



# Australia, China, and the Indo-Pacific

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Recent debate in Australia on regional strategic challenges has focused on China's rising influence, the durability of the U.S.-Australian alliance, and how Australia should respond and position itself relative to related changes in Indo-Pacific power dynamics. This debate is framed by increasing concern in Australia about the influence of China and those who promote its interests, despite the fact that China remains a key economic and trade partner. Australia's outlook is also affected by uncertainty about the Trump Administration's transactional approach to the alliance with Australia and U.S. engagement with the region.

## Australia's China Debate

A 2017 Lowy Institute poll found that 77% of Australians view the alliance relationship with America as important for Australia's security while 46% said that China "is likely to become a military threat to Australia in the next 20 years." The poll also found that 79% see "China as more of an economic partner than military threat." Of those polled, 60% felt that President Trump "causes them to have an unfavourable opinion of the United States."

For many years, Australian perceptions of China, particularly among business and political elites, have been shaped by China's role as the leading destination for Australian exports. According to the Australian Trade and Investment Commission, "China is Australia's number one export market, our largest source of international students, our most valuable tourism market, a major source of foreign direct investment and our largest agricultural goods market." The China-Australia Free Trade Agreement entered into force in 2015.

The Australian Secret Intelligence Organization has pointed to the growing level of harmful espionage and foreign interference operations being carried out in Australia that have sought to obtain sensitive government and corporate information and to influence public debate. Prime Minister Turnbull introduced a legislative overhaul of intelligence and espionage laws in December 2017. These espionage, foreign interference, and foreign influence reforms would enhance existing espionage, secrecy, treason, sabotage,

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and related offenses, and introduce new offenses targeting these areas.

China's activities in the South Pacific are raising concerns in Canberra. Reportedly, China and Vanuatu have held discussions to establish a Chinese military presence in Vanuatu, a small island nation located between Australia and American Samoa. Australia and New Zealand have warned China against building this military base, which would be China's first overseas facility in the South Pacific.

Some critics outside government question the underlying assumptions and support for the alliance with the United States. Former Prime Ministers Paul Keating and Malcolm Fraser became critical of the alliance and called on Australia to undertake a more independent foreign policy. More recently, Australian academic Hugh White's Quarterly Essay "Without America: Australia in the New Asia" asserts that "America will cease to play a major role in Asia, and China will take its place as the dominant power." He asks, how should Australia position itself given this dynamic?

Australian views of China are being shaped by revelations about how China is seeking to gain influence there. A June 2017 Four Corners television documentary, *Power and Influence*, the February 2018 book *Silent Invasion: China's Influence in Australia* by Australian author Clive Hamilton, and Prime Minister Turnbull's former Senior Advisor on China John Garnaut's March 2018 article in *Foreign Affairs*, "How China Interferes in Australia," all detail China's efforts to expand its influence in Australia. According to Hamilton, the central thesis of *Silent Invasion* is that "the influence of the Chinese Communist Party and its sympathizers in Australia on the major institutions of Australian democracy and public life is much greater than previously thought, and in fact Australia has been the target of an extensive campaign of influence by the Chinese state." One review of *Silent Invasion* labeled it a "McCarthyist manifesto." For Hamilton's response see "Why the Critics are Wrong." Two widely reported cases alleging China's influence with Australian politicians involve former Labor Senator Sam Dastyari and former Liberal Trade Minister Andrew Robb.

## Australia's Foreign Affairs and Defense Policy

Australian foreign affairs and defense policies are articulated in the 2017 Foreign Policy White Paper and the 2016 Defense White Paper. Accordingly, Australia "supports the deep engagement of the United States in the economic and security affairs of the region" and observes, "The roles of the United States and China and the relationship between them will continue to be the most strategically important factors in the Indo-Pacific region to 2035. A strong and deep alliance [with the United States] is at the core of Australia's security and defence planning." Prime Minister Turnbull stated in his 2017 Keynote Address to the Shangri la Dialogue, "In this brave new world we cannot rely on great powers to safeguard our interest. We have to take responsibility for our own security and prosperity while recognising we are stronger when sharing the burden of collective leadership with trusted partners and friends."

## Australia's Evolving Indo-Pacific Partnerships

In recent years, Australia has developed a network of partnerships with Indo-Pacific nations that augment Australia's bilateral alliance relationship with the United States. Australia's strategic relationship with Japan is its most developed relationship with an Asian nation. The 2007 Joint Declaration on Security Cooperation provides a foundation for a wide range of Australia-Japan security cooperation. Australia and Japan share a common vision for a free, open, stable, and prosperous Indo-Pacific region based on a rules-based order. The two nations are reportedly negotiating a reciprocal access agreement to facilitate joint operations and exercises. Turnbull made a state visit to India in April 2017. In their Joint Statement, Turnbull and Prime Minister Narendra Modi reaffirmed their "commitment to a peaceful and prosperous Indo-Pacific." The two leaders also noted "the strategic and economic interests of both countries are converging which opens up opportunities for working together in a rapidly changing region." Australia is

also once again working with India, Japan, and the United States through a quadrilateral dialogue, and in March 2018 Australia and Vietnam also signed a Strategic Partnership.

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