# BLACK SWAN

## STRATEGY PAPER

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**CLIMATE ALLIES: AUSTRALIA-US COOPERATION IN A WARMING WORLD**

**AUTHORED BY DR WESLEY MORGAN**

**DEFENCE AND SECURITY THROUGH AN INDO-PACIFIC LENS**

UWA DEFENCE & SECURITY

THE UNIVERSITY OF WESTERN AUSTRALIA

**Cover Image** An Australian Army loadmaster from the Army Aviation Training Centre at Oakey in Queensland surveys flooding from an MRH-90 Taipan helicopter on Friday, 13 May 2022.

**Inside Cover Image** The first off shore wind farm in the USA went online May 1st 2017.
Photo by Shaun Dakin

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Images courtesy of the Department of Defence.



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Wesley's current research focusses on the ways countries work together at the UN to tackle climate change, and integrate climate change into their foreign policy and national security strategies. His most recent work considers climate security in the context of renewed geostrategic competition in the Pacific Ocean and explores the prospect of Australia co-hosting the annual UN climate talks with Pacific island nations.

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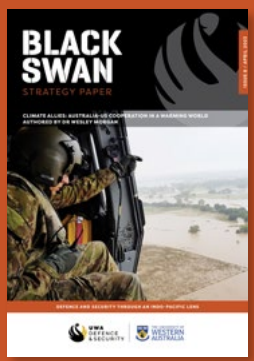


# About the Black Swan Strategy Papers

The *Black Swan Strategy Papers* are the flagship publication of the UWA Defence and Security Institute (DSI). They represent the intersection between Western Australia and strategic studies – both of which are famous for their black swans. The series aims to provide high-quality analysis and strategic insights into the Indo-Pacific region through a defence and security lens, with the hope of reducing the number of 'black swan' events with which Australian strategy and Indo-Pacific security has to contend. Each of the Black Swan Strategy Papers are generally between 5,000 and 15,000 words and are written for a policy-oriented audience. The Black Swan Strategy Papers are commission works by the UWA DSI by invitation only.
Any comments or suggestions for the series can be directed to the editor.


More than 80% of Australia's electricity will be generated by renewables by 2030. Photo by GenEx

# Contents


↑ An Australian Army CH-47 Chinook delivers supplies to island communities in Vanuatu following devastating cyclones in March 2023.

# Executive summary

Climate change is an unprecedented global challenge and a threat to national security in Australia and the United States. The Australia-US Alliance was not established with a warming planet in mind, but close defence relations between Australia and the US provide a firm basis for cooperation to address the threat.

This paper explains that conditions are now ripe for Australia and the US to develop a shared strategy for responding to the climate crisis. In December 2022, climate action was formally recognised as a key pillar of the Alliance. This is just the first step. To avoid catastrophic climate impacts, both nations will need to deploy all instruments of statecraft to reinforce and accelerate global efforts to cut greenhouse gas emissions.

The US and Australia will also need to cooperate to respond effectively to the global energy transition. The shift away from fossil fuels, and toward clean energy technologies, has profound strategic implications. The US *Inflation Reduction Act 2022* marks an inflection point, signalling Washington's intention to compete with China in the production of electric vehicles, batteries and renewable energy infrastructure. Australia can play a supporting role supplying minerals and component parts that are crucial for clean energy technologies.

Today, an over-concentration of clean energy supply chains in China presents an energy security vulnerability for countries in the Indo-Pacific - especially as Beijing has shown a willingness to use its market power to coerce other nations to make decisions in its favour. Australia and the US can work with strategic partners in the region to build more diversified and resilient clean energy supply chains.

Finally, climate action is key to Australian and US strategy in the Pacific islands. China has a growing presence in the Pacific, which has changed the dynamic of a region long aligned with the West. Pacific island leaders view climate change as their single greatest security threat. To cement their place as security providers of choice, Australia and the US will need to work closely with island nations to tackle the climate crisis.

# Policy recommendations

- Recognise the climate crisis as a threat to national security, and prioritise climate action as a first-order strategic priority.
- Leverage industrial policy to help Australia supply critical minerals and component parts for US clean energy manufacturing.
- Collaborate with strategic partners in the Indo-Pacific to develop more secure and diversified clean energy supply chains.
- Provide more climate finance to support the energy transition in the Indo-Pacific and help nations deal with climate impacts.
- Work closely with Pacific island nations to drive global ambition to make deep and urgent cuts to greenhouse gas emissions.

↑ Taking action on climate change has helped Australia to strengthen relations with its key security ally, the United States.

# Introduction

**Following the election of a Labor government in mid-2022, Australia has made some early signals that it is ready to play a meaningful role in global efforts to tackle climate change.**

Prime Minister Albanese says Australia has a once-in-a-generation opportunity to shift from being a fossil fuel heavyweight to a renewable energy superpower. Both the prime minister and Defence Minister Richard Marles have indicated they want climate action to become a central pillar of the Australia-US Alliance. Australia's key security ally the United States was already open to this possibility. Early in its time in power, the Biden administration moved to place the climate crisis at the centre of US foreign policy and national security.

This paper explains that conditions are now ripe for Australia and the US to develop a shared strategy for responding to the climate crisis. This includes integrating climate change into joint force posture and strategic planning, which will ensure that both the American and Australian militaries can respond to large-scale climate disasters and operate in more hostile conditions. More fundamentally, both Canberra and Washington will need to use diplomacy and statecraft to reinforce global efforts to cut emissions. The stakes could not be higher. As President Biden explains, "climate change is the existential threat to humanity".[1]

Australia and America must also work together to manage the global energy transition. As the world moves to decarbonise, major powers are in a race to seize the opportunities of tomorrow's clean energy economy. This has far-reaching strategic implications, with power likely to shift from 'petrostates' to 'electrostates'. China currently dominates clean energy production. The US has responded by directly subsidising domestic manufacturing of renewable energy, batteries, electric vehicles and green hydrogen. Australia is well-positioned to play a supporting role, including as a secure supplier of critical minerals for clean energy technologies. As a key ally, Canberra will be looking for support from Washington to move up the clean energy value chain, by not only mining but also processing critical minerals for export.

Australia and the US can work together to ensure energy security in the broader Indo-Pacific. Providing energy security in a warming world depends less on the supply of oil and other fossil fuels and more on clean energy supply chains, including access to critical minerals and components of batteries, wind-turbines, solar panels, and electric vehicles. Currently, clean energy production is overly concentrated in China, which creates supply chain vulnerabilities for countries across the region. Canberra and Washington will need to work closely together and with strategic partners – including through the climate working group of the Quad – to develop more diversified and resilient clean energy supply chains.

Finally, to ensure the Australia-US Alliance continues to underpin the regional security order in the Pacific Ocean, both nations must work closely with Pacific island states to address their key security threat: climate change. Australia should leverage plans to co-host the United Nations climate talks with island nations to strengthen global ambition to cut emissions.

The Alliance must be reconfigured for a warming world. The climate crisis is a clear and present threat to security for both Australia and the US. To respond appropriately, policymakers in Canberra and Washington need to prioritise climate action as a first-order strategic priority.

# CHAPTER 1
# The climate crisis: Responding to a shared threat

**Climate change is an unprecedented threat to human societies and the ecosystems they depend on. Without urgent, coordinated global action to reduce greenhouse gas emissions, the earth's climate system will break down, leading to more frequent and intense extreme weather events.**

These developments will have devastating consequences, including species loss, ecological breakdown, widespread damage to infrastructure, resource depletion, food shortages, mass displacement and a rise in conflict.

Humanity is now at a precipice. Climate change and its impacts are accelerating. Without urgent collective action to cut emissions, the planet is headed for a full-blown catastrophe. As the United States special envoy for climate, John Kerry, recently told the United Nations Security Council, the collective failure to address climate change has left the world "marching forward to what is tantamount to a mutual suicide pact".[2]

Australians understand climate change as a key national security threat, and want the US-Australia Alliance to help meet that threat. Recent United States Studies Centre polling finds that climate change is the most important international issue for respondents – coming ahead of other issues like security cooperation with the US and Japan, increasing trade and investment in Asia, and standing up to China.[3] It also finds that many Australians believe the Australia-US Alliance should extend beyond traditional defence considerations. Seventy-seven per cent of those polled said fighting climate change in partnership with the US was important for Australia. Young people were most likely to support concerted climate action with the US. While the Alliance was not established with a warming planet in mind, it provides a solid basis to address the climate crisis.

↓ Australian Army soldiers deliver supplies to repair buildings on Galoa island (near Vanua Levu) in Fiji that were damaged by Tropical Cyclone Yasa in 2016.

US policymakers are already factoring climate change into threat assessments and national security planning. The Biden administration has explicitly "put the climate crisis at the centre of US foreign policy and national security".[4] The 2022 US National Security Strategy simply states, "the climate crisis is the existential challenge of our time" and says that "of all of the shared problems we face, climate change is the greatest".[5] In Australia, climate change has tended not to feature in national security debates, though some security leaders have warned that climate change is a core national security issue.[6] The federal Labor government elected in May 2022 now shares this view. It has commissioned the Office of National Intelligence to assess the risks of climate change for national security.

There are indications that perceptions are converging between Washington and Canberra that climate change is a threat to shared security interests in the Indo-Pacific. The US Indo-Pacific Strategy of February 2022 explains that "the Indo-Pacific is the epicentre of the climate crisis".[7] The region is home to 70% of the world's natural disasters. Australia and the US, along with Japan and India, have established a Quad climate working group that facilitates cooperation on clean energy supply chains in the Indo-Pacific, and supports adaptation efforts to help countries in the region prepare for the impacts of a warmer planet.

The climate crisis has significant implications for defence force structure. Increasingly, the Australian Defence Force (ADF) is being called on to participate in humanitarian


↑ HMAS Canberra's landing craft loads stores in Port Vila during Operation Vanuatu Assist 2023.

and disaster relief (HADR) operations both in Australia and the Indo-Pacific region. Military personnel and equipment are being deployed to respond to more frequent and intense climate events – including bushfires, floods, and cyclones. There have been calls for the ADF to create a standalone HADR unit, to be available to respond to the impacts of climate change, allowing other ADF personnel to focus on traditional warfighting.[8] A more hostile climate and rising sea levels also present a challenge for defence infrastructure. Careful planning is required if defence forces are to fulfil traditional roles in more extreme conditions.

Responding to the climate threat is about much more than adapting US and Australian defence force structures to match more extreme climate conditions. An appropriate response to the scale of the crisis would see Australia and the US work together to drive global efforts to cut emissions. This will require a concerted diplomatic strategy – working with like-minded countries to drive much steeper cuts to emissions this decade, and strengthening the global rules-based order to meet the challenge. Both nations must work together to reinforce collective action through the Paris Agreement, and put pressure on nations not doing enough to pivot away from fossil fuels.

Australia and the US will need to provide additional finance to help accelerate the clean energy transition in developing countries. At the G20 Leaders' Summit in Bali in 2022, the US led a coalition of wealthy nations that offered a US$15 billion package to help Indonesia shift away from coal-fired power. Similar packages have been developed for South Africa and Vietnam. Expectations are high that new finance will be on the table to help India move away from coal when New Delhi hosts the 2023 G20 Leaders' Summit.

Above all, Canberra and Washington must develop policy for cutting emissions at home, including ending coal-fired power, speeding up the shift to electric vehicles, and decarbonising industrial production. By 2025, under the Paris Agreement framework, all nations are required to set new, more ambitious targets to cut emissions. Both the US and Australia must be leading the way. To have any chance of limiting global warming to the Paris-aligned 1.5°C target, both nations should be aiming to make deep cuts to emissions before 2030.

Responding to the climate crisis has become a core aspect of the Australia-US Alliance. During Australia-US Ministerial (AUSMIN) consultations in December 2022, both nations "emphasised the need for urgent action on climate change and the importance of a clean energy transition, committing to pursue these as a new pillar of the U.S.-Australia Alliance".[9] They also pledged to work together to "drive stronger global action to address the climate crisis and to strengthen efforts throughout this critical decade to keep a limit of 1.5°C temperature rise within reach".[10]

Acknowledging climate action as a new pillar of the Alliance is just the beginning. Security analysts and policymakers in Canberra and Washington will need to develop shared strategy and devote appropriate resources for tackling the climate crisis.

↑ New climate spending means the US is charging ahead in the production of electric vehicles. Image credit: Climate Council of Australia.

# CHAPTER 2
# The race for tomorrow's economy

## The world is undergoing an energy transition as momentous and significant as the historical shift that occurred during the Industrial Revolution.

Driven by the urgent need to tackle the climate crisis and the economic advantages available in the shift to renewable energy, this transition is reshaping the global economy and reconfiguring international relations. The energy transition has become a central factor of geopolitics.

Both Australia and the US are incorporating the global energy transition into their strategic planning. Washington is ahead of Canberra in this regard. Policymakers in the US understand that decarbonising production and investing in clean energy infrastructure is not just about avoiding catastrophic climate impacts, but also about competing with rivals like China. As US Secretary of State Antony Blinken explained in 2021, "It is difficult to imagine the US winning the long-term strategic competition with China if we cannot lead the renewable energy revolution".[11]

Washington has made room for key allies like Australia to participate in its clean energy transition. This includes offering incentives for Australian miners to supply critical minerals for batteries and electric vehicles in the US. However, Australia will be looking for support to move up the value chain. Prime Minister Anthony Albanese wants Australia to go beyond a 'dig-and-ship' approach to critical minerals, and to develop a sovereign manufacturing capacity for batteries and other clean energy technologies. Industrial policy in the US could assist Australia move closer to this goal, by encouraging US firms to invest in mineral processing facilities in Australia.

In 2022, the US passed legislation signalling its intent to become a clean energy powerhouse. The Inflation Reduction Act (IRA) allocates more than US$500 billion to stimulate investment in clean energy technologies, which in turn is transformational for the US economy. The IRA is designed to establish a US clean technology manufacturing base through a range of tax incentives, grants, loans and subsidies. It is estimated the legislation will spur the creation of up to 1,000 new clean tech companies.[12] Early analysis suggests it is working as intended, having catalysed US$40 billion in private investment in the latter part of 2022 alone.

The Biden administration's willingness to use federal government loans to underwrite clean energy industries heralds a new age of state intervention to achieve climate and national security goals. Australian officials describe the IRA as "an inflection point in the global energy transformation" that is expected to "re-align global clean energy supply chains [by] drawing labour, capital and technology to the US".[13] Incentives built into the IRA encourage the manufacturing of batteries, electric vehicles, and renewable energy infrastructure in North America. Through these undertakings, the

Biden administration intends to 'onshore' manufacturing industries, and provide blue-collar jobs in the so-called 'rust belt', where voters have been disillusioned by industrial decline over recent decades. Already, post-IRA investments in electric vehicles and battery manufacturing have been concentrated in Republican-led states.[14]

Today, China leads in renewable energy deployment and clean energy technologies. The electric vehicle (EV) sector provides a good example. More than 100 Chinese companies produce electric cars and buses. In 2022, Chinese firm BYD overtook Tesla to become the world's largest EV producer.[15] China also dominates material processing for EV batteries. China accounts for more than half of rare-earth metals production and two-thirds of all lithium-ion battery factories.[16]

The IRA is a gamechanger. It provides $7,500 in tax credits for the purchase of new electric vehicles, which effectively brings forward purchase price parity for EVs by five years. This will transform the US vehicle market. To qualify for the tax credits, however, vehicles must be assembled in North America *and* satisfy critical mineral and battery component requirements. The onshoring of battery materials processing is also supported by US federal loans. Auto manufacturers have responded to these IRA incentives by shifting production to North America – announcing dozens of new electric vehicle factories and battery projects across the US.

The Biden administration's direct support for clean energy industries provides an opportunity for Australia through the concept of 'ally-shoring'. IRA incentives for manufacturing in the US extend to trusted allies as well. As US Deputy Special Climate Envoy Rick Duke explains, the IRA is "an explicit invitation to secure allies to join us in the supply chain work that's needed, starting with critical minerals, extraction and processing to allow for scaling up battery manufacturing and supply at an extraordinary unprecedented scale".[17] The IRA requires at least 40% of the value of critical minerals for batteries to come from the US itself, *or from a US free-trade ally* (like Australia). This threshold will increase to 80% by 2027. In essence, this means US demand for battery minerals like lithium will skyrocket. By 2026, there is expected to be a 250,000 t gap between US supply and the expected demand.[18] This should be a boon for Australia, which is currently the world's largest producer and exporter of lithium. The Australian department of industry forecasts lithium exports will be worth as much as thermal coal exports by 2028.[19]

Direct US support could also help develop value-added mineral processing in Australia. US battery manufacturers are already considering investment in Australian facilities that would move from raw minerals to processed materials, ready for the final stage of battery manufacturing. Incentives in the IRA mean that the US-based battery metals giant Albermarle is considering a facility in the Pilbara region of Western Australia that would process lithium into lithium hydroxide for shipping to the US.[20]

US investment in clean energy production also presents challenges for Australia. Key players in Australia's own energy transition, such as the Clean Energy Council and Fortescue Future Industries (FFI) argue that direct US government support is acting as a "giant magnet for clean energy investment", making it harder for Australia to attract green capital, equipment and skilled workers.[21] They suggest that without more government support, Australia could miss out on the opportunity to capitalise on its competitive advantages in the production of renewable energy and clean energy commodities. Of particular concern are US subsidies for renewable hydrogen. The IRA provides tax credits of $3 per kilogram of hydrogen production using renewable energy, reducing costs by up to 75% and making green hydrogen immediately cost-competitive against hydrogen made using fossil fuels.[22] Research commissioned by FFI finds that IRA incentives could reduce potential Australian green hydrogen exports by 65% in coming decades.[23] Partly in response to the IRA, the Australian Government is currently reviewing its national hydrogen strategy.

Australia is well placed to become a major exporter of commodities and critical minerals key to the global energy transition. Australia has world-class wind and solar resources, which provides a crucial commercial advantage for producing clean energy commodities – including green metals, green hydrogen and green ammonia. Australia also has many of the minerals that are key to the energy transition. Australia is today the world's largest exporter of lithium and third-largest exporter of cobalt, both important minerals in batteries, and is the second-largest producer of rare-earth elements, which are used for magnets in wind turbines and electric vehicles.[24]

At the 2022 Sydney Energy Forum – which brought together the energy ministers from the Quad countries to consider the energy transition in the Indo-Pacific – Prime Minister Anthony Albanese explained Australia has a once-in-a-generation opportunity to pivot from a fossil fuel heavyweight to a renewable energy power.[25] At the same summit, US Secretary for Energy Jennifer Granholm and Australian Minister for Climate and Energy Chris Bowen signed the Australia-United States Net Zero Technology Acceleration Partnership. These moves are excellent signals. Now Canberra will be looking for acknowledgement that Australia can be more than a critical minerals quarry for the global clean energy transition. With careful consultation, industry policy in both countries can help Australia develop value-added sovereign manufacturing capacity for batteries and other clean energy technologies.

**Both Australia and the US are incorporating the global energy transition into their strategic planning. Washington is ahead of Canberra in this regard.**

**As the global energy transition accelerates, energy security will increasingly be about clean energy supply chains.**

# CHAPTER 3
# Energy security in the Indo-Pacific

## A more powerful and ambitious China represents the most significant challenge to the US-led regional order in the Indo-Pacific in decades.

As strategic allies, Australia and the US are deepening cooperation with maritime democracies in the Indian and Pacific Oceans to balance China's rise and to shore up commitment to the rules and norms that underpin the existing regional order. As part of their shared Indo-Pacific strategy, Australia and the US are working together, and with strategic partners in the region, to develop more diversified and resilient clean energy supply chains.

China is now the largest trading partner for most countries in the Indo-Pacific and is a major supplier of manufactured goods and investment. In recent years, Beijing has shown a willingness to 'weaponise' economic interdependence by using its market power to coerce other nations to influence policy decisions in China's favour. This is a particular problem when it comes to the energy transition, because China currently dominates the clean energy supply chains. Governments have a responsibility to ensure energy security – that is, access to enough energy at affordable prices. As the world transitions away from coal, oil and gas, energy security needs are dependent on secure and resilient supplies of clean energy technologies. An over-reliance on China as the supplier of clean energy technology represents a significant vulnerability for future energy security for many nations in the region.

Australian and US analysts have taken energy security into consideration for some time when considering the dynamics of the Indo-Pacific region. Analysts have, for example, pointed toward China's dependence on seaborne oil from the Middle East as key to Beijing's regional strategy. Head of Australia's National Security College, Rory Medcalf, argues that the 'Indo-Pacific' represents a regional geo-economic system that has its origins in China's dependence on imported oil "crossing the maritime highway of the Indian Ocean".[26] The key point being made here is that a dependence on these potentially vulnerable sea-lanes has underpinned Chinese expansionist naval strategy in the Indian Ocean. In this telling, China's energy security is central to the concept of the Indo-Pacific as an integrated maritime region straddling the Indian and Pacific Ocean.

Today however, this focus of analysis requires a reassessment. The future of energy security in a warming world will not be about oil. As the global energy transition accelerates, energy security will increasingly be about clean energy supply chains – access to critical minerals and component parts for the manufacture of batteries, wind-turbines, solar panels, and electric vehicles. The International Energy Agency (IEA) expects the global market value for clean energy technologies to outstrip oil this decade, and vastly grow over coming decades.[27] In the race for the leadership of tomorrow's economy, today's geopolitics is marked by competition for clean energy supply chains.

Beijing has understood the strategic implications of the clean energy transition for some time. Chinese leaders have sought to mitigate their reliance on Middle Eastern oil, which is vulnerable to disruption in sea lanes dominated by the US military and navies of regional powers like India and Japan. While Western powers were focused on oil supply and shipping, Beijing was focused on clean energy technologies. Precisely to improve its national security and reduce this vulnerability in energy supply, China has invested heavily in renewable energy over the past 15 years, subsidising the production of solar panels and batteries.[28] As a result, China is today the global leader in clean energy production and deployment. In 2021, China alone accounted for 46% of the world's construction of new renewable energy infrastructure.[29]

By betting big on renewable energy, China has also aimed to become a major exporter of energy technologies. China currently dominates global production of solar panels, batteries, wind turbines and electric vehicles. More than 80% of solar panel production is concentrated in China, and this is expected to reach over 95% by 2025.[30] China has also moved faster than many nations to secure international supply of critical minerals that are essential for clean energy technologies.

The US is also beginning to awaken to the energy security benefits of clean energy. When, for example, the Organization of the Petroleum Exporting Countries (OPEC) announced it would cut oil production in October 2022, US National

↑ Australia is well-placed to work with the US to diversify clean energy supply chains in the Indo-Pacific. Image Credit: Climate Council of Australia.

Security Advisor Jake Sullivan said the US would respond by increasing reliance on American-made clean energy technologies and reducing reliance on foreign sources of fossil fuels.[31] Following Russia's invasion of Ukraine in February 2022, countries in Europe also accelerated their clean energy transition to diversify their energy supply and reduce their dependence on Russian gas.

As Washington looks to diversify its clean energy supply chains, Australia is well placed to provide assistance. Both countries are working to develop secure supply chains for heavy rare-earth metals that are important for magnets used in EV motors, wind turbines and also advanced defence equipment including fighter jets. In a sign of their strategic significance, in 2021 the US Department of Defence invested US$30 million directly into a rare earths separation facility owned by the Australian company Lynas. The Pentagon greenlit this investment using provisions under the US *Defense Production Act*.[32] The Australian government, by contrast, has moved to block Chinese investment in Australian rare earths production and expressed support for "trusted critical minerals supply chains".[33]

Australia and the US are working together to help countries in the Indo-Pacific develop more resilient clean energy supply chains. Key to this is support for India's ambition to become a clean energy powerhouse. The IEA has identified India as a pivotal country for the global energy transition, particularly for diversifying clean energy supply chains and ensuring energy security. India aims to have 500 GW of renewable energy installed by 2030 and is expected to double its production of solar cells and solar modules over the next two years. Australia is in a prime position to supply critical minerals that can help India become a global manufacturing hub for clean energy technologies, including solar photovoltaics and electric vehicles. For its part, the US and India have launched a Climate and Clean Energy Agenda 2030 Partnership intended to help India achieve its renewable energy target this decade.[34]

Developing more diversified and secure clean energy supply chains in the Indo-Pacific will be a regional endeavour, relying on complementarity between like-minded countries. Australia and the US can and should deepen cooperation through the climate working group of the Quad – which includes officials from Australia, the US, Japan and India. Working together to develop a regional framework for managing the energy transition, will also help to show that the Quad grouping can deliver regional 'public goods'. This is important not just for tackling the climate crisis, but for ensuring an Indo-Pacific region where countries have a secure supply of energy and are less vulnerable to potential economic and political coercion.

# CHAPTER 4
# Climate security in the Blue Pacific

## Responding to climate change intersects directly with regional geostrategy in the Pacific Ocean, where Australia and the US work together as security allies.

For decades, both nations have shaped a stable regional order and worked together to provide security for independent island nations. Today however, a more powerful China is contesting the Pacific regional order by looking to develop new economic and security partnerships. For their part, Pacific leaders see climate change as their greatest threat. To cement a place as security partners of choice, Australia and the US will need to work collaboratively with island nations to tackle the climate crisis. Australia plans to co-host the 31st Conference of Parties to the UN Framework Convention on Climate Change (COP31) with Pacific island countries in 2026. This will be a key opportunity to reaffirm the legitimacy of the existing regional security order, and Australia must work closely with island nations to drive global ambition to cut emissions.

There is no doubt China is contesting the maritime security order in the Pacific. For the first time since the end of the Second World War, another major power is challenging US power in the region. US military preponderance – built on a series of fortified bases and an unrivalled blue-water navy – has underpinned the regional security order for the past 75 years. Now, China's investment in military technologies and an ocean going, as well as the fortification of artificial islands in the South China Sea, is unsettling that order.[35]

China is also seeking new security arrangements with Pacific island countries. In April 2022, Solomon Islands signed a security deal with China which – if it is anything like the draft leaked online – contains provisions that allow for Chinese military presence and ship resupply.

↓ Kalisi holds her son Tuvosa, 3, in the remnants of her house in Fiji, after category 5 Tropical Cyclone Winston – the strongest tropical cyclone recorded in the Southern Hemisphere – struck in February 2016. Image credit: UNICEF

This has changed the dynamic of a region that has remained long-aligned with the West (notwithstanding Pacific concerns about decolonisation and the impact of nuclear testing). Security officials in Canberra and Washington are increasingly concerned about the prospect of China using infrastructure loans, delivered as part of Beijing's Belt and Road Initiative, as leverage to secure a naval base in the Pacific, or even to station missiles in the region.[36]

Amidst growing geostrategic competition, Pacific island countries remain adamant that climate change is their primary security concern. Compared with the growing rivalry between major powers, Pacific leaders regard the impacts of climate change – stronger cyclones, devastating floods, rising seas, dying reefs and ocean acidification – as more tangible and immediate threats. In June 2022, Fiji's defence minister Inia Seruiratu told a regional security dialogue in Singapore that "machine guns, fighter jets, grey ships and green battalions are not our primary security concern. Waves are crashing at our doorsteps, winds are battering our homes, we are being assaulted by this enemy from many angles".[37] In 2019, Fiji's military commander Rear Admiral Viliame Naupoto told the same security dialogue, "I believe there are three major powers in competition in our region... there is the United States... there is China [and] the third competitor is climate change. Of the three, climate change is winning and climate change exerts the most influence on countries in our part of the world".[38]

When leaders from 14 island nations of the Pacific Islands Forum issued a regional security declaration in 2018, they declared climate change "the single greatest threat to the livelihoods, security and wellbeing of the peoples of the Pacific".[39] In July 2022, when island leaders launched a '2050 Strategy for the Blue Pacific Continent', they again reaffirmed climate change as the region's single greatest security threat.

Australia is the largest and most powerful member of the Pacific Islands Forum, and is widely

↑ HMAS Canberra delivers support to communities in Vanuatu following Severe Tropical Cyclone Judy and Tropical Cyclone Kevin - twin cyclones that struck just days apart in March 2023.

considered part of the Pacific family. However, Canberra has struggled to convince Pacific island countries it is serious about security in the region while successive Australian governments have been slow to cut greenhouse gas emissions and have promoted new coal and gas exports. However, the election of a Labor government in May 2022 has seen something of a rapprochement, with Australia legislating a national target to cut emissions by 43% by 2030 (from 2005 levels).

The Albanese government moved quickly to reassure Pacific island countries it would do more to tackle climate change than its predecessors had. Days after coming into office, Australian foreign minister Penny Wong gave a speech at the Pacific Islands Forum Secretariat in Fiji, acknowledging Pacific countries have "led the global debate" on climate change while "Australia has neglected its responsibility to act".[40] At the 2022 Pacific Islands Forum leaders meeting, Australia joined island nations to formally declare a Pacific Climate Emergency.[41]

Perhaps most significantly, in late 2022, Australia launched a bid to co-host a UN climate summit with Pacific island states in 2026. The UN climate talks are held each year and are central to global collaboration to tackle the climate crisis. Hosting the annual summit would be a significant moment for Australia. Between 20,000 and 40,000 delegates would be expected to attend and it would be the single biggest diplomatic event Australia has ever hosted.[42] Pacific leaders expect Australia to use this moment to strengthen global efforts to cut emissions.

Pacific island countries are looking for increased support from the US to address the climate crisis. Beijing's growing interest in the region has sparked renewed engagement by Washington. Since 2021, the US has announced new embassies for Kiribati, Solomon Islands, Tonga and Vanuatu. But the US will need to do more than expand its diplomatic presence.[43] Pacific island countries are looking for more climate finance to be put on the table to address their growing list of needs, from climate resilient infrastructure to disaster preparedness. In September 2022, Washington announced US$130 million would be allocated for climate change programs in the Pacific.[44] While welcome, this falls far short of what is required. With a Republican majority in the US House of Representatives, the Biden administration has found it difficult to deliver on its climate finance promises. Nonetheless, providing meaningful climate finance should be understood as a means of countering China's influence in the region.[45]

By 2026, the window for securing a safe climate will be closing fast. Australia will need to set an ambitious agenda when it co-hosts the COP31 UN climate negotiations with Pacific island countries. An instrumentalist approach will not be enough to convince Pacific nations Canberra is serious about tackling climate change. To reaffirm Australia's place in the regional security order, policymakers will need to work with island nations to develop shared diplomatic strategy. Pacific island diplomats have shaped multilateral climate negotiations for decades, and they played a critically important role securing the Paris Agreement. Island leaders have huge moral authority in global discussions on climate change. By working with Pacific island nations to co-host the UN climate talks, Australia could broker a new round of global ambition to cut emissions. Doing so would help cement Australia's place as a security partner of choice for Pacific island nations, and at the same time reassure Washington that the Australia-US Alliance continues to underpin the regional security order in the Pacific.

# Conclusion

**The US-Australia Alliance is an incomplete project. If it is to meet the challenges of the 21st century, the Alliance must evolve. While the Alliance has served both nations well for over seven decades, it is fair to say that the treaty was not signed with catastrophic climate change in mind. Strong defence relations between Australia and the US nonetheless provide a solid foundation for developing shared strategy to tackle the climate crisis.**

As this paper has explained, the time has come to incorporate climate action as a key plank of the Alliance. Working together to address the climate crisis will require new forms of collaboration. Defence cooperation will need to adapt to the realities of responding to more frequent and intense climate disasters in the Indo-Pacific. Australia and the US can also collaborate to develop the low-carbon industries of tomorrow. As the world shifts away from fossil fuels, both nations must be mindful of China's dominance of clean energy manufacturing, technologies and components. Australian and American officials will need to work together, and with strategic partners such as India and Japan, to develop more resilient and diversified clean energy supply chains. To cement security ties in the Pacific, Australia and America will need to work with Pacific island countries to drive global ambition to tackle climate change.

Above all, Canberra and Washington will need to strengthen domestic policy to move quickly away from fossil fuels, and use diplomacy and statecraft to reinforce global efforts to cut greenhouse gas emissions this decade. This is key to avoiding cataclysmic runaway global warming. Taking on the climate crisis should be the highest strategic priority for both Australia and the US; it is a fight neither nation can afford to lose.

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# THE FUTURE OF THE AUSTRALIA – U.S. ALLIANCE

## THE ALLIANCE NETWORK PROGRAM

**This Black Swan Strategy Paper has been developed as part of the Alliance Network Program. This program supported by the Embassy of the United States of America, is a multi-year public diplomacy, research and engagement activity designed to bring together influential leaders and emerging scholars currently specialising in regional security, economics or public policy to discuss the state of the Australia-United States Alliance and explore new areas of knowledge.**

The first itineration of the program, developed by the Perth USAsia Centre under the direction of Professor Peter J Dean, took place on 13-14 February 2020 at the Strategic and Defence Studies Centre at the Australian National University. The subsequent program in 2021, developed by the UWA Defence and Security Institute, held workshops in Perth (UWA DSI), Brisbane (Griffith Asia Institute) and Sydney (United States Studies Centre) between March and May 2021. The workshops were designed to ascertain Australian views of the Alliance relationship and were held under the Chatham House Rule to encourage a frank and open discussion. From each of these workshops, a small number of emerging and early career scholars were selected to undertake further policy work and travel to Washington DC to engage with US think tanks and policy makers. This Black Swan Strategy Paper represents a policy discussion from one of these emerging scholars.

**About the UWA Defence & Security Institute**

The UWA Defence and Security Institute (DSI) is an initiative by The University of Western Australia (UWA). Hosted at UWA, the DSI unifies and focuses UWA's expertise in defence and security research, engagement and education. Defence and security provide the foundation of our nation's sovereignty. In an era of rapidly evolving geopolitics, this critical area of national policy sits at the forefront of government and public debates. The DSI plays a central role in helping to develop Australia's sovereign defence capabilities in WA by working with local, state and federal governments, industry and business, research institutions and the community to help generate solutions towards a peaceful, prosperous and secure Australia and Indo-Pacific region.

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