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Australia: Foreign Policy

Australia's key strategic relationship is with the United States while its largest trade partner is China. This has for many years created a dilemma for Australia that is similar to that which many states in Asia face. While Australian support for the U.S. alliance has traditionally been and remains high, bilateral relations with Australia have experienced difficulties under President Trump. Australia's ties with China have become strained as Australia has sought to limit China's influence in Australia and counter its rising influence in the Southwest Pacific.

Trump and Australia

While a candidate, President Trump made statements that called into question his commitment to long-standing American alliances. In July 2016, Candidate Trump stated "If we cannot be properly reimbursed for the tremendous cost of our military protecting other countries ... then yes, I would be absolutely prepared to tell those countries, 'congratulations, you will be defending yourself.'" This position departed from past U.S. policy and was regarded in Australia as a cause for concern. Trump's decision to withdraw from the Trans-Pacific Partnership (TPP) agreement also exacerbated concerns in Australia over the U.S. commitment to allies and friends in the Asia Pacific region.

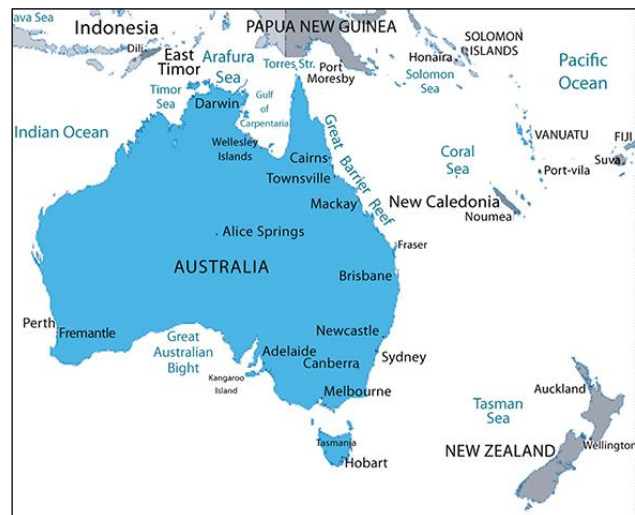
Trump described his first call with former Prime Minister Turnbull, which was one of his first as President, as "the worst call by far" according to media reports. The president reportedly stated his displeasure over a deal concluded by former President Obama and Turnbull under which the United States would receive 1,250 refugees from Australian offshore detention sites. Trump described this deal as "the worst deal ever." President Trump's actions were viewed by some in the press as "injecting new uncertainty in the US-Australia relationship" and reflecting the "transactional view he takes of relationships, even when it comes to diplomatic ties with long-standing allies." The call, when taken in context with earlier statements, Trump's withdrawal from the TPP, and other factors, led some observers in Australia to question Australia's extremely close relationship with the United States.

Subsequent actions, such as the visit to Australia by Vice President Mike Pence and a positive meeting between Trump and Turnbull aboard the retired aircraft carrier *USS Intrepid* for the 75th anniversary of the Battle of the Coral Sea, sought to put the relationship back on track. Nevertheless, in 2018, there was heightened concern in Australia about its relationship with the United States under President Trump's leadership. Polling data indicated that 55% of Australians polled trust the United States to act responsibly in the world, down 6 points from 2017 and down 28 points from 2011, while only 30% of Australians have confidence in Trump's foreign policy. Despite this,

Australian support for the alliance remains strong with 76% saying the U.S. alliance is important to Australia's security.

The Australia-U.S. Strategic Relationship

Australia has been a treaty ally since the signing of the Australia-New Zealand-United States (ANZUS) Treaty in 1951. Australia made significant military contributions to the allied cause in the First and Second World Wars, and the conflicts in Korea, Vietnam, Iraq, and Afghanistan. The Australia-U.S. alliance has endured and grown through several geopolitical shifts since the end of WWII. Australia is also a very close intelligence partner of the United States through the Five Eyes intelligence community, which also includes Canada, New Zealand, and the United Kingdom. Australia has viewed the United States as Australia's most important strategic partner and a key source of stability in the region. The Australia-U.S. Free Trade Agreement entered into force in 2005.



Australia and the United States have had a very strong alliance relationship based in part on shared values and interests and bilateral security ties have remained robust. Increasing numbers of U.S. marines have rotated through the Northern Territory while Canberra and Washington have explored expanded air and naval cooperation and continue large scale military exercises such as *Talisman Saber* and *RIMPAC*. In recent years, the two nations have also strengthened information sharing and interoperability in cyberspace.

Positioned at the intersection of the Pacific and Indian Oceans, Australia's geography fits well with the Trump Administration's Free and Open Indo-Pacific strategy. Australia also continues to work with the United States to address the threat of Islamist militancy. Australia invoked the ANZUS treaty to offer assistance to the United States after the attacks of September 11, 2001, and was one of the first countries to commit troops to U.S. military operations

in Afghanistan and Iraq. Australia continues to have troops deployed in Iraq and Afghanistan.

The Australian government's February 2016 Defence White Paper asserted that Australia seeks to "broaden and deepen our alliance with the United States, including by supporting its critical role in underpinning security in our region." The White Paper called for 12 new submarines and other vessels to be added to the fleet while increasing defense spending to 2% of GDP by 2021. It is projected that Australia will have 72 F-35 Joint Strike Fighter aircraft in service by 2020. Approximately 60% of Australian defense acquisition spending has been on equipment from the United States. The Australia-United States Defense Trade Cooperation Treaty assists Australia's stated goal of attaining high levels of interoperability with United States military forces. While the White Paper assessed major conflict between the United States and China as unlikely, it identified "the East China and South China Seas, the airspace above those seas, and in the rules that govern international behavior, particularly in the cyber and space domains" as potential areas of friction.

Australia's Relations with China

The Australian economy has benefited from strong exports to China. China became Australia's number one export destination in 2009 and in 2017, 33.2% of Australian exports went to China. The China-Australia Free Trade Agreement came into effect in December 2015. As China transitions from export-oriented manufacturing to a more consumption- and service-driven economy, demand for Australian products may increasingly include not only raw materials, such as iron ore, but also agricultural products, food, wine, tourism, education and business services.

A number of issues have caused tensions in Australia's relationship with China. Among these are Chinese political donations in Australia, the sale or lease of farmland and energy and transportation infrastructure to Chinese business interests, and differences over the South China Sea maritime territorial disputes. Chinese donations to Australian political parties have raised concerns over China's influence in Australia. Senator Sam Dastyari of the Labor Party resigned after media scrutiny of his acceptance of Chinese funds. Australian sources also suspect that China may be behind a February 2019 cyberattack of the Australian Parliament and Australia's major political parties. The Northern Territory granted the Chinese company Landbridge Group a 99-year lease for port facilities in Darwin. The port, which was attacked by the Japanese in 1942, is strategically located in the north of Australia and former President Obama reportedly registered his displeasure over the lease. The Australian government blocked the sale of Kidman & Company agricultural enterprises in 2015 and national security concerns were referenced when Australia prevented the A\$10 billion sale of Ausgrid, the New South Wales electricity distributor, to China in 2016. Australians are also concerned that Chinese buyers are putting upward pressure on real estate prices. Australia has expressed concern about expansive Chinese sovereignty claims in the South China Sea, and former Foreign Minister Julie Bishop urged China to abide by the ruling by an arbitral tribunal under the United Nation

Convention on the Law of the Sea (UNCLOS), which ruled largely in favor of the Philippines and against China's behavior and claims in July 2016.

Australia is undertaking a number of measures to counter China's growing influence in Australia. In June 2018, the Australian parliament passed new espionage, foreign interference, and foreign influence laws. In August 2018, Australia blocked Huawei from being involved in Australia's 5G mobile network. In February 2019, Beijing's "former top lobbyist in Australia" Huang Xiangmo had his Australian permanent residency cancelled.

Australia and the South Pacific

Canberra also is taking action to counter China's expanding influence in the South Pacific through its "Pacific Step Up" Policy. Prime Minister Morrison's January 2019 visit to Vanuatu and Fiji; increasing aid and investment from Australia to Pacific island states; and Australia, Papua New Guinea, and the United States' joint development of the Lombrum naval facility on Manus Island demonstrate Australia's growing commitment. Prime Minister Morrison reportedly discussed redevelopment of the Blackrock Peacekeeping and Humanitarian Assistance and Disaster Relief Camp in Fiji and further enhancement of bilateral security cooperation in Vanuatu. The Pacific Islands receive 31% of Australia's foreign assistance budget. Prime Minister Morrison has announced the creation of an Australian Infrastructure Financing Facility for the Pacific as well as additional funding for Australia's export financing agency. Australia, New Zealand, and the United States also held an inaugural Pacific Security Cooperation Dialogue in June 2018 "to discuss a wide range of security issues and identify areas to strengthen cooperation with Pacific Island countries on common regional challenges." In responding to reports of China's reported efforts to establish a presence in Vanuatu, Australian Prime Minister Malcolm Turnbull stated "We would view with great concern the establishment of any foreign military bases in those Pacific island countries." Chinese aid to Pacific island states, as tracked by the Australian Lowy Institute Mapping Foreign Assistance in the Pacific project, increased significantly from 2006 to 2016, with cumulative aid commitments totaling \$1.78 billion over that period.

Australia's Foreign Policy Orientation

Australia's political leadership has generally believed it does not have to choose between the United States and China. This view stems from a longstanding debate in Australia that can be traced to former Labor Prime Minister Paul Keating's [1991-1996] effort to deepen Australia's engagement with Asia. Former Liberal Prime Minister John Howard [1996-2007] subsequently articulated a position that Australia does not have to choose between its history and geography. This conventional wisdom, that Australia does not have to choose, is increasingly being challenged. China appears to be displeased with recent actions by Australia and may be seeking to influence Australia to adopt policies more in line with China's and to create greater distance between Australia and the United States.

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