Australia’s Strategic Dilemma: The Australia-US-China Triangle

Chien-jung Hsu

Adjunct Assistant Professor,
Department of Public Affairs, Ming Chuan University

Abstract

Although Obama’s government tacitly voiced concerns on the rise of China, and maintained that Australia does not need to choose between the United States and China, Trump’s unpredictable policy and ignorance of the complexity of the international geopolitical order may place Australia in a situation where that choice has to be made. Australia’s enduring alliance with the United States continues to act as a crucial force multiplier for Australia’s security policy. Such an alliance, however, can be affected by two variables: the rise of China and the uncertain role of the US in the Asia-Pacific since Trump became president. The conventional view calls for a more active regional security policy so that Australia can weather the destabilizing effects caused by China and a wavering US. Although the Australia-US alliance has effectively advanced both nations’ interests for decades, the rise of China could affect this alliance—in other words, in facing a rising China, Australia might have to modify its alliance with the US and forge a closer relationship with China. However, so far Australia appears to prioritize its ties with America over those with China.

Keywords: TPP, Donald J. Trump, ANZUS, Pivot to Asia, Asia-Pacific
From the Battle of Hamel in WWI to the global war on terrorism, Australia and the US have fought side-by-side in every battle over the past century. The US also replaced the United Kingdom in providing Australia with a defence shield after the 1951 *Australia, New Zealand, United States Security Treaty* (ANZUS). Since then, the ANZUS Treaty has been a cornerstone of Australia’s defence policy, and Australia’s alliance with the US has been a pillar of Australia’s foreign policy. Thus, the US’s global strategy profoundly influences Australia’s security policy. On the other hand, the rise of China has also been a key factor in influencing Australia’s foreign policy. Therefore, the security and economic environment in which Australia functions is largely determined by the United States and China, and thus any conflict between them can have immense implications for Australia’s strategic and economic security. This indicates that the rise of China is not only an opportunity but also a challenge for Australia.

I. The Opportunity and Challenge of the Rise of China

China-Australian diplomatic, economic and security ties have become much closer over the past four decades. In the last two decades, China’s rapid economic growth has benefitted Australia’s economy. China is now Australia’s largest trading partner in terms of both exports and imports. China’s demand has shifted from raw materials to high-end products. Australia has become a key supplier of resources and agricultural products to China, while China has become an important market for Australian exports.

---

materials to elaborately transformed manufactured goods, services, and expertise.4 Because of China’s economic influence in the world, Australia needs to adopt a more economically and strategically prudent attitude in determining how the Australia-China economic relationship is to further develop.5

In response to China’s rapidly rising economic status, Australia has adjusted its priorities toward Asia. In addition, Australia has also become important with regard to its exports of raw materials to Asian countries. The top export markets for Australia are: China, Japan, South Korea, the United States and India. President Xi Jinping wants to tie Australia into China’s ‘One Belt, One Road’ Initiative. Prime Minister Turnbull is very pro-active in this engagement and is also trying to establish a development programme with China.6 Furthermore, Trump’s termination of the Trans-Pacific Partnership (TPP) is a major blow to Turnbull as the TPP was the key plank of the nation’s trade policy.7 As it becomes increasingly unlikely that the US will re-enter the TPP, China is emerging as a rising superpower, keen to become a key player in the world economy, especially in the Asia-

Pacific region. The end of the TPP therefore opens up an opportunity for China to assume leadership. It also provides China an opportunity to exert more economic influence in the Asia-Pacific region.

Additionally, competition between Taiwan and China for recognition and influence in the South Pacific has been a concern for Australia especially during the 2000s. Since 2008, Taiwan has abandoned the so-called “check-book diplomacy” in the South Pacific; at the same time, China has been increasing its influence in the region. Thus, Australian policies should seek to improve the security and stability of the South Pacific island nations while maintaining Australia’s key leadership role and influence.

The engagement with China cannot be maintained forever and Australia’s China policy can be summed up as “fear and greed” diplomacy. This means that Australia wants to conclude a partnership with the opponent before China becomes too strong. In the coming year, the FTA between China and Australia will be concluded. Australia must decide which side they will play regarding their future. China is at present trying to create its own rules to suit them; thus, they are disturbing the current international order as we will see with regards to the South China Sea. Consequently, while the Australian

economy has greatly benefitted from China’s economic development and the trade relationship between the two countries, China’s rise can also impact Australia’s leadership role in the South Pacific, which in turn affects Australia’s policy regarding China.

Above all, John Mearsheimer’s argument that China’s rise cannot be peaceful has caused much concern in the Asia-Pacific. The 2009 Australian Defence White Paper also pointed out how China’s rise posed a threat to the Asia-Pacific region. Although China has repeatedly stressed that its rise is a peaceful one, China’s recent military expansion in the South China Sea and its launch of an aircraft carrier have worried many neighbouring countries, especially Australia.

II. Middle Power Diplomacy and the Security Alliance with the United States

The Hawke and Keating Labour government promoted Australia as an activist and independent middle power in the early 1990s. Engaging in middle power diplomacy is no less self-interested than the behaviour of any other state in the international system. The self-interest, however, is filtered through the practical consideration of when and where middle-ranking states can achieve successful diplomatic outcomes in pursuit of their national interests. Obviously, to pursue its national interests, Australia has to deal with its strategic dilemma, which is how to accommodate a rising China without alienating the US.

---

The conservative John Howard government (1996-2007) considered Australia America’s “deputy sheriff” in the Asia-Pacific region, which suggests that Australia relies on America’s defence shield. Yet, the rise of China during the 2000s sparked off debates on Australia’s foreign policy toward the US and China. Even though Mandarin-speaking Kevin Rudd took power in 2007 and many observers considered him a China-friendly politician, the 2009 Defence White Paper viewed China’s military modernization programs as a strategy to project greater offensive power throughout the region and to contest U.S. strategic primacy there.\textsuperscript{14}

Contrary to the official position, Hugh White\textsuperscript{15} initiated a “second wave” of revisionism on China-Australian relations and Australia’s overall position in Asia. White argued that Australia should work toward establishing a more equitable and enduring regional power balance. China’s economic and military growth, White claimed, will ultimately compel the US to either compete against China for regional power or share power with it through an Asia-Pacific concert of powers.\textsuperscript{16} But, Hugh White’s argument was contested by mainstream government officials and independent analysts who adhere to the more traditional premise that power sharing will not prevent China from seeking regional primacy.\textsuperscript{17} Critics disagreed with Hugh White’s argument, and have in turn argued that democratic Australia should in effect abandon its own values by adopting his policy of disengaging from the US and accommodating China.\textsuperscript{18} The principal counterweight to

\textsuperscript{15} Hugh White is Professor of Strategic Studies at the Australian National University.
\textsuperscript{16} William Tow, “The ‘East Wind’ and Australia’s Alliance Politics,” p. 278.
\textsuperscript{17} William Tow, “The ‘East Wind’ and Australia’s Alliance Politics,” p. 279.
Chinese hegemony in the region is the US and its system of alliances with Japan, South Korea, Taiwan and Australia. It is in Australia’s most vital strategic interest that the US presence in the region is not weakened or undermined. For the government, Australia certainly needs to find a way to live alongside a powerful and prosperous China. Australia should do that best by building its mutually advantageous economic relationship, by staying loyal to its friends in the region, by assisting the US to maintain its role in the region, and by standing by its belief in democracy and human rights for all countries, including China. Australia does not serve anyone’s interests by trying to appease the present regime in Beijing.

In spite of the wide-ranging debate about how it might manage the perceived conflict between its strategic orientation and its economic interests, Australia made clear that it would continue to cleave very tightly to the US alliance, expand its military links and more broadly work to advance the US’s conception of regional order. The need to view China impartially but carefully was reiterated in a more nuanced fashion in the Defence White Paper 2013 released by the Gillard government. Designating China as a “positive contributor” to regional and economic growth, the White Paper explicitly emphasized that Australia “does not approach China as an adversary” and that China’s military modernisation was a “natural and legitimate

---

20. Michael Danby, Carl Ungerer, & Peter Khalil, “No Winners by Appeasing China.”
outcome of its economic growth.” Nor, it insisted, do the US or China wish for Australia to choose either the American alliance or the China trade conduit over the other. This approach ensured that China’s response to the 2013 Defence White Paper was far more benign than its reaction to the 2009 version.22

In late 2013, the conservative Coalition took office again. Prime Minister Tony Abbott admitted, in a talk with German Prime Minister Angela Merkel at the G20 in 2014, that Australia’s policies toward China are driven by two emotions: “fear and greed.” Even if there is a consensus that China has provided tremendous economic benefits to Australia, both Labour and conservative Coalition governments consider the alliance with the US the key of Australia’s security policy. To date, the benefits of sustaining ANZUS have remained sufficiently compelling to withstand these relatively minor tests of alliance cohesion. Alliance loyalty could be measured over a future crisis in the Taiwan Strait, or in a contingency where American and Chinese troops once again clash on the Korean Peninsula.23 The real value of the ongoing debate between alliance proponents and second wave revisionists is that they are forcing Australian policymakers and the public to consider how they would respond to a contingency of outright American-China conflict that they hope will never happen.24 Particularly, Obama’s “Pivot to Asia” (Rebalance to Asia) strategy would improve Australia’s security while increasing the tension between America’s Asia-Pacific allies and China.

22 William Tow, “The ‘East Wind’ and Australia’s Alliance Politics,” p. 287.
III. A Shock from Trump’s Election

Australian Foreign Minister Julie Bishop, in 2014, said that “Australia’s overriding national interest and that of Pacific nations, is for the Pacific to be stable and secure, peaceful and prosperous.” “I believe that because it is our neighbourhood, I believe Australia has a primary responsibility to help drive economic development, reduce poverty, and lift standards of living in the Pacific.”25 That is to say, the Australian government expected the fulfilment of America’s “Pivot to Asia” strategy and the TPP, but Trump’s election was a shock to Australian political leaders. Assessments leading up to Trump’s presidential inauguration have pointed to several central security challenges that Australia will face in dealing with the Americans. Besides, Trump’s cancellation of the TPP and a possible revision of the “Pivot to Asia” strategy have led Australia to be concerned. Most importantly, Trump’s scepticism about Chinese trading behaviour flies in the face of Australia’s intensifying trading relationship with China.

Trump looks to be adopting a more muscular and self-interested security policy in the Asia-Pacific region which will likely produce more volatile relations with China, as well as US allies and partners. Ashley Townshend26 argues that Trump’s “America first” approach to Asia is at odds with the policy preferences and public opinions of most regional allies, creating potential constraints on coordination between Washington and its Asian alliance network. Australia needs

---

26. Ashley Townshend is Research Fellow of United States Studies Centre at the University of Sydney.
to adopt a more active regional security policy to weather these de-stabilising shifts.27

However, observers believe that Trump will not cancel the “Pivot to Asia Policy” but rather repackage the policy with his own language. The “pivot” or “rebalance” to Asia were terms used to describe Obama’s foreign policy aimed at boosting US defence, diplomatic and economic ties with the Asia-Pacific region.28 Commentators also argued that Obama’s “Pivot to Asia” strategy is still alive under Trump’s government, the “rebalancing to Asia-Pacific” strategy Trump has shown little interest in carrying forward, might return to the geopolitical game.29 Scott Snyder30 said that “Trump’s administration will describe its policies using its own language.”31 At least, in contrast to early assumptions that Trump would initiate a more isolationist defence policy and break with the previous government’s Rebalance to Asia policy, Trump is likely to adopt a hawkish defence policy. Gauging whether the Trump administration will bring either change from, or continuity with, the military component of the Rebalance to Asia policy will require keeping an eye on each of the

---

30. Scott Snyder is Director of the US-Korea policy program at the New York-based Council on Foreign Relations.
31. Gamel Kim, “Trump administration rejects ‘pivot’ to Asia - at least in name.”
policy’s subcategories.32

It seems that Australian officials worry about Trump’s global strategy in the Asia-Pacific region. But in late 2016, Donald Trump intended to prioritise a “gigantic” military force to overthrow China’s ambitions in the Pacific and the military expansion would allow the US to fight a “two-ocean war.”33 In May 2017, Trump won a $15 billion down payment on his request to strengthen the military from the US Congress.34 The extra dollars for the military would help fund US wars overseas, replenish equipment and pay for training and maintenance, as well as for the Terminal High Altitude Area Defence (THAAD), the missile defence system that has been deployed to South Korea.35 The US defence budget would be good news for Australia, particularly; Trump has even been committed to building a super-size military to thwart China’s ambitions in the Asia-Pacific. Meanwhile, Australia’s defence budget overall will grow to 2 per cent of GDP by 2020-2021, three years earlier than initially forecast, a pledge Australian Prime Minister Malcolm Turnbull made in 2016

to US President Donald Trump as part of a regional defence strategy. In 2016, Trump had been urging Allies to commit to a minimum 2 per cent of GDP defence spending particularly if their own defence strategies were part reliant on US military assistance. This would show that Australia intends to solidify its security alliance with the US.

Trump’s musings over the utility of the US’ longstanding ‘one China’ policy as the core principle for governing America-China relations, and Trump’s acceptance of a phone call from Taiwanese President Tsai Ing-wen, strongly signalled that no concrete ‘grand bargain’ would be immediately engineered between America and China. Despite these challenges, there are abundant opportunities for alliance cooperation between Australia and the US if policymakers in both countries work together to delineate strategic priorities that will strengthen mutual security. And while there were undoubtedly tensions regarding China and the South China Sea, America’s interests are more focused on its defence relationships with Japan, Korea and Taiwan. The US maintaining peace and balance in those three hot spots is crucial to Australia’s interests and has been regarded as a bigger issue than anything in the South China Sea.

---


While in peacetime, Australia may be unwilling to displease Beijing, Australia will ultimately side with the US in any conflict. The shared values and shared strategic interests ensure broad support for the Australia-US alliance in Australia, which has now expanded into a global partnership encompassing transnational security issues as well as traditional geopolitical issues of managing the rise of new powers. Even more positively, Australia’s policy debate on China and on its own national security has evolved in ways that can be regarded as increasingly responsible. It is essential for both Australia and the US to work together toward finding new and innovative ways to engage and work with China as an increasingly powerful economic and military presence in the Asia-Pacific.

For middle power diplomacy to be a viable option presupposes that Australia shares interests with superpowers. It is true that Australia in common with a number of Asian middle powers, such as Japan, South Korea, Indonesia, and Vietnam, has since the turn of the millennium developed thriving trade ties with China while maintaining security relations with the US. Indeed, Australia is unwilling to choose sides if there is a conflict between the US and China. So far, Australia will remain committed to a strong security alliance if the Trump administration adheres to the traditional American global security policy.

---

IV. Conclusion

A 2016 survey from the Lowy Institute found that Australians see China and the US as equally important, a shift away from America having the upper hand. And China does not hesitate to make its economic and military presence known in the Asia-Pacific region. Canberra’s enduring security ties with Washington and increasing economic links with Beijing have led some critics to question whether Australia will eventually have to choose between them. Thus, Australia is facing a strategic dilemma, which is either to continue to side with the US, as Australia’s military guarantor, or lean closer to China, Australia’s trade partner. As William Tow argues, pursuing middle-power diplomacy may represent Australia’s best chance to alleviate Chinese suspicions that Australia is merely colluding with America to shape a new containment strategy directed against China. In addition, Trump’s unpredictability is predictable; this may concern Australia and America’s allies in the region. But the US global security strategy remains the same and Trump has announced that a super-size military force will improve the security of US allies all over the world. The remaining concern of Australia should be Trump’s withdrawal from the TPP, as it gives China a great chance to extend its influence in the Asia-Pacific region especially around Australia’s neighbours in the South Pacific and South East Asia. In spite of the long term debates on which side to choose, the Australian government, regardless of the party in charge, seems to prioritise a security alliance with the US ahead of China.


43. William Tow is Professor of Department of International Relations, School of International, Political & Strategic Studies at National Australian University.

Australia’s Strategic Dilemma: The Australia-US-China Triangle 107

References

Books


Book Articles


Journal Articles


Tow, William, 2014/3-4. “The ‘East Wind’ and Australia’s Alliance

**Online Resources**


defence-recommits-to-another-three-years-to-defeat-terror-overseas-in-federal-budget/news-story/3f3e65c58b226109faab8027d552e8db?nk=c5b4dd8891a365a9c31a1e2918dd54e6-1494622814>.


