

## Chapter 5

# Australia in an Era of Great Power Competition

Navigating the Middle Ground between  
the Alliance and the Region

**SATAKE Tomohiko**



The Australian, U.S., and U.K. leaders announcing the launch of AUKUS  
(Xinhua/Kyodo News Images)

AS THE RIVALRY between the United States and China deepens, Australia has made its stance clearer. Particularly since the latter half of the 2010s when the U.S.-China and Australia-China rivalries intensified, the Liberal-National Conservative Coalition Government in Australia accelerated the development of its national defense capabilities. Alongside these efforts, the government bolstered Australia's relations with the United States, its allies, and partner countries through the quadrilateral security cooperation (Quad) among Japan, the United States, Australia, and India, the security partnership between Australia, the United Kingdom, and the United States (AUKUS), and cooperation with the North Atlantic Treaty Organization (NATO). The new government led by the Labor Party, which won the May 2022 federal election, remains firmly committed to the Quad and AUKUS and resolute in confronting China's economic coercion, including import suspensions and tariff hikes on Australian products.

At the same time, to counter the growing influence of China in Southeast Asia and the South Pacific, the Labor Party government has sought to enhance its engagement with these regions. However, some regional countries are adamantly against the Quad and AUKUS' escalation of great power competition and being drawn into geopolitical rivalries. As a result, Australia finds itself in a delicate balancing act between its allies and regional countries. While Australia aligns with the West in culture, values, and identity, it is geographically located in East Asia and the Asia-Pacific. These challenges unique to Australia have returned to the fore by the rise of China and the ensuing intensification of great power competition.

The main purpose of this chapter is to examine how Australia, standing in the middle ground between the "West" (alliance) and the "East" (region), seeks to ensure its security as great power competition intensifies. The first part focuses on Australia-China relations, which are deteriorating with the escalation of the great power competition, and discusses that its fundamental cause lies in the waning of U.S. primacy. The second part focuses on Australia's cooperation with Quad and AUKUS partners as well as with NATO, which are considered key tools for surviving the great power competition, and reveals their significance for Australia. The third part provides an outlook of Australia's regional diplomacy and presents its challenges. Lastly, some implications for Japan are discussed.

## Great Power Competition and the Deterioration of Australia-China Relations

### *Australia in the "Middle Ground" between the United States and China?*

Post-Cold War Australia has often been described as a nation in the "middle ground" between the United States and China. Through "dual dependence" on the United States for security and on China for economy, Australia maintained that it was not necessary to "choose" between the two countries and has built good relations with both since the U.S.-China rapprochement in 1972 and throughout the post-Cold War era.<sup>1</sup> Even as the U.S.-China rivalry gradually intensified in the 2010s, Australia charted its own policy toward China—concluding a free trade agreement with China in 2014, announcing it was joining the Asian Infrastructure Investment Bank (AIIB) led by China in 2015, and signing a memorandum of understanding on cooperation in third countries relating to China's Belt and Road Initiative (BRI) in 2017.

Moreover, such engagement with China was possible because the United States had overwhelming primacy in the region. The United States' overwhelming military and economic superiority in the region was the most crucial factor shaping Australia's strategic environment following World War II. As long as its ally, the United States, maintained overwhelming power in the region, Australia was able to "free ride" on security, a public good provided by the United States to the region, while reaping maximum benefits from China's economic growth. This unique international environment, so to speak, allowed post-Cold War Australia to keep its defense expenditures relatively low and boost its economic relations with China without hesitation. Indeed, it was a "happy era" for Australia.<sup>2</sup>

Therefore, when U.S. primacy began to wane in the 2010s, Australia's inherent wariness about China gradually began to show. The Australian Defence White Paper, released in September 2009, already expressed strong concerns about China's military modernization and its lack of transparency, and called for substantial military strengthening known as "Force 2030."<sup>3</sup> Subsequently, the Labor Party government led by Julia Gillard softened the criticisms toward China in the 2013 Defence White Paper and implemented defense spending cuts. The government, however, still maintained a certain level of vigilance toward China—for example, excluding China's Huawei from bidding for the national broadband network infrastructure project. Furthermore, the Gillard government strongly supported the United States' Asia-Pacific "rebalance" strategy and sought to continuously reinforce

Australia's security relationship with Japan, which, too, had become increasingly wary of China.<sup>4</sup>

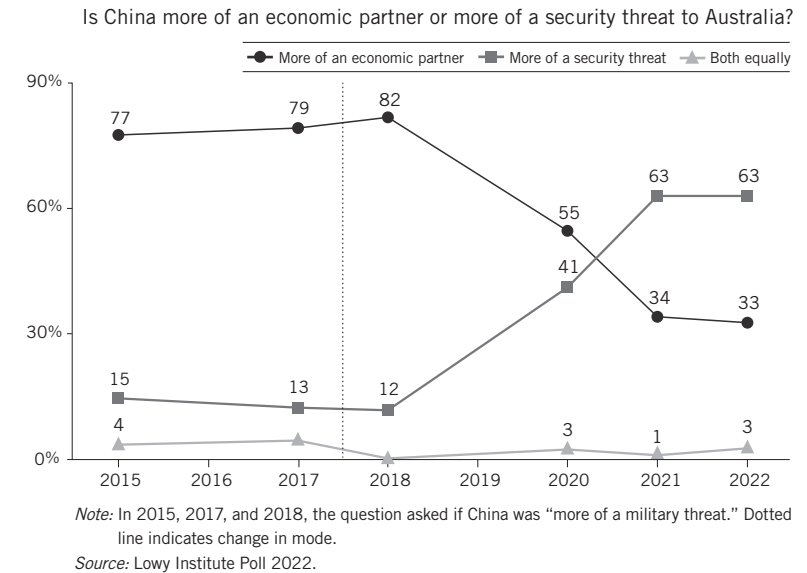
As China continued its military expansion in the East and South China Seas, Australia's wariness toward China grew day by day. In November 2013, following the sudden announcement of China's establishment of an "Air Defense Identification Zone" over the East China Sea, Australia issued what was then an unprecedented foreign minister's statement opposing any coercive or unilateral actions in the East China Sea. The Japan-U.S.-Australia Defense Ministers Meeting Joint Statement, released in May of the following year, also expressed opposition to "the use of coercion or force to unilaterally alter the status quo in the East China and South China Seas." Additionally, the Australian government became more alarmed by China's increasing military and other engagement activities in the South Pacific, which intensified especially from 2014.<sup>5</sup>

When China's "political interference" in Australia became an issue in around the mid-2010s, wariness about China extended from the government to the general public. In particular, reports of local Chinese businessmen giving donations and favors to Australian politicians caught the attention and interest of the Australian public. On top of this, entities such as the Australian Security Intelligence Organisation (ASIO), the national counterintelligence agency, and the Australian Strategic Policy Institute (ASPI), a private think tank, actively disclosed information about Chinese interference, espionage activities, and influence operations, and as a result, public sentiment toward China quickly deteriorated.<sup>6</sup>

Australia's sense of crisis reached its peak with President Donald Trump's inauguration in January 2017. The Trump administration's "America First" policy and disregard for the liberal international order had the risk of undermining the very foundation of Australia's security policy—a regional order based on strong U.S. leadership. While there were domestic debates that the United States and Australia should accept China's expanding political and military influence, such discussions were not reflected in actual policies.<sup>7</sup> For Australia, the decline of U.S. influence directly implied the arrival of a "China-led order." This was unacceptable for many Australians who uphold freedom and democracy, the ideals espoused since the country's founding.

In a June 2017 keynote address delivered at the Asia Security Summit (Shangri-La Dialogue), Prime Minister Malcolm Turnbull voiced strong criticism of China's actions in Asia, likening them to an Asian version of the Monroe Doctrine. In the following year, Canberra decided to exclude Chinese companies, including Huawei, from the Australian market for the 5G next-generation communications network. Furthermore, in

**Figure 5.1. Changes in Australia's sentiment toward China**



early 2020, amid the global spread of the China-originated COVID-19, Australia demanded an independent investigation into the origins of the virus. An infuriated China took several retaliatory measures, including import suspensions and tariff hikes on Australian products. As a result, the deterioration of Australia-China relations became inevitable.

Sino-Australian relations have shown no signs of improvement, even after the May 2022 federal election established the new Labor Party government. Anthony Albanese, the new prime minister and the leader of the Labor Party, completed the handover with unprecedented speed following the election. Shortly after, he visited Japan to attend the Quad Leaders' Meeting, where he assured the leaders of Japan, the United States, and India that Australia remained committed to the Quad. Furthermore, Prime Minister Albanese expressed his intention to adhere to the previous government's AUKUS policy and strengthen technological cooperation with the United States and the United Kingdom, including acquisition of nuclear-powered submarines.<sup>8</sup>

As China continues to challenge the existing order, Australia's wariness toward China continues to heighten. This in turn suggests that, while Australia is often perceived as a country straddling in the "middle ground" between the United States and China, it has actually established a firm foothold in the U.S. or Western camp. Australia aligns with the West in both

culture and values, considerably limiting its willingness to accept Chinese primacy in the region or a “China-led order.” Australia may be compelled to reassess its options if circumstances become more urgent. At least for now, as long as the United States is ostensibly confrontational toward China and is enhancing engagement with the region, it is highly unlikely that only Australia would choose disengagement from strategic competition.

### *An Unprecedented Defense Buildup*

From the above reasoning, it is clear why Australia has continued to build up national defense capabilities at an unprecedented pace in recent years. The *Defence Strategic Update*, released in July 2020 as an update to the 2016 Defence White Paper, sets out a strategy based on the intensifying U.S.-China strategic competition and the deteriorating strategic environment exacerbated by the pandemic. It calls for directing Australia’s strategic interest more to its immediate region, as well as substantially expanding defense capabilities, including continuous increases in defense expenditure, enhancement of long-range strike capabilities, and consideration of hypersonic weapons.<sup>9</sup> Additionally, the document indicates that the traditional assumption of a 10-year “strategic warning time” for a conventional attack against Australia is “no longer an appropriate basis for defence planning” due to the emergence of new threats, such as evolution of long-range weapons and cyberattacks.<sup>10</sup>

As revealed by the *Defence Strategic Update*, Australia has made a particular effort in recent years to acquire long-range strike capabilities. When AUKUS was unveiled in September 2021, Prime Minister Scott Morrison announced the purchase of the ship-launched Tomahawk cruise missile for Hobart-class destroyers, as well as the purchase of the extended range Joint Air-to-Surface Standoff Missile (JASSM-ER) and the Long-Range Anti-Ship Missile (LRASM), both of which can be mounted aboard F/A-18F Super Hornet fighters and F-35A Lightning II aircraft. Furthermore, in April 2022, following Russia’s invasion of Ukraine, the Australian Department of Defence announced that long-range missiles would be introduced three years earlier than planned. As to the reason, Defence Minister Peter Dutton cited Australia’s close defense and the regional coalition mission.<sup>11</sup> Especially as the risk of conflict between the United States and China escalates in the South China Sea and other areas, Australia, which is likely to participate in such conflicts under the U.S.-Australia alliance, must urgently enhance its capabilities to strike from areas outside the range of China’s Anti-Access/Area Denial (A2AD) capabilities against mainland China and Chinese military assets, including vessels and aircraft.

In July 2022, it came to light that Defence Minister Richard Marles of the new Labor Party government had started formulating the *Defence Force Posture Review* for the first time since 2011–2012. Key tasks reportedly include force projection capabilities and enhanced lethality of weapons.<sup>12</sup> The new strategic document covers a period of approximately five to seven years and is targeted to be completed by March 2023 (which was released as the *Defence Strategic Review* in April 2023). Some anticipate it will be the first comprehensive review since the 1986 “Dibb Report,” which was drafted by Paul Dibb, deputy secretary for strategy and intelligence in the Department of Defence, and had a significant impact on Australia’s subsequent defense strategy. The review is accordingly expected to represent a major turning point in Australian defense policy.<sup>13</sup>

## Cooperation with Allies and Friendly Countries

### *Quad*

In March 2021, former prime minister Morrison attended the inaugural virtual Quad Leaders’ Meeting and described the grouping as the “most significant development for Australian security and sovereignty since ANZUS (signed in 1951).” As his remark suggests, Australia positions the Quad as an important framework to counter China. As is well-known, Australia withdrew from the Quad after it was proposed by Japan’s Prime Minister Abe Shinzo in 2007 and an informal meeting of senior government officials was held in May of the same year. Australia’s prime minister was Kevin Rudd, leader of the Labor Party known for his close affinity with China. Some believe he decided on Australia’s unilateral withdrawal from the Quad out of consideration for Beijing.<sup>14</sup> According to Rudd, however, even former prime minister John Howard was unenthusiastic about the Quad.<sup>15</sup> Brendan Nelson, defence minister under the Howard government, explained to the Chinese side during his July 2007 visit to China that there was no intention to include India in the framework of Japan, the United States, and Australia.<sup>16</sup> At that time, Australia considered a trilateral framework to be sufficient to counter China.

But then, Australia saw the expansion of China’s influence, rise of U.S. isolationism, and deterioration of Australia-China relations. This led Canberra to position the Quad as a key tool for maintaining the regional balance of power. In October 2017, Japan’s Foreign Minister Kono Taro expressed Japan’s aim to hold strategic dialogues at the foreign minister and leader levels among Japan, the United States, Australia, and India

(Quad 2.0). A week later, Foreign Minister Julie Bishop “welcomed” the quadrilateral consultations. The opposition Labor Party’s shadow ministers for foreign affairs and defense echoed their support for the Quad.<sup>17</sup> And, as mentioned earlier, the new Labor Party government established in May 2022 expressed continued commitment to the framework.

Australia views the Quad as an important tool for bringing together the strengths and technologies of its four members and boosting their competitiveness against China to establish a stable balance of power in the region.<sup>18</sup> Unlike Quad 1.0, which assumed military cooperation, Quad 2.0 is mainly non-military cooperation, including provision of “public goods,” such as vaccines, infrastructure support, and climate change solutions. It also covers development of emerging technologies, strengthening of supply chain resilience, and cyber and space cooperation. The core goal of the Quad is to pool the capabilities of the four countries in these areas and advance mutually complementary cooperation, and thereby, maintain long-term competitiveness and advantage against China.

Australia, in particular, is focused on the development of emerging technologies that contribute to economic growth and enhancing military technologies. In the field of artificial intelligence (AI), for instance, Australia formulated the AI Action Plan in June 2021 as part of its Digital Economy Strategy, setting the goal of assuming a leading role in AI by 2030.<sup>19</sup> According to the Action Plan, Australia ranks 16th globally in number of citations in AI-related peer-reviewed papers. When compared to similar papers, Australia is third in the world in the number of citations per paper, following Singapore and Hong Kong.<sup>20</sup> Australia excels especially in AI fields such as pattern recognition, machine learning, and computer vision, and is said to have published more papers in the theoretical computer science and linguistics fields than Japan or India.<sup>21</sup> Australia aims to further strengthen science and technology partnerships through initiatives such as the “Quad tech network,” which promotes cooperation among universities and research institutions in the four countries.<sup>22</sup>

Additionally, Australia seeks to leverage its abundant resources to contribute to the Quad in strengthening supply chain resilience and tackling climate change. Australia possesses mines for rare earths, nickel, copper, and cobalt—the so-called “critical minerals”—and is the third-largest producer of rare earths in the world, following China and the United States.<sup>23</sup> Discussions on the supply of rare earths have already taken place within the Quad, and the U.S. government is reviewing the proposal to process Australian ores in the United States.<sup>24</sup> Furthermore, Australia is putting effort into developing clean energy, including hydrogen, and is working to quickly expand its production and export hubs.<sup>25</sup> Development of rare

earths and clean hydrogen is essential for promoting decarbonization. Supplying these resources to the Quad countries is expected to ramp up competitiveness against China in the areas of supply chains and climate.

In addition, the Quad serves as a means for Australia to keep the United States engaged with the region, support Japan’s more proactive foreign and security policies, and draw India closer to Australia, Japan, and the United States.<sup>26</sup> Since commencing the Australia-India Civil Nuclear Cooperation Agreement negotiations in 2012, Australia has strengthened its relationship with India in the economic and security realms.<sup>27</sup> Since 2015, Australia has discussed maritime security and supply chain resilience with Japan and India through their trilateral framework. In 2018, *India Economic Strategy*, a report by a former secretary of the Department of Foreign Affairs and Trade of Australia, was released, which sets out a comprehensive plan for further strengthening economic and people-to-people relations with India.<sup>28</sup> The Quad is expected to further promote Australia’s cooperation with India, which has been cultivated bilaterally or trilaterally.

Strengthening the Australia-India relationship is certainly not without challenges. India has gradually moved closer to the three Quad partners since the May 2020 China-India skirmishes along their border. However, India and the three countries still differ significantly in their policies toward Russia and trade. Furthermore, India and the three countries take contrasting stances on domestic regulations, free flow of data, and 5G standards. The task ahead will be to resolve these regulatory and positional differences.<sup>29</sup> Moreover, India remains cautious about Quad military cooperation. Australia’s task will be to align India’s position closer to the other three through, among other measures, bilateral military cooperation.

### *AUKUS*

Australia places as much or even more importance on AUKUS than the Quad. The establishment of AUKUS was driven by several factors. Firstly, the prospects for Australia’s procurement of next-generation submarines were uncertain, and there was a risk that the country would have no submarines for a period of several years (sometimes known as “submarine gap”). Another factor was the rapid deterioration in the strategic environment, particularly after the pandemic’s outbreak in 2020.<sup>30</sup> According to reports, Australia initially proposed AUKUS to the United Kingdom, and later the two countries convinced the United States to join.<sup>31</sup> As examined earlier, there were strong political and diplomatic motivations behind the Quad, such as maintaining U.S. engagement, expanding Japan’s role, and enhancing relations with India. Compared to the Quad, AUKUS, which is based on cooperation



with Australia's long-standing partners—the United States and the United Kingdom—offers more tangible and substantial defense benefits to Australia.

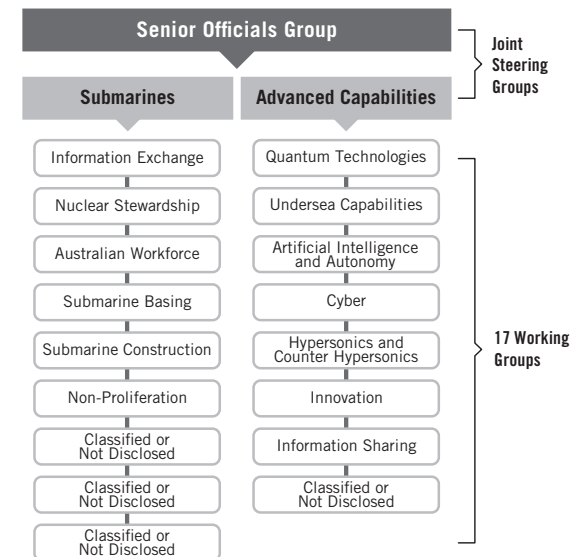
AUKUS consists of two pillars of cooperation: submarine cooperation, involving U.S. and U.K. support for Australia's acquisition of nuclear-powered submarines; and broader defense technology cooperation, including emerging science and technologies. In the former pillar, the Agreement for the Exchange of Naval Nuclear Propulsion Information was signed by the three AUKUS partners in November 2021 and entered into force in February of the following year. This has enabled Australia to access information on U.S. and U.K. nuclear-powered submarine technology and conduct joint training exercises. In March 2022, Prime Minister Morrison revealed plans to build a base for nuclear-powered submarines on the east coast of Australia, naming Brisbane, Newcastle, and Port Kembla in southern Sydney as its potential site.<sup>32</sup> The Australian government is also planning expansions of the Osborne Shipyard in Adelaide, South Australia and other spaces for domestically constructing nuclear-powered submarines.<sup>33</sup> Furthermore, in September 2022, it was agreed that Australian Navy personnel would board U.K. nuclear-powered submarines and receive training.<sup>34</sup>

With regard to the latter defense technology cooperation, senior government officials from the three countries held consultations following the establishment of AUKUS and decided to cooperate in eight areas: undersea capabilities; quantum technologies; AI; cyber; hypersonic and counter-hypersonic capabilities; electronic warfare; innovation; and information sharing.<sup>35</sup> In addition, working groups have been formed to facilitate such cooperation, and discussions have been conducted in each area.<sup>36</sup>

As this suggests, AUKUS holds significance for Australia as a framework which goes beyond just acquisition of nuclear-powered submarines. It helps bolster national defense technologies, including advanced technologies, and national defense capabilities themselves. Notably, sharing information and integrating capabilities, supply chains, research, technology, and defense industry infrastructure with the United States and the United Kingdom will enable Australia to develop weapons and foster innovation in new technologies. To allow Australia to better contribute to such cooperation, Prime Minister Morrison requested governments, universities, and the industry to strengthen nine areas with priority, including quantum technologies, drones, genetic engineering, cyber, and AI.<sup>37</sup>

Needless to say, advanced technologies will have formidable impact on military capabilities. For example, the development of quantum positioning systems will purportedly enable the navigation of aircraft, ships, and submarines without relying on satellites or GPS, coupled with secure communication, more advanced information gathering, optimization of

Figure 5.2. AUKUS organization



Source: *AUKUS Briefing Book* (2022 Inaugural Edition), eds. Jada Fraser and Jan K. Gleiman (Tempe: Arizona State University, 2022), 3.

supply chains, and management of rear support.<sup>38</sup> Furthermore, lethal autonomous weapons using AI can conduct a series of actions, from target search to attack, without human intervention.<sup>39</sup> The United States, the United Kingdom, and Australia aim to jointly develop these “game-changing” technologies by leveraging their respective strengths, thereby counter China’s rapid advances in similar research and development.

For Australia, AUKUS offers another benefit: it transfers U.S. cutting-edge technologies, including nuclear propulsion, thereby bolstering Australia’s autonomous defense capabilities. Especially after signing the U.S.-Australia Defence Trade Cooperation Treaty in 2007, Australia has relied heavily on U.S. military capabilities and technologies through their bilateral alliance and Five Eyes cooperation. Approximately 70% of Australia’s arms are imported from the United States, and Australia is the second largest export destination for U.S. arms.<sup>40</sup> Since 2017, Australia has also taken steps to integrate its technology bases with those of the United States, the United Kingdom, and Canada, including joining the United States-led National Technology Industrial Base (NTIB) with the United Kingdom.<sup>41</sup>

However, some Australian defense officials have long been dissatisfied with the stringent U.S. regulations on transfer of important military technology and information.<sup>42</sup> If AUKUS were to enable the transfer of critical

technology and information, it would facilitate Australia's development and maintenance of more autonomous weapons. Indeed, in recent years, Australia has embarked on domestic manufacturing of guided weapons, explosives, and unmanned aerial vehicles in close cooperation with the United States. Boosting Australia's emerging technologies and military capacity through AUKUS may not only ramp up Australia's independent defense capabilities but also potentially pave the way for expanding its exports of weapons using such advanced technologies.

In this way, AUKUS has tremendous potential for Australia's defense capabilities, and conversely, also numerous challenges. The cost of acquiring nuclear-powered submarines is estimated to far exceed the budget allocated for conventional submarine acquisition (reported to be over A\$120 billion). Some raise concerns with the commissioning timeline, which is said to be 2040s at the earliest. Other problems include securing workforce for the construction, maintenance, and operation of nuclear-powered submarines, recruiting crew members, and safety issues.<sup>43</sup> Furthermore, with China, Russia, and Indonesia noting the negative impact on nuclear non-proliferation, Australia will need to address these criticisms and provide reassurance to the region. Some experts argue that neither the United States nor the United Kingdom has sufficient production capacity to supply completed nuclear-powered submarines to Australia, while Australia lacks the capacity to manufacture nuclear-powered submarines domestically from scratch.<sup>44</sup>

Technology cooperation entails many challenges as well. For example, transferring defense technology from the United States involves not only the U.S. Department of Defense and congressional committees on armed services. It also involves other entities, such as the Department of State and the Department of Commerce, and overcoming their regulatory barriers is not easy. Additionally, the United States will provide valuable technology to Australia only if it can provide some benefit vice versa. Australia may be able to contribute partially to AUKUS with technologies such as AI, undersea technology, and robotics. However, Australia's capacity is significantly inferior to that of the United States and the United Kingdom with respect to its science and technology workforce, research and development budget, and the scale of its defense industry.<sup>45</sup>

To overcome these issues, some in Australia are calling for the creation of an "ecosystem" that links industry, government, and academia to support the development of defense technological capabilities.<sup>46</sup> However, whether such a concept can be realized remains unknown. Ironically, Chinese companies and research institutions are Australia's key partners for the research and development of advanced technologies.<sup>47</sup> Whether AUKUS

will truly serve as a useful framework for Australia to gain an edge in the great power competition with China depends largely on Australia's ability to overcome the challenges, and more time is needed to make this judgment.

### *NATO*

Australia has strengthened its ties with NATO as well in recent years. Until around the mid-2010s, European countries did not necessarily take a stern view of China. However, as is seen in issues that transcend geographical boundaries, such as the BRI, cyber, and interference in internal affairs, it became clear that China's rise has implications not only for the Indo-Pacific but also globally. As a result, while European countries and NATO initially perceived China as an economic opportunity, this perspective gradually began to change. In August 2019, in a speech delivered in Sydney, NATO Secretary General Jens Stoltenberg expressed the view that the rise of China challenges the global rules-based order and its impact is already spilling over into Europe.<sup>48</sup>

When Russia suddenly invaded Ukraine in February 2022, Australian prime minister Morrison condemned China and Russia for forming an "Arch of Autocracy" against democracy and called for enhanced cooperation among democratic nations across the regions.<sup>49</sup> In the subsequently released new "Strategic Concept," NATO contended that China is posing a "systemic challenge" to European security through cyberattacks, infrastructure, dissemination of disinformation, and economic coercion, and set out to strengthen relations with the Asia-Pacific Four (AP4), including Australia. Canberra highly welcomed this NATO policy.

That said, strengthened ties between Australia and NATO do not imply NATO's direct involvement in defending the Indo-Pacific. Furthermore, as Australia's relations with China deteriorate and the regional security environment becomes ever more severe, Australia is unlikely to deploy ground forces to Europe or the Middle East and take part in direct combat as it did in the past. Australia-NATO cooperation is thus expected to focus on broad and diverse areas, such as counterterrorism, information warfare, cybersecurity, disaster response, and capacity-building support, the core objective of which will be to enhance the unity and capabilities of Western countries for maintaining the rules-based order.

### **Strengthening of Regional Engagement**

As Australia strengthens its relations with Western countries through the

Quad, AUKUS, and NATO, China has pursued “neighborhood diplomacy” with non-Western countries and steadily increased its influence. When many countries turned inward during the pandemic since 2020, China increased its support for Southeast Asian countries’ COVID-19 response, including providing vaccines and medical supplies, and engaged in more proactive trade and investment to boost economic relations with such countries.<sup>50</sup> Furthermore, China enhanced support for Pacific island countries’ COVID-19 response and signed a security cooperation agreement with the Solomon Islands in April 2022, as part of the efforts to strengthen military relations in the region.

Southeast Asia and Pacific island countries have shown mixed reactions to the great power competition intensified by the Quad and AUKUS. In a Singaporean institute’s 2020 survey conducted among Southeast Asian countries, 45.8% of the respondents answered that the Quad has had a “positive” or “very positive” impact on the region, far more than the 16.2% who answered “negative” or “very negative” impact. At the same time, 38.0% of the respondents answered “no impact,” indicating there was a strong sense of skepticism toward the Quad.<sup>51</sup> In the same institute’s 2022 survey, 36.4% of the respondents answered that AUKUS will help counter China’s military power, while 22.5% of the respondents expressed concerns that AUKUS could escalate the regional arms race and 18% answered it will weaken ASEAN centrality.<sup>52</sup>

Likewise, Pacific island countries have deep-seated concerns that the Quad and AUKUS will intensify the U.S.-China geopolitical rivalry and its effects will spill over to the Pacific island region. China has adeptly exploited these regional concerns in waging a propaganda campaign that the Quad and AUKUS are fueling regional division and confrontation rooted in “Cold War mentality.” China’s assertions have resonated with some countries in the region. After AUKUS was announced, the foreign ministries of Indonesia and Malaysia expressed concerns about AUKUS escalating the regional arms race.<sup>53</sup> Since then, Indonesia has continued to advocate to the international community that AUKUS poses nuclear proliferation risks.

In light of these circumstances, the new Labor Party government has set out to strengthen Australia’s engagement with Asia. Foreign Minister Penny Wong criticized the previous government’s inability to prevent the security agreement between China and the Solomon Islands, describing it as “the worst Australian policy failure in the Pacific since the Second World War.” Upon returning from the Quad Leaders’ Meeting she attended in Tokyo with Prime Minister Albanese, Wong immediately visited Fiji, Samoa, and Tonga. Wong also visited four Southeast Asian countries (Vietnam, Malaysia, Singapore, and Indonesia) from June to July as she pursues active

regional diplomacy. During her Southeast Asian tour, Wong reiterated that AUKUS is just one element of Australia’s regional diplomacy and that Australia will strongly support ASEAN centrality in promoting regional stability and prosperity.<sup>54</sup>

At the same time, the Labor Party government sought to repair the relationship with China that became strained during the previous government. On the sidelines of the G20 Foreign Ministers’ Meeting in Indonesia in July 2022, Foreign Minister Wong and Foreign Minister Wang Yi of China held a meeting for the first time in approximately three years. Following the meeting, Foreign Minister Wong acknowledged that repairing the relationship would take time but still viewed the meeting as the “first step” toward restoring relations between the two countries.<sup>55</sup> That November, Prime Minister Albanese and President Xi Jinping held the first summit meeting between Australia and China since 2016, and agreed on the importance of their bilateral relations and to take steps to stabilize the relationship. However, there was no concrete progress in the outstanding issue of lifting China’s economic sanctions on Australian products, suggesting that the road to reconciliation between the two countries may not necessarily be smooth sailing.<sup>56</sup>

In fact, Asian diplomacy is a strength of the Labor Party government that continues a trend begun by Prime Minister Gough Whitlam. Whitlam normalized diplomatic relations with China shortly after coming to power in 1972, abolished the White Australia policy, and enhanced Australia’s engagement with Asia. Paul Keating, leader of the Labor Party who became prime minister in 1991, actively pursued Australia’s “Asianization” under the policy of seeking Australia’s “security in Asia, not from Asia.”<sup>57</sup> In October 2012, Julia Gillard’s Labor Party government released the *Australia in the Asian Century* White Paper, which set the goal of further strengthening Australia’s economic engagement with Asia in the “Asian century.”<sup>58</sup>

The Labor Party’s traditional emphasis on Asia was based on an optimistic outlook that China’s peaceful rise would lead to further economic growth and integration in the region. In other words, Asia was viewed as an “opportunity” for Australia’s growth and security. Today, China’s influence as a revisionist state is extending to a range of realms, including the economy and security, presenting greater potential threats and “risks” to Australia. To eliminate these risk factors and prevent threats from reaching Australia, there is a growing need to further strengthen engagement with Asia. In this sense, the Labor Party government’s involvement in Asia, including its approach to Sino-Australian relations, requires fundamentally different and new approaches from the past.



## Conclusion

Australia is strengthening its relationships with traditional allies and Western countries through the Quad, AUKUS, and cooperation with NATO. By doing so, Australia seeks to maintain a strategic balance in the region that is favorable to itself, while actively engaging with the region to provide reassurance to smaller countries and minimize their security risks. In this way, Australia becomes both a party to the intensifying great power competition and an actor bridging the gap between Western and regional countries. It illustrates Australia's balancing act, cultivated by its long-time experience of navigating the middle ground between the East and the West.

That said, we do not know how sustainable Australia's delicate balancing act will be. As China, more powerful than now, steps up its offensive against the region, Australia will become more dependent on traditional allies and the "Anglosphere." This may boost Australia's traditional identity as a Western nation, which in turn could further distance Australia from Asia. On the other hand, it remains unchanged that Australia is located in Asia geographically, and moreover, it is uncertain how long the United States and the United Kingdom will be committed to Asia. In this context, Australia cannot completely abandon its identity as a member of Asia. Furthermore, China's status as Australia's largest trading partner is unlikely to change in the near future. Consequently, the intensification of the U.S.-China competition will only deepen Australia's strategic dilemma.

This has relevance to Japan, which has similarly found itself in the middle ground between the East and the West. As the East China Sea and Taiwan Strait crises develop, it becomes increasingly important for Japan to build up its defense capabilities, strengthen the Japan-U.S. alliance, and enhance cooperation among regional powers, such as trilaterally among Japan, the United States, and Australia and among the Quad partners. Particularly since Russia's invasion of Ukraine, Japan appears to be taking a clearer position in the great power competition. Its new National Security Strategy released in December 2022 emphasizes that Japan will uphold the international order based on "universal values," such as freedom, democracy, respect for fundamental human rights, and the rule of law, taking into account that "some nations" which do not share these values are seeking to revise the existing international order.

As a matter of fact, however, it is not only China and Russia but also many countries in the Indo-Pacific that do not necessarily share those "universal values." Japan's engagement with the so-called "Global South," or countries in Southeast Asia, South Pacific, South Asia, and Africa, will be a major item on Japan's regional diplomacy agenda. Like Australia, one

of the key tasks for Japan is to manage and stabilize relations with China. Security cooperation between Tokyo and Canberra has evolved to a "quasi-alliance" in recent years. In particular, they have made progress in defense cooperation focusing on contingencies. Japan and Australia, both finding themselves in the middle ground between the East and the West, still have ample room for cooperation in regional engagement.