

# Australia's Role in the Quad and Its Crumbling Ties with China

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Since 2016, a steady erosion of the US-led rules-based order has led to a mounting agreement between four states regarding the Indo-Pacific. The increasing and shared need to protect the international order brought four countries—the United States, Australia, Japan, and India—together under the framework of the Quadrilateral Security Dialogue (Quad). While the Quad dates to the early and mid-2000s, the grouping struggled until Japan introduced its *Free and Open Indo-Pacific* (FOIP) strategy in 2016, which was then followed by the 2016 Australian *Defense White Paper*. Gradually, India issued similar statements, and by December 2017, the US *National Security Strategy* reflected the FOIP vision.

All four states have responded to an assertive China in varying degrees. China's assertive activities in the Indo-Pacific seas and the implications of the Belt and Road Initiative are considered geostrategic challenges to the existing world order. Following 10 years of inaction, the Quad has been revitalized as an initiative that seeks to support a “free, open, prosperous and an inclusive Indo-Pacific region.”<sup>1</sup> Ensuring deeper cooperation between these states that share common interests, values, and threat perceptions will provide a better chance at maintaining the balance of power that helps preserve the status quo across the region.

The devastating COVID-19 pandemic further brought the Quad states together, shifting their agenda to more immediate goals of vaccine diplomacy, health crisis management, medical supply distribution, and collective plans to kickstart economic recovery.<sup>2</sup> Nonetheless, amid the pandemic, tensions with China have only deepened. Coercive behavior toward Taiwan resumed, as Chinese battleships sailed on the east coast of Taiwan. Furthermore, China deployed oil survey ships into South China Sea waters that are contested by Malaysia and Vietnam. The geopolitics and geoeconomics of the Indo-Pacific are extremely vulnerable to Chinese aggressiveness. The pandemic exposed several economic risks as well, thus accelerating Quad measures toward reducing members' dependence on China. China's reticent cooperation and lack of transparency on the origins of COVID-19, failure to limit the virus's spread beyond its borders, and lack of accountability have bolstered increased cooperation within the Quad. In this mindset and amid the increasing distrust between the Quad and China, Australia led the demand for an investigation into the origins of the virus.

## **Australia in the Quad**

Among the Quad countries, increasing synergy has led to a vital impetus for the security architecture of the Indo-Pacific. Bilateral ties among Quad members have seen a positive growth trajectory and are largely considered as a vision of like-minded states.<sup>3</sup> Australia's Pacific Step-up—a neighborhood policy of engagement—is one of its most important foreign policy priorities. The overlapping interests of the Pacific Step-up and the Quad drive Australia's foreign policy.

The Australian–US Ministerial Consultations held in July 2020 fostered deeper collaboration between the two countries as they pledged to enhance efforts to aid the Pacific Island states. The United States gave Australia \$118 million to assist in COVID-19 recovery. Washington and Canberra have also agreed to support and contribute to the Pacific Islands Forum.<sup>4</sup> Through the Pacific Islands Forum, Australia has laid plans to invest \$500 million by 2025—as part of its Pacific Step-up initiative—to encourage renewable energy and cooperation under the United States' Asia Enhancing Development and Growth through Energy initiative.<sup>5</sup> This US initiative is aimed to bolster sustainable and affordable energy markets across the Indo-Pacific and encourage the boost of the blue economy.

Furthermore, the two countries have laid plans to invest in high-quality infrastructure for Pacific Island states. To fulfill this agenda, the United States has established the Infrastructure Transaction and Assistance Network and has partnered with the Australian Infrastructure Financing Facility for the Pacific, together pledging \$2 billion to promote strategic interests for both countries.

Australia is the largest development assistance partner in the Pacific and has spent \$1.44 billion for developmental causes and COVID-19 economic recovery in 2020–21. This makes Australia a logical partner for engagement and collaboration with Japan's Expanded Partnership for Quality Infrastructure initiative, which further helps strengthen Japan's FOIP vision. Under Prime Minister Yoshihide Suga, Japan hosted the second Quad ministerial meeting in October 2020 in Tokyo shortly after Suga assumed office, thus highlighting the continued significance of the Indo-Pacific strategy. This partnership grew further by the third meeting in February 2021, where various measures on engagement and the management of health crises became highlight topics.

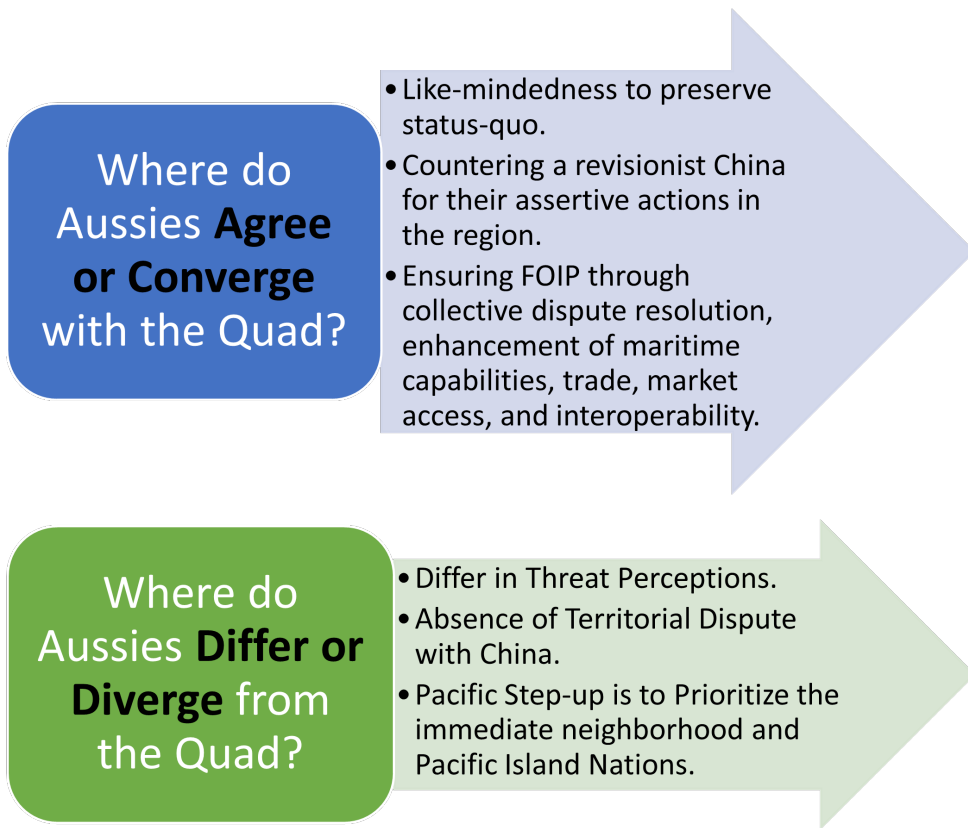
Under the Japan–Australia Economic Partnership, Japanese foreign direct investments have increased exponentially and have taken measures to link the partnership to Australia's Pacific Step-up program. Thus, this strengthens collaboration between Australia, Japan, and the United States toward like-minded Pacific goals. For instance, the Palau cable has enjoyed US, Japanese, and Australian investments that have furthered their agenda vis-à-vis the Blue Dot Network.

Linking partnerships under the Pacific Step-up initiative provides Australia with opportunities to welcome third-party collaboration. Apart from United States–Japan–Australia collaboration, another instance of third-party collaboration can be seen with the formation of the Supply Chain Resilience Initiative (SCRI) by Australia, Japan, and India. The SCRI was formed to ensure sustained and balanced growth in the Indo-Pacific region and to reduce the dependence on China for the supply chain. The Platform for Japan–India Business Cooperation in the Asia–Africa region, also known as the Asia–Africa Growth Corridor, is slowly expanding toward the Pacific Islands, thus bolstering cooperation from Australia in connectivity projects.

India–Australia bilateral ties were often described as the weakest link compared to other bilateral and trilateral relations in the Quad.<sup>6</sup> However, there was structured progress in these ties during 2020, which were strengthened when Australia integrated its Pacific Step-up with India’s Indo-Pacific initiatives. Project Sagar-mala, Project Mausam, and the Security and Growth for All in the Region initiative are all measures and projects under India’s action-oriented strategy—the Act East Policy—and Australia has shown immense support, as 17 percent of goods were imported using this coastal route. Canberra and New Delhi have become comprehensive strategic partners and have signed landmark agreements for reciprocal access to military bases. India is also among Australia’s top-tier trading partners, with trade amounting to \$22 billion between the two countries.

The newly established India–Australia–France Trilateral Dialogue is bringing other parties under the security blanket of the Indo-Pacific.<sup>7</sup> France’s growing interests and focus on the Indo-Pacific are emphasized under the trio’s “Marine Global Commons” initiative.<sup>8</sup> The still-nascent but formalized Indo-Pacific Oceans Initiative is described as a global initiative that focuses on regional cooperation. This complements the Pacific visions of Japan, the Indo-Pacific strategy of the United States, and the Australian Pacific Step-up, thus promoting maritime governance and like-mindedness.

The Australian Navy has also actively participated in joint military exercises to promote interoperability. Australian defense minister Linda Reynolds stated during the Malabar exercise that “High-end military exercises like Malabar are key to enhancing Australia’s maritime capabilities, building interoperability with our close partners, and demonstrating our collective resolve to support an open and prosperous Indo-Pacific.”<sup>9</sup>



**Figure 1. Convergences and divergences between Australian and Quad policies**

### **The China Factor**

In the immediate environment, Australia is more secure when compared to Japan or India, as it has no territorial disputes with China or its neighbors. Australia's alliance with the United States adds to its relative comfort. However, China's rise and aggressiveness are changing the dynamics and therefore the terrain for Australia. Australia has historically relied on the United States to be an external or offshore balancer in the region, a role that is under immense strain due to the continued growth of Chinese influence. Furthermore, as the *Australian Foreign Policy White Paper* and *Defense White Paper* in 2017 indicate, Australia regards China as a state that is altering the status quo by actively and aggressively undermining the US-led liberal international order of rules and norms. The US-led world order has encouraged middle and small powers to pursue an autonomous foreign policy that was unhindered by external coercion.

Since 2016, Australia has been actively challenging Chinese coercive behavior and actions that threaten the existing world order, leading to what many call a “freeze” in relations between the two states. Australia was originally the first to recognize the 2016 Permanent Court of Arbitration decision (which favored the Philippines over China in the South China Sea dispute) and asked China to abide by the ruling.<sup>10</sup> Australia was the first among all others to ban Huawei from participating in rolling out 5G networks, expressing national security concerns. Australia alluded that Huawei was an instrument of the Chinese government rather than an independent commercial unit.<sup>11</sup>

This was not the first decision against Huawei. In 2012, Australia was proactive in banning Huawei from tendering contracts during the construction of its National Broadband Network. This was based on apprehensions concerning the possibilities of cyberattacks from China. Beijing’s anger escalated when Australia enacted foreign interference laws in 2018—China perceived that these were particularly directed at it. Australia’s former prime minister Malcolm Turnbull commissioned this legislative enactment, which was a result of a report that revealed evidence of clandestine activities by China intended to influence educational institutions, public debates, and politicians of major parties.<sup>12</sup> Australia has been facing substantial pressure from China on all the earlier points, while the Morrison government has been continually critical of China to protect Australian values and national interests. Australian public opinion of China has drastically worsened because of this friction. In 2002, 52 percent of Australian citizens viewed China positively. That number plummeted to a mere 15 percent in 2021.

Australia has considered its immediate neighbors, the South Pacific Island states, to be powers that are relatively gentle and benign. Additionally, Australia has always portrayed itself as a leading power in this region. Prime Minister Scott Morrison, in his speech, called it part of “our responsibilities to our part of the world, our patch.”<sup>13</sup> However, Australian insecurities and fears have risen considerably with recent reports of Chinese attempts and prospects to gain military footing in the region. Reports since 2018 have claimed that China has been persistent in its approach to build a permanent military base in Vanuatu. While these claims currently stand denied, Vanuatu is nevertheless heavily indebted to China. This has raised the prospect of debt-trap diplomacy in the Pacific region.<sup>14</sup>

Australia has been spectacularly speedy in its negotiation with Papua New Guinea, with an agreement to revamp the naval base at Lombrum—initially as a joint facility, with the United States joining subsequently. Any Chinese base in the South Pacific closer to Guam or Australia will upset US naval control in the Pacific.<sup>15</sup>

Australia has also been demonstrating ways to counter Chinese influence and oppose Huawei by gifting undersea telecommunications cable to the Solomon

Islands and Papua New Guinea.<sup>16</sup> After acknowledging that the Chinese Belt and Road Initiative has an attractiveness that makes the Pacific Island nations vulnerable to debt sustainability and the potential to fall prey to debt-trap diplomacy, Canberra has expanded its efforts to portray Australia as a reliable partner and a friend to the Pacific Island nations and has stressed basing its relations on openness, respect, and equality.<sup>17</sup> The Pacific Step-up strategy implemented by the Morrison government consists of many initiatives that build on its existing security and defense diplomacy, funding diplomatic presence, and the establishment of the Australian Infrastructural Financing Facility with an investment of AU\$2 billion for the Pacific Islands. Additionally, Australia is financing small and medium investments in the Pacific Islands with a budget of AU\$1 billion.<sup>18</sup> Despite the expanded and speedy actions from the Australian end, the success of these strategies is yet to be seen.

Australia has become a target for Chinese aggression since Australia emphasized the need for and the importance of conducting an independent inquiry into the origins of COVID-19.<sup>19</sup> China, which has been Australia's major trading partner, accounts for trade equivalent to 7 percent of the Australian gross domestic product (GDP) and 36 percent of total exports. Apart from this, Australia has the second-highest number of Chinese students enrolled in its education system in the world. Chinese tourists account for 27 percent of international tourist expenditure. Thus, Australia is economically vulnerable to Chinese aggression.

Beijing has been retaliating against those countries that oppose China on issues in the South China Sea (China imposed a ban on banana exports from the Philippines in 2012) and East China Sea (China banned the exports of Chinese rare earth elements to Japan and imposed unofficial sanctions on South Korea for the deployment of an antiballistic missiles system, THAAD, in 2017). Chinese economic aggressiveness against the United States is seen as they are engaged in a trade war—where in 2018 the United States imposed 25-percent tariffs on \$300 billion worth of Chinese imports. Australia is now facing Chinese economic aggressiveness. China has openly opposed the Australian government and imposed severe tariffs of 218 percent on Australian wine in 2020, which are likely to last for five years. Australia has taken this dispute to the World Trade Organization for resolution.<sup>20</sup> Australian wine exports to China have been valued at AU\$1.1 billion but have dropped drastically since the imposition of the tariffs. Apart from this, China is pressuring the Australian government to revoke their anti-China policies and have additionally scrutinized Australian exports of iron ore and gas. Chinese ambassador to Australia Cheng Jingye implied that Chinese economic aggressiveness will be largely witnessed in the export of tourism, wine, beef, and education following Australia's inquiry call into the origins of COVID-19. The



Chinese public has also retaliated, and Australian exports are likely to be subjected to a boycott as well. The Chinese state-run media *Global Times* has opined that the cutoff of wine and beef imports will “make Australia pay for its arrogant attitudes.”<sup>21</sup>

Australia’s susceptibility to economic reprisal may be exaggerated, however. Australian trade to the world markets consists of fungible products, for which Australia can find new markets elsewhere. Restriction and scrutinization of iron ore trade from Australia is an act of self-harm for China, as Australian iron ore is extremely reliable and is exported at a lower cost when compared to other competitors. The demand for iron ore continues to grow in China due to its unending infrastructural projects. Similarly, restricted gas exports might be more detrimental to China than to Australia. However, this does not impede any short-term acts of reprisal. For instance, in 2019, stays were imposed on Australian coal by China, for reasons that were not articulated. It was presumed to be in response to the enactment of foreign interference laws by Australia in 2018. Replacing Australian exports of tourism and education (representing less than one percent of Australian GDP) is likely to happen.<sup>22</sup> However, the prospective side effect of the deteriorating relationship with China and the coronavirus crisis will be a concerted effort in promoting market diversification—especially of universities and businesses whose intense levels of dependency on China have been uncovered.

### **AUKUS: A Silver Lining?**

A newly formed trilateral security arrangement between Australia, the United Kingdom, and the United States—officially known as AUKUS—was signed into being on 15 September 2021. The question arises, how does this affect Australia’s role in the Quad? AUKUS is predominantly a military and technological advancement pact, encompassing mechanisms for Australia to procure nuclear-powered submarines, that clearly intensifies Australia’s deterrence capability amid the rising perils of Chinese naval power. The new set of scheduled meetings accentuates a growing urgency for the United States and its allies, who seek to reconstitute the balance of power in the Indo-Pacific. Furthermore, unilateral security measures such as AUKUS fortify the relevance of the Quad and subsequently other unilateral arrangements within the Quad.

AUKUS has been panned by many who suggest that this new unilateral arrangement will usurp the importance of the Quad. However, in actuality, AUKUS is both pertinent and vital for the shared prosperity of the Quad. Why? Firstly, during its announcement, AUKUS leaders underlined the significance of continuing partnerships with members of the Quad, ASEAN, and other allies from Europe, with an unswerving stake converging against Chinese revisionism, thus ensuring a stable balance of power in the region. Secondly, AUKUS is founded on

the same ideals as that of the Quad—safeguarding freedom, shared prosperity, and abiding by the rule of law. Thirdly, the growing figure of minilateral engagements, all in some ways or the other designed at complementing each other with a comparable sense of purpose, brings more countries (Quad and non-Quad) under a related umbrella—to balance and deter China.

AUKUS presents an opportunity for diplomatic, political, and military cooperation with joint exercises periodically led by member nations to reinforce combat interoperability and to develop mechanisms to combat possible contingencies that transpire within the region. AUKUS, through a strong military factor with feasible procurement of nuclear-powered submarines, aims at deterring China and protecting the status quo.

## Conclusion

From an Australian perspective, in the post-COVID world, the need to reconstruct supply chains and preserve the rules-based international order is high; the ties between the Quad nations must continue to strengthen. The bolstering of the Quad, before catering to militarization or institutionalism, must focus on building greater synergy between its domestic Indo-Pacific vision and the Quad vision—and ultimately establish a broader vision that encompasses the national interests of all countries to create a coherent, action-oriented, futuristic multilateral institution. ★

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