a threat to Australia's sovereignty.

Australia has been among the most fervent opponents of China's territorial claims to the South China Sea. Its White Paper underlines that Australia is committed to strong and constructive ties to China but it also states: "*We encourage China to exercise its power in a way that enhances stability, reinforces international law and respects the interests of smaller countries and their right to pursue them peacefully*". The Australian Navy recently conducted a freedom-of-navigation naval exercise in the South China Sea. New Zealand, being a small state with a strong trade dependence on China, has been much more cautious in its response to the South China Sea dispute.

There have also been strong rebukes by the present Australian government against alleged recent Chinese cyber warfare activities as well as against interference in Australia's internal politics.

#### **Security and Defence relations: Conclusion**

The US remains the dominant defence and intelligence power in the Pacific. The US-Australia Defence Alliance, the ANZUS triangular alliance, the Five Eyes Agreement with Australia and New Zealand as well as the American alliances with Japan and South

Korea continue to be the anchor of American dominated security in that part of the Pacific region. Australia is becoming more concerned not only about Chinese but also about American longterm strategic intentions and hedges its bets by refocusing on the Quad and the old ASEAN partnerships. The New Zealand government seems to focus on its historically close relationship with the South Pacific countries and has maintained a balanced approach to China. China only has a weak military cooperation with both countries. In an overall assessment for the whole region China is "rapidly closing in on the US" according to the Lowy Institute Asia Power Index 2018.

#### **Chinese and American economic ties with Australia and New Zealand**

To get a fuller picture, a brief analysis of the economic relations is important.

The US continues to have a very strong investment presence in Australia and New Zealand. For a long time the US has been the number one investor in Australia (A\$ 860 billion in accumulated investment, mainly in finance and insurance). China ranks only in position seven and its total investment is one-tenth that of the US. The US is only the 6th largest export country for Australia with a drop in exports to the US of almost 10% in 2016. The US is in third position in overall trade. With the US-Australian trade balance heavily in favour of the US, the Australian PM has secured an exemption from tariffs on its A \$ 400 Million aluminum and steel exports to the US.

China is Australia's biggest trading partner. 33% of Australia's exports went to China (A\$ 95 billion) in 2016. The conclusion of a Foreign Trade Agreement in 2015 was useful for both China and Australia, resulting in a 15% trade increase in 2016.

New Zealand's exports quadrupled and bilateral trade has tripled to NZ\$ 24 billion in 2016. China became New Zealand's biggest export trading partner with dairy products, especially baby milk

formula and untreated logs. In fact, half of China's dairy imports come from New Zealand. The bilateral Foreign Trade Agreement (FTA) is in the process of being upgraded. Chinese overall total investment in New Zealand, NZ\$ 5 billion, amounts to only about 2% of total foreign investment in New Zealand. The US is New Zealand's 3rd largest trading partner. There is no US-New Zealand FTA in place. American companies have much higher overall investments in New Zealand than China (2016: NZ\$ 600 million).

We see a similar pattern in both countries: Australia and New Zealand are valuable sources of raw materials for China's industrial production and for feeding its population. Concluding Foreign Trade Agreements with both countries had helped China to secure a pole position. It has been less interested in investing in these two countries. New Zealand was the very first country with which China had an FTA in 2008. The dependence on China of main sectors of the Australian and New Zealand economies has increased (dairy, coal and iron exports but also tourism and universities). They are highly dependent on trends in the Chinese economy and risk being subjected to Chinese import restrictions or policy changes.

Australia and New Zealand saw the withdrawal of the Trump Administration from the Trans-Pacific Partnership (TPP) as a massive setback to Pacific economic integration. However, both countries have since signed the Comprehensive and Progressive Agreement for Trans-Pacific-Partnership (CPTPP) with the remaining nine countries in Chile on March 9, 2018.

At the same time the Regional Comprehensive Economic Partnership (RCEP), the Chinese "counterproposal" to the TPP, is being negotiated with a number of countries including Australia and New Zealand. There are expectations that it can be finalized by the end of 2018.

Australia is reluctant to join the "Belt and Road Initiative" (BRI) of

the Chinese Government. BRI is a "game changer" according to Australian Shadow Foreign Minister Penny Wong as it is using its economic power for strategic aims. There is some reservation within the present Australian Government, as it has concerns about the security implications of China's involvement in large-scale Australian infrastructure projects. Presently, ties between Australia and China remain strained and some commentators even suggest that they are in a deep freeze". (Hugh White)

New Zealand, on the other hand, has in 2017 signed a bilateral BRI Memorandum with China and has already identified infrastructure projects in the north of New Zealand. It was also the first country to become a member of the China led "Infrastructure Investment Bank" (AIIB).

China is making good use of the politico-economic void created by the US economic multilateral disengagement.

#### **Ties with the South Pacific Island countries**

Australia, New Zealand and the US, and to a lesser extent France, the UK, the EU and Japan have been the traditional partners of the South Pacific Island Countries which comprise 14 independent or semi-independent states. In addition there are 22 territories administered by New Zealand, Australia, the US, France and the UK. Pacific Island countries share similar challenges such as small populations, limited resources, vulnerability to rising sea levels, lengthening droughts and increased cyclone intensity.

Development assistance has been important. Australia is by far the biggest aid donor, having contributed a total US\$ 6.8 billion since 2006, followed by China and the US (US\$ 1.89 billion respectively), Japan (US\$ 1.17 billion), New Zealand (US\$ 1.29 billion) and the EU and its individual member states appr. US\$ 1 billion from 2014 to 2020. Two-thirds of the total aid to the Pacific countries comes from Australia. New Zealand, for a country its size, has al-

so made a considerable contribution, US\$ 1.29 billion since 2006. Both countries have strong economic, historic and cultural ties with their Pacific "hinterland". This applies especially to New Zealand, which has a large immigrant Pacific population comprising 11% of the country's total population. Both countries have long been the biggest regional donors. However, they have lost some political clout during their economic and political sanctions against the then military regime of Fiji. The international sanctions were initiated after the military coup in Fiji in 2006 and lasted until 2014.

China stepped into that vacuum and supported Fiji. It also financially helped Fiji create a new regional organisation, the Pacific Island Development Forum (PIDF) in 2013. PIDF was originally considered a rival to the Pacific Island Forum (PIF) The PIF, the foremost regional inter-governmental body, was created in 1971. Australia and New Zealand were founding members. The US and China, along with 16 other nations, are dialogue partners. In 2008 the PIF members suspended Fiji's membership because of the military coup until Fiji's democratic elections in 2014.

The USA considers the South Pacific as an important strategic area to safeguard its sea lanes in the whole of the Pacific. It has a substantial aid commitment to the Pacific which is spread over numerous programmes, the bulk of which goes to the Marshall Islands. The trade relationship with the Pacific is rather weak, altogether merely approximately \$ 29 million exports to the US (2014, over 62% of all Pacific countries exports coming from the US protectorate Marshall Islands).

China has become the second most important trading partner for the South Pacific island countries. China's real estate investment in a number of these countries has considerably increased, especially in Papua New Guinea. She has also become the third biggest donor country in this region. It is difficult to get concrete figures about China's aid but it is estimated that

from 2006-2016, China's 218 projects in the region amounted to almost US\$ 1.78 billion (Philippa Brant, Lowy Institute).

In Fiji, China already became the biggest donor, in Cook Islands, Samoa, Tonga and PNG the second biggest donor. China's aid often lacks transparency. Chinese assistance comes mainly in the form of large infrastructure projects with few or no strings attached (so called "hard aid"). Aid has mainly been given to countries that adhere to the One-China policy. 80% of China's aid now comes as concessional loans, which give an interestfree period followed by a period up to 20 years with interest rates that can be quite high (Prior to 2006 grants or interest free loans were given by China.). This can become a heavy burden for the smaller economies. Since the 1980s development assistance by Western donors had moved away from support for infrastructure projects towards sustainable cooperation projects: capacity building, poverty reduction strategies, good governance, budget assistance and climate change adaptation programmes. China has moved into the gap of financing and supplying necessary infrastructure projects.

It is also unfortunate that China is using mainly China sourced materials for its infrastructure projects. And its policy of migrating Chinese project workers to the Pacific countries has led to local unrest and considerable unease among the island communities.

Recently the Australian Minister for International Development raised the ire of China and the leaders of Pacific Island countries with her rather blunt criticism of Chinese aid to the South Pacific. She criticized the high debt burden created by unsustainable Chinese infrastructure projects. However, it was the IMF and other donor institutions, which had earlier raised concern over the sustainability of Chinese projects and the growing level of debt burden to China.

The strategic aims of China in the South Pacific seem to be an in-

crease in political influence on these countries as they exercise their votes in the UN and other international bodies. China is also interested in access to Pacific ports for its fishing fleets and its Navy and to seabed mining. There have been reports about a potential Chinese naval base in Vanuatu, which is 1750 km of the east coast of Australia and where China is building a wharf for cruise ships. According to some observers, Fiji seems another choice for a Chinese base. This would give China important footholds in the South Pacific backyard of Australia. Australia and the US have reason to be troubled by this development as it points to a serious Chinese strategic presence in the South Pacific.

As one response to China's growing influence Australia has recently increased its aid budget to the South Pacific by A \$ 200 million. It will fund, among other projects, an undersea internet communications cable between Australia and the Solomon Islands which it prevented Chinese company Huawei from building due to security fears. French President Macron, on a visit to Australia and French New Caledonia in May 2018 echoed Australian and New Zealand concerns when he underlined that "it is important ... to preserve necessary balances" and "not to have any hegemony in the region".

### **New Geopolitical Trends in the South Pacific – A Conclusion**

We see a growing divergence between strategic-military and economic power distribution in the region. There are signs of China's increasing assertiveness and of US inclination to take on fewer responsibilities in the region. The middle power Australia and its neighbour New Zealand are trying to navigate these tricky waters.

The US maintains a strong investment and intelligence presence in Australia and in New Zealand. It still has very close security and military ties with Australia, recently renewed military ties with New Zealand and has a strong military presence in the Marshall Islands. Australia, in tandem with the US, has revived the old "Free

and Open Indo Pacific" concept but is still short on specifics about it. It wants to realign itself with the old Quad partners Japan, India and South Korea and with ASEAN as a precaution against the growing Chinese influence in the region and a potential American disengagement from the region.

The withdrawal of the new US government from the TPP left a vacuum but has not prevented the other eleven TPP partners from signing the CPTPP trade pact without the US. It has also facilitated Chinese economic initiatives (RCEP, AIIB and BRI) in this region. China already is the dominant trading partner of Australia and New Zealand and will soon also be a dominant economic force in the South Pacific Island countries. The trade dependence on China is creating a political dilemma for Australia and New Zealand. In addition, domestic anti-Chinese sentiments make a coherent Australian China policy difficult.

Australia, New Zealand, the US, Japan, the EU remain big donors to the South Pacific islands, but China is increasing its aid footprint in the South Pacific. Australia and New Zealand are in danger of losing their traditional political influence in the South Pacific due to four factors: the growing activities of China, a previous cut in Australia's development budget and previous economic and political sanctions by Australia and New Zealand towards Fiji until 2014 which the present Fijian government has not forgiven. Ambivalent positions of Australia and New Zealand regarding climate change issues have been viewed critically by the South Pacific island countries, which are seriously threatened by climate change.

Fiji and other Pacific countries have become more assertive in the last decade. There is a positive trend towards stronger cooperation among South Pacific island countries within the framework of the Pacific Island Forum and other Pacific institutions. South Pacific leaders basically welcome increased Chinese aid and investment as it helps them

with infrastructure projects that the Pacific governments want or need. But it also poses a risk of political dependence and unsustainable debt for some of these island countries. In future, it might enable China to exert significant political leverage over Pacific countries, especially on international issues affecting China's core national interests.

The South Pacific is a region where geopolitical power is being redistributed. The winner of this ongoing power game is not yet clear but the scales seem to tip in favour of a more assertive China.

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## THEMEN

# Chasing the Centre of Gravity in the Age of Accelerations<sup>7</sup>

## Security in No One's World

In the emerging security environment classical power projection will not suffice. Hybrid concepts and strategies come to the

fore. These target vulnerabilities - from cyber-attacks on critical information systems, through the disruption of critical services, such as energy supplies or financial services, to undermining public trust in government institutions or social cohesion. A distinction can be made between hybrid influence (disrupting political space) and hybrid warfare (controlling territory or decisions), each by an ultimately state actor.

The cyber domain has a particular role in applying and fighting hybrid action. Via the cyber space everything is connected to everything else: systems, machines, people. Everything can be damaged, disrupted or put out of service practically from anybody anywhere. Defenders don't know when an attack is being launched, where it will strike and how. The resulting ambiguity makes an adequate reaction difficult, in particular for democratic societies or multinational organizations that operate on the principle of consensus. „New“ forms of warfare and fighting evolve. Traditional lines of order and responsibilities are being challenged through operations against specific vulnerabilities of the opponent in the shadow of interfaces. The main focus of hybrid action is on people and decision-making. The decision of hybrid war/conflict is searched for primarily at non-military centres of gravity.

Technological upheavals suggest that the portfolio of hybrid hazards will rapidly expand. Computers are becoming faster and ubiquitous. Other fundamental breakthroughs include robotics, nano- and biotechnology, artificial intelligence and sensor technology. Machines are getting smaller and more powerful every day. They connect symbiotically with people's lives. In the increasingly developed knowledge society, knowledge proliferates not only legally, but very often as well as through systematic theft of intellectual property. Communication technologies are driving this development. The enormous potential of Big Data plays an important role here.

## Resilience needed

Vis-à-vis hybrid challenges resilience has become an urgent necessity – resilience in terms of the ability to cope, adapt and quickly recover from stress and shocks caused by a disruption, disaster, violence or conflict. Systems, organizations and people need to be prepared for attacks. Already in the Cold War resilience was designed to anticipate and resolve disruptive challenges to critical functions, and to prevail and fight through direct and indirect attack. Yet, with view to today's increased globalization, highly capable information and communication technology and the evolution of hybrid warfare resilience must rise to new levels.

New organizations, command concepts, doctrine and performance objectives need to evolve. Shared knowledge helps building trust to prepare and respond together through modular, composable organizations. Multinational strategies will draw upon resources and commitment from levels below and beyond the nation-state. This puts a premium on strong partnerships.

Investments in resilience are anything but trivial tasks. The hybrid complexity and ambiguity must be countered with an interdepartmental and trans-sectoral perspective. From the outset, a decidedly innovative approach is needed that builds on existing approaches and generates new momentum. A special opportunity is offered to strengthen the resilience of the state and society, armed forces and the private sector through a networked simulation and experimental network of new technologies, innovative partnerships and creative thinking.

Of particular importance is the cooperation with the private sector. This cooperation will not develop easily. The increasing power and availability of 'dual use' technology is a particular challenge. From data mining and sensor systems to 3D printing and sensor systems, many of the most significant technology developments today have both civilian and mili-

<sup>7</sup> This think piece reflects my remarks given at the Symposium and Workshop INNOVATION IN THE "AGE OF ACCELERATIONS": GLOBAL RESILIENCE AND CYBER KNOWLEDGE NETWORKING, 6 APRIL 2018, George Mason University Science and Technology Campus, Manassas, Virginia

tary applications. But governments are no longer necessarily attractive partners. There is much more money in the non-military business, while governmental partnerships bring plenty of paperwork, formal and bureaucratic meetings while the financial incentives keep shrinking.

Situational awareness will have to provide for achieving better protection against hybrid threats. Security risk assessment methodologies need to inform decision makers and promote risk-based policy formulation in areas ranging from aviation security to terrorist financing and money laundering. Indicators of hybrid threats and existing risk assessment mechanisms need to provide for early warning. Intelli-

Resilience new cut is to generate an increase in value by means of innovation to proven projects and processes, which must be practiced lastingly and developed continuously. Creating resilience is both a process and a goal. It is about the attitude and motivation of key players, right down to the individual citizen. It is an iterative, inclusive, integrated, adaptable and flexible process. In liberal democratic societies it is supposed to protect a free, democratic basic order and its values. It has to come up with concrete and measurable skills. The key to success is the continued integration of new information and new knowledge as a basis for the current reassessment and reprioritization of existing activities.

a part of an intended mosaic. The military concept of a Centre of Gravity (CoG) in conflicts has been introduced by Carl von Clausewitz and has evolved as a core element of military doctrines. Carl von Clausewitz described the enemy's CoG as *"the hub of all power and movement, on which everything depends. That is the point against which all our energies should be directed."*<sup>8</sup>

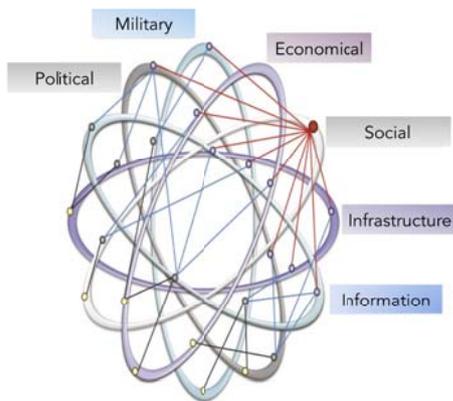
Joseph L. Strange and Richard Iron have offered an understanding that multiple CoGs *might exist and may even change from phase to phase within a campaign.*<sup>9</sup> This approach is perfectly suited to meet the recent challenges posed by hybrid influencing and hybrid warfare. Political and military decision-makers have then to determine how to protect own CoGs and influencing opponent actors CoGs in the desired manner.<sup>10</sup>

Clausewitz thought of the CoG effects based. This makes the CoG approach particularly fitting vis-à-vis the NATO Comprehensive Approach to security that is effects based too and explicitly focuses operations on political, military, economic, social, infrastructure, and informational effects by using diplomatic, information, economic and military actions.

### What Education, Training, Networking?

Chasing CoGs is something civilian/political decisionmakers should urgently train as in hybrid conflicts the CoG will be likely on their side. Clausewitz considered the calculation of a CoG a matter of *"strategic judgment"*, to be addressed by the top decision-makers. Unfortunately, too many political and military decision-makers today have only limited respective education, training and

### Center of Gravity



**Carl von Clausewitz**  
The enemy's Centre of Gravity is *"... the hub of all power and movement, on which everything depends. That is the point against which all our energies should be directed."*

gence and information sharing has become even more important. Dedicated mechanisms for the exchange of information are required. Prevention, response to crisis and recovery measures need effective procedures to follow.

The primary responsibility for building and sustaining resilience lies at the national level as most vulnerabilities are country-specific. Yet, cross-functional, cross-national and cross-societal interdependencies require joint action of all relevant actors – to include whole-of-society and international partners. It has become essential to work across geographical borders, agency and governmental/non-governmental boundaries.

### Centre of Gravity

How can decisionmakers protect national security and the personal security of citizens against this background? Countering hybrid warfare requires more than rapid military responses. Valid approaches need to be based on a flexible policy, striving to deter and counter hybrid adversaries with a wide range of instruments. Rapid identification of a hybrid attack is a precondition for timely decision making in order to early engagement and blocking escalation. To this end networked knowledge, expertise, and situational awareness is of key importance.

While hybrid actions appear to be a construct of vaguely connected elements. In reality the pieces are

<sup>8</sup> Carl von Clausewitz, *„On War“*, eds./trans. Michael Howard and Peter Paret (Princeton: Princeton University Press, 1976), pp. 595-6.

<sup>9</sup> Dr Joseph L. Strange and Colonel Richard Iron, *„Centre of Gravity: What Clausewitz Really Meant,“* *Joint Force Quarterly*, 35 (October 2004), pp. 20-27.

<sup>10</sup> Australian Defence Doctrine Publication (ADDP) 5.0, *„Joint Planning“*, Edition 2 (Canberra: Department of Defence, February 2014) 2-11, 2-12.

experience. This needs to be changed to enable viable political-strategic options resulting from alternative DIME-employment options. There is an urgent need to improve and to develop skills dealing effectively with hybrid threats on all levels of decision-making. Civilian and military leadership need to be better prepared.

Education has to broaden the understanding of the exposures security actors face. This is not predominantly a technical matter. It rather requires developing a comprehensive view across all dimensions, to encourage broad, innovative thinking about how to enhance the long-term sustainability of societies, nations, economies and organizations against a backdrop of acceleration and dynamic change.

New pathways toward holistic, cross-discipline and divergent thinking must be pursued in order to promote sustainable development and foster resilience. Exercise and training programs need to be adapted to reflect developments in and reactions to hybrid warfare. As hybrid actions build tactically on blended tactics, flexible and adaptable structures, special operations and Information operations the scope of tactical training is challenging. Higher level, joint civil-military education, training and exercises should employ best possible applications in next-generation, network-enabled, advanced learning methodologies - output focused, reflecting a systems approach, supporting individual and collective training and fostering knowledge development for interagency and coalition interoperability.

Knowledge networking is key to organizational learning and adaptation, to training and education and last but not least to operations – thus making available knowledge actionable. An easy accessible knowledge network needs to cover the political, military, economic, social, infrastructural, and informational disposition of hybrid opponents that may allow to identify centres of gravity

and support assessments. Regional and even Global Knowledge Networking together with a network of regional and functional „Resilience Readiness Centres” would contribute to significantly improved education, training and readiness against hybrid threats.

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Die **Denkwürdigkeiten** erscheinen mehrfach jährlich nach den Veranstaltungen der pmg.

