Australia and China: Does our policy allow us to be allies to the world’s greatest superpowers?

Australia is caught in the midst of an ideological confrontation between China and the United States (US). With increasing tensions between China and the US, Australia has found itself in the most difficult predicament due to our current policies and strategic alliances. Our largest and most important trading partner is China\(^1\) but at the same time, we rely heavily on the US for military support, defence and because of our historical cultural ties\(^2\). This puts us in a unique situation, as we are caught between the proverbial teeth of two global powers, biting at each other to ensure dominance over the Asia Pacific region. We must aim to balance our objectives and priorities or else we risk losing our well-developed relations with both countries.

We need to have bilateral policies and rules regarding both territorial claims and economic policy. Without definitive, strong public policy, Australia will not be able to continue our relations with both countries on such a beneficial footing\(^3\). As a society, we need to examine our role and how much influence we truly have in our region and the policies dictated by our attitudes and beliefs.

The South China Sea highlights the growing discontent between economic partnerships and military alliances. China is increasing its "spheres of influence"\(^4\) in the region by attempting to control the entire sea for economic gain in full view of American warships patrolling the region, alongside Australian ships. In April 2018, Australia was publicly criticised after the HMAS ANZAC patrolled close to disputed islands in the South China Sea\(^5\). This act is a clear example of how we support our longstanding ally, the United States. How long, can we blatantly criticise China’s

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inevitable interest in the South China Sea, and expect to see no impact or fallout? The US is worried about how China could restrict shipping rights and also affect longstanding allies such as Japan and the Philippines. The concerns raised do not just affect the South China Sea. China has engaged in the “One Belt, One Road initiative”\(^6\). The idea of this is to gain economic power in order to gain influence in regions like the Pacific. More recently China has actively funded ports in Vanuatu, airfields in the Solomon Islands and also funded many other projects in the region\(^7\). At the same time, they are building more road and rail links into Central Asia and Europe. Many policy makers are concerned that these actions are for aggressive, military expansion. This is becoming a war of economic and technological influence, rather than just military strength.

Since 1945, the US has maintained the attitude that their military dominance should be used to keep the checks and balances of power across the world\(^8\). Australia, like the US, has long believed in this policy. However, this idea is potentially less relevant due to our connected and globalized world that we live in. The US has had very little competition on the international stage since the end of the Cold War. However, with the rapid rise of China’s economy and military, we need to look towards this emerging superpower as a valuable strategic partner. This means that while the US still believes in older principles that still aim to control Chinese influence, in the same way, they did in the 1960s and 1970, we need to adjust our policies to reflect new power dynamics in the 21\(^{st}\) century.

Another issue that our policymakers believe strongly in is the protection of our economy and intellectual property rights. China has routinely violated US intellectual property rights which the US deem illegal, immoral and disgraceful, in order to build their economy into a leading influential power\(^9\). We need to consider how we can protect our economy and not become economically dependent on one single country. At the same time our policies need to respect cultural and economic differences without becoming bias towards one viewpoint. The problem

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\(^9\)Gwynn Guildford, 2018. China has a big ace up its sleeve in the trade war with the US. Quartz. Available at: https://qz.com/1309196/china-has-a-weapon-even-more-powerful-than-tariffs-in-the-trade-war-with-the-us/ [Accessed June 22, 2018].
is that China can produce many goods cheaply which means many jobs move out of Western countries and into China, allowing their economy to grow at what many consider the expense of our workforce. What is often neglected, however, is the amount of jobs that are created by Australian exports to China. In 2014, Iron Ore exports from Australia counted for 23% of all exports. 76% of this iron ore trade went to China, meaning that 17% of our total exports were iron ore to China\textsuperscript{10}. This is a similar story across other export industries such as coal, educational services and agricultural products. Our economy and the amount of jobs is more dependent on China, than many other regional economies such as Malaysia, Japan, Korea or New Zealand\textsuperscript{10}.

As a result of this growth in power, the US has imposed many tough economic and politically motivated sanctions on China, designed specifically to target the growing concerns about economic and intellectual theft. On the 15\textsuperscript{th} of June, China threatened 32.5 billion dollars in tariffs on US goods after America warned that they would impose 50 billion dollars in tariffs on Chinese goods. In response, President Trump has threatened a further 200 billion dollars in tariffs\textsuperscript{11}. If these go through then it will devastate all of the region’s economies. Australia will be directly affected as it would severely impact, not just upon the US and China, but also all our trading partners in the Asia Pacific region. This is due to the fact that many Asia Pacific economies rely on the wealth of China and the US, to sell and trade their exports. We cannot stand by and support one side. We instead need to begin looking at well-rounded policies that support both sides and aim to increase regional economic stability.

Another example that some experts believe is holding us back is our reluctance to accept China’s Belt and Road initiative. Some respected figures, who have strong knowledge on the role of China, such as former Victorian premier John Brumby and the head of Fortescue Metals Group Elizabeth Gaines, believe signing this economic deal will allow for greater Chinese/Australia cooperation and investment, particularly in Northern Australia\textsuperscript{12}. They also believe that it would increase opportunities for Australian firms and exporters in Northern Australia to open up the market to much of the world. Even New Zealand and Papua New

\textsuperscript{10} Austrade, 2015.PDF, How dependent are Australian Exports on China?
Guinea have signed this indicating willingness to accept China's cooperation. The reason we have not signed this is "protectionism by the United States and the inability to grasp a changing world."13 To highlight these concerns, many have noted that it is becoming harder to export goods to China, due to our strict stance, suggesting that policy change is needed in order to grow our relation with China.14

We, as a society must shift our foreign policy design and focus on stopping the escalation of damaging economic threats. As a middle power in this debate, our policy should be to focus on allowing the growth and prosperity of all countries in the region regardless of political or cultural boundaries. By doing this we will strengthen our own influence in the region, and also encourage open and honest diplomatic relationships different nations with conflicting interests. If we fail to do so then we will lose significant alliances which undermine the economy of our most important trading region. Our other top trading partners of Japan, South Korea and Singapore also rely heavily on China’s growing economy, meaning they too will feel the effects of the growing tensions placed on China by Western countries such as the US15. Our current policy intrinsically aims towards achieving this outcome but often falls short due to inherent flaws. It is only recently that this split focus has occurred, as up until 2007 the US was our top trading partner and also our major defence partner.16

We currently have no existing military ties with China. As a society, we should look into the idea of a regional military alliance with major powers within the Asia Pacific region. This way, we are balancing our geographical interests better and allowing us to support our modern changing interests whilst still keeping the traditional alliances that have existed since 1945. We are part of the ANZUS treaty (Australia, New Zealand, United Sates security treaty). If we create a new defence partnership with China, we will become militarily stronger and also gain the trust and respect of Beijing.

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The first part of creating a stronger, fairer defence and economic relationship is to talk and set out the clear terms to which Australia and China must abide by. This is to ensure that as a nation, we are on an equal level to China. One of the key ideas in this agreement is that Australia specifically intends to remain neutral and strictly not take on any US. or Chinese military action against each other. The second part is signing the deal and opening up investment into the bilateral trade relationship, to further encourage economic and social development. We can also start conducting joint military exercises and coordinating our different viewpoints on certain issues such as the South China Sea. By doing this we are increasing regional stability and can coordinate between both the US and China. Australia stands to gain massively from this newfound opportunity. For example, Australian dairy, iron ore and wool sectors, could all grow and develop under this new plan. China’s demand for these Australian resource is growing and we are in a position to supply high quality, clean and responsibly sourced products¹⁷.

We already have struck economic deals in the past. In 2015, Australia and China signed the CHAFTA (China, Australia free trade agreement) which served as a major benefit for both countries and was, in particular, a win for mining and agricultural sectors in Australia¹⁸. In the area of defence, we have begun to cooperate on certain issues such as counter-terrorism, humanitarian relief and through various forums and summits such as the annual Australia-China Defence Strategic Dialogue Forum¹⁹. Even if we cannot manage to form a formal alliance, we can still begin to build the foundation of a stronger partnership that will still benefit us in more ways than just a defence partnership. If there is the “trade war” some suggest the idea of neutrality will stop us from being dragged into the inevitable and destructive mess that such a dispute will cause.

¹⁷ Department of Foreign Affairs and Trade, PDF, 2018. China.


There are also benefits from creating stronger policies with China that are not just economically or militarily inclined. The 2016 census indicated a growing shift in population demographics. The census indicated that 5.6% of Australians now have at least some Chinese heritage in their family\(^{20}\). 2.2% of Australia's population in 2016 was born in China or around 507,000\(^{21}\). More Chinese students are choosing to study at Australian schools and universities whilst there is a growing tourist market for people travelling from China. By forging stronger relationships we are also more likely to be more accepting and open towards Chinese Australians, which is growing in importance in our own domestic politics. Increased cultural understanding and cooperation will only help in creating a fairer, more diverse society that accepts the growing Chinese communities.

Ultimately, our world is a constantly changing and evolving one. Shifting power structures have created a need to review the way we treat countries that have not been our traditional allies. We can no longer stand by, and just ignore the challenges facing our region. With the rise of China, we have become more dependent on China than ever, yet still, have policies that damage our economy and defence ties with the growing superpower. As a society, our public policy needs to be adjusted so that we remain a strong ally of China. Failing to do so will have devastating effects that will weaken Australia's position on the global stage and hurt both our economy and defence policies.

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