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CONTENTS

- Australia-China Trade Relations normalised
- 14th Australia-UK Defence and Foreign Ministers Meeting (AUKMIN) advances AUKUS
- Australia seals Nauru aid deal, Operationalises PNG Bilateral Security Agreement
- Myanmar situation deteriorates, Rebels announce capture of Army's western command.
- China patrols South China Sea's Scarborough Shoal
- Philippines Senate ratifies military access pact with Japan

Overview

In December 2024, several key geopolitical developments unfolded in the Indo-Pacific. Australia and China fully normalized trade relations, ending restrictions imposed by China in 2020, though Australia remains cautious on strategic differences. The 14th AUKMIN meeting advanced Australia-UK defence ties, including the formalization of maritime security initiatives and progress on AUKUS submarine projects. Australia also secured a significant aid deal with Nauru to counter China's influence and operationalized its Bilateral Security Agreement with Papua New Guinea to boost regional security cooperation. In Myanmar, the Arakan Army captured the Myanmar Army's Western Command, a strategic blow likely to disrupt key Chinese and Indian infrastructure projects. China's increased patrols near the contested Scarborough Shoal heightened tensions with the Philippines. In response, the Philippine Senate ratified a military access pact with Japan, strengthening defence cooperation amid rising regional security concerns.

Australia-China Trade Relations normalised

In a significant development, Australia-China trade relations were fully normalized, marking the end of the trade restrictions and bans that China had imposed on Australian exports in 2020. The bilateral relationship had been strained over issues such as Australia's call for an investigation into the origins of the COVID-19 pandemic, concerns

over China's growing domestic interference and inroads into Australia's neighbourhood changing the regions security dynamics. China had retaliated by imposing a series of trade restrictions on Australian exports, including wine, barley, coal, lobster, and beef which had a big impact on Australian industry. The Chinese market had previously been a key export destination for Australian goods and Beijing was China's largest trading partner. While Beijing has been on a charm offensive and calling the normalisation of ties as sign of increased trust and signalling a new era of cooperation, Canberra has remained cautious in its approach. The Albanese government has domestically projected the normalisation of trade ties as a win for Australian diplomacy but reiterated that strategic differences remain and both sides have shown willingness to work through them.

14th Australia-UK Defence and Foreign Ministers Meeting (AUKMIN) advances AUKUS

Australia's, Deputy Prime Minister and Minister for Defence Richard Marles and Minister for Foreign Affairs Penny Wong attended the 14th Australia-UK Ministerial Consultations (AUKMIN) in the United Kingdom. The meeting, the first under the Starmer Government, saw key outcomes including the formalisation of the UK-Australia Maritime Security Dialogue, launching the Hydrography Leaders Programme in the Southwest Pacific, and advancing the AUKUS partnership, including the SSN-AUKUS submarine build under a new mobilisation agreement. In addition

both sides welcomed the UK's accession to the CPTPP and the expansion of the Australia-UK Free Trade Agreement, alongside new initiatives like the Australia-UK Renewable Hydrogen Innovation Partnership and the UK-Australia Climate and Energy Partnership. These agreements aim to accelerate cooperation on clean energy and critical minerals supply chains. Ministers also discussed joint efforts in the Indo-Pacific, reinforcing ASEAN centrality and advocating for stability in the Taiwan Strait. Marles toured the UK's HM Naval Base Devonport to support submarine maintenance and operations. Following the UK trip, Wong traveled to Strasbourg and Brussels for meetings with the EU and NATO.

Australia seals Nauru aid deal, Operationalises PNG Bilateral Security Agreement

Australia secured a new aid deal with Nauru in December 2024, aimed at countering China's growing influence in the Pacific. The five-year agreement includes increased Australian assistance in infrastructure, healthcare, education, and strengthening economic and security ties. In a direct reference to China, the agreement requires Nauru to consult Australia before entering partnerships in key sectors like telecommunications, banking, and cybersecurity. Additionally, Nauru's critical infrastructure is prohibited from being used by any "third party" for security purposes. In return, Australia will provide Nauru with AU\$140 million (approximately \$90 million)

over five years for budget support and security assistance—a significant sum for the small island nation, which has a population of 13,000 and an economy worth \$150 million.

Meanwhile, Prime Minister Anthony Albanese and Papua New Guinea's Prime Minister James Marape announced the commencement of the Australia-Papua New Guinea Bilateral Security Agreement. This legally binding framework modernises their security relationship, ensuring regular consultations and closer cooperation on regional security. Australia will support the Royal Papua New Guinea Constabulary with new policing facilities, a patrol vessel, and assistance in recruitment, training, and forensics. The agreement also expands Australia's Law and Justice Partnership to enhance community safety initiatives in Papua New Guinea.

Myanmar situation deteriorates, Rebels announce capture of Army's western command

On December 20, 2024, the Arakan Army (AA), an ethnic armed group representing the Rakhine Buddhist community, announced the successful capture of the Myanmar Army's western command in Rakhine State. This marks a significant military achievement for the AA in its ongoing conflict with the Myanmar military, which has been embroiled in a broader series of conflicts since the 2021 coup. The AA has long sought greater autonomy and rights for the ethnic Rakhine people, and its forces have engaged in numerous clashes with

Myanmar's military. The loss of the Western Command is significant, given its role overseeing defence, security, and military operations across Rakhine State, Southern Chin State, the Myanmar-Bangladesh border, and parts of the Myanmar-India border. The Western Command has been pivotal in safeguarding key Chinese investments and India's Kaladan Multi-Modal Transit Transport Project in the Rakhine region. Its capture by the AA could have profound consequences for the administration of Rakhine State and the future of these critical infrastructure projects.

China patrols South China Sea's Scarborough Shoal

In December 2024, Chinese patrols were reported to have conducted operations near the Scarborough Shoal in the South China Sea, a disputed area that has been a longstanding point of contention between China and the Philippines. This development was widely covered by Chinese state media, which indicated that these patrols were part of China's broader efforts to assert its territorial claims in the region. The Scarborough Shoal, 230 km from the Philippines, is a contested area between China and the Philippines. China claims most of the South China Sea, while the Philippines and other Southeast Asian nations assert rights over parts, including the shoal, which is rich in resources and strategically significant.

Chinese state media described the patrols as part of efforts to "safeguard China's maritime rights and interests,"

emphasising China's ongoing presence and activities in the region. The Philippine government has consistently voiced its concerns over China's increasing military presence in the South China Sea, including at the Scarborough Shoal and its aims to create new normals on the ground.

Philippines Senate ratifies military access pact with Japan

On December 12, 2024, the Philippine Senate ratified a military access pact with Japan, enhancing defence ties and enabling joint activities like humanitarian aid, training, and disaster relief amidst rising tensions with China. The military access pact enables joint exercises, training, and defence cooperation between the Philippines and Japan. As Japan expands its military presence due to rising threats from China and North Korea, the agreement allows Japan to enhance its regional security role while adhering to its pacifist constitution. Following the Senate's ratification of the military access pact, both nations will likely begin implementing the provisions of the agreement. This could involve specific joint military activities, infrastructure development for defence cooperation, and the establishment of new coordination mechanisms for disaster response and security operations. This agreement is also a clear indication of the Philippines' willingness to deepen ties with Japan, a key partner in the region, while seeking to balance its security interests in the face of external pressures.