LOWY INSTITUTE ANALYS

Sakakah

Nafud

sert)

Hail

Rivad

RABI Australia in the Middle East: enduring risks, interests, and opportunities

Basra

KUWST

Kuwait

Rasht

D

ehran & Mi.

Yazo

Hamadan

aghdad

BABYLON Istahan

OAhwaz

Abadan

TITLE STATE

Shushtar

RODGER SHANAHAN **AUGUST 2022**

Buraydah

The Lowy Institute is an independent policy think tank. Its mandate ranges across all the dimensions of international policy debate in Australia – economic, political and strategic – and it is not limited to a particular geographic region. Its two core tasks are to:

- produce distinctive research and fresh policy options for Australia's international policy and to contribute to the wider international debate
- promote discussion of Australia's role in the world by providing an accessible and high-quality forum for discussion of Australian international relations through debates, seminars, lectures, dialogues and conferences.

Lowy Institute Analyses are short papers analysing recent international trends and events and their policy implications. Responsibility for the views, information, or advice expressed in this report is that of the author. The contents of this report do not necessarily reflect the views of the Lowy Institute.

KEY FINDINGS

- Despite ending its 20-year military operations in the Middle East, Australia's diplomatic, defence, and economic equities in the region are now more substantial than when the global war on terror was declared in 2001.
- Due to migration patterns, any future conflict or other form of humanitarian crisis in the Middle East is likely to generate proportionally greater domestic political repercussions in Australia than would have been the case prior to 2001.
- Canberra must view its foreign policy in the region not simply or solely through the prism of its alliance with the United States. The Middle East will remain of direct and growing consequence to Australia's national interests.

EXECUTIVE SUMMARY

As Australia refocuses its foreign and defence policies on its near abroad, it must be careful not to allow ties with the Middle East to fall into neglect. This analysis examines the impact that two decades of security engagement in the Middle East have had on Australia's relations with the region and argues that while Canberra may have largely ended the country's military commitments in the Middle East, the region is more important in more ways to Australia than it was before that commitment got underway. An expanded Australian diplomatic footprint, growing economic ties, and more extensive people-to-people links with the Middle East means that the region and its security risks have greater domestic relevance for Australia than they did two decades ago.

INTRODUCTION

Australia's two-decades-long military deployment to Afghanistan quietly concluded in June 2021 as the last Australian troops were drawn down from Kabul, although they did return briefly in August of that year to help evacuate more than 4000 Australian and foreign nationals as the Afghan capital fell to the Taliban. The withdrawal represented the final drawdown of Australia's military contribution to the US-led global war on terror that had been the focus of the Australian Defence Force's (ADF) operational attention for the past 20 years. The end of the Royal Australian Navy's (RAN) three-decades-long naval deployment to the region was announced by the Morrison government in October 2020.¹

The pull-out was driven not only by the US decision to withdraw its combat troops from Afghanistan, but also by a deliberate shift in the ADF's operational focus to more proximate security concerns relating to China and great power competition in the Asia-Pacific region. It has brought an end to Australia's heightened security focus on the Middle East, which began with its decision to join the US-led and UNintervention in Afghanistan sanctioned following the September 11 attacks in the United States and, fewer than 18 months later, to join the United Kingdom and Poland in supporting the poorly conceived and executed US-led invasion and occupation of Iraq in March 2003.

The legacy of two decades of involvement in the Middle East, and the economic and people links that survive it, create both opportunities and risks for Canberra.

The withdrawal also marks the end of an era of Australian political and strategic prioritisation of the Middle East. In its 2020 Defence Strategic Update, the Morrison government announced that defence planning would now focus on "Australia's immediate region" — an area stretching from the Indian Ocean into Southeast Asia and to the Southwest Pacific, which was identified as being of most direct strategic interest to the country.²

Yet since Australian forces deployed to the Middle East, tens of thousands of people from countries in the region now call Australia home, having arrived on humanitarian or other visas. Given the nature of chain migration, that number will only grow. Other changes in Australia's relationship with the Middle East have occurred quite independently of past security commitments. These include a push by Canberra to diversify its export markets, including with key Gulf states, in the wake of the imposition of tariffs and informal sanctions on key Australian export sectors by its largest trade partner, China. Moreover, as this paper will show, deeper Australian engagement in the region has been significantly enhanced through decades of interaction between senior political and military counterparts and a greater diplomatic footprint in the Middle East, as well as through the boost to humanitarian immigration that has arisen from past military commitments. The legacy of two decades of involvement in the Middle East, and the economic and people links that survive it, create both opportunities and risks for Canberra. Either way, their policy implications cannot be ignored.

AUSTRALIA'S DEFENCE AND SECURITY INTERESTS IN THE MIDDLE EAST

In July 2020, Prime Minister Scott Morrison set out the future security priorities for Australia:

There is a new dynamic of strategic competition [in our region] and the largely benign security environment ... that Australia has enjoyed, basically from the fall of the Berlin Wall to the global financial crisis, that's gone ... the Government has directed Defence to prioritise ...[its] geographical focus on our immediate region, the area ranging from the northeast Indian Ocean through maritime and mainland South-East Asia to Papua New Guinea and the south-west Pacific.³

There is nothing new in the belief that Australia's security interests are best served by focusing on threats closer to home. However, it has historically proven difficult for Canberra to secure a comparable level of commitment from Washington for the Asia-Pacific. In October 2011, then secretary of state Hillary Clinton coined the term "America's Pacific Century" in an article for *Foreign Policy* magazine.⁴ The following month, President Barack Obama delivered a speech to the Australian parliament in which he declared that "After a decade in which we fought two wars that cost us dearly, in blood and treasure, the United States is turning our attention to the vast potential of the Asia-Pacific region".⁵ This led to a belief in Canberra and elsewhere that Washington would finally "pivot" to Asia. In retrospect, this aspiration fell short during the Obama presidency. More than a decade later, with great power tensions in Asia ratcheting up and a self-confident and increasingly belligerent China focusing security analysts' minds, the accepted wisdom is that Washington this time is serious about prioritising the region in which Australia has the greatest strategic interests.

However, it would be premature to assert that Washington has divested itself entirely of its longstanding commitments and enduring security interests in the Middle East. These include the need to ensure that terrorist groups such as al-Qaeda and Islamic State do not have areas in which they can freely regroup and organise themselves for future attacks against the United States and key US partners. Similarly, the Biden administration remains focused on the need to prevent the proliferation of nuclear weapons, especially in relation to Iran, and to guarantee the free flow of global energy and trade through the Middle East. Moreover, it is concerned by the growing geopolitical influence of its great power rivals Russia and, more particularly, China in the region. In order to respond to these and other concerns, Washington maintains tens of thousands of troops in Iraq and Syria and throughout the wider Middle East.⁶ Nuclear negotiations with Iran continue even as hopes are dwindling for a revival of the Joint Comprehensive Plan of Action (JCPOA) between Iran and the so-called P5+1 grouping, which comprises China, France, Russia, the United Kingdom, and the United States plus Germany. Elsewhere in the region, Lebanon is an economic basket case, Iraq's fractious political environment has the potential to undermine domestic and regional stability, and Saudi Arabia, the United States' most important Gulf state partner, faces an uncertain future under a crown prince whose decision-making has been dangerously adventurous to date. All of these dynamics combine to directly implicate US policy resources and efforts.

US President Joe Biden has made it clear that the era of Washington undertaking large-scale troop deployments and interventions to remake nations in the name of democracy and counter-terrorism is over. But he has also noted that there remain substantive terrorist threats in the region that will continue to require US security responses, albeit with far fewer "boots on the ground".⁷ A case in point is the US precision drone strike that killed al-Qaeda leader Ayman al-Zawahiri in Kabul in late September 2022. Because the United Because the United States remains deeply implicated in the Middle East's security, and the region itself faces multiple possible crisis points, there is every chance that the ADF may also be asked to return to the region in some form in the future.

States remains deeply implicated in the Middle East's security, and the region itself faces multiple possible crisis points, there is every chance that the ADF may also be asked to return to the region in some form in the future.

Australia has had a long history of military activity in the Middle East, from the First World War through to the present, including a continuous UN peacekeeping presence with the Jerusalem-based United Nations Truce Supervision Organization (UNTSO) since 1956. Canberra has been diplomatically represented in the region since its Cairo embassy was opened in 1950. At the time, the Suez Canal was vitally important to Australia's economic wellbeing, with 60 per cent of the country's exports passing through it — an important reason for Prime Minister Robert Menzies' support for Britain's ill-fated military campaign in the Suez at the end of 1956 following President Gamal Abdel Nasser's decision to nationalise the canal for Egypt.⁸

As Australia became less reliant on the United Kingdom and more focused on its own region, Australia's interest in the Middle East waned in later decades. A 1982 parliamentary report on the Persian Gulf, for instance, noted that Australia had no direct strategic interest there.⁹ However, the future is inherently unpredictable and geostrategic realities in the Middle East have found a way of imposing themselves on Australian defence planners many times in the decades since, despite policy statements and guidelines to the contrary.

Australia deployed a naval task group in support of the 1990–91 Gulf War and yet the 2000 Defence White Paper, published on the eve of the global war on terror,

had little to say about the Middle East. That Paper asserted that beyond the Asia-Pacific, Australia would provide only a modest contribution to any UN- or US-led coalition, that Canberra would be most unlikely to contemplate taking on substantive roles within any coalition operations beyond Southeast Asia, that any contributions would consist of mostly naval and air support rather than Australian ground troops, and that the ADF's land forces would be largely focused on peace enforcement, peacekeeping, and humanitarian operations only requiring levels protection appropriate of force for Australia's environment.¹⁰

When the Islamic State "caliphate" emerged out of Iraq and spread to Syria in 2014, what had been an insurgency in a far-off theatre became the primary domestic security threat to Australia.

Since the 2000 Defence White Paper, Australia has sent special forces and conventional infantry, cavalry, and engineer-led task groups to Iraq and Afghanistan, commanded NATO-led special forces in Afghanistan and multinational naval task groups operating from the Red Sea to the Gulf of Oman, and deployed an air task group to attack ground targets in Iraq and Syria. More than 40 Australian soldiers died conducting counter-insurgency operations in high-risk environments well away from Southeast Asia.

Moreover, when the Islamic State "caliphate" emerged out of Iraq and spread to Syria in 2014, what had been an insurgency in a far-off theatre became the primary domestic security threat to Australia. Hundreds of Australians travelled to the Middle East to join the ranks of Islamic State as foreign fighters or supported the grouping financially back in Australia. In response to the rise of Islamic State, the Australian government redeployed Australian forces into Iraq. The ADF's "train, advise and assist" mission and air support against Islamic State targets in Iraq and in Syria assisted the US-led coalition to degrade and ultimately defeat Islamic State.

The threat posed by the terrorist group was significant, but the external response to it was carefully calibrated and relied on enabling the Iraqi military to prosecute the ground campaign. It was a successful, limited military intervention and this model, rather than the invasion that precipitated the rise of the group, is likely to be the type of intervention the United States and its partners engage in more often in the future. What the war in Afghanistan and both Iraq deployments have shown is that governments need to be prepared to deploy their forces in response to difficult-to-predict events where the national interest dictates. Despite its current intentions, in other words, Canberra cannot rule out that its national security interests will dictate future deployments to the Middle East.

The 2020 Defence Strategic Update does at least acknowledge that Australia may make military contributions in support of US-led coalitions and anti-terrorism actions in future. Moreover, it is far less prescriptive in what force elements the ADF sees as appropriate to these tasks, an improvement on the 2000 Defence White Paper's approach to the Middle East. Australia's interests in the Middle East have largely been portrayed as revolving around the country's alliance partnership with the United States.

However, the most recent Defence Update continues to cast Australia's security interests

in very narrow geographical terms. It takes little account of the growing connections between Australia and the Middle East, a region that has consumed so much of the country's strategic focus for a generation.

Australia's interests in the Middle East have largely been portrayed as revolving around the country's alliance partnership with the United States. An examination of all Defence White Papers, Hansard, Senate Estimates, and significant speeches dealing with the Middle East from 2000 to the present have nearly always referred directly or indirectly to Australia's commitments to the United States. Terrorism is the only other Australian security interest in the Middle East mentioned to the same extent. Other issues, such as counter-proliferation, contributions to global security, economic interests, or preservation of the rulesbased order are mentioned on occasion but never to the same extent as Australia's alliance commitments. But in the two decades since Australia deployed forces to the Middle East, its exposure to the region has grown to the extent that regional instability matters to Australia's direct national interests, not just as a corollary to those of the United States.

In security terms, this was perhaps best illustrated during the 2006 conflict between Hezbollah and Israel, which saw the largest peacetime evacuation of Australian nationals overseas. Similarly, as the Syrian conflict expanded into a full-blown civil war and saw the emergence of an Islamic State caliphate, Australia's interests were again engaged as more than 200 of its citizens travelled there in support of various jihadist groups, while dozens more were arrested in Australia on terrorism charges for their support of these groups.

EXPANDING CONNECTIONS

Australia's interests in the broader Middle East include but also go far beyond threats to the rules-based order, fuel supplies, or terrorist activity. An over-sized Australian military footprint in the region for the past two decades, and the increased diplomatic engagement conducted partly because of it, has created a legacy of independent Australian relations and interests in the region that go far beyond US alliance commitments. Canberra's focus on the strategic dynamics in what it now calls the Indo-Pacific should not blind it to the fact that although the Middle East has become less important for Australia's military forces, it has become more important in a broader range of areas than it was when Australia first deployed troops there in 2001.

Diplomatic representation

Between 2001 and 2021, Australia opened new embassies or re-opened old ones in Kuwait, Qatar, Iraq, and Afghanistan (the latter was closed in 2021). The opening of an embassy represents a very public expression of commitment to the relationship between two countries. Likewise, the closure of an embassy is a public expression on the part of one country that its relationship with the other is not sufficiently important or congruous to justify diplomatic representation. The presence of these additional embassies and the increased Defence representation add to Australia's profile in the region and its ability to exercise the type of soft power that can only occur through a permanent diplomatic presence.

As a direct consequence of its military involvement in the region, Australia continues to enjoy bilateral defence representations in Amman, Tel Aviv, Riyadh, Abu Dhabi, Baghdad, and Ankara. The presence of Australian Defence Attachés gives substance and seniority to bilateral defences ties in the region. In 2004, Australia opened an embassy in Kuwait with non-resident Defence representation in order to facilitate its basing and support requirements.¹¹ The opening of an embassy in Doha in 2016, although driven primarily by economic factors,¹² was also able to build on the lengthy interaction between non-resident diplomats and the Qataris as a result of Australia's Defence presence in the airbase and air operations centre at al-Udeid, which houses the Qatari, US and UK air forces.

The presence of these additional embassies and the increased Defence representation add to Australia's profile in the region and its ability to exercise the type of soft power that can only occur through a permanent diplomatic presence. In cases such as Kuwait and Qatar, that is possible with the functioning of very small posts with only two or three Department of Foreign Affairs and Trade (DFAT) officers. In other cases, such as Baghdad (and Kabul prior to its closure in 2021), a presence has only been possible with the provision of significant and expensive security support. If and when the security situation allows it, however, Canberra will be better placed to take advantage of opportunities in Iraq thanks to a decades-long in-country diplomatic presence.

In the case of the United Arab Emirates (UAE), Australia's footprint is strengthened by the continued presence of an ADF logistic support base at al-Minhad air base, with consequent increased high-level interaction with the UAE military. The base became the central support hub for Australia's logistics, national command, and air assets in the region after disparate elements were co-

located there in 2008. Since that time, the economic relationship between the two countries has deepened significantly and the UAE has become a significant international transport hub for Australian tourists and businesspeople.

As a 2011 Lowy Institute Policy Brief argued,¹³ given Australia's enduring security interests in the region, it makes sense to maintain a small ADF logistic footprint in the region at low cost for future contingencies. The base at al-Minhad has proved its worth by allowing Australia to quickly dispatch forces to operate against Islamic State in Iraq and Syria, and more Given the centralised nature of civil-military decision making in the Gulf states, the presence of an ADF military base adds significant heft to Australia's bilateral relations and diplomatic access in the region.

recently it made possible the evacuation and reception of thousands of evacuees from Kabul. Certainly, it would be far easier and more efficient to maintain this defence architecture in the region at minimal cost than it would be to dismantle it and build it anew if the need ever arose again. Just as importantly, given the centralised nature of civil-military decision making in the Gulf states, the presence of an ADF military base adds significant heft to Australia's bilateral relations and diplomatic access in the region.

Economic interests

Australia's well established diplomatic links into the Middle East have also played a significant role in encouraging the growth in bilateral trade and people-topeople links with partners in the region. Academic research supports the view that the opening of embassies has a positive impact on bilateral trade flows.¹⁴ As a middle power heavily reliant on trade for its economic prosperity, Australia's current trade imbroglio with China shows the perils of over-reliance on single markets, no matter how large they are. Since 2020, Canberra has sought to diversify its economy to rely less on China, with a concerted push and support for businesses to look elsewhere at new markets.¹⁵

Properly resourcing Australia's diplomatic posts and broadening (as opposed to redirecting) the country's economic focus can help increase Australia's trade with countries in the Middle East, in line with the government's desire to reduce an over-reliance on trade with China. No Middle Eastern country currently features in a list of Australia's top 20 trading partners. However, the region is an important Australian export destination for many of the goods that have been sanctioned

by China in the wake of Australia's call for an independent inquiry into the origins and handling of the Covid-19 pandemic.

When China imposed an 80 per cent tariff on Australian barley in May 2020, the scramble for alternative buyers saw Kuwait and Saudi Arabia come to the party. Riyadh had been a major importer of Australian barley in the past, but dropped off as Australian exporters shifted their attention to China in recent decades.¹⁶ But Saudi Saudi Arabia and China are the largest markets for barley in the world and Australian producers have shifted their focus back to Saudi needs.

Arabia and China are the largest markets for barley in the world and Australian producers have shifted their focus back to Saudi needs. The potential for longerterm growth in agricultural exports to the Kingdom and elsewhere in the region is reflected in the fact that the Department of Agriculture has just re-established a counsellor posting at the Australian Embassy in Riyadh, and Meat and Livestock Australia, an independent company that regulates standards for Australian meat and livestock management in international markets, has also identified Saudi Arabia as one of the three key export expansion markets.¹⁷ The region's market potential is evidenced by the fact that five of Australia's seven largest customers for feed barley exports between October 2021 and March 2022 were Middle Eastern countries.¹⁸

There is also potential for greater access to markets in Gulf Cooperation Council (GCC) countries if Australia is ever able to successfully negotiate a free trade agreement (FTA) with the richest bloc in the Middle East. The benefit of such an agreement would largely accrue to Australian exporters.¹⁹ However, Canberra has been pursuing such an agreement without success since 2007. At the GCC Leaders' Summit in January 2021, the Council again expressed a desire to pursue an FTA with Australia, though little material progress has been announced since. Despite delays on concluding a regional FTA, earlier this year the Australian and UAE governments announced that they intended to pursue a Comprehensive Economic Partnership Agreement (CEPA) between the two countries.²⁰ This

would represent the first bilateral trade agreement between Australia and a country in the Middle East.

CEPA will give the government better access to the UAE market until a GCC or multiple bilateral trade agreements are signed. Until then, regional diplomatic posts will serve as a beachhead for Australia's push to diversify its markets. Of course, the Middle East presents a limited market given its population of just over 400 million people spread across a diversity of countries. But Canberra understands that no single market can replace China, and a diversification strategy will require improvements in trade in a number of regions. The Middle

East, particularly given its role as a commercial air hub, presents as one of those areas.

The data below (Table 1) shows the way in which trade with selected countries in the region has changed over the past 20 years. There was self-evidently no commercial benefit in Australia's conflicts participation in the in Afghanistan or Iraq, and the value of other Middle Eastern markets has actually declined over the period. This, reflects the however. historical dominance of oil imports as the defining component of two-way trade

Beneath these overall trade figures lies a story of the changing nature of trade with the Middle East. In some cases, a blossoming trade in services such as retail, engineering, and education reflects a much more varied bilateral trade relationship.

relationships between regional countries and Australia. Trade in refined petroleum to Australia has been largely rerouted via Asian countries in recent decades, though most of these imports still originate from the Middle East.

Yet beneath these overall trade figures lies a story of the changing nature of trade with the Middle East. In some cases, a blossoming trade in services such as retail, engineering, and education (formerly difficult to measure) reflects a much more varied bilateral trade relationship. For example, trade volumes between Kuwait and Australia have declined over the last two decades. Yet these figures hide the fact that the nature of the bilateral trade relationship has changed to one with a large Australian services export component that is likely to prove more sustainable and certainly has more potential for growth than the previous model that was dominated by car exports.

The end of vehicle manufacturing in Australia wiped out a large part of Australia's exports to the Gulf states. Yet in the last decade, the services sector for those Gulf states shown in Table 1 has jumped from AU\$76 million in 2010 to AU\$227 million in 2019 — a nearly 200 per cent increase in contrast to an increase of 72

per cent in Australia's overall trade in services over the same period. The same story is seen in Australia's trade relationship with Saudi Arabia, where despite two-way trade halving in the last two decades, the value of services exports has increased from just AU\$42 million in 2001 to AU\$480 million in 2019, five times the average Australian growth in services trade over the same period.²¹

Country	2001	2010	2019
Afghanistan	27 (2007)	67	90
Egypt	546 (2007)	779	792
Iraq		138	125
Israel	1005 (2007)	990	1520
Kuwait	872 (2007)	949	696
Qatar	504 (2007)	886	1986 (2018)
Saudi Arabia	3946	2464	1822
Turkey	599	1240	2035
UAE	2438	6818	9953

Source: Department of Foreign Affairs and Trade.²²

Another aspect of Australia's deepening economic interaction with the Middle East has been the development of investment relationships. Investment, unlike trade in goods, requires greater degrees of trust and partnership building. Five of the 11 largest sovereign wealth funds (SWF) in the world belong to the Gulf states and foreign direct investment (FDI) from these countries into Australia has grown well above the average FDI growth rate in that time. Australia has recently signalled a desire to diversify its sources of FDI, just as it is proposing to do with its trade in goods and services.²³ The presence of Australian diplomats and, more recently, military deployments that have prompted the opening of embassies has contributed to a greater degree of foreign investment into and from the region, as Australia's diplomats are tasked with promoting Australia as an attractive destination for investment funds. Looking at the four main GCC foreign investment sources, for example, the growth since the deployment of Australian military forces has been significant and sustained.

Over the past 20 years, the bilateral trade relationship with these four countries nearly doubled, from AU\$7.76 billion to AU\$14.46 billion (of which the UAE accounted for 69 per cent). Two-way FDI by contrast has increased twentyfold over the same period (of which the UAE accounted for 44 per cent). The sources of growth in these four countries have also diversified.

Academic research supports the view that investing in improving diplomatic access and representation can increase FDI.²⁴ The economic returns from the

The economic returns from the modest Australian diplomatic footprint that has been established in the Gulf, and the significant potential for growth, particularly in FDI, would appear to more than justify Canberra's investment in the opening of two embassies.

modest Australian diplomatic footprint that has been established in the Gulf, and the significant potential for growth, particularly in FDI, would appear to more than justify Canberra's investment in the opening of two embassies — Kuwait in 2004 and Qatar in 2016. Given the very personalised nature of investment decision making in GCC countries, these diplomatic posts will likely serve Australia's economic interests well into the future, as long as they are supported through regular engagement by senior Australian officials.

Although none of the four affluent Gulf countries listed in Table 2 (below) rank among the top 20 foreign investors in Australia, their combined FDI would make them the fourteenth largest source of foreign investment in Australia. While the combined investment flows of these four Gulf states into Australia remain dwarfed by those from more traditional FDI partners such as the United States and the United Kingdom, their share of total FDI in Australia has increased from 0.2 to nearly one per cent in less than a decade.

Country	2001	2010	2019
Saudi Arabia	35	2773 ²⁵	5180 (2018)
Qatar (Embassy opened 2016)	2	1110	1481
Kuwait (Embassy opened 2004)	983	2005	13 787
UAE (Embassy re-opened in 1999)	429 (2002)	10 284 (2007)	16 075
Total	1449	16 172	36 523

Table 2: Foreign Investment in Australia (AU\$ million)

Source: Australian Bureau of Statistics.

Investment partnerships need not be one-way either. The Middle East also offers opportunities for Australian investors keen to leverage the region's strategic location and natural attributes. Fortescue Future Industries, for example, has recently signed a partnership agreement with Jordan to explore the production of green hydrogen and ammonia using Jordan's solar and wind resources and close access to a port at Aqaba that allows for the possible future export of green energy products.²⁶

Expatriates and travellers

Increased Australian economic activity in the Middle East and higher immigration from the region into Australia have brought with them an increase in expatriate and diaspora populations, with attendant consequences for the Australian government. At any one time, there are an estimated 25 000 Australians in Lebanon, 16 000 in the UAE, 11 000 combined in Saudi Arabia, Oman, and Bahrain, and around 1000 Australians living in Kuwait.²⁷ As in the case of Australians trapped in Lebanon during the 2006 war, unrest in the region that has little to do with Australia will nevertheless necessitate a response from Canberra to ensure the safety of Australian citizens. The two largest peacetime

evacuations ever carried out by the ADF were in Lebanon in 2006 and Afghanistan in 2021.

A related area of enormous growth, and a key plank in the bilateral relationship with the UAE in particular, has been the development of the region as a major transport hub for Australians travelling there and beyond. The Abu Dhabi-based airline Etihad began flying to Australia in 2007 and Qatar Airways opened its route in 2009. Emirates, which had been flying to Australia since 1996, entered into a strategic partnership with Qantas in 2013 that saw Qantas route through Dubai rather than its traditional stopover destination of Singapore. That relationship formally ended in 2018, however Emirates still operates Qantas codeshare flights through Dubai.

As a consequence, airports in Dubai, Abu Dhabi, and Doha play host to hundreds of flights to and from Australia every month that involve tens of thousands of Australians transiting these countries. Dubai, for instance, reported more than 250,000 visitors from Australia in 2019.²⁸ Again, the sheer scale of Australians passing through the UAE and Qatar means that any security issues arising in these countries would be of immediate concern to the Australian government. There are also law enforcement implications that arise from the ease of travel to these countries. A number of significant members of Australian organised crime syndicates have been arrested in, and extradited from, the UAE in recent years.

Immigrants

Australia's long-term prosperity has historically been premised on large-scale migration that focuses on skilled migration, but also substantial family migration programs. Australia also runs the third largest refugee resettlement program in the developed world.²⁹ The consequence is that the number of people originally from the Middle East now living in Australia has increased at a significantly greater rate than the growth in Australia's general and even immigrant population. Between 2001 and 2019, the number of Australian residents who were born in the Middle East grew by 130 per cent, compared to an overall increase in the number of overseas-born residents of 20 per cent over the same period (see Table 3 below).³⁰

As a consequence, any future conflict, deterioration in security, or natural disaster in the Middle East is likely to generate proportionally greater domestic political repercussions in Australia than would have been the case prior to 2001. As the domestic reaction to the major explosions that occurred at Beirut Port in August 2020 attests,³¹ there are now substantial lobby groups advocating Australia take humanitarian action in parts of the world where it has previously had little connection. The range and size of community interest groups with a focus on the Middle East, whose voices will be part of the debate, has grown

significantly over the past two decades. Social media will amplify the human dimension of crises and the message of these community groups in ways never previously known.

Country	2001	2019
Afghanistan	13 860	62 560
Egypt	37 420	46 770
Iran	22 250	74 230
Iraq	28 480	93 300
Israel	7510	11 870
Jordan	3620	8080
Lebanon	79 850	95 200
Other ME countries	21 730	64 050
Syria	7610	29 390
Turkey	34 230	41 600
Total	256,560	527,050

Table 3: Australian population by country of birth

Source: Australian Bureau of Statistics, Estimated Resident Population, Country of Birth, 30 June 1996 to 2020.

In combination, the increased numbers of Australian citizens with ties to the Middle East and the ready availability of flights from a range of carriers has led to a significant increase in Australian visitors to the region. Australian visitor figures are not captured for all countries in the region, nor do they necessarily capture those who may clear customs while on a transit trip. Even allowing for these limitations, it is clear that a higher number of Australian nationals will be in the Middle East when any security crises occur in the future.

Country	2008	2019
Iran	4900	20 100
Turkey	14 900	45 400
Lebanon	22 300	49 800
UAE	16 900	57 500

Table 4: Australian visitors to countries

Source: Australian Bureau of Statistics, Overseas Arrivals and Departures, Australia.

CONCLUSION

Australia's military presence in the Middle East over the last 20 years has served to enhance its relations directly and indirectly with the region in a number of critical respects. Diplomatically, economically, and through people-to-people links, the relationship between Australia and the Middle East is much deeper on a greater number of fronts than it was when the country committed military forces to the region two decades ago.

In 2001, Australia's motivation for joining US-led operations in Afghanistan was to respond to attacks against its principal ally, the United States. In much the same way, Australia joined US-led operations in Iraq in 2003 to make common cause with Washington. But in the ensuing 20 years, Australia's increased connectivity with the Middle East has meant that it now has distinct national interests and equities in play in the region outside of simply signalling its enduring support for the alliance. While Canberra has expressed a clear desire to bring Australia's strategic focus back to its near abroad, it should be cognisant of the fact that by dint of circumstance the Middle East is now more, rather than less, directly relevant to Australia than when it committed forces there 20 years ago.

NOTES

Cover image: Middle East/Getty Images

- ¹ "Australia No Longer Sending Navy to the Middle East, Shifts Focus to the Asia-Pacific, China", ABC News, 23 October 2020, <u>https://www.abc.net.au/news/2020-10-23/australia-will-stop-sending-navy-to-middle-east-to-shift-focus/12808118</u>.
- ² Australian Government, 2020 Defence Strategic Update, Department of Defence, 1 July 2020, 21, <u>https://www.defence.gov.au/about/publications/2020-defence-strategic-update</u>.
- ³ "Launch of the 2020 Defence Strategic Update, delivered by Scott Morrison, 1 June 2020", Australian Journal of Defence and Strategic Studies, Volume 2, Number 2, 3 December 2020, <u>https://defence.gov.au/ADC/Publications/AJDSS/volume2-number2/prime-</u> minister-address-launch-2020-defence-strategic-update.asp.
- ⁴ Hillary Clinton, "America's Pacific Century", *Foreign Policy*, 11 October 2011, <u>https://foreignpolicy.com/2011/10/11/americas-pacific-century/</u>.
- ⁵ Remarks by President Obama to the Australian Parliament, Parliament House, Canberra, 17 November 2011, <u>https://obamawhitehouse.archives.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament.</u>
- ⁶ The Military Balance, The International Institute for Strategic Studies (IISS), Chapter 3: North America, United States, Deployment, 60–2, (London: Routledge, February 2021).
- ⁷ "Remarks by President Biden on the End of the War in Afghanistan", The White House, 31 August 2021, <u>https://www.whitehouse.gov/briefing-</u> <u>room/speeches-remarks/2021/08/31/remarks-by-president-biden-on-the-</u> <u>end-of-the-war-in-afghanistan/</u>.
- ⁸ Georgina Downer, "Lessons for Australia from the Suez Crisis", Australian Financial Review, 29 October 2021, <u>https://www.afr.com/world/middle-</u> east/lessons-for-australia-from-the-suez-crisis-20211028-p593yc.
- ⁹ Parliament of Australia, Joint Committee on Foreign Affairs and Defence, *The Gulf and Australia*, (Canberra, Australian Government Publishing Service, 1982), 23.
- ¹⁰ Parliament of Australia, *Defence 2000: Our Future Defence Force*, 2000 Defence White Paper, Commonwealth of Australia, 51–2,

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1516/DefendAust/2000.

- ¹¹ Interviews with senior DFAT and former ADF officers.
- ¹² Interview with senior DFAT official, August 2021.
- ¹³ Rodger Shanahan, Enduring Ties and Enduring Interests? Australia's Post-Strategic Choices in the Gulf, Lowy Institute, Policy Brief, (Sydney, Lowy Institute, August 2011), <u>https://www.lowyinstitute.org/publications/enduring-ties-and-enduringinterests.</u>
- ¹⁴ See for example Peter van Bergeijk et al, "The Economic Effectiveness of Diplomatic Representation: An Economic Analysis of its Contribution to Bilateral Trade", in Bergeijk et al, *Economic Diplomacy*, Brill, 2011, 101-120; and Yusuf Kenan Bagir, "Impact of the Presence of Embassies on Trade: Evidence from Turkey", *World Trade Review*, Volume 19, Issue 1, January 2020.
- ¹⁵ "Australia's Treasurer Says Economy Must Diversify from China Reliance", Reuters, 11 September 2021, <u>https://news.trust.org/item/20210906033754-0ox8r</u>.
- ¹⁶ Andrew Whitelaw, "A Battle for Barley Ahead", Thomas Elder Markets update, 13 August 2020, <u>https://www.thomaseldermarkets.com.au/grain/a-battle-ahead-for-barley/</u>.
- ¹⁷ "Money on the Table for Meat Exporters", Minister for Agriculture, Press Release, 25 July 2021.
- ¹⁸ "Aus March Barley Exports Drop 11 pc, Sorghum up 110 pc", Grain Central, 13 May 2022, <u>https://www.graincentral.com/markets/aus-march-barleyexports-drop-11pc-sorghum-up-110pc/</u>.
- ¹⁹ Doren Chadee et al, "Challenges and Opportunities for Australian Businesses in the GCC" in Prospects and Challenges of Free-Trade Agreements: Unlocking Business Opportunities in Gulf Cooperation Council (GCC) Markets, (London: Palgrave Macmillan, 2015).
- ²⁰ Australian Government, Australia–UAE Comprehensive Economic Partnership Agreement, Department of Foreign Affairs and Trade, 2022, <u>https://www.dfat.gov.au/trade/agreements/negotiations/australia-uae-</u> <u>comprehensive-economic-partnership-agreement</u>.
- ²¹ Data can be found at Australian Government, Trade Statistics, <u>https://www.dfat.gov.au/trade/resources/trade-statistics/trade-time-series-data</u>.

²² Ibid.

- ²³ Anthony Galloway and Shane Wright, "Australia's Plan to Boost Foreign Investment without Focusing on China", *The Sydney Morning Herald*, 25 October 2021, <u>https://www.smh.com.au/politics/federal/australia-s-plan-to-boost-foreign-investment-without-focusing-on-china-20211022p592cd.html</u>.
- ²⁴ See for example Rodolphe Desbordes and Vincent Vicard, "Foreign Direct Investment and Bilateral Investment Treaties: An International Perspective", CES Working Papers, Sorbonne, France, July 2007; and Kishan S. Rana and Bipul Chatterjee, "The Role of Embassies" in *Economic Diplomacy: India's Experience*, (Jaipur, CUTS International, 2011), <u>https://www.cuts-</u> international.org/pdf/Chapter1_Kishan-S-Rana_and_Bipul-Chatterjee.pdf.
- ²⁵ This only accounts for Saudi FDI in Australia there are no records for Australian FDI into Saudi Arabia for this year.
- ²⁶ Anna Ivanova, "Fortescue to Explore Green Hydrogen Production in Jordan", *Renewables Now*, 8 November 2021, <u>https://renewablesnow.com/news/fortescue-to-explore-green-hydrogen-production-in-jordan-760299/.</u>
- ²⁷ Estimates provided to author in interviews with Australian government officials.
- ²⁸ Dubai Tourism 2019: Performance Report,

https://www.visitdubai.com/en/sc7/tourism-performance-report, accessed 9 August 2021. A visitor was classified as someone who spent at least one night in a Dubai hotel, so the same person visiting Dubai five times would be counted as five visitors.

- ²⁹ Australia's resettlement of 12 706 refugees during the 2018 calendar year saw the country ranked third overall for resettlement (behind Canada and USA). See "How Generous is Australia's Refugee Program Compared to Other Countries?", Refugee Council, 9 May 2020, <u>https://www.refugeecouncil.org.au/2018-global-trends/</u>.
- ³⁰ This latter figure represents approximately three per cent of overseas-born residents in Australia, which is around the same as New Zealand, and slightly less than the 3.7 per cent born in India and China.
- ³¹ Australian Government, Beirut Port Explosions 2020, Department of Foreign Affairs and Trade, <u>https://www.dfat.gov.au/crisis-hub/beirut-port-</u> <u>explosions-</u> <u>2020#:~:text=Australia%20supported%20the%20people%20of,because</u> %20their%20homes%20were%20damaged.



Rodger Shanahan

ABOUT THE AUTHOR

Dr Rodger Shanahan is a Nonresident Fellow at the Lowy Institute.

A former army officer, he had extensive service within the Parachute Battalion Group (PBG) and has had operational service with the UN in South Lebanon and Syria, with the PBG in East Timor, in Beirut during the 2006 war, and in Afghanistan. He was the former director of the Army's Land Warfare Studies Centre, and has also been posted to the Australian Embassies in Riyadh and Abu Dhabi. Dr Shanahan has MAs in International Relations and Middle East Studies from the ANU, and a PhD in Arab and Islamic Studies from the University of Sydney.

He is also a part-time member of the Refugee Review Tribunal. He has written numerous journal, media, and policy articles, is a frequent commentator on Middle East issues for Australian and international media, has appeared as an expert witness for several terrorism trials in Australia, and is the author of *Clans, Parties and Clerics: the Shi'a of Lebanon*.

LOWY INSTITUTE

31 Bligh Street Sydney NSW 2000 Tel. +61 2 8238 9000 Fax +61 2 8238 9005 lowyinstitute.org @LowyInstitute