

The China–Australia Cold War

Unpacking National Security Concerns and Great-Power Competition

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Relations between Australia and China are underpinned by strong trade bonds, with China being Australia's largest trading partner in 2019–20 for both exports and imports.¹ However, this strong trade relationship is not immune to the divergent interests and values of China and Australia, as highlighted by recent changes in Canberra's China-related policy, and China's corresponding willingness to use economic coercion to settle political disputes.² Australia's long-standing alliance with the United States adds yet another dimension to the Australia–China relationship, with China often characterizing Canberra's actions as part of a US-led effort to smear, defame, and ultimately contain China.³

We have seen a significant change in the relationship between Australia and China. The governments of Malcolm Turnbull (2015–2018) and Scott Morrison (2018–present) have attempted to stave off perceived aggression, angering Chinese counterparts. There is no doubt that China has made a systematic bid to expand its long-term economic, political, and strategic influence in Australia by deploying its financial resources to recruit sections of the political class, the business elite, academia, Chinese-language media, Chinese students, and other sectors of the Chinese Australian community to its advantage.⁴

Australia and China's BRI Project

In 2013, during official visits to Kazakhstan and Indonesia, President Xi Jinping launched the world's most ambitious infrastructure initiative, designed to connect countries through economic corridors. This trillion-dollar effort is the Belt and Road Initiative (BRI). Since then, China has strategically targeted countries from East Asia to Europe to be a part of the initiative, luring potential partners with promises of economic gains, while expanding China's economic and political influence in these regions. As part of its global grand strategy,

China has utilized BRI infrastructure projects as physical links in enhancing global commerce, social contract, and influence within regions of the world.

The BRI is China's long-term, transcontinental, maritime policy/investment infrastructure program aimed at connecting and accelerating economic integration of countries along the route of the historic Silk Road, once connecting the East and West on religious, political, economic, and cultural lines from the second century BCE to the eighteenth century CE. Primarily, the term "Silk Road" refers to "all the different overland routes leading west out of China through Central Asia to Syria and beyond."⁵ The official outline⁶ of the BRI is adjacent to that of the Silk Road, aiming to "promote the connectivity of Asian, European and African continents and their adjacent seas, establish and strengthen partnerships among the countries along the Belt and Road, set up all-dimensional, multi-tiered and composite connectivity networks, and realize diversified, Independent, balanced and sustainable development in these countries."⁷

In a span of less than a decade years, more than 60 countries have joined the initiative,⁸ together representing more than one-third of the world's GDP and two-thirds of the world's population. This involves cross-national and regional cooperation among countries involved in the BRI with macro-level policy exchange, intergovernmental cooperation, communication coordination among countries, trade, and policy support for large-scale infrastructure projects.

In 2018, the government of Victoria, Australia, signed a nonbinding Memorandum of Understanding (MoU) with China's top economic planning organization, the National Development and Reforms Committee (NDRC), to promote cooperation in infrastructure development, livability, health, science and technology, and agriculture. In 2019, the government of Victoria signed a subsequent nonbinding Framework Agreement allowing companies in Victoria to cooperate with Chinese ones on infrastructure projects in third countries.⁹ This was met with raised eyebrows by the Quad (the United States, Japan, India, and Australia). However, in December 2020 the Australian federal government passed a law giving the foreign ministry the ability to stop any previously signed arrangement between an overseas government and Australia's eight states and territories. Passage of the law resulted in cancellation of the 2018 MoU and 2019 Framework Agreement between Victoria and China in a move that has further strained the relationship between the two nations.¹⁰

Australia's National Security Concerns and the BRI

China–Australia relations flared up after Australia's move to cancel agreements between the BRI and the Victoria state government. This decision was taken under Australia's Foreign Arrangements Scheme, keeping in view of Aus-

tralia's national interest and foreign relations. So far, out of "over 1000 arrangements," a total of four were cancelled, including two with China and one each with Iran and Syria. Australian foreign minister Marise Payne stated that "I consider these four arrangements to be inconsistent with Australia's foreign policy or adverse to our foreign relations."¹¹ The invoking of the Victoria–China Belt Road Initiative is another big shot to the China–Australia diplomatic ties, especially since Canberra's call for an international probe into the origins of COVID-19 in April 2020.

In response to the cancellation of agreements with Victoria, the NDRC "indefinitely suspended" all activities under the China–Australia Strategic Economic Dialogue and blamed Australia for "ideological discrimination" and a "Cold War mindset."¹²

The ramifications of the China–Australia diplomatic crisis will have an enormous impact on the bilateral relations of both countries, as well as a pivot to Asia politics. However, Australian strategic experts say that the BRI does not have an appreciable value for Australia's interests, since Australia can give the opportunity to Australian companies and extend its investments to Japan, India, and other countries in the region.

For China, it is a big blow on Chinese economic and strategic interests when it has been expanding its global dominance through the BRI. There seems no possibility of one-on-one dialogue in the current scenario where officials and politicians from both sides are taking aggressive postures. Australian politicians such as Defense Minister Peter Dutton said that "we don't support the militarization of ports, we don't support any foreign country trying to exert influence here via cyber or other means," adding that war with China over Taiwan should not "be discounted." He further added that Australia intends to work very closely with the United States and other allies to maintain peace in the region. Home Affairs Secretary Michael Pezzullo said that free nations continue to hear the "drums of war." Former Australian prime minister Kevin Rudd joined the fray, expressed concern over China's growing economic and geopolitical coercion, and advised countries to unite against it rather than go it unilaterally.¹³ The countries are in their worst phase of bilateral relations. One of Australia's former top generals, Maj. Gen. Adam Findlay, reportedly said that China was already engaged in "grey zone" warfare and that Australia must prepare for the "high likelihood" of war.¹⁴ The Australia–China conflict is no longer limited to bilateral trade relations; it has enormous implications for the Asia Pacific, and great power competition, and security.

Security in the Indo-Pacific: Ramifications of the China–Australia Diplomatic Crisis

Chinese communist leader Mao Tse-tung coined the infamous phrase “political power grows out of the barrel of a gun.” This Chinese aphorism produced policy that has allowed China to continue to successfully enhance its power and influence in the Indo-Pacific. In April 2021, when considering Chinese political aspirations, military tensions rise in the Asia Pacific region. The current conflict plays out along multiple dimensions, from economic grand strategy to potential armed conflict.

In the short term, Australia’s relationship with China is a lynchpin for influence and regional stability in the Indo-Pacific. The economic access provided through Australia to emerging economies enables key supply routes and transport of raw materials. Emerging economies account for three-quarters of gross domestic product growth in recent years, now exceeding 50 percent of world GDP.¹⁵ These elements of power and influence, which can enhance mobility and economic equality, will be carefully considered by emerging economies as they consider whether and how to interact with China.

International alliances will remain critical to Australian diplomacy as it relates to the economic relationship with China as well as security in the region. As the Donald Trump administration announced an Indo-Pacific policy to replace policy for the Asia Pacific region, Australia followed suit as one of the leaders to build up and test NATO’s ability to adapt and maintain peace in the region. The Joseph Biden administration has thus far generally continued an assertive posture toward China, from trade relations to human rights issues as well as military aggression. However, all nations recognize that, if escalation occurs, Australian bases are critical for US armed forces in any direct military action with China.

Additionally, Australia’s willingness to challenge China on issues such as human rights, transparency, and foreign interference has placed the country squarely at the center of the economic security debate. While these positions are consistent with US foreign policy toward China, there are other nations within the Indo-Pacific, including fellow Five Eyes partner New Zealand, who do not share the same willingness to publicly challenge China in this way. In March 2021, New Zealand’s foreign minister noted that it will not let the US-led Five Eyes alliance set China policy; rather, the nation would evaluate how a relationship with China would impact it domestically.¹⁶

The growing economic power of China is an important consideration for all nations as they weigh their unique vulnerabilities in the context of potential economic coercion from China. However, collective deterrence can be possible through enhanced economic and military cooperation among allies and partners.¹⁷

United States–Australia Security Cooperation

As an evolving component of a country's national security posture, the emergent mission set has focused on space activities within military forces. President Trump, in 2019, officially created the Space Force as the sixth branch of the US Armed Services, stipulating that space has become the world's newest war-fighting domain. Notably, both China and Russia have had existing space units within their militaries since 2015. In May 2021, Australia followed suit by appointing a senior female air force officer as its first Space Commander. As part of this emergent military domain, regional alliances and agreements for space collaboration have become increasingly critical to ensuring appropriate defense posture.

Defense Security Cooperation

The United States and Australia have had a close partnership in security, with the first formalized security treaty in 1951 with Australia, New Zealand, and the United States (or ANZUS). Australia is one of America's biggest defense customers, and the United States has more than \$27 billion in active government-to-government defense sales to Australia. Both countries have signed agreements on the Status of United States Forces in Australia (1963), Logistics Support Agreement (1989), the Acquisition and Cross-Servicing Agreement (2010), Treaty concerning Defense Trade Cooperation (2013), and the Force Posture Agreement (2015).¹⁸

The United States–Australia defense and strategic partnership is expected to deepen with Australia's 2020 Defense Strategic Update and force structure plan,¹⁹ given the growing defense budget to \$73.7 billion over the next ten years.²⁰ Australia's new strategic update aims to shape Australia's strategic environment, deter actions against Australia's interests, and respond with military force when required.²¹ That would also lead to maximizing joint defense capabilities and a robust US presence in the Indo-Pacific.

Economic Security Cooperation

The United States has made an explicit commitment to supporting Australia after tensions with China were heightened as Beijing suspended strategic economic dialogue. Both US Secretary of State Anthony Blinken and the Biden administration Indo-Pacific coordinator Kurt Campbell have committed that the United States “will not leave Australia alone on the field . . . in the face of economic coercion” from Beijing. The economic security issues follow a series of US efforts to use greater national technology and industrial base (NTIB) integration to leverage the capabilities of the United States, Australia, Canada, and the United Kingdom—at a time when this expansion is viewed as a return to great power competition.²²

The need for an integrated industrial strategy between the United States and its allies is grounded in the need for economic security, as well as the future application of technologies for more traditional military and defense application. Controls within the NTIB must balance the economic considerations of “free and open trade” with the opportunistic nature of using investments to achieve military gains through civil-military fusion technologies.

However, tactical issues remain with the practical application of the theoretical constructs behind NTIB integration. While the allied nations agree in principle with the goals of the initiative, many of the US acquisition systems and export control laws are inherently protective of foreign participation. This has slowed the progress of protecting intellectual property as well as defense against potentially hostile foreign investments. Many have argued that the United States and Australia will need to reevaluate how NTIB is applied between the allied nations in order to accelerate the efforts associated with the original vision of the program; the joint military and economic capabilities of this alliance depend on it.

Space Cooperation

The United States and Australia share a long history of cooperation in space. Beginning with the 1969 Moon landings and the 1970 installation of the US intelligence base at Pine Gap, Canberra has materially supported the US space program and the US intelligence satellite infrastructure.

A truly bilateral intelligence enterprise, the base at Pine Gap is a testament to the strength of US-Australian entente. Collecting signals intelligence from US intelligence and communication satellites, Pine Gap is “the most significant American intelligence-gathering facility outside the United States” and provides Australia with “access to intelligence and early warning on terrorist activities, proliferation of weapons of mass destruction and regional military developments.”²³ Through the relationship built at Pine Gap, Australia has proven to be not only a trustworthy military and diplomatic ally; it is also an ally that can be entrusted with basing and partly managing space-based US national intelligence gathering.

Today, the United States has the unique opportunity to support its most trusted ally in developing next-generation space capabilities. At a time in which multipolar competition is challenging Washington’s preeminence in space, an Australian entrance to the technological and geopolitical space race could critically bolster the security of the US satellite constellation and the security of the global commons. Australia’s desire to become an active stakeholder in the space domain is something Washington should welcome and strongly encourage.

The antisatellite (ASAT) challenges posed by America’s revisionist adversaries are threatening the vital satellite lifeline upon which the US military relies. If

Washington wishes to counter China's aggressive behavior and reaffirm the rules of the road in space, it will need the full support of its allies. Materially committed to supporting the United States in its competition with China, Australia is the best positioned for that role. The political and military conditions in Australia for cooperation are ripe, and the American administration should act now to support Canberra's rise as a commercial and military power in space.

Supported by the recently established Australian Space Agency (ASA) and a burgeoning private commercial and defense space sector, Australia is poised to become a power in space. Furthermore, Canberra has a clearly defined grand strategic focus in space, one that closely mirrors that of the United States. Noting the importance of space-based assets for Australian national security, and advancing Australia's defensive doctrine through a focus on developing space situational awareness sensors (SSA), the national government has given both its Defense Department and the Australian private defense sector a clear mandate to become world leaders in SSA.

The United States can support and benefit from Australia's leadership in SSA technology by deepening the existing partnership through Canberra's Jindalee Operational Radar Network (JORN). Providing a geographically unique SSA capability as the latitudinally southernmost downlink point of the US Space Surveillance Network, Australia's JORN contributes enormously to US space security. Expanding JORN at joint defense facilities while supporting the Australian private sector's cutting-edge SSA research technologies would bring clear advantages to both Australia and the United States. Small, highly specialized companies such as Australia's Electro Optic Systems (EOS), which contributes daily to the US Satellite Surveillance Network, hold great promise for the future of Australian space power and, incidentally, the strength of the US-led order in space.²⁴ EOS represents a broader reserve of technical expertise that both Australia and its allies can and must leverage in the modern space race.

Like Canada's specialization in robotic arms, Australia's unique contributions to SSA can become part of a broader division of technological and military labor between the United States, Canada, and Australia. In an age of growing ASAT threats, an aggressively postured Chinese ballistic missile system, and an increasingly polluted orbital environment, the United States should consider working with Canberra to integrate Australian SSA capabilities into its own satellite infrastructure. Fostering an alliance that emphasizes and integrates joint technological expertise will improve early-warning capabilities, tracking, and space debris management for both nations. The technological edge provided by advanced SSA sensors will also allow the United States, Australia, and their allies to safeguard the security of the global commons on land, at sea, and in space. The United States

Space Force can also work with the Australian Department of Defense’s JP9380 project, “which seeks to . . . look at commercial solutions to jamming threats,” a highly relevant initiative in facing the ASAT threat.²⁵ The benefits of deeper cooperation are twofold: Australian national security benefits from the network power of the US satellite constellation, and the United States benefits from enhanced Australian SSA capabilities.

The commercial and scientific aspects of US–Australian space cooperation can build on the existing relationship between NASA and Australia’s Canberra Deep Space Communication Complex. Working with the civilian focused ASA and the military’s Australian Geospatial–Intelligence Organization, Australian leadership can incentivize commercial and scientific cooperation with the United States. The current government should simultaneously consider increasing Australia’s stake in the Wideband Global SATCOM communications satellite system in which the country currently holds a mere 10 percent.²⁶

Finally, integrating joint capabilities with Australia will also strengthen the US constellation through asset diversification. Installing dual-use military hardware on Australian commercial satellites, and vice versa, will make a Chinese or Russian attack on critical satellites more complex and more difficult to execute, thereby increasing asset resilience. A future dispersal of a part of the US constellation onto a relatively size-capable Australian constellation would “also enhance deterrence by reducing the likelihood that China could deny the United States access to space—and by increasing the likelihood that Beijing would need to target satellites owned by other nations if it tried.”²⁷

Conclusion

Australia’s relationship with the United States, and the current diplomatic tensions with China, will have larger geopolitical impacts than just within these nations. China’s growing economic and geopolitical influence, which in some cases has bordered on coercion, has caused grave concern in the Asia Pacific region and globally. Any conflict arising out of territorial disputes—specifically on Chinese sovereignty over Taiwan—will only further exacerbate diplomatic tensions around the world. China has expanded its boundaries in the South China Sea, and its claim on islands in the East China Sea have caused anxiety in Southeast Asian nations. If the United States or China prove incapable of avoiding direct military conflict, it will be unavoidable for Australia to become deeply involved and at great cost. ❁

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