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## Table of contents

## Opening Remarks and Keynote Speeches

The Conference opened on 18 March with welcome remarks from Professor Jacqueline Lo, Director, ANU Centre for European Studies and Dr Wilhelm Hofmeister, Director, Konrad-Adenauer-Stiftung, Singapore. This was followed by keynote speeches from HE Sem Fabrizi, Ambassador and Head of Delegation of the European Union to Australia; HE Dr Christoph Muller, Ambassador of the Federal Republic of Germany to Australia; and Mr Peter Tesch, First Assistant Secretary, International Security Division, Australian Department of Foreign Affairs and Trade. The three keynotes outlined issues and challenges for Australia and the EU in the current strategic environment.

HE Ambassador Fabrizi's speech is available at:
http://eeas.europa.eu/delegations/australia/press_corner/speeches/20151803_en.htm

The Australian Institute of International Affairs produced an opinion piece based on the conference proceedings. It is available at: http://www.internationalaffairs.org.au/australian_outlook/eu-and-australia-expanding-the-circle-of-security/

## Session 1: International Security: Regional instabilities in the European and Asia Pacific neighbourhoods

*Mr Jeremy Newman (First Assistant Secretary, Europe Division, Australian Department of Foreign Affairs and Trade) chaired the Conference's opening session.*

The panellists took a broad view of international security, discussing geopolitical shifts underway in Europe and the Asia Pacific; what these meant for the EU and Australia's security and foreign policies; and how we could cooperate to help shape a new paradigm that retained our shared values and interests in the international order.

Professor Sven Biscop (Director, Royal Institute for International Relations, Belgium) opened the morning session, providing an overview of the landscape for current EU foreign policy making. He began by outlining three changes that had affected the EU's thinking on international security. The first centred on the importance of 'knowing thyself' in foreign policy making. Dealing with the euro zone crisis was challenging the European project. Austerity measures in response to the economic crisis were undermining the EU's own egalitarian aspiration of solidarity and equality, enshrined in Article II of the Lisbon Treaty. Prosperity and a fair share for all members was vital to

the success of the project, as well as ensuring the credibility of the EU's narrative in promoting the model to others. The second change was that defending EU interests had become imperative. Whereas the EU's foreign policy narrative had previously been about 'doing good for others', there was now a clear idea that it had to defend its own interests. Finally, reverberations of the US rebalance were being felt in the EU. China and the Asia Pacific were now the US' priorities. The US wanted the EU to do more in its region, the situation in Ukraine seemed merely a 'distraction' for the US.

Professor Biscop then identified three problems presently facing the EU in its strategic thinking and its own security. The first two related to its Southern and Eastern neighbourhood policies - here the EU had sought to work with governments to provide for their own security, freedom and prosperity. With regard to Ukraine, the strategic implications of what the EU had been doing were lost, although that was not to say that the EU was responsible for the war in Ukraine. Professor Biscop commented that the EU had not seen, or had not wanted to see, that Russia had been in the 'same game' since its conflict with Georgia in 2008. The EU had changed and could not see that others were still interested in realpolitik. Professor Biscop saw Putin's actions in Ukraine as being primarily about domestic legitimacy. Putin had no interest in escalating the conflict further, but he would continue to maintain it. In its Southern neighbourhood, Professor Biscop commented that the EU had lost legitimacy by working with dictatorial regimes, such as in Libya and Tunisia that had then been overthrown during the Arab Spring. The EU had believed its own rhetoric that it was 'friends with everyone'. It had put all countries on its list of partners from the start, which meant there was no incentive for partner governments to change or improve. The EU needed to decide what role it saw for itself in its Southern neighbourhood. Further, it needed to find a new way of working with the region that was not paternalistic. These issues indicated that a review of the EU's neighbourhood policy was in order. The EU should take the lead when hard issues appeared in regions. Working through NATO or ad hoc security structures would also be on option, since these are still European structures.

The third question facing the EU was what role it wanted to play as a security provider. Obviously there was a lot of work done with NATO, but the EU's collective role had been unclear because it was uncertain of its own ambitions. It seemed sensible that the EU should be able to act autonomously (that is, without the US), but this raised the question of who would act and how. Individual EU member states were their own security providers and enablers under existing arrangements. The EU also still had a stake in the collective security system of the UN. For example, it would have been difficult for EU countries to intervene in Libya without a UN mandate. High Representative Mogherini recently announced that she would launch a review of the EU's strategic policy. Professor Biscop concluded his presentation noting it would be important to update the original 2003 Solana policy.

Professor Hugh White (School of International, Political and Strategic Studies, ANU) opened his presentation by drawing participants' attention to a 'new' focus on 'old' security questions newly present in Europe and Asia. He reflected that the EU and Australia shared a commitment to a global order and that, until recently, we had shared a vision that this global order was moving our way. Since the end of the Cold War, liberalism had been uncontested, or challenges were only occurring at the margins, by rogue, weak or non-states. There was a view that nationalism was becoming less significant. These views were epitomised in the success of the EU itself. Also in Asia, there was growing economic cooperation. The biggest challenge that remained was how to bring the Middle East into the new global order. However, over the last few years, great powers were challenging this model. Professor White surmised that the old power politics was back.

In Asia, uncontested US primacy since 1972 had provided a basis for peace, economic growth and development. However, that foundation for order no longer applied. China no longer accepted US primacy and, in the words of President Xi Jinping, wanted a "new model of great power relations." Whether that meant leadership for China in the region, or equality with the US, was still unknown. Three choices faced the US in responding: pushing back; accommodating; or withdrawing. For Australia, the question was whether to encourage the US to resist, or accommodate China. We did not want to live under China's shadow, but we did also not want increasing strategic rivalry in our region. Presently it seemed both sides believed they would get what they want because the other would back down. The real danger was that neither were likely to back down. The US seemed to be in denial about the magnitude of this challenge.

In Europe, Professor White reflected that force had played almost no role in the post-strategic order. There had been hope that Russia would accept the EU model, the re-drawing of former Soviet borders, and NATO's primacy. But Russia had decided to be overt in challenging those assumptions, and sought to build its own sphere of influence to Europe's East. The EU needed to determine the extent to which it was prepared to tolerate Russia's building of such a sphere that was not based on the EU model. Where would it tolerate the geographic line being drawn? Where would it abandon deep elements of the model? Professor White saw the willingness of countries to go to war to promote their vision of a global or regional order as ultimately determining the outcome. He noted that NATO provided a good foundation for security in Europe, and that NATO's key role was now back to its origin.

To conclude, Professor White noted four key links or similarities between Asia and Europe. The first was geographic, with Russia as the link. While Russia and China were not destined to be deep allies, they shared interests in each other's challenge to the global order, and undermining the US in their respective regions. The second link was that both Australia and the EU faced the challenge of a changing post-Cold War order. We believed it was ethical and it fit our values well. But we were now facing the classic choice between justice and order, in the shadow of the threat of nuclear war. Third, this new international order would be one that was less globalised. Economic power would remain globalised but security was becoming increasingly re-regionalised. Finally, the US role in the global order would change and this would affect us both. Australia and the EU needed to have conversations with Washington about what its new role would be.

Questions to the panellists focused on the arguments of a shifting global order and whether this it was noted that these were widely accepted; fora for European and Asian states to address security issues; how far the EU was prepared to go in defending its interests in Ukraine; China's plan to establish a multilateral development bank; Asian maritime security; and the future of the Chinese regime. Panellists observed that in Asia, China was happy with the present economic order. With regard to other states, China was largely non-interventionist. What it wanted to do was expand and build on its current position. And China had rightly judged that it would be too hard for powerful neighbouring countries (India, Japan) to build a grand coalition against it. China's proposal for a multilateral development bank made sense considering the money and infrastructure

expertise present in China. But the bank would also serve China's strategic interests. Despite this, the EU should support the proposal and become a member of the bank given the EU had been working to 'socialise' China to multilateralism. It would provide an opportunity to take China at its own word. The EU also needed to consider security questions in Asia, particularly with regard to maritime security. Any US-China or Japan-China maritime conflict would stop all maritime trade, affecting one of the EU's key interests. As such, the EU needed to be engaged in looking for a mechanism to reduce major power conflict. Presently, Brussels still saw Asian issues as primarily economic ones, and Member States saw themselves as having primacy in relations with Asia, not the EU.

On the future of the Chinese regime, it was noted that no system as authoritarian as China's had offered as much improvement in quality of life to its citizens. Improving material welfare was a great legitimiser. The CCP would probably be able to adapt in the face of any discontent. Further, any new regime would be unlikely to differ in approach due to the size of China's population and economy.

The US needed to work out where its future interests in Asia lay - including the basis of the US commitment for preserving the status quo in Asia today. It seemed unlikely that the US would be able and/or willing to provide power to resolve the quest for regional order between the EU and Russia. The EU had the power to do this and the UK and France had nuclear weapons to balance those of Russia.

On Russia, it was noted that the question remained open for the EU as to how far it was prepared to go to keep Ukraine out of Russia. While not underestimating the value of economic sanctions, and EU countries' economic pain in bearing this burden, there was a good chance sanctions would not succeed. So if the measures the EU was prepared to use did not succeed, the outcome seemed then that Ukrainians would be on their own. While the EU would use diplomacy, economic sanctions and all instruments under its power to respond to the crisis, military action would require it to behave as a 'great power'. It seemed unlikely that the EU did want to be a 'great power'. Further, the EU was not seen as a pole or a counterweight, despite its influence. Some participants argued that the EU had the capacity to contain Russia's desire to build a sphere of influence, although it was debated whether the EU had decided where its geographic red lines

were. On the one hand, Ukraine lay outside of the EU/NATO eastern border. On the other, EU countries had intervened previously in Libya and Mali. The assessments of willingness and feasibility, and risk versus interest were still being made. Putin needed to be the centre of gravity of any such assessment or decision. For a start, he needed to be persuaded about the strength of NATO's commitment. Presently he may not be convinced about NATO's conviction of the Article 5 line. NATOs expansion to the Baltic states happened at a time when no-one really believed it would need to be used.

It was commented that political leaders were not explaining geopolitical shifts to their publics because it was too hard. For example, China was very economically important to Australia and there were many things Australians liked about China. Essentially Australia faced a contradiction: we saw our economic future with China but our security through US primacy in Asia. In Europe, a large proportion of the EU's population did not feel threatened in a military way by Russia. Further, the EU saw a diplomatic and economic answer, with a military one only being an extreme last resort.

On the EU's security policy review, the question remained: Could the EU get a security policy that started where hard security began? The UK, France and Germany still thought about global issues and strategy, but they didn't have the means to act alone. Some other Member States had given up on having any national strategic thoughts or discussion, handing this over entirely to the EU.

Panellists noted in conclusion that the future held more fluid and complex power relations than we had expected, and we were still only 70 years into the nuclear age. Meanwhile, realpolitik thinking was still stuck in the pre-nuclear era. There was no thinking on what modern nuclear conflict would look like. There was only one certainty – it would be different to the Cold War.

## Session 2: Domestic Security

*Mr Kyle Wilson (ANU Centre for European Studies) chaired Session Two.*

This session covered domestic security concerns in the new strategic environment. Building upon the focus of Session One, the security discussion moved from a government to individual level. The domestic security theme focused upon the challenge of terrorism.

Dr Natalie Doyle (Senior Lecturer, French and European Studies, School of Languages, Literatures, Monash University) provided a case study of terrorism in France, contrasting and comparing the emerging Australian challenge. France has the largest Muslim minority in Western Europe and has had difficulties integrating Islam into society. On the one hand, Salafism – a version of Islam that rejects modern culture – has contributed to the numerous terrorist attacks that have taken place in France, including the 1995 Paris metro and RER bombing and the recent Charlie Hebdo killings. On the other, mainstream culture is becoming increasingly intolerant of Islam, with numerous Internet postings vilifying symbols such as the burqa. A hallmark trend in the growing illiberalism of the policy discourse is the notion of the 'Islamization of Australia', or the politicisation of security issues arising from the Islam question. The politicisation of the Islamic community further represents a crisis of political representation, which in a larger sense points to a looming crisis of democracy for some EU states.

Dr Doyle noted two distinct processes of radicalisation – cognitive and behavioural. For Doyle, Anglo-Saxon nations largely subscribe to behavioural radicalisation, leaving core beliefs alone as accepted in democracy. These beliefs are generally tolerated so long as they do not cross into the threshold of criminal behaviour. In contrast, European nations tend to approach radicalisation in terms of the cognitive processes. Dr Doyle pointed out that the European process, the cognitive approach towards radicalisation, is at risk of becoming highly politicised. This will ultimately lead to increases in government overreach – such as the 'burqa ban'. France in particular has a highly inflexible model of secularism. These two processes require a dialogue in order to develop collective security approaches.

Dr Doyle concluded her presentation by outlining the typical steps by which radicalisation tends to occur, including alienation, joblessness, petty crime, radicalisation in prison and travel to the Middle East for jihad.

Dr Minerva Nasser-Eddine (Lecturer, Centre for Arab and Islamic Studies, Australian National University) delved into the micro-drivers of radicalisation. For Dr Nasser-Eddine, it is paramount to bring about political resolution of the four-year long Syrian and seven decade long Arab-Israeli-Palestinian conflicts. For resolution will remove one of the key motivators of Australians and Europeans joining non-state actors and radicalising. Beyond this, Dr Nasser-Eddine pointed to further drivers of radicalisation: ideological motivations and sectarianism. Furthermore, radicalisation is sparked by failure of social policies to encompass inclusion, access, opportunity, equity and agency.

Continued failure of domestic policy serves to further foster Muslim converts to demonstrate disengagement, and spurs development of new religious and social networks. This is a process of self-reinvention. Caught up in this process may also be the social outcast individuals, often with long histories of mental health problems. The lone wolf potential is also a source of radicalisation. Here, individuals who have no social, cultural, political, ideological, linguistic or religious connection to the Syrian and/or Arab-Israeli-Palestinian conflicts have chosen to partake in them for one of two reasons. First, they sense agency in their role as a foreign mercenary. Second, they simply seek adventure.

It had been estimated that up to 11,000 individuals were engaged as foreign fighters on the two conflict frontlines, although this figure was outdated so the actual number was probably much higher. Indeed, the Syrian conflict has seen mass foreign fighter mobilisation on an unprecedented scale. Within this lone wolf phenomenon are two new groups of interest – women and children. The rise of children attempting to travel to partake in the conflicts, and the rise of women becoming foreign fighters is relatively puzzling for researchers. Dr Nasser-Eddine noted that further research is underway in the area of these emerging groups.

For Dr Nasser-Eddine there is another group that is often overlooked – the local diaspora and migrant communities in the EU and Australia. The politics of survival and minorities is the key motivator for individuals within this group who may ultimately choose to travel to the conflict regions. Dr Nasser-Eddine's fieldwork has demonstrated that these individuals, both in the EU and Australia, are driven by and acting purely within defensive and *not* pre-emptive ideals. In light of this finding, there are a number of constructive ways forward for Australia to address the domestic terrorist threat.

First, there must be honest community consultation and dialogue. Second, we must clarify where we stand on Australian foreign fighters. Here, Australia could use experiences of returned foreign fighters to inform public policies and prevent other Australians from becoming radicalised. Dr Nasser-Eddine notes that transnational loyalty is very much alive, and not necessarily viewed as acts of terrorism. Evidently, this concept is of consequence to Australian domestic security.

The final speaker, a senior former Australian public servant, approached domestic security concerns through three policy prisms – context, dimension, and response. In terms of 'context', the necessity to recognize the forces of change and continuity at work was noted. There is a shifting balance between the rights of the individual and the security of our community. As 9/11 demonstrated, we are facing tactics of extremism that have a truly global reach. It was further noted that the strategic consequences of economic globalisation are increasingly evident in the enhanced interactions between people. The added complexity of federalism particularly in terms of overlapping security forces further burdens the contemporary security context.

In relation to the 'dimension' prism, the shifting contours of risk for Australian domestic security were highlighted. Here, we must accept increasing limitations of sovereign decision making processes – for what Australia may *want* to do, but often can't do on its own. The enhanced threat of non-state and transnational actors shifts security beyond domestic borders. The increased volume of Australian national foreign fighters in conflict abroad was a good example of this. The immediate domestic security threat therefore follows the potential of home grown terrorism.

The final prism 'response' delved into a fundamental reassessment of how best to addresses the root causes of terrorism. The conventional approach was outdated and Australia needed to adapt counter measures to modern forms of extremist violence – often spurred by social media. The old debate between root causes and immediate countermeasures is outdated because we need both long- and short-term strategies. Drawing up the ramparts is not the solution because globalisation prevents this and we do not want an intrusive securitisation. A sustainable counterterrorism strategy that does not compromise democratic values was called for.

Discussion commenced with the concept of counter terrorism 'best practice'. How best can government promote dialogue and engage with minority youth? Dr Nasser-Eddine noted that the us/them dichotomy is the first hurdle to address. At further detriment to counter terrorism 'best practice' is the introduction of the foreign fighter bill. It is argued that we have much to learn from experiences of Australians wishing to return home. Discussion then shifted to the notion of Australia as a potential breeding ground for conflict. Panel members urged that Australia is at risk for becoming an incubus for extremist activity, indeed, Australia cannot risk remaining agnostic on the issue. Despite evident and vast pitfalls facing counter terrorism policy in Australia, it was agreed that getting things wrong in the policies' infancy is not as problematic as not addressing the issue at all.

Another question noted whether there was a clash between Australia's individualistic ideologies and communitarian ideologies embraced by extremists. Dr Doyle responded that individuals often seek to join terrorist networks to recreate a sense of community. She discussed the process of 'de-tribalisation' in Australia. Primarily, this is occurring with Australian youth. Youth are at once enjoying freedom of the Internet, of global travel, and yet they aren't joining community groups; and don't belong to political parties or churches. As a result, Australia has lost a large component of the 'social glue' that used to hold the nation together. The European notion that it is post-national (or post-Christian) is not true. Even French secularism is a transposition of Christian values. More needs to be done to open up to the experiences of minorities. Minerva noted that more inroads need to be made to include Muslim groups into Australian society even though the government has already introduced many programmes to reach out to minorities.

It was noted that the threat of extremism might be rising because extreme right-wing groups receive external financing. For instance the Front National has received 40 million euros from the Kremlin and 15 per cent of European parliament members are from parties supported by Russia. The panel agreed that Russia supports destabilising parties in Europe but this is not the case in Australia. The chair noted that the Ron Paul Institute for Peace and Prosperity and Russia finance the Australian National Review, a right-wing publication that has claimed that the UK and US were funding ISIL.

## Session 3: Cyber Security

*The Cyber Security panel was chaired by Associate Professor Gregor Urbas from the Faculty of Business, Government and Law, University of Canberra.*

Dr Marcel Dickow (Head of Research Division International Security, German Institute for International and Security Affairs – SWP, Germany) opened the session by discussing his observations of cyber security in EU and Germany, noting that cyber security was a political issue in Europe, but still a niche discussion. He outlined states' vulnerability to cyber-crime, detailing government breaches and the many problematic issues on the dark net. The Snowden revelations demonstrated that intelligence agencies are at the forefront of what happens in cyber space, and this was coupled by weakening technical standards, especially in encryption.

With these vulnerabilities providing the backdrop, Dr Dickow outlined five current challenges in regard to cyber space. Terrorism and transnational cyber-crime presented the major threats to states' cyber security. Global governance of cyber space is the second key challenge. There is no single global body that deals with cyber security alone. While a multi-stakeholder approach with a forum for users to discuss issues is in place, this is based on a model of Western norms and values, which is being challenged by non-democratic states, such as China and Russia. Further, the model is being undermined by its diminishing credibility due to the internet being used for surveillance. The third challenge concentrated on the issue of non-attribution. Cyber space has developed as a global playing field with a global outreach and actions in it are almost impossible to attribute. Further, there are no international rules or agreements in place that could be enforced. Dr Dickow identified the last main challenge as the lack of territoriality. The concept of the nation state has very little

relevance in cyber space. Yet while it is a global playing field, it intersects with the individual and community level. As such, states still need to protect their citizens. However, it was no longer possible for single states to provide adequate security – international cooperation is required.

Dr Dickow then looked at European answers to these challenges, while noting there was no one EU strategy for cyber security. The EU is looking for multilateral governance responses, since many of these structures are already in place. Research and technology are at the forefront, especially with regard to encryption; reducing dependence on some IT structures; and more open source software. The EU is also looking to promote internal services, creating a European Cloud Computing Strategy in 2012, and has an international cyber space policy in place. Protecting critical infrastructure and developing an EU cyber defence framework are on the EU's forward agenda. Despite this work, Dr Dickow noted that cyber defence was not yet a topic for the EU, rather it was NATO's domain. This also applied to intelligence, which is done at the nation state, and not collective, level. Dr Dickow further noted that there was an ongoing rebalancing of privacy versus security happening in the EU.

At the national level, Dr Dickow described how Germany has a cyber-security policy in place but it does not discuss offensive cyber security, just defensive. He argued that Germany needs to decide if it wants to operate at the EU level or national level. He also noted that there had been rebalancing in Germany between homeland security and privacy following the Charlie Hebdo attack in Paris in January 2015 although Germans are wary and critical of mass surveillance. Dr Dickow concluded his presentation by stating that a technological enlightenment in regards to cyber security is happening in Europe, since citizens are taking over security issues from the state. The EU has the perfect structure to deal with cyber issues, but a multilateral governance response is hindered by a lack of coordination. Germany could be a leader in cyber governance but has been reluctant to take on more responsibility in the cyber field.

Dr Tobias Feakin (Director, International Cyber Policy Centre, Australian Strategic Policy Institute) opened his presentation noting that the Internet is the single biggest technology factor connecting the world – it is a beneficial tool but one that is almost uncontrollable: cyber power, in its various forms, is attractive to a whole range of actors. The internet is being leveraged by both state and non-state actors for political and ideological end, and by cyber criminals for financial gain.

The gains are high and the probability of capture low. States are struggling with the internet's lack of transparency and their inability to apply their principles and policies in this space.

Attribution is particularly hard for governments. The difficulty in pinpointing the identity and whereabouts of cyber security perpetrators poses major challenges to the creation of policy and regulatory responses and their implementation. Dr Feakin described the issue of attribution as a 'multifaceted jigsaw'. He conceptualised the 'jigsaw' by dividing it into four categories: technical, physical, political and legal. The technical side concentrates on creating a forensic trail, tracing the IP address and finding out – hopefully – who is conducting the crime. The physical aspect deals with linking a human to the computer where the crime was carried out. The use of stolen or public computers makes this difficult. Dr Feakin described the political aspect as being the most difficult. Given there is no one source for the internet and that it is not confined to a territorial space (e.g. there are multiple servers in multiple countries), cyber-crime is conducted over potentially multiple jurisdictions. Investigations, therefore, require international cooperation, which takes time – time for the evidentiary trail to disappear. In many cases, by the time permission has been granted from the host computer state for the investigation to proceed, the perpetrators have already moved to another country. Indeed, in cases of economic espionage, political authorities are not even interested in helping the investigation. Finally, the legal part of the jigsaw focuses on the need to find useful frameworks to assist states' prosecution of cyber-crime. Dr Feakin identified the US model of standards of proof, suggesting that categorising evidence could provide a preliminary framework for action for states to take. There four standards comprise a scintilla of evidence, a preponderance of evidence, clear and convincing evidence, and evidence beyond reasonable doubt. The latter could be sufficient for diplomatic action.

Dr Feakin then discussed the global level developments in responding to cyber-crime. He noted that there are mechanisms in place to bind international partnerships, specifically the Budapest Cyber Crime Convention. States in the Asia Pacific region are signing up to this, which will bring Europe and the Asia Pacific closer in dealing with the issue. Furthermore, a UN group of governmental experts on cyber security acknowledged the full applicability of international law over cyber space, although there will be difficulties in enforcing this internationally. To conclude, Dr Feakin noted that the EU and Australia are aligned on international issues of cyber security but that there was digression of national policies and measures on surveillance.

Professor Rod Broadhurst (Professor of Criminology, Cybercrime Laboratory, Australian National University) opened his presentation by stating that personal data was the new 'oil' of the internet, and the new 'currency' of the digital world. It is estimated that anywhere between $370-500 billion annually is lost through cyber-crime. He also described how cyber crime has evolved from low volume/high value crime to mainstream, high volume/low value crime that is organized and industrial-like. Cyber-crime is assumed to be the domain of organized crime, but in fact very little is known about its structures. In addition, we have seen a blurring of nominal boundaries between cyber-crime, cyber security, cyber warfare, 'hactivism' and cyber terrorism. There is a constant innovation in cyber-crime via 'tinkering' and convergence. Law enforcement professionals have had to change their tactics because of difficulties of attribution. Cyber space has witnessed a lot of civil regulation from companies and NGOs. This is filling the gaps left by states but is resulting in tension around who is leading the policy and regulatory response to cyber-crime.

Professor Broadhurst noted that hacking and spam pose some of the major challenges in cyber space. Spam is the main tool used to distribute malware, with research showing that approximately 25 per cent spam carries malware. Crime ware being offered as a service was an emerging challenge. Professor Broadhurst concluded that it, in looking for solutions, companies must be transparent about how they handle data. For example, the public trusts, and has expectations, that companies will be stewards of cloud data and have robust corporate protection programmes in place.

During discussion questions focussed on the possible morphing of criminality and national security; the relevance of cyber warfare in Russia's hybrid warfare; should the market deal with cyber security products and firewalls or would government regulation be necessary; the possibility of cyber reservists/corps; the Australian Cyber Defence White Paper; and the main cyber threats to Australia and Europe.

Panellists observed that, from a policy point of view, cyber-crime is a cross-cutting issue, including aspects of both criminality and national security, but that this aspect is not often appreciated. In regard to Russia's hybrid warfare and cyber warfare, the panellists drew on the case of the 2007 cyber-attacks on Estonia. It seemed likely that Russia was using organised criminal

groups for political outcomes. Participants discussed the dividing line between state intervention and individuals or companies responding themselves to threats to cyber security. It was debated who should pay the cost for metadata and the role of the government in setting standards and regulation while (at least major) companies are insuring against their own interests.

With regard to cyber reservists, the panel agreed that educating individuals is important but that most coders are more interested in creating apps rather than working in security. The IT skill sets required for a cyber-reservist are rarely found in people who want a career as a military reservist.

In the upcoming Australian Cyber Defence White Paper, an unclassified version of how Australia conceptualises 'cyber' and how it deals with it, was identified as being a key priority. There is limited information on this in the open source. It was hoped that there would be a distinct focus on cyber in the White Paper, backed up with greater funding. Australia's main cyber threat was identified as the limited cyber policy or legislation in neighbouring or regional states, who were being used as transit countries for malware. In Europe, state hacking was a major challenge. It cannot be distinguished between who is using hacking tools – states or others/criminals. Further, state cyber security tools and weapons have been taken by hackers to use for criminal purposes, as seen in the case of Stuxnet. There needed to be a moral or political agreement by states not to use all means possible, to avoid these possible consequences.

## Summary record

## Session 4: Partnership between EU and Australia: Challenges and Opportunities

*This panel was chaired by Professor Henrik Larsen, University of Copenhagen and ANU Centre for European Studies.*

Dr May-Britt U Stumbaum (Director, NFG Research Group, Free University of Berlin, Germany) opened the session by stating that recent developments have forced Europe to leave its internal area of peace. Europe must try to prepare for three challenges: immediate threats, regional security and strengthening the international system. Yet an obstacle in tackling these challenges is that many policymakers are stuck in Cold War thinking and lack new approaches.

While countries like Germany are seeking tools that are more comprehensive, they struggle to achieve international cooperation to confront common threats.

Dr Stumbaum divided the rest of the presentation into three sections: reasons for Europe to be involved with Australia, areas of cooperation in non-traditional security areas, and challenges. Regarding the first point, Europe and Australia share many interests regionally and globally. At the regional level, since 90 per cent of European trade is seaborne, ensuring that the sea lanes of communication remain open, especially in the Strait of Malacca, is critically important. Both Europe and Australia also wish to ensure stability in the Asia-Pacific region by addressing conflicts with spillover effects, radicalization and refugees. At the global level, both the EU and Australia have an interest in peacekeeping, non-proliferation, cybersecurity, piracy, pandemics, natural disasters, climate change and the need to strengthen the global international order.

Secondly, the EU has the potential role as a security provider in the Asia-Pacific region. While the EU does not have a classical hard security role, apart from being a major arms exporter to the region, it is able to share its experiences, technology, best practices in multilateral fora, and technology. Since the EU has no regional allies, it has a strong level of legitimacy in regional multilateral institutions such as ASEAN. According to Dr Stumbaum's research, public opinion polls in the Asia-Pacific suggest that Europe's colonial history does not influence perceptions of the EU, giving it a great deal of legitimacy and ability to conduct capacity building. She added that the 2008/9 EU-Australia Partnership Framework spelled out the potential areas for cooperation.

Thirdly, cooperation has been hindered by numerous challenges. While words of cooperation between Europe and Australia are underpinned by some concrete projects, momentum needs to improve to enhance cooperation. One challenge to the relationship is the 'tyranny of distance': since Australia does not fall within the EU's immediate region, relatively few resources are allocated to strengthening the relationship, resulting in a form of 'benign neglect', with the EU's attention absorbed elsewhere. Further, both sides' human resources were spent on our respective neighbourhoods. The EU also lacks the capacity, specialists, strategic outlook and physical presence to play an important security role. Dr Stumbaum noted other challenges facing the relationship include diverging views on the region and Australia's preference for a bilateral

approach with major individual European countries at the expense of cooperation with the EU as a whole.

Professor Michael Wesley (Director, Coral Bell School of Asia Pacific Affairs, ANU) followed by discussing the changing international order, specifically what happens to the rules of the system with the rise of powerful states that are not invested in the system. He stated that many countries, especially former colonies, do not feel well looked after under the current international circumstances. On the other side of the spectrum, Europe – which had previously acted like a gated community – has been forced to start thinking about changes in the international order after recent developments, notably the 2008 Georgia war and the 2014 annexation of Crimea by Russia.

Professor Wesley then identified three elements of international order. First, coordination involves finding rules and agreements that countries have common expectations about. Second, the regulatory aspect encapsulates rules about what is acceptable and what happens in the event of unacceptable actions. Third, the distributive component pertains to the questions of who gets what and who keeps what.

Europe and other status quo countries that designed the rules are currently facing major challenges in upholding the international order. At the macro level, China and Russia ('re-engineerers') are eager for a return to international greatness and believe that the existing rules lack legitimacy, though they still believe in the primacy of the state in international relations. At the micro level, groups like Islamic State ('revolutionaries') fundamentally reject the international order and many of its key tenets, including the assumption that the state is the basic unit of international politics, the status of economic relations, the separation between religion and politics and the existing territorial boundaries in the Middle East established by the Sykes-Picot agreement.

Status quo countries are stuck in a deadlock on regulatory and distributive aspects of the international order. In the past, the US had hoped to socialise the re-engineerers into international institutions, which is evident by former US Deputy Secretary of State Robert Zellick's speech about the need for China to become a 'responsible stakeholder'. Yet China is determined to change the rules and set up its own institutions, such as the Asian Infrastructure Investment Bank. As for the revolutionaries, they seek war with status quo countries. According to Professor Wesley, this

deadlock is due to the belief that the world has been stitched up by developed states. Both these conflicts have resulted in dysfunction in the coordinative aspects of the world order (such as international action on climate change and pandemics).

Professor Wesley argued that since Australia and Europe are both invested in the status quo, but that they are increasingly becoming pragmatists, realising the inevitability of change, which he termed as being 'status quo idealists and change pragmatists'. As such, the EU and Australia needed to work together to work out what elements of the international order we would like to keep (for example core principles, institutions), and which ones we would be prepared to let change. We would then need to have a long and ongoing conversation with other status quo powers to convince them for the need for pragmatic change - this would be very difficult. We would also need to work out how to work with re-engineerering powers to convince them the rules and institutions are in their own interests and to limit where this re-engineering comes. Since the re-engineerers do not have a blueprint of a definitive world order and speak on specific cases rather than principles, status quo powers need to discuss the implications of their actions (such as the annexation of Crimea) to the broader rules of the game. Professor Wesley argued that this cooperation must begin as an intellectual partnership, but would need to morph into an actual partnership. He summed up the challenge ahead for states as working out the road rules for the 21st century.

Ms Clare Birgin (Director, Counter-Terrorism Operations, Australia Department of Foreign Affairs and Trade) opened her presentation by discussing security areas where Australia would like to see enhanced cooperation with the EU. Australia would like to work with the EU to have more export controls to help curb weapons proliferation. The countries could also enforce a greater code of conduct to deal with space security. Yet Australia's greatest security challenge is terrorism, where the main threat for Australians is abroad. Australia has lost 112 (now 113 after the attack in Tunisia) of its citizens overseas in terror attacks. Greater cooperation to tackle the risk of foreign fighters is necessary to prevent the spread of conflict in Syria, Iraq, Afghanistan, Libya, Nigeria and Somalia. UN Security Council Resolution 2178, which introduced four legal obligations on members to prevent the recruiting of foreign fighters, is a step in the right direction but it needed global implementation, with cooperation to share the capacity building burden.

Australia seeks the EU as a key partner in counterterrorism efforts. We share values but also have different capabilities and experiences. During the November 2014 counter-terrorism dialogue with the EU, they agreed on the threat of foreign fighters. However they both need a stronger approach given the vast scale of the problem. There are 20,000 foreign fighters for ISIL, one-quarter of which are from Western countries, of which 90 are from Australia. While Australia lacks EU resources, it is easier for Australia to take steps because it is smaller. Australia could capitalise on this difference and provide targeted progress reports to the EU. Australia could also use EU programs for capacity building with other countries.

Ms Birgin stated that the Department of Foreign Affairs and Trade is concerned about ISIL propaganda, which has incited sympathisers to take the fight to the West by launching domestic attacks. The ISIL online propaganda machine is attractive to many individuals, including Jake Bilardi, an Australian teenager who died in a suicide bomb attack after joining ISIL. There are 46,000 twitter accounts associated with ISIL, of which one-fifth use English as their primary language. Australia used to be less attentive to ISIL's appeal to youth, but it has realised the need to counter the propaganda by arming young people against social media campaigns.

Australia has also sought to counter the effects of extremism by investing in integrating people at risk of extremism into society, including intensive English language training for adults and sophisticated training for imams to identify radicalised people. Birgin also stated that Australia has enhanced its bilateral cooperation in Southeast Asia, especially Indonesia, through intelligence sharing and law enforcement cooperation.

Ms Birgin concluded with a number of recommendations to mitigate the risk of extremist violence in Australia and abroad. These include the appointment of a national counterterrorism coordinator, cooperation with the EU on the cutting of terrorist financing, building on collaboration under our Passenger Names Record (PNR) Agreement, and the simplification of the public terrorism alert system. She also discussed new Australian Government measures to prosecute foreign fighters. She added that Australia is interested in counterterrorism efforts in the Horn of Africa and Sahel and is looking for support for a joint Australian-Belgian project on what motivates foreign fighters and how to stop them.

Melissa Conley Tyler (National Executive Director, Australian Institute of International Affairs) wrapped up the conference by presenting two images of the EU and Australia. First, there was the conceptualisation of Australia and the EU as 'islands' of relative peace and security under threat which have been shocked out of being insular communities. Second, she introduced the analogy of Australia and the EU being circles that try to expand their zone of peace and prosperity to those outside their circle.

However both images are misleading because of the inequalities in the relationship between Australia and the EU. The EU is much larger and more powerful, whereas Australia cannot affect the wider region. The EU has a long history of spreading prosperity that Australia does not. The EU has succeeded in an ambitious regional integration programme, while Australia has only pushed for (relative) integration with New Zealand. The EU has historically been more idealistic and has only recently started to move away from its idealism, whereas Australia is more pragmatic. Since they are in different regions, neither is a security actor in the other's region.

Ms Conley Tyler concluded by stating that the partnership between Australia and the EU needs to take these differences into account. We need to think more about multilateralism, even though it is currently not a good time for the multilateral project. Norms need to be the basis of collaboration to strengthen the liberal idea. In sum, Europe is a normative power and Australia is a middle power - maybe together we can expand the circle.

Discussion focussed on whether the tyranny of distance is truly significant since Australia is a NATO contact partner; what status quo powers were adamant on retaining in the event of a change in the international order; whether wealth generation was an element that status quo powers were likely to retain; and what elements of the international order status quo powers were ready to give up.

Dr Stumbaum noted that the tyranny of distance was more relevant for relations between Australia and the EU than for NATO. She clarified that the lack of resources within the EU allocated to strengthening relations with Australia has much to do with the lack of attention paid to Australia. The panellists agreed that wealth generation was likely to be preserved by the status quo powers in the changing international order.

As for abandoning certain aspects of the international order, Ms Conley Tyler suggested that there is a lot of low hanging fruit and many reasonable demands from the re-engineerers. For example, the BRICS want IMF quota reform, which should not be too hard to grant, but which won't pass through the US Congress. This inability to reform the IMF explains China's motivation for establishing the Asian Infrastructure Investment Bank.

Professor Wesley gave an example of an element of the international order that the status quo powers should be willing to abandon and another example of something they should not give up. He stated that status quo countries would have to compromise on the separation of the state and the economy due to the rise of massive state corporations. Today, 90 per cent of global energy resources are owned by state owned corporations, implying that Adam Smith's ideology is quickly falling apart. However he continued that status quo powers should not compromise on the use of force and coercion in international affairs. Non-kinetic forms of coercion (e.g. economic and cyber coercion) are more common today. If we accept that these are a legitimate part of statecraft then a lot of values are at risk.

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