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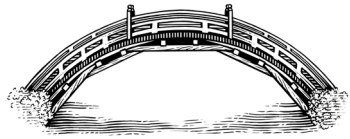
ROUNDTABLE

Australia's Strategic Objectives in a Changing Regional Order



Darren J. Lim, Jackson Skinner, and Sashank Thapa

William Tow and Alynna M. Carlos

Matt McDonald

Brendan Taylor

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Introduction

Australia has long viewed itself as a middle power anchored in the liberal rules-based order, global markets, its wider neighborhood, and its alliance with the United States. Yet today it confronts a regional order in flux that tests these foundations. This *Asia Policy* roundtable contains eight essays that examine Australia's strategic priorities and challenges in a range of international relations areas. The first half of the roundtable looks at the country's role and priorities in four global topics—trade, consortium building, climate change policy, and the threat posed by a nuclear resurgence—and the second half of the roundtable addresses the relationships between Australia and its most important partners—the United States, China, Southeast Asia, and the Pacific Island countries.

The roundtable opens with an essay on trade and economics by Darren Lim, Jackson Skinner, and Sashank Thapa that assesses how Australia's orientation toward an open, liberal, rules-based, free-market system has come under strain as tensions rise globally between economic and national security interests. Increasingly, cracks in the liberal international order are putting Australia in a bind between two long-standing pillars of support: its trade partner China and its security ally the United States. Lim, Skinner, and Thapa argue that managing the resulting dilemmas will require "not only shoring up domestic resilience but also cultivating a wider coalition in support of the rules-based order" that Australia would like to see continued.

William Tow and Alynna Carlos consider how minilateral forms of collaboration—associations of relatively small numbers of states—are playing a growing role in Canberra's approach to regional and international security, alongside and in tandem with Australia's traditional U.S. alliance. The most prominent and contentious of these is the AUKUS partnership between Australia, the United Kingdom, and the United States, but the Quad (between Australia, India, Japan, and the United States) and the emerging "Squad" (between Australia, Japan, the Philippines, and the United States) are also notable in signaling a shift toward small-group collaborations of (mostly) like-minded states around common challenges. Tow and Carlos argue that "if AUKUS and the Quad, or its Squad variant, are to play a more meaningful role in today's Indo-Pacific security environment, they will need to strike a judicious balance between designing these arrangements to directly address complex issues relating to deterrence and order-building without relinquishing the benefits of policy flexibility and agility that minilaterals theoretically provide."

In terms of cooperation on global issues, climate change is perhaps the most insidious. Matt McDonald shows how "Australia is a country of contrasts and tensions when it comes to the environment," valuing environmental protection and vulnerable to environmental degradation, while at the same time contributing significantly to climate change through the country's role in the global fossil fuel economy. McDonald describes how these thorny issues have arisen both in the domestic political arena and in relations with Australia's Pacific Island neighbors, which Canberra identifies as a strategic priority. Australia hopes to generate greater trust and goodwill on the issue over the longer term as it attempts "to move past the environment versus the economy/jobs binary that has often characterized the politics of climate change."

Another overlooked but salient global challenge Australia faces is a revival of nuclear weapons as instruments of international power politics, this time centered in Asia. Brendan Taylor questions why this issue has received so little attention in Australia and "what that silence means for the nation's strategic readiness and agency." He cautions that two tenets of Australian security—U.S. extended deterrence and the global nonproliferation regime—are increasingly insecure in the current moment, and that the country can draw on its role as a U.S. ally, its enthusiasm for collaboration with other middle powers, and its own expertise and capacity to confront shifts in the nuclear landscape.

Rory Medcalf examines the U.S.-Australian alliance in what is possibly its most testing time as the second Trump administration upsets long-standing rules, norms, and practices in international relations. Tariffs, AUKUS, defense spending, China policy, and geopolitical perspectives are suddenly flashpoints in what traditionally has been a smooth bilateral relationship. He writes that "it is too early to be definitive, but there are indications of an emerging Australian way to manage alliance relations under Trump 2: a quiet path between defiance and deference." Despite this new phase, Medcalf argues that Australia is still well-positioned to develop as both a credible alliance partner and a more independent security actor.

Relations with Australia's major economic partner, China, are hardly any more straightforward. James Laurenceson notes that two critical assessments have long shaped Canberra's strategic thinking: "the trajectory of China's economic rise and the reliability of the United States as a bilateral security ally and strategic presence in Asia." Australia has aimed to strike a balance between these foreign policy pillars, and Laurenceson details how the Australia-China relationship and the Australian domestic

politics around it have evolved over the last ten years. Although wary of China's growing power and influence, Australia benefits from its economic complementarity with China and is now pursuing pragmatic and clear-eyed engagement across a range of issues.

Turning to a priority region, Susannah Patton assesses the achievements to date of the Albanese government in its relations with Southeast Asia. A key focus, which supports both Australian and Southeast Asian objectives, has been boosting diplomatic and economic ties to the region. The Albanese government has stepped up diplomatic visits, and the Association of Southeast Asian Nations collectively is the country's second-largest trade partner. But Patton describes how Australian businesses have been slow to follow Canberra's lead. At the same time, and despite quiet government efforts, Australia's "perceived policy proximity" to the United States (the "deputy sheriff problem") complicates its relations in and with the region, especially where China is concerned. While Southeast Asia will stay an area of priority, whether Australia's successes there continue remains to be seen.

As noted above, the Australian government has designated its Pacific Island neighborhood a strategic priority and is anxious about China's growing presence in the region. Joanne Wallis and Salote Tagivakatini point out that "the region lies across some of Australia's crucial air and sea lanes of communication, connecting Australia to its allies and partners—and their markets—in North America and Northeast Asia." Given this, the government has been working to enhance ties with the island states through economic, security, infrastructure, policing, work visa, and cultural programs. But whether Australian and Pacific priorities align and whether these efforts are adequately focused on advancing the island countries' aims—and "by extension, advancing the Australian government's interest in being identified as the region's preferred partner"—are still important questions. Wallis and Tagivakatini argue that there is potential for closer relations if Australia can deconflict "how the different elements of its foreign and security policies inadvertently affect its policy objectives in the region."

Taken together, the roundtable essays highlight Australia's foreign policy priorities, challenges, and key external relationships, showing where the country stands and what lies ahead as it seeks to manage a changing global order. While Australia cannot determine the trajectory of this order, the analyses presented here suggest its ability to balance flexibility with principle, dependencies with agency, and pragmatism with long-term vision will remain critical in sustaining its influence and navigating the challenges of a contested Indo-Pacific. ◈

Trade and the Australian Economy: Neoliberal Dreams, Geopolitical Realities

Darren J. Lim, Jackson Skinner, and Sashank Thapa

In early 2025 the *Economist* published an illustration of a kangaroo with one foot on a submarine and the other on a container ship, each moving in opposite directions.[1] The message was familiar to Australian policymakers: navigating the competing demands of a principal security ally (the United States) and a dominant trading partner (China) is increasingly difficult in an era of great-power rivalry. In 2025, however, even starker realities are setting in.[2] The decay of the rules-based, multilateral trading system is now undeniable—and few countries are more exposed to this erosion than Australia. As a major beneficiary of global commerce and open trade, Australia now finds itself in the most precarious strategic environment since it helped build the multilateral trading order after World War II. While the global trading system has been under strain since 2008—for reasons many consider justified—Australia has remained a champion of multilateralism, standing by a model that seems to have passed its high-water mark.

This essay examines how Australia's prosperity was shaped by the postwar economic order and how this success story informed its grand strategy. We then explore how, over the past decade, Canberra's long-standing economic orientation toward markets and openness has come under strain, particularly as the tension between economic interests and national security—especially in relation to China—have become impossible to ignore. We next analyze how the current center-left Labor government led by Prime Minister Anthony Albanese, elected in 2022 and re-elected in

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1 David Rennie, "Australia Prepares for a Lonelier, Harsher World," *Economist*, February 18, 2025 ~ https://www.economist.com/international/2025/02/18/australia-prepares-for-a-lonelier-harsher-world.

2 Penny Wong, "Plimsoll Address," Minister for Foreign Affairs Senator the Hon Penny Wong, October 15, 2024 ~ https://www.foreignminister.gov.au/minister/penny-wong/speech/plimsoll-address; and Department of Defence (Australia), *National Defence Strategy* (Canberra, April 2024) ~ https://www.defence.gov.au/about/strategic-planning/2024-national-defence-strategy-2024-integrated-investment-program.

2025, has sought to manage these competing imperatives and rising global uncertainty. The government's approach has focused on stabilizing relations with China, attempting economic diversification within the region, and integrating economic security into both domestic and foreign policy. Yet, ultimately, as the rules-based order frays under a renewed attack from a second Trump administration in the United States, Australia is confronting a world where its traditional economic strategy offers no easy answers and every option carries significant risk.

The Australian Economy

Deeply integrated into the global economy, Australia is a poster child of the Washington Consensus. Beginning in the late 1970s and accelerating into the 1980s, Australia liberalized its domestic economy and removed trade barriers.[3] Its trade share of GDP increased from 32% in 1990 to 47% in 2024.[4] Modeling from 2016 suggests that Australian real GDP was 5.4% higher than it would be without trade liberalization, with one in four Australian jobs now related to trade.[5] From 1992 to 2020, Australia experienced 28 years of uninterrupted economic growth and a faster increase in GDP per capita growth relative to peer economies.[6] Throughout, however, Australian governments maintained support for a generous welfare state and social safety net, adhering to the original "embedded liberal compromise" that was a crucial design feature of the postwar order.[7]

The growth of Australian trade over recent decades has been highly concentrated, in terms of both geographic direction and composition

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3 These reforms included a substantial international economic agenda, including floating the Australian dollar, deregulating the domestic banking sector to allow international competition, and unilaterally reducing import tariffs. See, for example, Ian W. McLean, *Why Australia Prospered: The Shifting Sources of Economic Growth* (New Jersey: Princeton University Press, 2012), 210–56.

4 "Trade (% of GDP)—Australia," World Bank Group ~ https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS?end=2024&locations=AU&name_desc=false&start=1960&view=chart.

5 Department of Foreign Affairs and Trade (Australia), *Australian Trade Liberalisation: Analysis of the Economic Impact* (Canberra, 2017), 2; and Don Farrell, "Trading Our Way to Greater Prosperity and Security," Australian Minister for Trade and Tourism and Special Minister of State Senator the Hon Don Farrell, November 14, 2022 ~ https://www.trademinister.gov.au/minister/don-farrell/speech/trading-our-way-greater-prosperity-and-security.

6 Productivity Commission (Australia), *PC Productivity Insights: Australia's Long Term Productivity Experience*, no. 3 (Canberra, 2020), 35 ~ https://www.pc.gov.au/ongoing/productivity-insights/long-term/productivity-insights-2020-long-term.pdf.

7 John Gerald Ruggie, "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order," *International Organization* 36, no. 2 (1982). On Australian welfare spending, see Peter Whiteford, "Social Security and Welfare Spending in Australia: Assessing Long-Term Trends," Australian National University, Tax and Transfer Policy Institute, Policy Brief, no. 1/2017, July 2017 ~ https://crawford.anu.edu.au/sites/default/files/2025-03/Combined%20PDF%20Whiteford%20Trends%20in%20Soc%20Sec%20Spending%202017.pdf.

(see **Table 1**). Geographically, Australia's trade is anchored in the Indo-Pacific region, which includes four of its five largest bilateral trading partners and approximately 80% of total trade value in 2024. Compositionally, exports are dominated by primary commodities and services. Just two products—iron ore and coal—accounted for 20.9% and 13.9% of export value, respectively. While Australia's relatively low economic complexity is often a source of self-criticism, it reflects a market logic that leverages comparative advantage

TABLE 1

Top-Ten Exports by Top-Five Destinations and Rest of World (ROW), 2024

Product (A$ billions)	**Country (%)**					
Iron ore ***$124.5***	China (84.2)	Japan (5.9)	ROK (5.8)	Taiwan (1.6)	Vietnam (1.1)	ROW (1.5)
Coal ***$85.5***	Japan (31.7)	India (15.7)	China (14.6)	ROK (9.4)	Taiwan (8.4)	ROW (20.1)
Natural gas ***$67.5***	Japan (33.8)	China (31.0)	ROK (11.8)	Singapore (9.1)	Taiwan (8.4)	ROW (6.0)
Education-related travel ***$51.5***	China (40.5)	India (28.7)	Vietnam (12.7)	Nepal (7.7)	Philippines (7.1)	ROW (3.2)
Gold ***$35.7***	Hong Kong (24.7)	UK (18.0)	India (13.9)	Singapore (9.3)	China (8.6)	ROW (25.4)
Tourism (ex-education) ***$22.5***	China (10.2)	New Zealand (9.8)	UK (9.1)	U.S. (8.1)	ROK (6.1)	ROW (56.7)
Beef ***$14.0***	U.S. (31.1)	China (15.9)	Japan (14.6)	ROK (14.4)	Indonesia (4.3)	ROW (19.7)
Bauxite/alumina ***$12.9***	China (21.9)	Bahrain (16.6)	UAE (12.7)	Canada (7.6)	South Africa (7.6)	ROW (33.7)
Crude petroleum ***$10.6***	Singapore (32.2)	ROK (20.9)	Thailand (11.8)	Indonesia (9.4)	Malaysia (7.9)	ROW (17.8)
IP-related service charges ***$9.5***	Germany (9.2)	UK (7.8)	Netherlands (1.4)	Singapore (0.9)	Canada (0.8)	ROW (79.9)

Source: Authors' calculations from Department of Foreign Affairs and Trade (Australia) data for merchandise and Australian Bureau of Statistics data for services.

Note: Dollar figures represent total value of exports to all markets in Australian dollars. Percentages represent percentage of total value.

based on resource endowments. The policy success is largely the state staying out of the way, while cultivating the reputation of being a "reliable" trading partner.[8] These minimalist policy settings have combined with good fortune; in 2011, Australia's terms of trade were 75% above the average of the previous century—an extraordinary windfall that underpinned its economic performance.[9]

Australia's outward economic orientation has long supported two key pillars of its grand strategy: regional engagement and a commitment to a rules-based international order.[10] Open markets and free-trade principles provide a common language for policymakers to engage regional partners at various stages of development, from Northeast and Southeast Asia across the southwest Pacific. This economic integration has delivered political dividends, deepening Australia's relationships across the region. Separately, Australia has a history of support for the establishment and effective functioning of a rules-based international order. Canberra has been a consistent advocate for multilateral rules and institutions, which it sees as essential for constraining great-power behavior and enabling middle powers to shape international cooperation. Australia has long viewed its influence and security as maximized when the global order is governed by rules rather than by raw power.[11]

A Shifting Strategic Landscape

Until relatively recently, Australia's model of economic prosperity was largely agnostic to its strategic circumstances. As China's rapid growth and demand for resources made it Australia's largest trading partner in the 2000s, Canberra's economic outlook remained rosy. Strategically, however, the 2009 Defence White Paper marked a shift, warning that China's military modernization could affect regional stability without greater transparency.

This reappraisal deepened in the 2010s as Beijing's growing power and assertiveness brought strategic differences and value clashes to the fore. The launch of the Asian Infrastructure Investment Bank in 2015, for

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8 Ross Garnaut, *Australia and the Northeast Asian Ascendancy: Report to the Prime Minister and Minister for Foreign Affairs and Trade* (Canberra: Australian Government Publishing Service, 1989).

9 "Australia and the Global Economy—the Terms of Trade Boom," Reserve Bank of Australia, 1 ~ https://www.rba.gov.au/education/resources/explainers/pdf/australia-and-the-global-economy-the-terms-of-trade-boom.pdf?v=2025-07-23-15-11-37.

10 The third pillar is the U.S. security alliance. See Allan Gyngell, *Fear of Abandonment: Australia in the World since 1942* (Carlton: La Trobe University Press, 2017).

11 Allan Gyngell and Michael Wesley, *Making Australian Foreign Policy*, 2nd ed. (Cambridge: Cambridge University Press, 2007).

example, triggered anxieties in Australia about China's capacity to reshape the international order. Abroad, Canberra became increasingly alarmed by China's actions in the South China Sea, mass human rights abuses in Xinjiang, and political crackdowns in Hong Kong. Domestically, concerns mounted over the political influence of individuals linked to the Chinese Communist Party and the risks posed by Chinese companies' involvement in critical infrastructure.[12]

While Canberra's foreign policy responses remained relatively cautious and incremental, at home the government took decisive action, banning Huawei from its 5G network and passing sweeping legislation targeting foreign interference.[13] These decisions irritated Beijing but did not immediately disrupt the bilateral relationship. That changed in April 2020, when Australia called for an independent inquiry into the origins of Covid-19, which Prime Minister Scott Morrison said should have "weapons inspector" equivalent powers.[14]

The inquiry call proved a tipping point, with Beijing both taking deep offense and also likely channeling a growing list of grievances.[15] The Chinese government froze diplomatic channels and launched a broad campaign of economic coercion, halting or restricting imports across at least nine Australian export sectors, from barley and wine to lobster, coal, and beef.[16] Canberra responded with targeted industry support, accelerated trade diversification, and formal challenges at the World Trade

12 John Kehoe, "Canberra Divided on How to Handle China," *Australian Financial Review*, December 3, 2019.

13 On the Huawei ban, see Simeon Gilding, "5G Choices: A Pivotal Moment in World Affairs," Australian Strategic Policy Institute (ASPI), Strategist, January 29, 2020 ~ https://www.aspistrategist.org.au/5g-choices-a-pivotal-moment-in-world-affairs. On the foreign interference legislation, see David Crowe, "Overhaul for Foreign Interference Laws in Bipartisan Deal," *Sydney Morning Herald*, June 7, 2018 ~ https://www.smh.com.au/politics/federal/overhaul-for-foreign-interference-laws-in-bipartisan-deal-20180607-p4zk29.html.

14 Andrew Probyn, "Scott Morrison Lobbies Donald Trump, Others for Greater World Health Oversight to Prevent Another Pandemic," ABC (Australia), April 22, 2020 ~ https://www.abc.net.au/news/2020-04-22/morrison-to-push-for-anti-pandemic-inspection-powers/12173806; and Brett Worthington, "Marise Payne Calls for Global Inquiry into China's Handling of the Coronavirus Outbreak," ABC (Australia), April 19, 2020 ~ https://www.abc.net.au/news/2020-04-19/payne-calls-for-inquiry-china-handling-of-coronavirus-covid-19/12162968.

15 Natasha Kassam, "Great Expectations: The Unravelling of the Australia-China Relationship," Brookings Institution, July 20, 2020 ~ https://www.brookings.edu/articles/great-expectations-the-unraveling-of-the-australia-china-relationship.

16 Victor A. Ferguson, Scott Waldron, and Darren J. Lim, "Market Adjustments to Import Sanctions: Lessons from Chinese Restrictions on Australian Trade, 2020–21," *Review of International Political Economy* 30, no. 4 (2022): 1255–81.

Organization (WTO).[17] However, the decisive mitigating factor was the self-correcting capacity of liberal, open markets: competitive global buyers and flexible supply chains enabled rapid redirection of exports, substantially limiting the economic impact of China's economic coercion.[18] Most estimates place total losses at around A$20 billion (in 2019 prices) over 2020–22, translating into only modest impacts on GDP and GNP.[19] China's decision to exempt iron ore—Australia's largest export—further illustrated how deep interdependence can constrain coercive leverage. While the sanctions campaign ultimately failed, it demonstrated both the vulnerability and resilience inherent in an open trading economy, where the very integration that creates exposure also furnishes adaptive capacity.

Australia's open trade model was further tested when the Covid-19 pandemic exposed the fragility of global supply chains. Decades of economic integration and offshoring—especially reliance on just-in-time logistics—left the country ill-prepared for basic supply shocks. One vivid example was the revelation that Australia had only a single medical mask manufacturing facility, with just two machines and complete reliance on imported inputs.[20] While the risks in Australia's supply chains are sometimes overstated—the Productivity Commission estimated in 2021 that only about 5% of imports were vulnerable—the pandemic, like China's sanctions, shifted policy discourse by reframing accepted features of the economic model as vulnerabilities.[21]

Together, these episodes underscored the risks of excessive dependence on trade and challenged the assumption that openness and free markets unproblematically deliver both prosperity and security. As the strategic landscape shifted, so too did the economic premises that had guided Australian policy for decades.

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17 See, for example, Phil Coorey, "China Kicks Australia—and Scores Global Own Goal," *Australian Financial Review*, December 4, 2020; and Darren J. Lim, Benjamin Herscovitch, and Victor A. Ferugson, "Australia's Reassessment of Economic Interdependence with China," in *Strategic Asia: Reshaping Economic Interdependence in the Indo-Pacific*, ed. Ashley J. Tellis, Alison Szalwinski, and Michael Wills (Seattle: National Bureau of Asian Research, 2023), 253.

18 Ferguson, Waldron, and Lim, "Market Adjustments to Import Sanctions," 1257.

19 Ron Wickes, "Chinese Trade Sanctions against Australia: Quantifying the Impact," *Australian Economic Papers* 63, no. 2 (2024): 226–36; and "Trade and Assistance Review 2021–2022," Productivity Commission (Australia), July 20, 2023, 92.

20 Grace Tobin, "Coronavirus Fires Up Production at Australia's Only Medical Mask Factory," ABC (Australia), March 27, 2020 ~ https://www.abc.net.au/news/2020-03-27/inside-australias-only-medical-mask-factory/12093864.

21 "Vulnerable Supply Chains," Productivity Commission (Australia), July 2021, iii ~ https://www.pc.gov.au/inquiries/completed/supply-chains/report/supply-chains.pdf.

Australia's Economic Response under the Albanese Labor Government

A hard-fought Labor victory in May 2022 returned a center-left government to Canberra after nearly a decade in opposition. Prime Minister Anthony Albanese inherited a bilateral relationship with China on life support, supply-chain vulnerabilities laid bare by the pandemic and Russia's invasion of Ukraine, and a rules-based trading system buckling under rising protectionism and great-power rivalry. The external environment grew still more volatile when Donald Trump won a second term as U.S. president in November 2024, although Labor cruised to its own landslide re-election in May 2025.

Stabilizing the bilateral relationship with China. During the 2022 election campaign, Labor argued that the Liberal-National Coalition government under Morrison had adopted an unnecessarily antagonistic posture toward Beijing, notwithstanding genuine sources of tension.[22] Upon taking office, the Albanese government made clear that while Australia's core national interests remained unchanged—including ongoing disagreements with China—its diplomatic approach would differ. This was later encapsulated in the formula "cooperate where we can, disagree where we must, and engage in the national interest."[23] The aim was to "stabilize" the bilateral relationship without compromising principles. From Beijing's perspective, having failed to extract meaningful policy concessions through coercion and facing broader international headwinds, the change of government presented a political opening—one it appeared willing to seize.[24]

Canberra's proximate goal was to persuade Beijing to lift its coercive economic restrictions, but how? In the early months of the new government, Labor ministers resumed high-level dialogue with Chinese counterparts,

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22 Elena Collinson, "The Khaki Election Turned Teal on China," Melbourne University, Asialink Insights, May 19, 2022 ~ https://www.uts.edu.au/news/2022/05/khaki-election-turned-teal-china. For examples, see Troy Bramston, "Defending Taiwan against Beijing Is a Must, Says Peter Dutton," *Australian*, November 12, 2021 ~ https://www.theaustralian.com.au/nation%2Fdefence%2Fdefending-taiwan-against-beijing-is-a-must-says-peter-dutton%2Fnews-story%2Fef9dd7fd56515afbdc90021760d1d344?amp&nk=7334a3352642f026a55814eb628e9191-1753088857; and Andrew Greene, "Home Affairs Secretary Mike Pezzullo Warns 'Drums Of War' Are Beating in a Message to Staff," ABC (Australia), April 26, 2021 ~ https://www.abc.net.au/news/2021-04-26/mike-pezzullo-home-affairs-war-defence-force/100096418.

23 "Anniversary of Diplomatic Relations between Australia and the People's Republic of China," Joint Statement by Anthony Albanese MP, Prime Minister of Australia, and Senator the Hon Penny Wong, Minister for Foreign Affairs, December 19, 2022 ~ https://www.foreignminister.gov.au/minister/penny-wong/media-release/anniversary-diplomatic-relations-between-australia-and-peoples-republic-china.

24 Jingdong Yuan, "What Mattered Most to China about Anthony Albanese's Visit," *Diplomat*, November 9, 2023 ~ https://thediplomat.com/2023/11/what-mattered-most-to-china-about-anthony-albaneses-visit.

commencing with Foreign Minister Penny Wong's July 2022 meeting with counterpart Wang Yi.[25] This set the foundation for Wong's visit to Beijing in December 2022—the first of any cabinet minister in three years.[26] Throughout this period, Australian officials adopted a cautious and respectful tone, emphasizing the importance of dialogue while acknowledging ongoing differences.

This measured approach began yielding results in 2023, as Beijing started to unwind several of its trade restrictions. However, these gains were accompanied by Australian policy decisions that aligned with Chinese interests. In February, the government allowed a Chinese joint-venture iron ore investment, the biggest approval since 2019.[27] In April, Australia suspended its WTO complaint over China's antidumping duties on barley after both parties received a confidential draft ruling and Beijing agreed to undertake an expedited review. In October, ahead of Prime Minister Albanese's planned visit to China, Canberra withdrew its WTO case on wine following the circulation of another draft ruling. Subsequently, Australia also permitted other antidumping measures to lapse.

Given that Australia was widely expected to prevail in both WTO cases, these withdrawals sparked debate over whether Canberra had conceded too much in pursuit of stabilization.[28] Nevertheless, the government—cautiously but confidently—heralded the renewed momentum in bilateral ties. This culminated in Albanese's visit to China in November 2023, the first by an Australian leader in seven years and marked by the relaunch of the annual leaders' meeting.[29]

While the process of stabilization involved clear elements of give and take, it delivered meaningful outcomes for Australia. Most notably, Chinese-Australian journalist Cheng Lei was released after more than three years in detention for allegedly supplying state secrets, a significant political

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25 Stephen Dziedzic and Anne Barker, "Penny Wong and Wang Yi Meet on Sidelines of G20 in Bali, with Hopes of 'Stabilising' Australia-China Relationship," ABC (Australia), July 8, 2022 ~ https://www.abc.net.au/news/2022-07-08/penny-wong-and-wang-yi-meet-on-sidelines-of-g20-in-bali/101220320.

26 Jake Evans, "Foreign Minister Penny Wong to Make First Ministerial Visit to Beijing since China Froze Diplomatic Relations with Australia," ABC (Australia), December 19, 2022 ~ https://www.abc.net.au/news/2022-12-19/foreign-minister-penny-wong-to-visit-beijing/101787586.

27 Will Glasgow, "Labor's Quiet Nod to China Ore Deal," *Australian*, February 18, 2023, 9.

28 See, for example, Justin Bassi, "China Is Still Coercing Australia—with Implicit Threats," ASPI, Strategist, July 15, 2025 ~ https://www.aspistrategist.org.au/china-is-still-coercing-australia-with-implicit-threats.

29 Lisa Visentein and David Crowe, "Albanese Becomes First Prime Minister to Set Foot in China in Seven Years," *Sydney Morning Herald*, November 4, 2023 ~ https://www.smh.com.au/politics/federal/trade-minister-don-farrell-to-dash-home-from-china-early-for-senate-demands-20231103-p5ehc7.html.

and diplomatic win for Canberra.[30] At the same time, Beijing made little headway on most of the grievances widely believed to be motivating its pressure campaign, suggesting that Australia had not conceded on matters of core policy.[31]

By mid-2025, Australia's economic ties with China were again flourishing. Moreover, a shift in political tone was evident in the federal election campaign, where opposition leader Peter Dutton, a former defense minister known for his hawkish views, repeatedly stressed China's economic importance. His rhetoric likely reflected both changing public sentiment, particularly among Chinese-Australians who had turned away from the Morrison government in the 2022 election, and the enduring pull of the Chinese market for Australian exporters.[32] Albanese's six-day visit to China in July 2025, accompanied by senior business leaders, reinforced the positive trajectory. Marked by warmth and symbolism, the trip promoted Australian exports and positioned the country for future trade in green industries.

Yet stabilization has not restored trust. The relationship remains fragile, with unresolved disputes and the potential for shocks—from regional crises to political miscalculations—to quickly undo progress. Canberra remains wary of renewed dependence, exemplified by Albanese's pledge to return the Chinese-owned Port of Darwin to Australian hands, while Beijing seeks deeper commercial engagement, including more investment and cooperation in emerging technologies such as artificial intelligence.[33] Nevertheless, in a global environment unsettled by renewed Trump-era tariffs, Albanese's visit signaled a pragmatic acceptance that China will remain central to Australia's economic strategy for the foreseeable future.[34]

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30 Penny Wong, "Ms Cheng Lei," Minister for Foreign Affairs Senator the Hon Penny Wong, October 11, 2023 ~ https://www.foreignminister.gov.au/minister/penny-wong/media-release/ms-cheng-lei.

31 Jonathan Kearsley, Eryk Bagshaw, and Anthony Galloway, "'If You Make China the Enemy, China Will Be the Enemy': Beijing's Fresh Threat to Australia," *Sydney Morning Herald*, November 18, 2020 ~ https://www.smh.com.au/world/asia/if-you-make-china-the-enemy-china-will-be-the-enemy-beijing-s-fresh-threat-to-australia-20201118-p56fqs.html.

32 Michael Read, "Chinese-Australians Abandon Liberals over Anti-China Rhetoric," *Australian Financial Review*, May 25, 2022 ~ https://www.afr.com/politics/chinese-australians-abandon-liberals-over-anti-china-rhetoric-20220524-p5ao46.

33 Matthew Knott, "'We Want It in Australian Hands': Albanese Cool on U.S. Bid to Buy Darwin Port," *Sydney Morning Herald*, May 28, 2025 ~ https://www.smh.com.au/politics/federal/we-want-it-in-australian-hands-albanese-cool-on-us-bid-to-buy-darwin-port-20250528-p5m2x2.html; and Andrew Tillett, "China Looks to Include AI in Broader Trade Relationship," *Australian Financial Review*, July 6, 2025 ~ https://www.afr.com/politics/federal/china-looks-to-include-ai-in-broader-trade-relationship-with-australia-20250706-p5mctz.

34 Victor Kim and David Pierson, "Australian Leader's Bonhomie in China Belies Delicate Balancing Act," *New York Times*, July 15, 2025 ~ https://www.nytimes.com/2025/07/15/world/asia/china-australia-trade-security.html.

Diversifying beyond coercion? Albanese's July 2025 visit to China sat a little uneasily alongside a message his government had consistently promoted since taking office: that Australia must diversify its trade relationships.[35] In practice, diversification has centered on Southeast Asia. In November 2022, the government appointed former Macquarie Bank CEO Nicholas Moore as special envoy to Southeast Asia and commissioned a strategy aimed at boosting trade and investment with the region.[36] The subsequent report displayed both commercial and economic security logics, touting trade diversification as "critical for Australia's long-term national economic resilience" and cautioning that "over-reliance on a few markets presents long-term structural risks."[37]

Despite the rhetoric, progress has been slow.[38] Structural barriers—limited economic complementarities, differing levels of development, and a shortage of Southeast Asia expertise in Australia's business and policy communities—have long constrained integration. These challenges have confronted successive governments, and Labor's gains so far have been modest.[39]

A similar logic informs engagement with India, Australia's fifth-largest trading partner. Following an interim trade and economic cooperation agreement in 2022, Canberra aims to lift trade to A$100 billion by 2030 and expand cooperation in clean energy, education, and agribusiness.[40] While this rhetorical pivot is welcomed regionally, tangible commercial gains remain limited. For now, Australia's trade portfolio is still dominated by China, along with Japan and South Korea. Southeast Asia and India hold long-term potential, but neither has yet delivered the scale or pace of diversification that current strategic circumstances demand (see **Table 2**).

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35 Kristy Needham, "Australia Tells Exporters to Diversify from Top Trade Partner China," Reuters, April 12, 2023 ~ https://www.reuters.com/world/asia-pacific/australia-tells-exporters-diversify-top-trade-partner-china-2023-04-12; and Don Farrell, "Lowy Institute Keynote Speech—Navigating Australia's Trading Future," Minister for Trade and Tourism, Special Minister of State, Senator the Hon Don Farrell, July 25, 2025 ~ https://www.trademinister.gov.au/minister/don-farrell/speech/lowy-institute-keynote-speech-navigating-australias-trading-future.

36 Anthony Albanese, "Special Envoy for Southeast Asia," Prime Minister of Australia, Media Release, November 12, 2022 ~ https://www.pm.gov.au/media/special-envoy-southeast-asia.

37 Nicholas Moore, *Invested: Australia's Southeast Asia Economic Strategic to 2040* (Canberra: Commonwealth of Australia, 2023), 10 ~ https://www.dfat.gov.au/sites/default/files/invested-southeast-asia-economic-strategy-2040.pdf.

38 Lim, Herscovitch, and Ferguson, "Australia's Reassessment of Economic Interdependence with China."

39 Stephen Grenville, "Great Expectations: Australia's Elusive Southeast Asia Vision," Lowy Institute, Interpreter, September 29, 2023 ~ https://www.lowyinstitute.org/the-interpreter/great-expectations-australia-s-elusive-southeast-asia-vision.

40 Department of Foreign Affairs and Trade (Australia), *A New Roadmap for Australia's Economic Engagement with India* (Canberra, February 26, 2025) ~ https://www.dfat.gov.au/sites/default/files/new-roadmap-australias-economic-engagement-india.pdf.

TABLE 2

Top-Ten Trading Partners as Share of Total Trade, 2018–24

	2018	2020	2022	2024
1	China (24.9%)	China (30.4%)	China (24.5%)	China (24.8%)
2	Japan (9.9%)	U.S. (10.5%)	Japan (12.1%)	U.S. (10.6%)
3	U.S. (9.5%)	Japan (8.2%)	U.S. (8.7%)	Japan (8.6%)
4	ROK (4.8%)	ROK (4.3%)	ROK (6.7%)	ROK (5.3%)
5	Singapore (3.7%)	UK (4.0%)	Singapore (4.3%)	India (4.2%)
6	India (3.5%)	Singapore (3.2%)	India (4.0%)	Singapore (3.8%)
7	New Zealand (3.4%)	India (3.0%)	Taiwan (3.5%)	New Zealand (3.0%)
8	UK (3.2%)	New Zealand (2.9%)	Malaysia (2.7%)	UK (2.9%)
9	Thailand (3.0%)	Germany (2.7%)	New Zealand (2.6%)	Indonesia (2.8%)
10	Malaysia (2.8%)	Thailand (2.4%)	Germany (2.4%)	Thailand (2.6%)

Source: Authors' calculations from Department of Foreign Affairs and Trade (Australia) data.

Critical minerals, economic security, and a "Future Made in Australia."

Australia faces a fundamental asymmetry in the emerging "de-risking" competition. While the United States can leverage its vast domestic market and technological leadership to reduce dependence on Chinese supply chains, Australia lacks comparable advantages. With limited manufacturing capacity and negligible influence over global technology standards, Canberra cannot simply replicate Washington's approach. Instead, Australia must navigate two imperatives simultaneously: demonstrating strategic value to alliance partners while capturing economic opportunities from the global energy transition.

Critical minerals processing has emerged as the sector where these objectives most clearly converge.[41] In March 2021, the Morrison government launched the Resources Technology and Critical Minerals

[41] Jacob Greber, "Morrison to Launch 10-Year Critical Minerals 'Value-Add Plan,'" *Australian Financial Review*, March 3, 2021 ~ https://www.afr.com/politics/federal/morrison-to-launch-10-year-critical-minerals-value-add-plan-20210303-p577he; Angus Grigg, "Australia Funds Tungsten Mine to Break China's Grip," *Australian Financial Review*, February 3, 2021 ~ https://www.afr.com/policy/foreign-affairs/australia-funds-tungsten-mine-to-break-china-s-grip-20210201-p56ykv; and Lian Sinclair and Neil M. Coe, "Critical Mineral Strategies in Australia: Industrial Upgrading without Environmental or Social Upgrading," *Resources Policy* 91 (2024) ~ https://www.sciencedirect.com/science/article/pii/S0301420724002277.

Processing Roadmap and earmarked A$1.3 billion to help manufacturers commercialize products.[42] Six months later, it created a A$2 billion Critical Minerals Facility to finance producers and "link up" with like-minded partners across the Indo-Pacific; Iluka Resources secured A$1.25 billion to build Australia's first integrated rare earths refinery.[43]

Labor has largely stayed the course on minerals processing and scaled up. It added another A$2 billion to the Critical Minerals Facility—A$400 million of which again went to Iluka—and signed the Critical Minerals Compact with the United States to deepen cooperation.[44] Domestically, Labor established the A$15 billion National Reconstruction Fund to invest in seven priority areas, including resources and critical minerals.[45] During the 2025 campaign, Albanese went further, pledging a A$1.2 billion critical minerals strategic reserve.[46] Through government-negotiated national offtake agreements and targeted stockpiles, Canberra aims to secure supplies of key minerals for strategic reasons and bind Australian firms into allied supply chains.[47] These initiatives remain nascent, but they signal a deliberate shift toward state-backed capability

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42 "Modern Manufacturing Initiative and National Manufacturing Priorities Announced," Department of Industry Science and Resources (Australia), October 1, 2023 ~ https://www.industry.gov.au/news/modern-manufacturing-initiative-and-national-manufacturing-priorities-announced; and "Resources Technology and Critical Minerals Processing: National Manufacturing Policy Roadmap," Australian Government, March 4, 2021 ~ https://www.australiaminerals.gov.au/__data/assets/pdf_file/0006/106449/resources-technology-and-critical-minerals-processing-national-manufacturing-priority-road-map.pdf.

43 Keith Pitt, "Backing Australia's Critical Minerals Sector," the Hon Keith Pitt MP, September 28, 2021 ~ https://www.minister.industry.gov.au/ministers/pitt/media-releases/backing-australias-critical-minerals-sector; and Scott Morrison et al., "Transforming Australia's Critical Minerals Sector," Export Finance Australia, April 4, 2022 ~ https://www.exportfinance.gov.au/newsroom/transforming-australia-s-critical-minerals-sector.

44 Anthony Albanese and Madeleine King, "$2 Billion Critical Minerals Boost Crucial to Energy Transition," Prime Minister of Australia, Media Release, October 24, 2023 ~ https://www.pm.gov.au/media/2-billion-critical-minerals-boost-crucial-energy-transition; Brandon How, "Extra $2bn for Critical Minerals Financing Welcomed," InnovationAus.com, October 25, 2023 ~ https://www.innovationaus.com/extra-2bn-for-critical-minerals-financing-welcomed; Peter Ker and Tom Rabe, "Iluka Lands $400m Taxpayer Loan to Get Rare Earth Refinery on Track," *Australian Financial Review*, December 6, 2024 ~ https://www.afr.com/companies/mining/iluka-shares-crash-11-per-cent-on-taxpayers-refinery-rescue-20241206-p5kwbw; and Anthony Albanese and Joseph Biden, "Australia-United States Climate, Critical Minerals and Clean Energy Transformation Compact," Joint Statement, May 20, 2023 ~ https://www.pm.gov.au/media/australia-united-states-climate-critical-minerals-and-clean-energy-transformation-compact.

45 "Our Priority Areas," National Reconstruction Fund Corporation (Australia), October 23, 2023 ~ https://www.nrf.gov.au/what-we-do/our-priority-areas.

46 Anthony Albanese, "Albanese Government to Establish Critical Minerals Strategic Reserve," Anthony Albanese PM, April 24, 2025 ~ https://anthonyalbanese.com.au/media-centre/albanese-government-to-establish-critical-minerals-strategic-reserve.

47 Michelle Grattan, "Albanese Government Announces $1.2 Billion Plan to Purchase Critical Minerals," Conversation, April 23, 2025 ~ https://theconversation.com/albanese-government-announces-1-2-billion-plan-to-purchase-critical-minerals-254994.

building, in particular via investment vehicles in sectors deemed strategically essential.[48]

The broader medium for this shift is the Future Made in Australia (FMIA) agenda, which was announced in mid-2024 amid a global resurgence of industrial policy and marks Australia's most explicit break to date with its Washington Consensus roots.[49] FMIA commits A$22.7 billion over ten years across two streams—decarbonization and economic security and resilience—under the loose National Interest Framework that permits investment where a domestic buffer is needed against shocks with "unacceptably high impacts on safety, national security, economic stability or wellbeing."[50] Only two priority sectors have been named so far: critical-minerals processing/refining and clean-energy manufacturing.[51]

Yet FMIA's hazy National Interest Framework and limited sectoral guidance expose Australia's structural constraints: a small and scattered market, high costs, skill gaps, shallow capital, and dependence on foreign know-how. Without broader reforms—larger home-market demand, patient public finance, and coordinated investment in infrastructure, skills, and R&D—FMIA risks becoming a grant-dispensing exercise with little leverage, leaving Australia a price-taking resource exporter while others execute larger, more coherent strategies.

Trump, tariffs, and the decline of the rules-based order. Australia joined every other U.S. trading partner in being hit by tariffs in Trump's "liberation day" regime, albeit at the lowest rate, a flat 10%. What looked like a relative reprieve soon seemed less secure. In July the White House floated a 200% tariff on imported pharmaceuticals, an ominous sign given the United States' ongoing pressure campaign regarding Australia's Pharmaceutical Benefits Scheme.[52] The announcement jolted bipartisan

48 Sinclair and Coe, "Critical Mineral Strategies in Australia"; and Eli Hayes and Darren J. Lim, "Australia's Critical Minerals Reserve Must Be Strategic, Not Symbolic," InnovationAus.com, May 29, 2025 ~ https://www.innovationaus.com/australias-critical-minerals-reserve-must-be-strategic-not-symbolic.

49 Anthony Albanese, "A Future Made in Australia," Prime Minister of Australia, April 11, 2024 ~ https://www.pm.gov.au/media/future-made-australia.

50 Ibid.; and Treasury (Australia), "Future Made in Australia: National Interest Framework," Supporting Paper, May 14, 2024 ~ https://treasury.gov.au/sites/default/files/2024-05/p2024-526942-fmia-nif.pdf.

51 Treasury (Australia), "Future Made in Australia: National Interest Framework," 24–29.

52 Brad Ryan, "Donald Trump Flags Tariffs of 200pc on Pharmaceuticals, 50pc on Copper," ABC (Australia), July 9, 2025 ~ https://www.abc.net.au/news/2025-07-09/donald-trump-tariffs-copper-pharmaceutical-imports/105509914.

opinion in Canberra, prompting assurances to the public that the scheme's cost controls were not up for negotiation.[53]

However, Trump's second-term trade policies present Australia with a systemic challenge beyond any individual tariff measure. By treating trade rules as subordinate to the interests and whims of its leader, the administration is signaling that even long-standing allies cannot rely on predictable commercial frameworks. This creates concrete policy dilemmas for Australia that were inconceivable under previous U.S. administrations. Future scenarios might include Washington demanding Australia restrict minerals exports to China as a condition for submarine deliveries under the Australia–United Kingdom–United States (AUKUS) partnership or other forms of defense cooperation. While such ultimatums remain hypothetical, their plausibility reflects how quickly the strategic environment has deteriorated, forcing governments to contemplate choices between economic prosperity and security partnerships that the rules-based order was designed to prevent.

Although a "coalition of the willing"—including Japan, the European Union, and even China—remains invested in parts of the rules-based order, most notably through arrangements such as the Multi-Party Interim Arbitration Agreement,[54] the United States' retreat from trade norms erodes the predictability on which Australia's prosperity has long relied. Canberra still runs a goods surplus with the United States and may yet avoid becoming a direct target of punitive measures. But each new breach of the rules-based order deepens the systemic risk, narrowing the space for middle powers to avoid such hard trade-offs in the future.

Conclusion

Australia's modern prosperity has been anchored in an open, market-first model that leverages regional complementarities through a rules-based trading system. Recent shocks have exposed its vulnerabilities: Beijing's 2020–22 coercion campaign revealed the risks of commercial concentration; the pandemic highlighted the brittleness of just-in-time supply chains; and

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53 On the news media bargaining code, see Sam Buckingham-Jones, "Albanese Vows to Defend Media Bargaining Code from U.S. Trade Pressures," *Australian Financial Review*, April 3, 2025 ~ https://www.afr.com/companies/media-and-marketing/albanese-vows-to-defend-media-bargaining-code-from-us-trade-pressure-20250403-p5lozr.

54 The Multi-Party Interim Arbitration Agreement was established in 2020 among sixteen WTO members to provide an alternative arbitration forum to the WTO's stalled Appellate Body.

Trump's renewed tariffs confirmed that even allies may treat trade as a tool of raw power.

The Albanese government's response has been incremental rather than revolutionary. It stabilized—but did not normalize—relations with China, pursued diversification with modest results, and launched targeted state-backed investments in critical minerals and green industries, including the FMIA agenda. These measures augment the market-first model at the margins rather than replace it, seeking to blunt specific shocks while preserving the benefits of openness.

Yet the strategic environment now presents scenarios the old model never contemplated. "Australian fears are acute, for two pillars supporting its modern rise—its defence alliance with America and its trade with China—are wobbling," read the *Economist* in early February.[55] The possibility of stark choices—between resource exports to China and defense cooperation with the United States, for example—looms larger as the U.S.-China great-power rivalry intensifies. Managing these dilemmas will require not only shoring up domestic resilience but also cultivating a wider coalition committed to the rules-based system, including partners such as Japan, the EU, and, in certain domains, China itself.

While this coalition cannot fully substitute for U.S. leadership in the global order, its existence underscores that the multilateral system is not yet beyond saving. For Australia, the challenge is to navigate a fractured order by adapting its economic strategy without dismantling its core foundations, keeping as much room as possible to maneuver should those invidious either/or choices arrive. ◈

[55] Rennie, "Australia Prepares for a Lonelier, Harsher World."

Minilateralism at the Crossroads: Australian Security Politics in the Indo-Pacific

William Tow and Alynna M. Carlos

The postwar and post–Cold War version of a world shaped by a liberal international order is receding into history. Contemporary geopolitics is increasingly resembling nineteenth-century power balancing but complemented by emerging high technology advances, complicated by intensifying climate and human security challenges, and moderated by a transactional U.S. presidency. In this context, it is vital to evaluate how states adapt to these changes and how their relations—bilateral, minilateral, or multilateral—are affected by the ever-changing geopolitical landscape.

Among the most crucial sets of relations in the Indo-Pacific are those of the United States and Australia, which are interconnected through bilateral, minilateral, and multilateral networks. This leads to the question: how does Australia-U.S. foreign policy and security cooperation—a key component of both countries' security politics for nearly a century—fit into an era of rapid global structural change? These two states' security cooperation has traditionally underpinned their relationship as part of a larger U.S. "hub and spokes" alliance framework. Newer forms of security collaboration, however, such as minilateral initiatives, are increasingly dominating Canberra's approach to regional and international security. Washington's view of such cooperation has always been more circumspect, and this is particularly true as Donald Trump's second administration approaches the end of its first year.

There is no prevailing consensus on what precisely constitutes minilateral security cooperation. Broadly understood, it could be regarded as an exclusive association of states (usually ranging from three to six in number) coalescing informally to achieve their collective national interest

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on a specific issue.[1] This contrasts with multilateral groupings, which are often more formal (underwritten by specific rules or declarations), inclusive, and geared toward regional or global consensus-building within and outside their specific frameworks. Those who argue that minilateralism is now superseding multilateral consortiums in the Indo-Pacific cite several factors. These include a faster decision-making process, given that coalition participants do not need to reach a wider consensus among all multilateral affiliates, which risks leading to diluted or insubstantial diplomatic or security outcomes. Moreover, greater policy coherence can be achieved in minilateral forums where great powers can exercise more tangible leadership. Conversely, multilateralism preserves for smaller member states a more consequential seat at the deliberative table and, on occasion, provides an opportunity for minilateral groupings to promote and legitimize their own agendas and priorities in a larger regional or global context.[2]

Trump's "America first" diplomatic posture has rendered the United States' commitment to minilateral and multilateral security arrangements increasingly tenuous. This development contrasts with previous expectations that various minilateral and multilateral coalitions would soon constitute the dominant framework for pursuing U.S. and allied security interests throughout the Indo-Pacific.[3] It is also at odds with Australia's traditional middle-power diplomacy that envisions cultivating what the Australian Labor government's current foreign minister, Penny Wong, labels a "strategic equilibrium." She endorsed the Australia-U.S. alliance as central to making this strategic equilibrium work, along with the application of its regional military deterrence strategy. Nevertheless, she has also questioned how U.S. "indispensability" should be viewed in a multipolar Indo-Pacific region, noting that "the nature of that indispensability has changed…. All countries

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1 William T. Tow, "Minilateral Security's Relevance to U.S. Strategy in the Indo-Pacific: Challenges and Prospects," *Pacific Review* 32, no. 2 (2018): 232–44 ~ https://doi.org/10.1080/09512748.2018.1465457; and Jagannath Panda and Daewon Ohn, "Minilateralism and the New Indo-Pacific Order: Theoretical Ambitions and Empirical Realities," *Australian Journal of International Affairs* 78, no. 6 (2024): 767–81 ~ https://doi.org/10.1080/10357718.2024.2410411.

2 Sarah Teo, "Could Minilateralism Be Multilateralism's Best Hope in the Asia Pacific?" *Diplomat*, December 15, 2018 ~ https://thediplomat.com/2018/12/could-minilateralism-be-multilateralisms-best-hope-in-the-asia-pacific.

3 Michael J. Green, "Strategic Asian Triangles," in *Oxford Handbook of the International Relations of Asia*, ed. Saadia M. Pekkanen, John Ravenhill, and Rosemary Foot (New York: Oxford University Press, 2014), 758–74; Andrew Yeo, *Asia's Regional Architecture: Alliances and Institutions in the Pacific Century* (Stanford: Stanford University Press, 2019), 25–56; Kent E. Calder and Francis Fukuyama, eds., *East Asian Multilateralism: Prospects for Regional Stability* (Baltimore: Johns Hopkins University Press, 2008); and Muhui Zhang, "Proceeding in Hardship: The Trilateralism-Bilateralism Nexus and the Institutional Evolution of China-Japan-South Korea Trilateralism," *Pacific Review* 31, no. 1 (2018): 57–75.

of the region must exercise their agency through diplomatic, economic and other engagement to maintain the region's balance—and to uphold the norms and rules that have underpinned decades of peace and prosperity."[4]

Against the backdrop of a dynamic geopolitical landscape, this essay highlights a question for Australia's foreign policy: is minilateral security participation effective for Australia to pursue its national security interests, particularly in relation to its alliance with the United States? Two minilateral groupings will be discussed here: the AUKUS partnership between Australia, the United Kingdom, and the United States and the Quad between Australia, India, Japan, and the United States. AUKUS is viewed as a central test for minilateral security cooperation, while the Quad has thus far proved to be less critical to date and warrants only a brief discussion.

AUKUS

Set amid the pandemic restrictions, the AUKUS trilateral arrangement was announced through a joint leaders statement by U.S. president Joe Biden, British prime minister Boris Johnson, and Australian prime minister Scott Morrison during their September 2021 meeting.[5] The agreement was negotiated in secret over the preceding six months and largely stemmed from Australia's intensifying frustration with the pace and growing cost overruns of the French government–owned Naval Group project signed in 2016 that was supposed to provide Australia with conventionally powered attack submarines to replace its aging Collins-class subs. Under Pillar 1 of AUKUS, Australia would access U.S. and UK nuclear propulsion technology and eventually acquire (commencing in the mid-2030s) at least eight nuclear-powered submarines deploying conventional weapons. Canberra would also have an option to lease or buy an initial three used nuclear submarines from the United States or the UK in the interim between the Collins-class phase-out and the domestic production of five additional submarines. Moreover, Australia would accelerate U.S. and UK nuclear submarine visits to its ports, and Australian military personnel would undertake training to operate U.S. Virginia-class and British Astute-class subs. A second component of the agreement—labeled AUKUS Pillar 2—is designed to accelerate the three

4 Penny Wong, "National Press Club Address, Australian Interests in a Regional Balance of Power," Minister for Foreign Affairs Senator the Hon Penny Wong, April 17, 2023 ~ https://www.foreignminister.gov.au/minister/penny-wong/speech/national-press-club-address-australian-interests-regional-balance-power.

5 "Joint Leaders Statement on AUKUS," U.S. Embassy and Consulates in Australia, Press Release, September 16, 2021 ~ https://au.usembassy.gov/joint-leaders-statement-on-aukus.

partners' cooperation on "undersea capabilities and infrastructure" apart from submarine development, establish a tri-country quantum technology working group, and boost collaboration in cyber, hypersonic, and space tracking technologies.

The AUKUS minilateral garnered mixed views from the international community in relation to its impact on regional peace and stability. Unsurprisingly, France was the most disconcerted. The French foreign minister labeled the move as "a stab in the back," and the French ambassadors to Australia and the United States were recalled to Paris to consult about how to respond to "the outrage."[6] The Chinese ambassador to Australia predictably asserted that AUKUS seriously undermined regional peace and stability, arguing that nuclear submarine transfers are in violation of the Nuclear Non-Proliferation Treaty.[7] Meanwhile, members of the Association of Southeast Asian Nations (ASEAN) were divided. Indonesia and Malaysia expressed initial skepticism, fearing AUKUS could compromise the Treaty on the Southeast Asia Nuclear Weapon–Free Zone. Singapore and Vietnam were ambivalent, and publicly restrained, but hopeful about AUKUS's potential to contribute to stable regional power balancing. The Philippines was most supportive (despite President Rodrigo Duterte's previous overtures toward Moscow and Beijing), with its foreign minister observing that "the enhancement of a near abroad ally's [Australia's] ability to project power should restore and keep the balance rather than destabilize it."[8] This diversity of viewpoints prevented ASEAN from adopting any formal resolution projecting a common policy stance on AUKUS.[9]

For its part, Japan supported AUKUS from the outset. It was viewed by AUKUS as a prospective partner in Pillar 2 but did not formally affiliate itself as a member of the group. The UK and Australia already have reservations

6 Eglantine Staunton, "AUKUS: France's Strategic Outcry," Lowy Institute, Interpreter, September 24, 2021 ~ https://www.lowyinstitute.org/the-interpreter/aukus-france-s-strategic-outcry.

7 "China Responds Angrily to Australia-U.S. Joint Statement a Day after AUKUS Submarine Deal Announced," ABC (Australia), September 17, 2021 ~ https://www.abc.net.au/news/2021-09-17/chinese-embassy-reacts-ausmin-statement-aukus/100472676; and Jian Zhang, "China and AUKUS: Growing Tensions Ahead," *Australian Institute of International Affairs*, November 17, 2022 ~ https://www.internationalaffairs.org.au/australianoutlook/china-and-aukus-growing-tensions-ahead.

8 Teodoro L. Locsin Jr., "Statement of Foreign Affairs Teodoro L. Locsin Jr. on the Australia-United Kingdom-United States (AUKUS) Enhanced Trilateral Security Partnership," Department of Foreign Affairs (Philippines), September 19, 2021 ~ https://dfa.gov.ph/dfa-news/statements-and-advisoriesupdate/29484-statement-of-foreign-affairs-teodoro-l-%20locsin-jr-on-the-australia-united-kingdom-united-states-aukus-enhanced-trilateral-security-partnership.

9 Huang Thi Ha, "Understanding the Institutional Challenge of Indo-Pacific Minilaterals to ASEAN," *Contemporary Southeast Asia* 44, no. 1 (2022): 18–19; and Ahmad Rizky M. Umar and Yulida Nuraini Santoso, "AUKUS and Southeast Asia's Ontological Security Dilemma," *International Journal: Canada's Journal of Global Policy Analysis* 78, no. 3 (2023): 435–53 ~ https://journals.sagepub.com/doi/full/10.1177/00207020231197767.

about the compatibility of their respective technology standards with those of the United States and see Japan as facing a similar challenge.[10] South Korea has likewise been supportive of AUKUS, regarding it as a possible basis for its own acquisition of nuclear-powered submarines. It also views a potential "AUKUS-plus" arrangement as a means to accelerate its defense-related science and technology cooperation with the United States and its Indo-Pacific allies.[11] India, by contrast, reacted cautiously when AUKUS was announced, with its foreign secretary publicly observing that this new minilateral was a defense arrangement with no real relevance to the Quad or India. Left unsaid was New Delhi's concern that AUKUS could lead to an eventual increase of U.S., U.S.-allied, and Chinese nuclear attack submarines operating in the eastern Indian Ocean, while it still lacked its own nuclear subs. Over time, however, India's border disputes with China and its overall concern about China's expansionist behavior in the Indo-Pacific have led to a softening of its AUKUS posture. It generally emphasizes its own bilateral defense ties with the United States, UK, and Australia and a strong bilateral partnership with Japan. India has preferred to use the annual Malabar naval exercise with its Quad partners as its preferred means to exercise hard power in the region, even while not formally associating Malabar with the Quad.[12]

From the Australian government's perspective, some significant progress has been made toward fulfilling AUKUS objectives. The three member states signed a formal agreement for cooperation on naval nuclear propulsion in August 2024.[13] Under the AUKUS Optimal Pathway Program announced in March 2023, Australian submariners are training with their American and British counterparts in anticipation of manning submarines designated in AUKUS Pillar 1, and Australian shipbuilders are acquiring the capacity to build and maintain these submarines in their own country.[14] Not formally related to AUKUS, but very much congruent with

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10 Tsuruoka Michito, "Why AUKUS Will Not Become JAUKUS," *Diplomat*, May 13, 2024 ~ https://thediplomat.com/2024/05/why-aukus-will-not-become-jaukus.

11 Jina Kim, "AUKUS Two Years On: South Korea's View," Perth USAsia Centre, September 2023 ~ https://puac-wp-uploads-bucket-aosudl-prod.s3.ap-southeast-2.amazonaws.com/wp-content/uploads/2023/10/09121455/AUKUS-two-years-on-South-Koreas-view.pdf.

12 "The Effect of AUKUS on India's Foreign and Defence Polices," *Strategic Comments* 28, no. 2 (2022): iv–vi.

13 Australian Submarine Agency, "AUKUS Agreement for Cooperation on Naval Nuclear Propulsion," August 7, 2025 ~ https://www.asa.gov.au/aukus/aukus-agreement-cooperation-related-naval-nuclear-propulsion.

14 Jennifer Parker, "AUKUS: Building Confidence in Australia's Submarine Pathway," Lowy Institute, Interpreter, July 14, 2025 ~ https://www.lowyinstitute.org/the-interpreter/aukus-building-confidence-australia-s-submarine-pathway#msdynttrid=kAmb2ANYgZtFWhMSBjam4fdfNhPdzqqLoc7h3npFqug.

its Pillar 2, are the three members' commitments to invest heavily in the quantum technology industry.[15] The UK's Strategic Defence Review, released in mid-2025, fully endorsed AUKUS Pillar I and anticipated that the first Australian AUKUS submarine would be built in Adelaide and delivered in the early 2040s.[16] In late July 2025, Australia and the UK signed a 50-year agreement to synchronize "'the full breadth of cooperation' between the UK and Australia to develop the next-generation AUKUS nuclear-powered submarine and to bolster shipbuilding in both countries."[17]

Nevertheless, there is a growing debate in Australia over the cost, feasibility, and desirability of the AUKUS initiative. Several such concerns have been raised by Australia's AUKUS critics and even some of its supporters. The 30-year price tag for the purchase of three used U.S. Virginia-class submarines and the subsequent production of five submarines in Australia is currently projected to be A$368 billion. An initial A$500 million was transferred to the United States in early 2025 to bolster U.S. attack submarine building capacity, just prior to a visit by U.S. secretary of defense Pete Hegseth to Australia to consult with his counterpart Richard Marles. By July 2025, Australia had paid an additional A$800 million and is expected to pay A$2 billion by the end of the year.[18] When Hegseth and Marles met again in May 2025 at the Shangri-La Dialogue in Singapore, the U.S. defense secretary pressured Australia to raise its military spending as soon as possible from its current level of 2.0% GDP to 3.5% GDP in response to a growing Chinese strategic threat.[19] Australian prime minister Anthony Albanese rejected this U.S. demand, underscoring that Australia will determine its own defense spending levels predicated on its sovereign determination of strategic requirements and capabilities.[20]

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15 Nishank Motwani and Nerida King, "Why Informed Discussion on AUKUS Is Good for Everyone," Australian Strategic Policy Institute (ASPI), Strategist, September 27, 2024 ~ https://www.aspistrategist.org.au/why-informed-discussion-on-aukus-is-good-for-everyone/.

16 Ben Doherty, "UK Defence Review Says AUKUS Is on Schedule but Fears Remain over Possible Capability Gap for Australia," *Guardian*, June 3, 2025.

17 Stephen Dziedzic, "UK and Australia Deepen AUKUS Submarine Pact with 50-Year Treaty," ABC (Australia), July 25, 2025 ~ https://www.abc.net.au/news/2025-07-25/uk-australia-deeper-aukus-submarine-pact-50-year-treaty/105571618.

18 Michael Koziol, "Australia Quietly Pays U.S. Another $800 Million for AUKUS despite Review," *Sydney Morning Herald*, July 23, 2025 ~ https://www.smh.com.au/world/north-america/australia-quietly-pays-us-another-800-million-for-aukus-despite-review-20250723-p5mh8y.html.

19 Kirsty Needham, "U.S. Asks Australia to Increase Defense Spending to 3.5% GDP," Reuters, June 2, 2025 ~ https://www.reuters.com/world/asia-pacific/us-asks-australia-increase-defense-spending-35-gdp-2025-06-01.

20 Sarah Basford Canales, "Albanese Again Pushes Back on U.S. Demand for Australia to Increase Defense Spending to 3.5% GDP," *Guardian*, June 2, 2025.

Other U.S. defense officials, such as Elbridge Colby, undersecretary of defense for policy, emphasized that the United States is moving toward a "prioritized engagement" military posture, which focuses on a "one war engagement" capability that is mainly directed toward China. As a component of this posture, Washington expects an increase in the Indo-Pacific allies' spending toward strengthening their own maritime forces in the region.[21] While the United States plays the role of the submarine provider for Australia through AUKUS, it also needs to address the upgrade of its own declining submarine-building capacity. The Pentagon is increasingly concerned that continued delays in constructing new submarines and the attrition and maintenance of the current U.S. fleet may leave it unable to spare used submarines for transfer to Australia in the short term or to expend the resources to facilitate Australia's long-term intent to construct and deploy nuclear attack submarines at home.[22] Addressing such concerns is critical for the United States as China continues to ramp up its own attack submarine and antisubmarine warfare capabilities.[23] Despite this apprehension, however, U.S. congressional support for AUKUS remains strong.[24]

Aside from concerns about U.S. capabilities, there are fears within the Trump administration's policy circles that Australia will be unable—or, ultimately, unwilling—to fulfill the AUKUS vision of funding and deploying a significant component of attack submarine assets. One key U.S. official managing the Trump administration's efforts to fund, build, and deploy more nuclear attack submarines publicly expressed skepticism over Australia "staying the course" on its AUKUS basing and shipyard building commitments: "The Australians have been noticeably fickle…. We are going to need them [regarding] basing rights and infrastructure, and I don't think they're ready to host Americans in the way that we're going to need to be hosted to do a counter-campaign to the Chinese invasion."[25] In July 2025 testimony before the U.S. House of Representatives

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21 Gregory Brown, "Elbridge Colby's Vision: Blocking China," ASPI, Strategist, March 20, 2025 ⇝ https://www.aspistrategist.org.au/elbridge-colbys-vision-blocking-china.

22 Andrew Tillet, "Trump's Review May Not Be the Biggest Threat to AUKUS," *Australian Financial Review*, June 13, 2025; and Andrew Latham, "The U.S. Navy's Submarine Struggles Threaten AUKUS," 1945, February 12, 2025 ⇝ https://www.19fortyfive.com/2025/02/the-u-s-navys-submarine-struggles-threaten-aukus.

23 Gabriel Honrada, "Submarine Delays Are Sinking the American Edge in a Taiwan War," *Asia Times*, July 17, 2025.

24 Jessica Gardner, "'Stronger Together': Congress Backs AUKUS Ahead of Morrison Hearing," *Australian Financial Review*, July 23, 2025.

25 Quote by Jerry Hendrix in Michael Koziol, "'Noticeably Fickle': U.S. Submarine Chief a Critic of Australia," *Sydney Morning Herald*, July 23, 2025.

Select Committee on Strategic Competition between the United States and the Chinese Communist Party, former Australian prime minister Scott Morrison warned that the current Australian Labor government is "scrimping on defense spending in order to pay for the AUKUS submarine deal."[26] Accordingly, in June 2025 Trump directed Colby to lead a U.S. Defense Department review of AUKUS "to ensure that this initiative… is aligned with the President's America first agenda."[27] Strongly implied by this assessment is the proposition that Australia and other U.S. Indo-Pacific allies will inevitably play a supporting role in any U.S. defense of Taiwan against a Chinese attack. U.S. officials have reportedly asked their Australian and Japanese counterparts for a "clear sense" of what they would do in the event of a Taiwan military conflict. Australia's defense industry minister responded in mid-July 2025 that Australia would not commit troops in advance to any such conflict but would place its own sovereign interests first should such a contingency occur. The Pentagon's pressure on Canberra over AUKUS intensified Australian critics' apprehensions that the Trump administration could substantially reduce or even obviate the agreement's Pillar 1 commitments if the government hesitates to guarantee Australian participation in a future Taiwan contingency. As one respected Australian analyst argued, the United States' AUKUS review process seems "focused on ensuring AUKUS is aligned with the America First agenda…. This review, and recent language from U.S. officials, gives the impression of a shakedown—of coercion, not partnership."[28] Washington's demand that Australia nearly double its national defense spending places the cost factor squarely in the middle of current AUKUS politics.

Eminent Australian strategist Hugh White goes even further in questioning the AUKUS rationale. He notes that the Albanese government's immediate Liberal-National Coalition predecessor erroneously presumed that the soon-to-be-outmoded Collins-class submarines could be replaced by newly built Astute-class or other newly developed subs built in Australia by the early 2030s. This has proved infeasible, and the transfer of the U.S. Virginia-class subs has been pursued as the only means to close the gap. However, White contends that the idea of Australia simultaneously

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26 Cited in Ben Doherty, "Scott Morrison Tells U.S. Australia Risks Going to Sleep on China Threat after Diplomatic 'Charm and Flattery,'" *Guardian*, July 24, 2025.

27 Quoted by Max Blenkin, "Trump Launches AUKUS Review," *Australian Defence Magazine*, June 12, 2025 ~ https://www.australiandefence.com.au/defence/sea/trump-launches-aukus-review.

28 David Andrews in David Andrews et al., "In View of Trump's Review of AUKUS, Should Australia Cancel the Subs Deal?" UNSW Sydney, Newsroom, June 18, 2025 ~ https://www.unsw.edu.au/newsroom/news/2025/06/trump-review-of-aukus-should-australia-cancel-subs-deal.

operating Virginia, Astute, or another more advanced class of submarines is "frankly absurd." He cites the impracticality of the navy, which is already struggling to maintain its current submarine fleet, effectively operating two types of nuclear submarines powered by different technologies that are not its own. Addressing this issue will ultimately determine the success of AUKUS as a minilateral, given that submarines represent a critical element of the partnership. This, coupled with the United States' growing shortages of nuclear attack submarines available for its own navy, spells the end of "the AUKUS dream."[29]

Perhaps the most far-reaching critique of AUKUS relates to the credibility of what may be an eroding U.S. commitment to matching Chinese power in Asia and indefinitely guaranteeing to defend Australia as the Indo-Pacific power balance undergoes substantial change. Australian strategist Sam Roggeveen has proposed that Australia adopt an "echidna strategy" in lieu of AUKUS—a low-key bilateral alliance relationship with the United States that is not predicated on the traditional assumption that present or future transactional U.S. administrations will go to war on Australia's behalf. Australia, he argues, can escape such future strategic disappointments by "a hesitant and gradual process of separation triggered by America's declining interest and motivation to protect Australia."[30] Other analysts suggest that, over the next quarter century or so, Australia should adopt a version of Taiwan's "porcupine strategy": promising to "inflict too much pain on the aggressor to justify any gains they may anticipate."[31]

AUKUS thus far has a mixed track record in meeting the fundamentals for viable minilateralism. The Trump administration has resorted to presenting to Australia and the UK (via NATO) similar defense burden-sharing demands that were prevalent during the Cold War and post–Cold War periods under the hub-and-spoke bilateral alliance network. This has generated more tension than concord within AUKUS. Even though the UK acceded to achieving a 5% GDP defense expenditure as part of a NATO agreement, the Albanese government has remained steadfast in spending only half that total. Washington remains frustrated that Australia, the world's fourteenth-largest economy, is not spending more on its defense

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29 Hugh White, "Hugh White: Why the AUKUS 'Dream' Was Never Realistic and Is Likely to Die," Conversation, June 16, 2025 ~ https://theconversation.com/hugh-white-why-the-aukus-dream-was-never-realistic-and-is-likely-to-die-259028.

30 Sam Roggeveen, *The Echidna Strategy: Australia's Search for Power and Truth* (Melbourne: La Trobe University Press, 2023), 3.

31 Hamish McDonald, "Spiky Questions about the U.S. Alliance," Inside Story, August 23, 2023 ~ https://insidestory.org.au/spiky-questions-about-the-us-alliance.

apart from its AUKUS commitment. Moreover, Australia is determined to maintain a more even-handed economic, diplomatic, and strategic approach in its China policy in contrast to the tariff-minded Trump administration. The Pillar 2 component of AUKUS seems to be proceeding more smoothly to date, which may be attributed to its research elements being more functional and long-term. The success of this pillar, however, will ultimately be measured against how fast China or other potential power players develop similar technologies relative to the AUKUS members.

The Quad and the Squad

The Quad minilateral has had two lifespans. It was originally founded in 2007 under the leadership of Japanese prime minister Shinzo Abe. He envisioned a "dynamic coupling as seas of freedom and prosperity" between the Indian and Pacific Oceans, with the regional democracies collaborating to realize a "free and open Indo-Pacific."[32] China opposed this grouping, viewing it as a potential Asian NATO. Both the Indian and Australian governments proved sensitive to this concern, and as a result the Quad was dissolved in 2008. It was revived nine years later in November 2017 when its four member states met at the annual ASEAN Summit. Abe, who was serving his second term as Japan's prime minister, believed that reconstituting the Quad would be an appropriate balancing mechanism to counter China's aggressive posturing in the South China Sea and targeting of developing states through the Belt and Road Initiative. Between themselves the Quad states had already stepped up cooperation on joint naval exercises (such as the aforementioned Malabar series), and reviving the grouping appeared to be a natural politico-diplomatic initiative to complement this trend.

Quad momentum appeared to intensify over the ensuing five years. The group's meetings usually occurred on the sidelines of other conclaves, such as naval conferences or foreign ministers' gatherings. In March 2021, Biden convened a virtual Quad leaders' summit due to Covid-19 restrictions, which was eventually followed by an in-person leaders' summit at the White House in September 2021. Four subsequent summits were held from 2022 to 2025, and at least two others were canceled due to leader unavailability. Other select states were invited to attend the so-called Quad Plus meetings organized in 2021 and 2022, including Brazil, Israel, New Zealand,

[32] Teesta Prakash, "Abe Shinzo: The Quad Stands as His Indo-Pacific Legacy," Lowy Institute, Interpreter, July 26, 2022 ~ https://www.lowyinstitute.org/the-interpreter/abe-shinzo-quad-stands-his-indo-pacific-legacy.

South Korea, and Vietnam. Discussions centered on the Covid-19 crisis and other "soft security" and public goods issues rather than on hard Indo-Pacific geopolitics.

In May 2024, however, a defense ministers' meeting in Hawaii formalized the "Squad" spin-off initiative to specifically address hard-power dimensions of regional security. A sideline session had been first convened at the 2023 Shangri-La Dialogue in Singapore. Another sideline session was led by Hegseth at the May 2025 Shangri-La Dialogue. The Squad is envisioned to focus on intensifying the already substantial and intensifying military cooperation networks between Australia, Japan, and the United States by omitting India and instead including a fourth formal U.S. treaty ally—the Philippines—into a network specifically oriented toward the defense of the East and South China Seas against future Chinese aggression. Australia may consider the inclusion of the Philippines a welcome development since it elevated their bilateral relations into a strategic partnership in September 2023. Moreover, Australia is currently stepping up its cooperation with the Philippines through various maritime-related initiatives and funding, thereby solidifying its presence in the region.

India would not be expected to join this coalition, nor would the Squad be expected to participate in India's border defense against future Chinese incursions. Supporters of the Squad initiative argue that it complements the Quad by adding a specific hard-power component to the Quad's overall order-building diplomacy. Critics worry that it reinforces what China has suspected all along: that the Quad or its subsidiaries are nothing more than an anti-Chinese alliance.[33] It is worth noting that the four Squad countries have regularly conducted multilateral maritime cooperative activities within the Philippines' exclusive economic zone since 2024, signaling a unified posture on matters related to maintaining a rules-based international order in the West Philippine Sea (the portion of the South China Sea within Philippine jurisdiction). When interviewed at the 2025 Shangri-La Dialogue, Defense Minister Marles cited minilaterals such as the Squad as a means for Australia to enhance force interoperability, capabilities, and regional stability without the need to formalize additional alliance commitments.[34]

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33 Lucas Myers, "The Squad and the Quad," Wilson Center, Asia Dispatches, May 14, 2024 ~ https://www.wilsoncenter.org/blog-post/squad-and-quad.

34 Gabriel Dominguez, "Australian Defense Chief Doubles Down on Trilateral Ties but Rules Out Asia Pact," *Japan Times*, June 3, 2025 ~ https://www.japantimes.co.jp/news/2025/06/03/asia-pacific/politics/australia-trilateral-defense-us-japan.

The notion of a "free and open Indo-Pacific" is sufficiently amorphous for the Quad to generate an abundance of order-building rhetoric. Despite this, there is a noticeable scarcity of meaningful action to meet the region's key hard security challenges. To demonstrate, the public goods agenda, which includes health assistance to developing states, cooperation on emerging technologies, and knowledge and capacity building, is starkly underfunded compared with Chinese equivalents such as the BRICS, the Lancang-Mekong Cooperation group, and other projects under China's foreign aid program. India's traditional nonalignment posture further complicates the identification, much less the implementation, of mutual geopolitical interests. ASEAN states have shared Beijing's perception that the Quad is an anti-China coalition. Nor does the Quad, as a minilateral, have formal institutionalization or means of commanding policy accountability. Accordingly, as one observer has noted, "it remains vulnerable to leadership changes, political shifts, and bilateral tensions. This form without substance undermines its credibility and reduces it to little more than a diplomatic club, failing to establish itself as a significant player in the regional architecture."[35]

The Quad's overall shift from emphasizing hard security agendas to focusing more on public goods is not surprising if the history of Indo-Pacific minilateralism is considered. The Trilateral Security Dialogue (TSD) of Australia, Japan, and the United States exemplifies this trend. Originally conceived by the United States in 2002 as a counterbalance to China's rise, it has morphed over time into a primarily diplomatic and nontraditional security grouping. This can be attributed, in part, to this grouping's past deference to "ASEAN centrality" when considering hard security questions and overall regional order-building. More recently, however, China's enhanced military power and aggressive regional posturing has caused Australian, U.S., and Japanese policy planners to highlight collective regional deterrence as a core strategy for maintaining Indo-Pacific stability. The TSD, according to at least some observers, epitomizes this deterrent component in ways that distinctly set it apart from the Quad, which focuses on order-building rather than deterrence. The AJUS (Australia-Japan-U.S.) regional deterrence by denial strategy is emerging as a core element of trilateral security cooperation among TSD policy planners. Without more fully developed joint contingency plans and resources directed toward operationalizing strategic coordination

[35] "Why the Quad Is Destined to Fail: A Strategic Reckoning," Universal Group of Institutions ~ https://universalinstitutions.com/why-the-quad-faces-strategic-challenges-today.

more coherently, however, skepticism remains about the TSD's capacity to deter or to fight if deterrence fails.[36]

Conclusion

If AUKUS and the Quad, or its Squad variant, are to play a more meaningful role in today's Indo-Pacific security environment, they will need to strike a judicious balance between designing these arrangements to directly address complex issues relating to deterrence and order-building without relinquishing the benefits of policy flexibility and agility that minilaterals theoretically provide. In Australia's case, reconciling its deterrence requirements at the bilateral and minilateral levels remains a work in progress. A common doctrine of relevant geographic priorities, for example, needs to be explicitly derived. Australia's chief concern about accessing the sea lanes of communication in the South China Sea at a time when China is massively increasing its offshore striking capabilities may be at odds with the United States' determination to privilege the defense of Taiwan in the overall Indo-Pacific strategy. Yet, Australia faces the policy dilemma of requiring a continued and reliable U.S. presence in the Indo-Pacific—both within and beyond the context of minilateral groupings—even as it pursues a distinctively sovereign approach toward China as its key trading partner. The Australian formula regarding China is "cooperating where we can but disagreeing where we must."[37]

In this environment, the Philippines currently plays a key role in U.S. planning for defending Taiwan as well as in containing Chinese power in the South China Sea where both Australian and U.S. interests coincide. Given India's continued nonalignment policy, it may be that the Squad gains prime standing in the evolution of Indo-Pacific minilateral security politics. Indeed, one respected Southeast Asian security analyst has argued that the Squad is "a natural outgrowth of a whole series of U.S.-led minilateral initiatives with treaty allies."[38] This outlook and the budding Australian-Philippine-U.S. cooperation could change if the Philippines'

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36 Thomas Wilkins, "U.S.-Japan-Australia Trilateralism: The Inner Core of Regional Order Building and Deterrence in the Indo-Pacific," *Asia Policy* 19, no. 2 (2024): 183–84.

37 See, for example, "'Co-operate Where We Can, Disagree Where We Must': Penny Wong Outlines Plans on China Relations," SBS News, November 13, 2022 ~ https://www.sbs.com.au/news/article/penny-wong-outlines-china-relations-australia-to-seek-co-operation-while-protecting-national-interests/paqlyt69b.

38 Richard Javad Heydarian, "'Squad' Goals: Consolidating the New Quadrilateral Partnership," Lowy Institute, Interpreter, May 9, 2024 ~ https://www.lowyinstitute.org/the-interpreter/squad-goals-consolidating-new-quadrilateral-partnership.

2028 election produces a president less inclined to pursue a pro-Australian or pro-U.S. defense policy. In the meantime, institutionalizing intelligence sharing, stepping up maritime security cooperation, and accelerating common weapons development production will help optimize Indo-Pacific minilaterals' relevance and effectiveness. Minilateralism is not yet a failed venture for Australia and its security partners in the region, but it is clearly at a historical crossroads. ◈

Australia's Climate of Uncertainty

Matt McDonald

Australia's engagement with environmental issues, primarily but not exclusively climate change, has been a key and consistent challenge for policymakers at the domestic and international levels. On the former, government action or inaction on climate change and the associated economics of energy production have loomed large in election campaigns and weighed heavily on domestic policy settings. On the latter, Australia's position on climate change, in particular fossil fuel exports, has significantly complicated relations with its Pacific neighbors, who are identified as a region of strategic priority for Canberra. The re-election of the center-left Labor government in 2025 under the leadership of Anthony Albanese, far from resolving major challenges and tensions, potentially accentuates these further.

This essay focuses primarily on the issue of climate change. After briefly discussing challenges of broader environmental policy—particularly the fraught environmental protection laws shelved in 2025—I turn to climate politics. Here, I explore the domestic context of Australia's engagement with climate change, its approach to climate diplomacy, and, in particular, its Paris Agreement commitments. The essay next reflects on the challenges and opportunities associated with the bid to host the major international climate talks—the UN Framework Convention on Climate Change Conference of the Parties (COP31)—with Pacific Island partners in 2026. I conclude by suggesting that the 2025–26 time frame looms as a crucial period for environmental politics in Australia.

Environmental Protection

Australia is a country of contrasts and tensions when it comes to protection of the environment. It has one of the world's most well-established environmental movements and national park systems, for example, and its rich and distinct biodiversity has encouraged significant quarantine restrictions to minimize the threat of external pests and diseases. Yet in a recent stocktake, Australia was the only developed country on a list of

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global deforestation hotspots, given significant rates of land clearing.[1] And while acutely vulnerable to climate change in terms of disasters, rising sea levels, and loss of arable land, Australia contributes disproportionately to the problem in terms of both per capita emissions and the country's role in the global fossil fuel economy.[2]

In Albanese's first term of government, the passage of long overdue environmental protection legislation was both a key stated ambition of the government on election and an ultimate failure. In part to arrest alarming rates of deforestation and biodiversity loss, the government proposed the establishment of an independent environmental regulator and new environmental protection legislation after a 2020 review pointed out that existing legislation (the Environment Protection and Biodiversity Act of 1999) was "simply not protecting nature."[3] However, the draft legislation that was negotiated with the Greens in parliament met with immediate criticism from officials in the mining sector and the Western Australia premier, who saw the legislation as a threat to lucrative mining operations. In the face of this opposition and with an election looming, the Albanese government ultimately shelved the legislation.[4] After the 2025 election win, the government reaffirmed its commitment to new "nature positive laws," though initial consultation has raised concerns that the legislation would attempt to more actively accommodate extractivist, rather than environmentalist, interests.[5]

The (Toxic) Politics of Climate Change

The fate of the proposed environmental legislation in Labor's previous term was not a particular surprise to long-term analysts of climate policy in Australia, who have seen ambition give way to inaction in the face of

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1 Lisa Cox, "Australia the Only Developed Nation on World List of Deforestation Hotspots," *Guardian*, January 13, 2021 ~ https://www.theguardian.com/environment/2021/jan/13/australia-the-only-developed-nation-on-world-list-of-deforestation-hotspots.

2 Matt McDonald, "Australia and Global Climate Change" in *Foreign Policy Analysis: Theories, Actors, Cases*, ed. Steve Smith, Amelia Hadfield, and Tim Dunne, 3rd ed. (Oxford: Oxford University Press, 2016), 394–410.

3 Justine Bell-James, "Australia Desperately Needs a Strong Federal Environmental Protection Agency," Conversation, September 18, 2024 ~ https://theconversation.com/australia-desperately-needs-a-strong-federal-environmental-protection-agency-our-chances-arent-looking-good-239099.

4 David Spears and Maani Truu, "Labor Shelves Contentious 'Nature Positive' Laws after Western Australian Backlash," ABC News (Australia), February 2, 2025 ~ https://www.abc.net.au/news/2025-02-02/labor-shelves-contentious-nature-positive-laws/104886608.

5 Jake Evans and Isobel Roe, "Seeking a Reset on the Environment Debate, Murray Watt Gathers Business and Conservation Groups in Search of a Deal," ABC News (Australia), June 19, 2025 ~ https://www.abc.net.au/news/2025-06-19/murray-watt-environment-reforms-epbc-meeting-compromise/105431502.

mining sector mobilization in the recent past.[6] While a broad theme of Australian foreign and security policy has arguably been continuity rather than change, such a premise does not apply to climate change, including in the area of climate diplomacy. Here, the ideological commitments of the government of the day matter, to the point of encouraging significant oscillation in the way Australia engages those issues. Climate change, in short, has been a consistent subject of politicization. Indeed, mirroring tensions in Australia's approach to the environment more broadly, the acute vulnerability to the effects of climate change and public support for action on the issue have been insufficient to build or sustain policy activism, given profits from the fossil fuel sector and the apparent success of political scare campaigns about the loss of jobs and increases in the cost of living associated with climate action.[7]

Even given Australia's vulnerability to and experience with disasters, made more likely and more severe as a result of climate change, the politics of climate change have been clear. In the 2019–20 southeast Australian bushfires, for example—which burned an area larger than England—over 400 people were killed and 3 billion animals were killed or displaced, but this tragedy failed to usher in a shift in climate policy or an election fought on the issue.[8] The elections of 2022 and 2025 did, however, see the Labor Party attempt to occupy a middle ground between the Liberal-National Coalition, the center-right conservatives who are skeptical of climate action and advocate for a more minimal emissions reduction, on one hand, and the Greens, who are eager for Australia to move wholly away from fossil fuel production, on the other. The Labor government's approach to navigating the potentially toxic politics of climate change has had two key components: (1) a cautious approach to climate change that orients toward incremental policy reform, and (2) an embrace of the Paris Agreement's exclusive focus on emissions produced within the state. This has allowed the government to

6 Matt McDonald, "The Failed Securitization of Climate Change in Australia," *Australian Journal of Political Science* 47, no. 4 (2012): 579–92.

7 See Clive Hamilton, *Running from the Storm: The Development of Climate Change Policy in Australia* (Sydney: UNSW Press, 2001); and Mark Beeson and Matt McDonald, eds., "The Politics of Climate Change in Australia," special issue, *Australian Journal of Politics and History* 59, no. 3 (2013).

8 On this point, see Sam Rowan, "Extreme Weather and Climate Policy," *Environmental Politics* 32, no. 4 (2023): 684–707; and Matt McDonald, "After the Fires: Climate Change and Security in Australia," *Australian Journal of Political Science* 56, no. 1 (2021): 1–18. For human deaths, see "Australia Bushfires: Hundreds of Deaths Linked to Smoke, Inquiry Hears," BBC, May 26, 2020 ~ https://www.bbc.com/news/world-australia-52804348. For animal deaths and displacement, see "New WWF Report: 3 Billion Animals Impacted by Australia's Bushfire Crisis," WWF Australia, July 27, 2020 ~ https://wwf.org.au/news/2020/3-billion-animals-impacted-by-australia-bushfire-crisis.

showcase its emissions reduction credentials at home while continuing to approve new fossil fuel projects aimed at an export market.

On the first component, a cautious and incremental approach to policy, the government since 2022 has consistently attempted to sidestep politicizing climate change and occupy a "reasonable" middle ground. Arguably this followed from the perceived lessons of previous Labor experiences in government and in opposition. Kevin Rudd's 2007 Labor government had embraced action on climate change as a policy priority, and Rudd famously declared climate change the "great moral challenge" facing Australia.[9] Yet he was unable to secure passage of his central climate policy during his first administration—the Carbon Pollution Reduction Scheme—and was deposed as prime minister soon after in 2010. In the 2019 election, the Labor opposition under Bill Shorten brought an ambitious climate platform but was unable to secure victory, with voters in regional seats viewing strong climate action as a potential death knell for jobs, economic prospects, and even their communities.[10] These experiences—and the perceived need to occupy a middle ground between the center-right and the far left—seem to have encouraged a cautious approach to the politics of climate change.

When the Albanese government came to power in 2022, it quickly legislated its emissions reduction target (43% by 2030) and a commitment to net-zero emissions by 2050. The 43% target was more significant than the Coalition government's target (26%) but less than the ambitious target outlined by the Labor opposition under Shorten in 2019. Among the central policy instruments proposed to achieve this target was a Coalition policy—the safeguard mechanism—that involved capping emissions from big polluters and compelling them to buy offsets if they exceeded those caps.[11] The use of this inherited instrument was arguably a calculated move to make it harder for the Coalition to attack Labor's climate strategy. Beyond this, recent years have seen a combination of investment in the renewable energy transition (through investing in infrastructure and incentivizing

9 Giorel Curran, "Modernising Climate Policy in Australia: Climate Narratives and the Undoing of a Prime Minister," *Environment and Planning C: Politics and Space* 29, no. 6 (2011): 1004–17; and Kevin Rudd, "Climate Change: The Great Moral Challenge of Our Generation" (speech at the National Climate Change Summit, Canberra, March 31, 2007), available at https://www.youtube.com/watch?v=CqZvpRjGtGM.

10 Matt McDonald, "Election 2019: What Happened to the Climate Change Vote We Heard About?" ABC News (Australia), May 20, 2019 ~ https://www.abc.net.au/news/2019-05-20/what-happened-to-the-climate-change-vote/11128128.

11 Robert MacNeil and Gareth Edwards, "The Promise and Peril of Australian Climate Leadership under Albanese," *Australian Journal of International Affairs* 77, no. 1 (2023): 19–25.

households' take up of solar power and storage, for example) and some new regulation (including on vehicle emissions standards, for example).[12]

Alongside these policy positions, however, has been the second component: Australia's ongoing commitment to new fossil fuel projects oriented toward exports. This involves a wholesale embrace of the Paris Agreement's exclusively internal focus, in which nationally determined contributions (NDCs) account only for fossil fuels burnt within a state and not emissions arising from fossil fuels exported to and burnt in other jurisdictions. This has allowed major fossil fuel exporters, including Australia, to continue exporting coal without being in direct material breach of the commitments made under the Paris Agreement (or the associated legislation pursued in Australia).[13]

Aside from income generation—iron ore, coal, and gas are Australia's largest exports, accounting for over 50% of the country's total exports[14]—this approach has also allowed the Albanese government to sidestep the type of attacks leveled at the opposition under Shorten after its criticism of the proposed Adani coal mine in Queensland in 2018.[15] The policy has not been without critics at the domestic level, however: Greens have attacked the hypocrisy of showcasing a commitment to climate action while helping drive the global fossil fuel economy, while the Coalition has argued that Australians should be allowed ready access to the same means of energy production that the government is willing to facilitate for others.[16] But it may be ultimately the case that the key challenge for Australia comes from beyond its borders: not simply, or even principally, changing trends in global markets, but the concerns of the country's Pacific Island neighbors in particular.

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12 Adam Morton, "A Climate Election? The Coalition Wants to Take Australia Backwards, While Labor Is Standing Still," *Guardian*, May 2, 2025 ~ https://www.theguardian.com/commentisfree/2025/may/02/climate-crisis-australia-federal-election-2025-coalition-labor.

13 See Jeremy Moss, "The Paris Agreement 5 Years On: Big Coal Exporters like Australia Face a Reckoning," UNSW Sydney Newsroom, December 15, 2020 ~ https://www.unsw.edu.au/newsroom/news/2020/12/the-paris-agreement-5-years-on--big-coal-exporters-like-australi.

14 "Mining, Oil and Gas," Department of Industry, Science and Resources (Australia) ~ https://www.industry.gov.au/mining-oil-and-gas.

15 McDonald, "Election 2019."

16 Mike Foley, "Why Net Zero Is a Battle for Political Middle Ground," *Sydney Morning Herald*, May 29, 2025 ~ https://www.smh.com.au/politics/federal/why-net-zero-is-a-battle-for-political-middle-ground-20250529-p5m35w.html.

Climate Change and Foreign Policy Challenges

Australia has arguably been welcomed back into the global climate fold after appearing on the outside in the latter years of the Morrison government.[17] In 2019–20, Australia was denied a speaking slot at a UN climate meeting, reflecting its lack of substantive measures to reach net-zero emissions. It was also roundly criticized by its Pacific neighbors at Pacific Islands Forum meetings and beyond for its contribution to the climate crisis. Indeed, climate change was recognized as the main challenge facing the Pacific in the 2018 Boe Declaration at the Pacific Islands Forum, despite strong opposition from Scott Morrison at the time.[18] In this sense, the bar was relatively low for the Albanese government to position itself as a constructive player on climate cooperation in the international arena.

With lingering concerns over its embrace of fossil fuel exports, however, some were still surprised when the Albanese government announced in early 2025 that it would bid to host COP31 talks with Pacific partners, having first flagged this possibility in 2022. To be clear, the idea of a state with a vested interest in the global fossil fuel economy hosting the talks was not the issue, not least given that recent hosts had included the United Arab Emirates and Azerbaijan. The surprise was Australia's willingness to jointly host with its Pacific Island neighbors, considering that at various times the Pacific states and Australia had seemed to occupy opposition positions at climate negotiations.[19]

The question of hosting rights had not been decided at the time of writing, with Turkey also bidding to host and with no mechanism for allocating hosting rights in what has traditionally been a decision by consensus. But significant and challenging questions for Australia are already evident, beyond the need to negotiate with Ankara. Principally, if it does host, Canberra will need to identify a shared agenda and themes for the conference with its Pacific Island partners and work to ensure that its bid to host with those states is not viewed simply as an attempt to "greenwash" its at times dubious track record of action on climate change.

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17 Tiffanie Turnbull, "Has Australia Cleaned Up Its Act on Climate?" BBC, September 8, 2023 ~ https://www.bbc.com/news/world-australia-65606208; and MacNeil and Edwards, "The Promise and Peril of Australian Climate Leadership under Albanese," 19–25.

18 See Matt McDonald, "A Perfect Storm? Climate Change and Australian Foreign Policy," in *Australia in World Affairs 2016–2020: A Return to Great-Power Rivalry*, ed. Baogang He, David Hundt, and Danielle Chubb (Cambridge: Cambridge University Press, 2024), 119–30.

19 Sarah Maunder, "Prime Minister Says Australia Will Bid to Co-host 2026 UN Climate Change Meeting," ABC News (Australia), April 14, 2025 ~ https://www.abc.net.au/news/2025-04-14/pm-wants-to-co-host-cop31-with-pacific/105175042.

Pacific voices have already been critical of Australia's embrace of new fossil fuel projects, with Vanuatu, Tuvalu, and the Pacific Islands Climate Action Network all criticizing the 2025 approval of an extension to the country's largest oil and gas project on the North West Shelf of Western Australia. Indeed, Vanuatu's minister for climate adaptation linked this project's approval to the COP31 bid, observing that "this is not the leadership we want to see from Australia, if they are to be the host of Cop at the same time."[20] Pacific Island states have long been critical of Australia's broad embrace of fossil fuel exports, noting that such exports contravened the spirit of the Paris Agreement's commitment to limit global warming to 1.5 degrees and were directly in opposition to Pacific concerns.[21]

The latter point is particularly important to note here. Pacific states' objections to Australian policy are a concern in Canberra, not least because the Pacific region is seen as an increasingly important area of strategic interest, especially due to China's growing engagement with the region. This concern drove the so-called Pacific Step-Up under the previous government—a recognition of the need to strengthen relationships with states and organizations in the region—and has ensured that even in the context of a declining aid budget, for example, Pacific aid has been protected from cuts.[22] In this sense, to be seen to be meaningfully addressing the climate crisis is important not only for the feasibility of co-hosting COP31 but for core foreign policy objectives and concerns of Australia in the Pacific region.

Two final questions are worth raising on COP31 and its implications. First, what will negotiations look like and achieve without the United States? If Australia's fossil fuel exports represent an elephant in the room for hosting future climate negotiations, the elephant not in the room is clearly the United States. Trump's withdrawal (again) from the UN Framework Convention on Climate Change and overt embrace of fossil fuels certainly takes the heat off Australia and other states with patchy records on climate action.[23] But it also casts a shadow over the significance of negotiations,

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20 Prianka Srinivasan, "Vanuatu Criticises Australia for Extending Gas Project While Making COP31 Bid," *Guardian*, June 3, 2025 ~ https://www.theguardian.com/world/2025/jun/03/vanuatu-criticises-australia-for-extending-gas-project-while-making-cop31-bid.

21 See, for example, Liam Moore, "A Dysfunctional Family: Australia's Relationship with Pacific Island States and Climate Change," *Australian Journal of International Affairs* 78, no. 3 (2024): 286–305.

22 See Joanne Wallis, "Contradictions in Australia's Pacific Islands Discourse," *Australian Journal of International Affairs* 75, no. 5 (2021): 487–506; and Joanne Wallis et al., "Framing China in the Pacific Islands," *Australian Journal of International Affairs* 76, no. 5 (2022): 522–45.

23 See Aaron Ettinger and Andrea Collins, "Trumpism and the Rejection of Global Climate Governance," *International Relations* 39, no. 1 (2025): 76–100.

given the absence of one of the world's largest carbon emitters. And as other contributors to this roundtable note, the president's apparent ambivalence to the liberal international order may take pressure off Australia when it comes to climate action but raises the stakes significantly in other areas of foreign and security policy.

A second question regarding the COP31 bid is: why is the Albanese government pursuing it? A charitable interpretation might be that the government views this not simply as a means to work with the Pacific Island states but also as an opportunity to turbocharge domestic climate action and potentially move past the divisive and unhelpful climate wars that have characterized Australia's engagement with this issue for decades.[24] Previous hosts have articulated more significant climate targets in advance of negotiations to try to underscore their credentials and drive similar ambition from others. And in some cases, hosting has encouraged governments to embrace a range of measures to address different dimensions of the climate crisis. This was the case for France (in 2015) and the United Kingdom (in 2021), where, among other measures, defense officials identified the conference as ground zero for engagement with the security implications of climate change, for example.[25] In this sense, it might be the case that the government approaches hosting climate talks with the Pacific states not simply as an opportunity to "greenwash" its climate credentials but to try to reset the dial on domestic climate politics.

Conclusion

Australia clearly faces significant challenges when it comes to navigating environmental policy and the often toxic politics of climate change. Its economic interests in the global fossil fuel economy have pushed against action on climate change despite the immediate vulnerability of Australia and its neighbors and a long-term stated objective to be seen as a constructive international player committed to doing its part to address transnational challenges.

A range of advocates and analysts have attempted to make a case for Australia embracing the opportunities associated with green energy exports in an attempt to move past the environment versus the economy/jobs binary

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24 See, for example, Kate Crowley, "Fighting the Future: The Politics of Climate Policy Failure in Australia," *WIREs Climate Change* 12, no. 5 (2021): 725.

25 Matt McDonald, "National Approaches to Climate Security: What Drives the Agenda?" (forthcoming).

that has often characterized the politics of climate change.[26] This is also seen as a long-term economic necessity, given that key export markets have articulated commitments to transition away from fossil fuel use. Hosting COP31 in 2026 would not be a silver bullet for managing the challenges facing Australian policymakers in navigating competing interests by sector, time frame, and ideological commitments. But the event potentially looms as an important moment for the country in resetting the domestic debate regarding climate change, while allowing Canberra to also orient toward the concerns of its Pacific neighbors in an area of ever-growing strategic concern for Australian policymakers. ◈

[26] See, for example, Frank Jotzo and Annette Zou, "Australia Could Become the World's First Net-Zero Exporter of Fossil Fuels," Australian National University Institute for Climate, Energy & Disaster Solutions, June 18, 2025 ~ https://iceds.anu.edu.au/news-events/news/australia-could-become-world%E2%80%99s-first-net-zero-exporter-fossil-fuels; and Oliver Yates and Elizabeth Thurbon, "Here's a Plan to Unlock Australia's Clean Commodity Export Potential," *Australian Financial Review*, May 29, 2025 ~ https://www.afr.com/policy/energy-and-climate/here-s-a-plan-to-unlock-australia-s-clean-commodity-export-potential-20250528-p5m316.

The Dog That Hasn't Barked: Australia and the New Nuclear Age

Brendan Taylor

The nuclear age, once thought to be waning with the Cold War's end, is undergoing a quiet but unmistakable revival. This was not the future many imagined, yet the signs are becoming increasingly hard to ignore. President Vladimir Putin's nuclear saber-rattling during the Russian invasion of Ukraine, for example, has brought deterrence theory back into the strategic lexicon of Europe. Berlin and Warsaw, long cautious on such matters, are now openly contemplating nuclear options of their own. The United Kingdom and France, never far from the nuclear conversation, reaffirmed and deepened their nuclear cooperation in the July 2025 Northwood Declaration—an initiative no doubt also animated by doubts about the credibility of U.S. extended deterrence under the second Trump presidency.[1] Perhaps in part to assuage such credibility concerns, the United States and Israel undertook coordinated strikes in June 2025 targeting Iran's nuclear facilities, vowing to "obliterate" the program before it reached fruition.[2] Donald Trump has also unveiled a fantastical scheme to construct a homeland missile defense system—the so-called Golden Dome—reminiscent of Ronald Reagan's Strategic Defense Initiative.[3] The strategic implications of such developments are many, but the essential point is clear: nuclear weapons, far from receding, are once more becoming instruments of international power politics.

The epicenter of this new nuclear age is no longer the old Cold War cockpit of East-West rivalry, however, but a far more complex and contested Asian region. China is rapidly transforming its once modest deterrent into a major arsenal. A decade ago, it possessed only a few hundred warheads; today, Pentagon assessments project that it could amass as many as 1,500 by

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1 Lawrence Freedman, "Europe's Nuclear Deterrent: The Here and Now," *Survival* 67, no. 3 (2025): 7–24.

2 Bilal Y. Saab and Darren D. White, "Lessons Observed from War between Israel and Iran," War on the Rocks, July 16, 2025 ~ https://warontherocks.com/2025/07/lessons-observed-from-the-war-between-israel-and-iran.

3 Steve Fetter and David Wright, "Can the Iron Dome Be Transmuted into a Golden Dome?" *Washington Quarterly* 48, no. 2 (2025): 95–114.

the mid-2030s.[4] North Korea, once derided as a crude proliferator, now fields a diverse and increasingly survivable nuclear force capable of striking regional and perhaps even global targets—including, most significantly, the continental United States. In South Asia, where nuclear weapons exist alongside deep-seated historical animosities and periodic conflict, the world was reminded of the fragility of that balance when India and Pakistan clashed in May 2025 following a terrorist attack in the contested region of Kashmir. Meanwhile, the threshold states of Northeast Asia, Japan and South Korea, are engaged in open and increasingly serious debates about acquiring independent nuclear capabilities of their own. In South Korea, for instance, public support for such a move now consistently exceeds 70%.[5]

Yet in Australia, the return of nuclear weapons to the center of international politics—and to Asia's strategic landscape—has attracted remarkably little attention. Despite the growing salience of nuclear issues to regional and global security, public debate remains conspicuously thin. One could count on a single hand the number of serious articles or commentaries produced in recent years by the country's leading think tanks, university centers, and experts focused on national security.[6] Government policy documents, too, have offered little sustained engagement. The Morrison government's 2020 Defence Strategic Update, for instance, contained only three references to nuclear weapons and only a single mention of proliferation, which was framed narrowly through the lens of supporting the so-called rules-based international order.[7] The Albanese government's 2023 Defence Strategic Review fared better; yet of its 41 references to nuclear issues, 35 concerned the acquisition of conventionally armed, nuclear-powered submarines through the partnership between Australia,

4 U.S. Department of Defense, *Military and Security Developments Involving the People's Republic of China 2022* (Washington, D.C., 2022), 98. The 2024 version of this report is more circumspect, maintaining earlier assessments that China will have over 1,000 operational warheads by 2030 but only going so far as to estimate that Beijing will "continue growing its force to 2035." See U.S. Department of Defense, *Military and Security Developments Involving the People's Republic of China 2024* (Washington, D.C., 2024), 101.

5 For an excellent primer on the features of this new nuclear age, see Ankit Panda, *The New Nuclear Age: At the Precipice of Armageddon* (Cambridge: Polity Press, 2025).

6 See, for example, Lavina Lee, "Australia and Chinese Nuclear Modernization: Waking Up to New Nuclear Realities," in "Meeting China's Nuclear and WMD Buildup: Regional Threat Perceptions and Responses," National Bureau of Asian Research, NBR Special Report, no. 109, May 22, 2024 ~ https://www.nbr.org/publication/meeting-chinas-nuclear-and-wmd-buildup-regional-threat-perceptions-and-responses; and Christopher Watterson, "Australia and the Emerging Nuclear Order in Northeast Asia," United States Studies Centre, University of Sydney, August 2024 ~ https://www.ussc.edu.au/australia-and-the-emerging-nuclear-order-in-northeast-asia.

7 Department of Defence (Australia), *Defence Strategic Update 2020* (Canberra, 2020) ~ https://www.defence.gov.au/about/strategic-planning/2020-defence-strategic-update.

the United Kingdom, and the United States (AUKUS).[8] This pattern continued in the 2024 National Defence Strategy, which mentioned nuclear matters 30 times—19 in relation to AUKUS and only 11 relevant to nuclear weapons or policy more broadly.[9] In the face of a nuclear age fast reshaping the region and the world, Australia's silence is striking and, indeed, telling. Like the dog that didn't bark, it speaks volumes.

This essay asks why Australia has remained so reticent in the face of profound nuclear change, and what that silence means for the nation's strategic readiness and agency. The first section explores the roots of this quietude through the lens of Australia's established foreign policy traditions—the dependent ally, the middle-power, and the pragmatist—each of which helps illuminate the political, normative, and alliance dynamics that have shaped Canberra's reluctance to engage more directly and urgently with nuclear questions. The second section considers whether that silence still serves Australia's interests. For a country deeply invested in regional stability and global order, continued reticence on one of the defining issues of our time risks marginalization and, worse still, strategic surprise. As such, the essay concludes by contending that Australia must engage more actively and urgently with the new nuclear age currently unfolding.

Australia's Nuclear Quietude

Three traditions have long shaped Australian thinking and policy discourse regarding the country's place in the world: the dependent ally, the middle-power, and the pragmatic schools of thought.[10] These traditions are not explanations in themselves for Australia's relative silence regarding nuclear issues, nor are they uniformly hostile to nuclear debate. However, when treated as analytical lenses, they help illuminate why nuclear issues appear marginal in Australia's foreign and strategic policy discourse. Each offers a different perspective on Australia's reluctance to engage more directly with questions of deterrence, proliferation, or independent nuclear capability. Taken together, they provide a comprehensive understanding of the political, normative, and institutional factors that underpin this

8 Department of Defence (Australia), *Defence Strategic Review* (Canberra, 2023) ~ https://www.defence.gov.au/about/reviews-inquiries/defence-strategic-review.

9 Department of Defence (Australia), *2024 National Defence Strategy* (Canberra, 2024) ~ https://www.defence.gov.au/about/strategic-planning/2024-national-defence-strategy-2024-integrated-investment-program.

10 For further reading, see Brendan Taylor, "Australian Agency and the China-U.S. Contest for Supremacy," *Australian Journal of International Affairs* 79, no. 4 (2025): 618–35.

long-standing quietude. By briefly outlining each tradition and applying it to the nuclear question, this section seeks to better explain why, despite mounting regional risks, Australia has not discussed more openly or strategically the nuclear dimensions of Asia's future.

The dependent ally tradition has for many years been the dominant thread in Australian foreign and strategic policy. This school of thought reflects a deeply ingrained habit of seeking protection from a "great and powerful friend," first Britain, and since World War II, the United States. More than just a military guarantee, the latter alliance has also delivered access to advanced defense technologies and intelligence. These benefits are often framed as part of what the late Desmond Ball described as the "ties that bind" Australia to the United States—a web of military, technical, and political interdependencies that reinforce alliance cohesion but which also generate associated responsibilities.[11]

Nowhere are these ties more evident or consequential than in relation to the U.S. nuclear umbrella. Indeed, Australia has long relied on U.S. extended deterrence to shield it from nuclear threats. Unlike Japan or South Korea, however, where concerns about the credibility of U.S. nuclear guarantees have sparked domestic debate and even hedging behavior, Australia has remained conspicuously quiet. This is no accident. Questioning the nuclear umbrella is, in effect, tantamount to questioning the alliance itself. The dependent ally tradition thus helps explain why Canberra avoids open debate on nuclear issues, knowing it would risk revealing uncomfortable doubts about the very foundations of Australia's strategic posture in a more dangerous nuclear landscape.

The AUKUS partnership, and particularly its first pillar focused on nuclear-powered submarines, represents the latest and most ambitious manifestation of the dependent ally tradition. It has bound Australia even more tightly to the U.S. and UK defense systems in ways that some commentators see as outright strategic dependence.[12] It has also absorbed extraordinary political and bureaucratic bandwidth in Canberra, dominating the Australian Department of Defence's attention. This institutional preoccupation provides a further explanation for Australia's nuclear silence. So much focus is being devoted to acquiring

11 Desmond Ball, "The Strategic Essence," *Australian Journal of International Affairs* 55, no. 2 (2011): 235–48.

12 See, for example, Hugh White, "Fatal Shores: AUKUS Is a Grave Mistake," *Australian Foreign Affairs*, no. 20 (2024): 6–50.

nuclear-powered submarines that little capacity remains among defense officials to think about the wider nuclear landscape unfolding around them.

The middle-power tradition offers a second lens through which to understand Australia's nuclear silence. While middle powers are sometimes defined in quantitative terms—by population, economic size, or military spending, for example—the concept is more often used behaviorally. Middle powers tend to favor multilateralism, advocate for a rules-based international order, and seek to exercise influence through diplomacy rather than the use of hard power. In Australia's case, these behaviors have been traditionally tied to a strong normative commitment to nuclear restraint. From the negotiation of the South Pacific Nuclear Free Zone in the 1980s, to Canberra's leading role in securing the indefinite extension of the Nuclear Non-Proliferation Treaty in 1995, to sponsorship of high-level international commissions on nuclear disarmament and nonproliferation in 1996 and 2009, Australia has historically considered nuclear diplomacy a defining feature of its middle-power identity.[13]

This tradition reached its zenith during the Bob Hawke and Paul Keating governments of the mid-1980 to the mid-1990s, particularly under Foreign Minister Gareth Evans, who championed "good international citizenship" as a guiding principle of Australian foreign policy.[14] But in the decades since, the influence of the middle-power tradition has faded. The global environment for multilateral nuclear diplomacy has become markedly less favorable. Arms control agreements have eroded, disarmament momentum has stalled, and the broader rules-based order is under immense strain from both revisionist authoritarian powers and the retreat of liberal internationalism, particularly during the Trump administration.[15] In this context, Australia's nuclear diplomacy has waned. The middle-power tradition persists in rhetoric, but it no longer provides a reliable platform for shaping nuclear outcomes in a deteriorating strategic environment.

This, in turn, helps explain another dimension of Australia's nuclear silence. To re-engage openly with nuclear questions—especially in ways that contemplate the acquisition of nuclear weapons or even greater reliance on extended deterrence—would jar with the normative legacy of

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13 Gareth Evans, *Incorrigible Optimist: A Political Memoir* (Carlton: Melbourne University Press, 2017): 256–91.

14 Gareth Evans, *Good International Citizenship: The Case for Decency* (Clayton: Monash University Publishing, 2022).

15 Lawrence Freedman, "Whatever Happened to Arms Control?" Comment Is Freed, May 30, 2025 ~ https://samf.substack.com/p/whatever-happened-to-arms-control.

Australia's middle-power diplomacy. Equally, however, to act as if the global nonproliferation regime remains stable and effective would be to deny the mounting evidence of its fragility. As regional allies such as South Korea edge closer to the nuclear threshold and strategic arms control mechanisms, such as the Anti-Ballistic Missile and Intermediate Nuclear Forces Agreements, continue to unravel, Australia faces a strategic dilemma: the principles of its middle-power identity are becoming harder to uphold, but they remain deeply embedded in its diplomatic posture. Silence, in this context, reflects both constraint and discomfort—a tacit acknowledgment that the tradition no longer aligns with the realities of the emerging nuclear age.

The pragmatic tradition in Australian foreign policy is less well theorized than the dependent ally and middle-power traditions, but it is no less significant. It can be understood in both substantive and procedural terms. Substantively, it aligns with a realist orientation, which emphasizes the national interest, material power, and a skepticism toward values-based diplomacy. Procedurally, it reflects a tendency to approach foreign policy not through grand strategic visions but through incremental, case-by-case assessments of cost, benefit, and feasibility. Success, within this tradition, is measured by practical outcomes rather than adherence to any overarching doctrine.

In the nuclear context, the pragmatic tradition also helps explain Australia's persistent policy reticence. Pragmatism renders the nuclear question politically unrewarding, technically daunting, and strategically ambiguous. Nuclear weapons are not seen by most Australian politicians as vote-winners. Indeed, successive governments have learned that foreign policy issues, especially complex or morally fraught ones like nuclear weapons, rarely mobilize electoral sentiment. The Australian public is broadly disengaged on such matters, and where it is engaged, it tends to oppose nuclear proliferation.

A 2022 Lowy Institute poll, for example found that 63% of respondents opposed the idea of the country acquiring nuclear weapons, with only about a third (36%) in favor—a figure that dropped to just 11% when it came to expressing strong support.[16] In a separate survey the same year, 76% of respondents supported Australia signing the Treaty on the Prohibition of Nuclear Weapons.[17] These figures reinforce the electoral

[16] Natasha Kassam, "Lowy Institute Poll 2022 Report," Lowy Institute, June 29, 2022 ~ https://poll.lowyinstitute.org/report/2022.

[17] "Campaign News: New Poll Results," International Campaign to Abolish Nuclear Weapons, May 13, 2022 ~ https://icanw.org.au/new-poll-results.

logic of nuclear caution. For a pragmatist, the political costs far outweigh any hypothetical security gains, as do the financial and technical obstacles. Conservative estimates suggest a domestic nuclear weapons program would cost Australia between A$10 billion and A$15 billion annually, with some projections as high as A$20 billion.[18] This represents a formidable price tag during a period marked by a cost-of-living crisis, fiscal constraints, and stretched defense budgets.

Beyond the cost, the technical hurdles are also substantial. Despite holding a significant share of the world's uranium reserves, Australia has only a single small research reactor, lacks enrichment or reprocessing capabilities, and possesses no advanced civil nuclear sector to provide the technological base or skilled workforce necessary for a rapid nuclear breakout.[19] Delivery systems pose a further barrier. The AUKUS submarine program, while potentially transformative in the long term, is decades away and currently focused on conventionally armed systems. Australia also has no intercontinental ballistic missile capability and little prospect of developing one, which means any future arsenal would likely be small, short-range, and vulnerable.[20] This is hardly the basis for a stable or credible deterrent posture against major nuclear powers such as China, North Korea, or Russia.

Geography additionally plays a role. Australia's remote strategic location has long engendered a sense of distance from the nuclear threat, even during the Cold War, when facilities like Pine Gap were acknowledged as potential targets in a U.S.-Soviet exchange.[21] That awareness persists today in scenarios involving a possible U.S.-China war over Taiwan, but it has not yet translated into a sense of acute national vulnerability.

In sum, the three Australian foreign policy traditions—the dependent ally, the middle-power, and the pragmatist—help explain why Australia has remained so quiet even as a new nuclear age is dawning. Each tradition imposes its own constraints. The dependent ally reflex discourages open debate that could cast doubt on the U.S. alliance, the middle-power instinct resists engagement that might erode Australia's long-cultivated image as a

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18 Hugh White, *How to Defend Australia* (Carlton: La Trobe University Press, 2019), 245.

19 Rod Lyon, "Nuclear Weapons and the Defence of Australia," in *After American Primacy: Imagining the Future of Australia's Defence*, ed. Peter J. Dean, Stephan Frühling, and Brendan Taylor (Carlton: Melbourne University Press, 2019), 71.

20 Stephan Frühling, "A Nuclear-Armed Australia: Contemplating the Unthinkable Option," *Australian Foreign Affairs*, no. 4 (2018): 89–90.

21 Paul Dibb, *Inside the Wilderness of Mirrors: Australia and the Threat from the Soviet Union in the Cold War and Russia Today* (Carlton: Melbourne University Press, 2018).

responsible international actor, and pragmatism sees little to be gained and much to be lost in confronting the nuclear question directly. Although none of these traditions is explicitly anti-nuclear, together they reflect a strategic culture in which nuclear issues are treated as marginal, overly complex, or simply too hard. But as nuclear dangers mount across Asia, the costs and risks of this silence will almost certainly grow.

Breaking the Silence

For decades, Australia's nuclear posture has rested on two pillars: the extended deterrence provided by the United States and the normative protection of the global nonproliferation regime. But both are under strain. Questions about the credibility and durability of the U.S. nuclear umbrella are no longer hypothetical; they are increasingly debated in the capitals of U.S. allies and, more quietly, in Washington itself. Simultaneously, the nonproliferation regime faces escalating pressure—not only from serial violators such as North Korea and Iran, but from the fraying of arms control agreements, the weakening of international institutions, and the possibility of a regional proliferation cascade in Asia. If these two pillars were to weaken in tandem—not overnight but through the gradual unraveling of deterrence and nonproliferation alike—Australia could find itself dangerously exposed and underprepared.

Without clearer thinking and sustained policy and public debate, Australia risks becoming a spectator to nuclear developments that will directly shape its security. It also risks being out of step with key partners who are actively debating—and, in some cases, reshaping—their own nuclear postures. Japan and South Korea, for example, are not only hedging materially by strengthening alliances and building advanced military capabilities but are also investing in the intellectual and institutional foundations to support more autonomous strategic choices. In Japan, this includes new defense strategies and growing elite discourse around nuclear sharing.[22] In South Korea, it involves public debates on indigenous nuclear options and new consultative mechanisms with the United States.[23] By contrast, Australia's policy apparatus

[22] See, for example, Shigeru Ishiba, "Shigeru Ishiba on Japan's New Security Era: The Future of Japan's Foreign Policy," Hudson Institute, interview, September 25, 2024 ~ https://www.hudson.org/politics-government/shigeru-ishiba-japans-new-security-era-future-japans-foreign-policy.

[23] See, for example, Kang Choi and Peter K. Lee, "A Sixties Comeback: Restoring U.S. Nuclear Presence in Northeast Asia," Asan Institute for Policy Studies, Issue Brief, no. 2025-01, May 9, 2025 ~ https://asaninst.org/data/file/s1_1_eng/f15af67c43af11afd7a990dc4f32fd2b_FrYl2O8j_e5690d73cb9cee269ab6124e75effffc4e422e7f.pdf.

is at risk of becoming underinformed, underprepared, and over-reliant on assumptions forged in a different era.

Just as Australia's foreign policy traditions help explain its silence, however, they also offer several potential paths forward. From the perspective of the dependent ally tradition, for example, one key priority should be rebuilding and deepening Australia's capacity to engage seriously with U.S. nuclear policy. This engagement includes not only reaffirming extended deterrence but also better understanding its evolving dynamics in an era of multipolar nuclear competition. It also means rebuilding expertise. Australia today has little institutional memory of nuclear strategy. There have been, in effect, several lost generations, and reversing this will require serious investment in both people and ideas. As Vipin Narang and Pranay Vaddi recently argued in *Foreign Affairs*, "nuclear concerns can no longer be treated as a niche issue to be managed by a small community of experts."[24] If Australia is to remain a credible ally—and not just a dependent one—it must develop the strategic literacy to participate in alliance decision-making about nuclear deterrence, escalation, and crisis management.

For the middle-power tradition, the challenge is to reimagine nuclear diplomacy in a much less permissive age. Arms control is arguably much harder today than during the Cold War, given the asymmetries of arsenals, the erosion of shared norms, and the emergence of new regional nuclear dynamics. Yet risk reduction remains a space where middle powers like Australia can still lead, including in collaboration with other middle-power partners. Some groundwork already exists, for example, in the form of Canberra's co-sponsorship (with the Philippines) of nuclear risk reduction workshops at the Association of Southeast Asian Nations (ASEAN) Regional Forum.[25]

Canberra could also initiate a new and more ambitious international commission on nuclear risk reduction, modeled on the aforementioned Canberra Commission of the 1990s or the Australia- and Japan-sponsored International Commission on Nuclear Non-Proliferation and Disarmament of 2008–9. Such a body could bring together senior regional figures, including former leaders, defense officials, and strategic experts from the United States, China, India, Pakistan, Japan, South Korea, Southeast Asia,

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24 Vipin Narang and Pranay Vaddi, "How to Survive the New Nuclear Age," *Foreign Affairs*, July/August 2025, 137.

25 Tim Watts, "Remarks to ARF Nuclear Risk Reduction Workshop," Special Envoy for Indian Ocean Affairs the Hon Tim Watts MP, March 22, 2023 ~ https://ministers.dfat.gov.au/minister/tim-watts/speech/remarks-arf-nuclear-risk-reduction-workshop.

and beyond. Its remit would not be sweeping disarmament, which is a goal increasingly out of step with today's strategic realities. Rather, it would propose practical steps to reduce nuclear dangers, including measures to improve crisis communication, limit miscalculation, and enhance transparency. In an era of growing rivalry and fragile deterrence, Australia could again play a catalytic role here by forging a new agenda for nuclear risk reduction tailored to Asia's emerging realities.

The pragmatic tradition suggests a third avenue: building greater public and policy understanding. Nuclear issues have long suffered from a deficit of political and public engagement in Australia. Changing this will require more than government speeches or one-off reports.[26] It will instead necessitate dedicated funding for an existing or new think tank or university program, similar to Harvard's Managing the Atom Project or the Center for Strategic and International Studies' Project on Nuclear Issues. This new initiative would have a mandate to engage in public outreach, executive education, and second-track diplomacy with regional counterparts. It could also sponsor a dedicated nuclear policy fellowship, modeled on the Stanton Nuclear Security Fellowship Program, to cultivate the next generation of Australian analysts, officials, and thought leaders equipped to engage seriously with what is no longer a niche concern but a core strategic challenge.

Australia must also do more to make better use of its existing expertise. While a small number of accomplished scholars, such as Stephan Frühling, Tanya Ogilvie-White, Andrew O'Neil, Maria Rost Rublee, and Ben Zala, are producing important work on nuclear issues, there is currently no institutional mechanism to bring these voices together or to maximize their collective impact. A pragmatic response would be to support new coordinating initiatives—for instance, a national working group or regular policy roundtables—to ensure that this expertise is better integrated into public debate and policymaking. In the absence of such structures, the intellectual bandwidth needed to inform a more engaged Australian nuclear policy will remain underdeveloped.

In the final analysis, the nuclear landscape in Asia is shifting rapidly, and the foundations of Australia's long-standing approach—U.S. extended deterrence and the global nonproliferation regime—are no longer as stable as

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26 See, for example, Richard Marles "Address at 2025 Shangri-La Dialogue: Plenary Session 3: Managing Proliferation Risks in the Asia-Pacific," Department of Defence (Australia), May 31, 2025 ~ https://www.minister.defence.gov.au/speeches/2025-05-31/address-2025-shangri-la-dialogue-plenary-session-3-managing-proliferation-risks-asia-pacific.

they once seemed. Canberra's response so far has been marked by caution in saying little. But that silence is no longer strategic nor sustainable. It leaves Australia unprepared, underinformed, and increasingly out of step with the choices now confronting the region. Australia does not need to settle its position on the new nuclear age overnight, but it must actively and more urgently enter the debate before others define the terms on its behalf. ◈

Not Defiance, Not Deference: Australia's U.S. Alliance Pragmatism in the Second Trump Administration

Rory Medcalf

The U.S. alliance has been critical to Australia's security for three quarters of a century; as a result, policymakers in Canberra are hypervigilant about the consequences of the transactionalism and volatility of Donald Trump's second U.S. administration for their country's interests. The early Australian experience with the second Trump administration has so far stood in contrast to the public tribulations affecting other alliances, notably Canada and NATO but even to some degree Japan and the Republic of Korea. For the most part, Australia has tolerated tariffs and the pressure to spend more on military deterrence without fundamental changes of course in its foreign and security policies. But although the alliance is not yet in crisis, it is confronting its most testing time in decades.

The evolving Australian response in 2025 is one that accentuates pragmatism and national interests over an appeal to sentiment or the protection of shared values. This makes sense in terms of both the alliance's history and assessments of its future direction. It is too early to be definitive, but there are indications of an emerging Australian way to manage alliance relations under Trump 2: a quiet path between defiance and deference. Australian rhetoric has reiterated mutual interests, including by pointing to the benefits—such as military access to Australia's strategic geography—that the United States draws from a practical partnership that has been growing closer over decades.

Part of the price of such pragmatism for Australia, however, is that the United States will increasingly judge the country by what it does rather than what it says, including in the long geopolitical contest and potential contingencies involving China. The real test will be whether Australia is serious about translating its coping mechanisms for the Trump shock—including defense investment, economic security, and diversified strategic partnerships—into elements of longer-term national resilience.

This essay explains Australia's contemporary alliance policy settings as an evolution and amplification of the pragmatism that has always informed

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Canberra's view of the security relationship with the United States. It revisits key moments in the history of the alliance, underscores the vital role of leadership, places the evolving alliance in the context of Australia's widening web of partnerships, and demonstrates Canberra's shift to an overtly interests-based alliance narrative. It identifies the centrality of the China factor to the future of the alliance, while noting that the success of Australia's alliance pragmatism will depend not only on what Australia does for the alliance but on what it does for its own security in a dangerous and contested international environment.

An Australian Way and Political Leadership

For Australia, the tempest of disruption, pressure, and confusion out of Washington is exposing issues that have long simmered below the surface of alliance relations, as well as generating new areas of tension. Headline concerns in 2025 include U.S. tariffs, pressures to increase defense spending, and a U.S. review of the 2021 agreement on nuclear-powered submarines and critical technologies signed between Australia, the United Kingdom, and the United States (AUKUS). More deeply, there are latent differences over geopolitical perspectives, economic policy, and alliance expectations in the plausible event of conflict with China. Additionally, sharp divergences in domestic politics and public sentiment exacerbate risks to the relationship, notwithstanding the fact that most Australians still recognize the alliance's importance to national security.[1] The February 2025 circumnavigation of Australia by a Chinese naval task group, complete with live-fire exercises, was a timely reminder of new strategic realities and Australia's own limited capabilities for self-defense.[2]

A great deal of how Australia manages this challenging phase in bilateral relations will depend on leadership. A decisive second-election victory in May 2025 cemented the credentials of Prime Minister Anthony Albanese as the champion of a center-left Australian Labor Party that has shifted further left, in distinct contrast to the United States' rightward turn.

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1 Polling by the Lowy Institute in March 2025 showed 80% of Australian respondents continuing to see the alliance as important to national security, even though 64% held little to no trust in the United States to act responsibly in the world. Michelle Grattan, "Poll Shows Australians Hate Trump Policies and Have Lost Trust in U.S., but Still Strongly Believe in Alliance," Conversation, April 16, 2025 ~ https://theconversation.com/poll-shows-australians-hate-trump-policies-and-have-lost-trust-in-us-but-still-strongly-believe-in-alliance-254587.

2 Jen Parker, "China's Expedition Shows Australia Must Become a Naval Power," *Australian Financial Review*, February 23, 2025 ~ https://www.afr.com/policy/foreign-affairs/china-s-expedition-shows-australia-must-become-a-naval-power-20250222-p5le9k.

Public anxiety about Trump—across a swath of economic, foreign policy, social, and cultural issues—worked in Labor's favor in the 2025 election.

The Albanese government maintains discipline in its foreign policy rhetoric. It is clear that, regardless of his left-wing origins, Albanese has no intention of jeopardizing the bilateral relationship or the alliance merely to burnish his status as a political hero. For much of 2025, parts of the Australian media and conservative opposition have attributed Albanese's failure to secure a face-to-face meeting with Trump variously to incompetence, insecurity, or ideological distaste, contrasting this with his willingness to visit China.[3] However, an increasingly persuasive interpretation is that the leadership is exercising patience and caution, keeping its eye on the prize of shoring up the alliance, including the AUKUS deal, partly by minimizing political noise and personal friction.[4] This was borne out by a defense spending announcement in September 2025, a brief initial encounter between Prime Minister Albanese and President Trump on the sidelines of the UN General Assembly in New York, and the subsequent confirmation of a meeting at the White House scheduled for October.[5] Canberra's release of funding to construct submarine docking and maintenance facilities for U.S. vessels in Western Australia was widely interpreted as preparing the ground for this long-awaited leaders' meeting. It may not have strictly amounted to an increase in overall defense spending, but this act of real-estate diplomacy provided a tangible sign of Australia's raising its game as a security ally amid the Trump administration's AUKUS review, discussed in greater detail below.[6]

For Trump's America and Albanese's Australia, ideological divergence will be perennially delicate. The "make America great again" agenda on social and cultural issues is diametrically at odds with the sensibilities of the Australian left, which includes constituencies that go so far as to draw a

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3 Michael Shoebridge, "Australia's Crucial Security Relationship with U.S. the Biggest Loser after Donald Trump Cancels Albanese Meeting: Defence Expert," Sky News (Australia), June 17, 2025 ~ https://www.skynews.com.au/insights-and-analysis/australias-crucial-security-relationship-with-us-the-biggest-loser-after-donald-trump-cancels-albanese-meeting-defence-expert/news-story/4084683b7dc7c88c25da0c6ac27d3a8a.

4 Jacob Greber, "Donald Trump and His 'Good Man' Anthony Albanese Share Some Common Ground," ABC (Australia), September 13, 2025 ~ https://www.abc.net.au/news/2025-09-13/donald-trump-anthony-albanese-common/105756898.

5 Matthew Knott, "'Good to Chat': Albanese's Trump Meeting Is Finally Secured," *Sydney Morning Herald*, September 24, 2025 ~ https://www.smh.com.au/politics/federal/albanese-s-trump-meeting-is-finally-secured-but-an-ideological-chasm-remains-20250924-p5mxh9.html.

6 Nick Newling and James Massola, "Government Pledges $12bn to New Submarine Precinct Ahead of PM's U.S. Visit," *Sydney Morning Herald*, September 13, 2025 ~ https://www.smh.com.au/politics/federal/government-pledges-12b-to-nuclear-submarine-precinct-ahead-of-pm-s-us-visit-20250913-p5mur2.html.

thread between AUKUS and the plight of civilians in Gaza.[7] Despite a secure majority for the next three years, the Albanese government will be sensitive to social cohesion in Australia's exceptionally multicultural population.

That said, when it comes to statecraft, the Albanese government can be expected to prioritize pragmatism. On alliance issues, it is highly likely to focus on enduring Australian interests, seeking strenuously to avoid a breakdown or rupture in bilateral relations. Its calculations will be informed by four related assessments: How large and irreversible is the damage the administration is inflicting on the interests of the United States and other democracies? How profoundly and permanently does Australia need the security partnership of even a self-weakened United States? And, for all its chaos, can the Trump administration manifest enough U.S. strength and leadership to constrain China's bid for regional and global dominance? Relatedly, what precisely is this administration's China policy, which informs its wider Indo-Pacific strategy? Australia has often evinced a vigorous opportunism as an "independent ally" in its approach to the United States.[8] The answers to these questions will guide the next evolution of alliance policy, building on the pragmatism that has been a constant in relations since well before Canberra campaigned for what became the ANZUS Treaty between Australia, New Zealand, and the United States in 1951.

What's Past Is Present: The Alliance Journey

The protection of a "great and powerful friend" has long been one of the three pillars of Australian statecraft, together with engagement in Australia's Asia-centric region and involvement in a global system of rules and norms.[9] This combination has suited Australia's unusual circumstances as a middle power with massive territory and interests that far outweigh its capabilities and that is situated in a complex region far from its traditional partners. Today, this three-pillar strategy provides a frame for understanding how the second Trump administration is affecting Australian interests, not only directly in terms of alliance reliability but indirectly through its impacts on Indo-Pacific geopolitics and world order.

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7 Dan Jervis-Bardy, "Gaza and Nuclear Subs Deal Divide Labor and Grassroots Groups," *Guardian*, April 8, 2025 ~ https://www.theguardian.com/australia-news/2025/apr/09/gaza-and-aukus-nuclear-sub-deal-divide-labor-and-grassroots-groups.

8 Shannon Tow, *Independent Ally: Australia in an Age of Power Transition* (Carlton: Melbourne University Press, 2017).

9 Allan Gyngell, *Fear of Abandonment: Australia in the World since 1942* (Melbourne: La Trobe University Press, 2017), 11.

After the calamitous fall of Britain's Asian bastion in Singapore in 1942, leaving Australia exposed to the aggression of imperial Japan, Australian prime minister John Curtin famously turned to the United States for the nation's wartime security, while committing resources to a total war effort. The United States' use of Australian territory to build up forces to defeat Japan—approximately a million American personnel passed through Australia during the war—did not translate into an immediate postwar security arrangement. Canberra initially sought to renew a major British role in the Pacific before initiating possible structures involving the United States. Ultimately, in 1951 a reluctant Truman administration was persuaded to agree to the ANZUS Treaty, which involved general commitments to consult and "act to meet the common danger" regarding an armed attack on any of the three parties in the Pacific area.[10] This gave Canberra "justifiably or not, a feeling of assurance of American help in the event of a future attack upon Australia by a major power."[11]

The evolution of the alliance over subsequent decades ultimately made Australia even more dependent on the United States for defense. This was despite a crisis in the 1970s over U.S. and joint intelligence facilities in Australia, and Australian aspirations for greater military self-reliance. Cold War differences within the alliance proved manageable, even in the aftermath of the Vietnam War, which deeply divided Australian society. In the 1980s, as New Zealand was being suspended from ANZUS over its refusal to allow nuclear-armed ship visits, the Australian Labor government of Prime Minister Bob Hawke co-opted pacifist dissent within its own constituency by being relatively open about the joint intelligence facilities and emphasizing their crucial role in strategic stability and the verification of U.S.-Soviet nuclear arms control.[12]

With the end of the Cold War, questions gathered about whether and why the United States would maintain a strategic presence in East Asia. Australia advanced its own independent engagement with the region and coped with disappointment over the Clinton administration's unwillingness to commit troops to the Australian-led UN intervention

10 Michael J. Green, *By More Than Providence: Grand Strategy and American Power in the Asia Pacific since 1783* (New York: Columbia University Press, 2019), 281–83.

11 T. B. Millar, *Australia in Peace and War: External Relations, 1788–1977* (Canberra: Australian National University Press, 1978), 209.

12 Kim Beazley, "ANZUS at 70: The Joint Facilities in the 1980s," Australian Strategic Policy Institute, Strategist, August 18, 2021 ⇝ https://www.aspistrategist.org.au/anzus-at-70-the-joint-facilities-in-the-1980s.

force in East Timor in 1999.[13] Vagueness about the post–Cold War character of the alliance resolved, initially with intensified cooperation in the "global war on terrorism" in the 2000s, followed by convergence on an Indo-Pacific strategy of balancing China in the 2010s. Under the conservative and deeply pro-U.S. prime minister John Howard, Australia invoked ANZUS for the first time after September 11, joining the United States in the Afghanistan and Iraq conflicts. For all this, his government made practical calculations in deeming its force commitments akin to the payment of insurance premiums, as well as scaling, timing, and positioning them to minimize casualties. Howard and his successors also supported the United States in its mix of diplomatic engagement and strategic balancing in the Indo-Pacific, including through the Obama administration's "pivot" and the heightening of geopolitical competition with China under the first Trump and Biden administrations. The announcement of the pivot by President Barack Obama in the Australian Parliament in 2011 coincided with the beginning of regular "rotations" of U.S. Marines to Darwin and an expanding set of "force posture initiatives" covering access, training, and pre-positioning of equipment—all signs that Australian geography would increasingly matter in U.S.-led efforts to balance Chinese military power.[14] Australia maintained this position alongside its own trade dependence on China (notably its massive exports of iron ore) and, at least until 2016, efforts to maintain a harmonious relationship with Beijing.[15]

By 2024, the shape and path of the alliance seemed set, and it was consistent with the Biden administration's rounded Indo-Pacific strategy of "competitive coexistence" with China. This was unsurprising, given the activist role of Australia, alongside Japan, in promoting an Indo-Pacific framework of harnessing partnerships to cope with Chinese power. The Biden strategy had built on the lessons of previous administrations, combining diplomacy, military deterrence, and a "latticework" of multidimensional ties with allies and partners, including fellow Quad members Australia, Japan, and India. Australia held a vital place in such networks, affirmed through the 2021 AUKUS announcement.

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13 John Baker and Douglas H. Paal, "The U.S.-Australia Alliance," in *America's Asian Alliances*, ed. Robert D. Blackwill and Paul Dibb (Cambridge: MIT Press, 2000), 98.

14 "United States Force Posture Initiatives," Department of Defence (Australia) ~ https://www.defence.gov.au/defence-activities/programs-initiatives/united-states-force-posture-initiatives.

15 Robert D. Blackwill and Richard Fontaine, *Lost Decade: The U.S. Pivot to Asia and the Rise of Chinese Power* (New York: Oxford University Press, 2024), 169.

By this time, Australia had confronted a reality check in its relations with China to the point where there had developed a large degree of alignment in Australian and U.S. China strategies. From 2016 onward, under the conservative governments of Malcolm Turnbull and Scott Morrison, Australia had become alert to the simultaneous risks of China's political interference and intelligence activities internally, its coercion in the wider region (notably the South China Sea), and its encroaching influence efforts in the small nations of the South Pacific. Contrary to Beijing's assertions, Canberra reached these positions independently rather than as a result of U.S. pressure. Indeed, Canberra sometimes provided an early warning to Washington on such threats, especially at the start of the first Trump administration when U.S. China strategy seemed undecided.[16] Australia's ban on Huawei as a "non-trusted vendor" in its 5G network set an example internationally, for instance, including for the United States. Beijing's campaign of economic coercion against Australia, which began in 2020 after Australian leaders called for an investigation into the origins of Covid-19, sharpened its sense of common cause with the United States and other democracies.

The Albanese Labor government, first elected in May 2022, moderated rhetoric on China with a "stabilization" policy, and China used the change of government as an excuse to wind down its unsuccessful economic coercion. The new government in Canberra quietly maintained tough national security settings against China and proved creative in the struggle for influence, especially in the Pacific and Southeast Asia. It sustained a central role for AUKUS and the Quad in its overall statecraft, while encouraging the United States to adopt a similar multidimensional approach to regional strategy: balancing deterrence with economic engagement and development assistance. This approach was informed by a largely shared sense of progressive and liberal democratic values; support for rules, norms, and international law; and convergent policies on global concerns such as combating climate change. To be sure, there were differences, notably on economic issues: Canberra remained an advocate of free trade and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, while the U.S. security community, already pushing in the direction of decoupling, cannot have been impressed with Australia's slowness in diversifying from export dependence on China.

16 For a comprehensive account of these tensions between Australia and China, see Euan Graham, *Australia's Security in China's Shadow* (London: International Institute for Strategic Studies, 2023).

Nonetheless, the pattern overall was unquestionably alignment, as evidenced in the extraordinary breadth of the alliance agenda. This was typified by the joint statement of the 2024 AUSMIN consultations. This "2+2" meeting of the Australian ministers for foreign affairs and defense together with the U.S. secretaries of state and defense discussed military deterrence and the countering of China's influence, among many other issues, including climate action, development assistance, technology cooperation, gender equality, and indigenous peoples' rights.[17] Moreover, the commonalities in approach extended to similar positions globally—concerned in principle but calibrated in practice—about the Russian invasion of Ukraine and the Middle East crisis triggered by the October 7, 2023, Hamas terrorist attacks on Israel.

Making Sense of New Realities

An unfortunate downside of such wide-ranging like-mindedness with Biden's United States was that it left Australia—and the alliance—somewhat ill-prepared for Trump's return to power. Canberra had proved relatively effective in managing relations with Trump the first time, not least by working below the president's radar with senior U.S. officials who saw the merit in cultivating alliances to counter China. There were also unquestionably elements of sentiment and values in Canberra's alliance handling in those years, notably through the "hundred years of mateship" narrative driven by the Australian embassy in Washington in 2017, along with strong rhetoric on democratic solidarity against China's influence and interference operations. The diminution of those narratives in recent years is another sign of the alliance returning to its longer arc of interest-based pragmatism.

Throughout 2024, Canberra realized it might need to deal with Trump again, this time potentially unmoored from familiar guardians of U.S. policy continuity. However, like every nation, Australia was unready for the full shock of what followed Trump's inauguration in January 2025. The alliance may be only one of the three pillars of Australia's outward stability, but the earthquake in U.S. policy is shaking them all. As one observer put it, Trump's second election win made the United States "no

[17] "Joint Statement on Australia-U.S. Ministerial Consultations (AUSMIN) 2024," Defence Ministers (Australia), August 7, 2024 ~ https://www.minister.defence.gov.au/statements/2024-08-07/joint-statement-australia-us-ministerial-consultations-ausmin-2024.

longer a key constant" in Australia's international environment but rather the "main variable."[18]

For much of 2025, a deluge of commentary, mostly in the Australian media, has suggested the alliance was either in crisis or moving in that direction.[19] For instance, the government's critics suggested it was somehow a major diplomatic failure that Australia could not uniquely evade Washington's universal tariff on aluminum and steel. Meanwhile, Canberra is treating the relatively low 10% tariff on other Australian exports, while unjustified and counterproductive, as a misstep to be tolerated and not reciprocated.[20]

The argument has been made that the alliance with Trump's United States only makes it harder for Australia to engage with its neighbors, to seek security "in" rather than "from" Asia, as former prime minister Paul Keating has frequently put it. Yet present evidence runs to the contrary. Collective uncertainties about the direction of the United States, coupled with enduring fears about China's power, seem to be reinforcing the incentives for a range of Asian countries to place a greater premium on partnership with Australia and to respond positively to Canberra's initiatives for closer security relations.[21] This applies not only to Japan and India—substantial powers long accustomed to balancing against China—but also to Southeast Asian nations where Australian diplomatic activism, already strong under Foreign Minister Penny Wong, has intensified over the past year. Building an Indo-Pacific web of security partnerships to reinforce the alliance has been a constant of Australian policy for two decades, and uncertainties about Trump have added fresh momentum, compounding strategic anxieties about China. Australia had already accepted alliance-like language in its security partnership with

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18 Ben Scott, "She Won't Be Right: Trump's Return and Australia's Red Lines," Lowy Institute, Interpreter, November 20, 2024 ~ https://www.lowyinstitute.org/the-interpreter/she-won-t-be-right-trump-s-return-australia-s-red-lines.

19 Patricia Karvelas, "Anthony Albanese and Peter Dutton Aren't Facing Reality—Our U.S. Alliance Is in Crisis under Trump," ABC (Australia), March 3, 2025 ~ https://www.abc.net.au/news/2025-03-03/australian-us-alliance-in-crisis-under-trump/105000672; Paul Kelly, "Political Blunders Risk Endangering Our Alliance with the U.S.," *Australian*, July 16, 2025; and Evan A. Feigenbaum, "Beneath the Mateship: A Quiet Crisis Is Brewing in the U.S.-Australia Alliance," Carnegie Endowment for International Peace, June 23, 2025 ~ https://carnegieendowment.org/posts/2025/06/us-australia-alliance-quiet-crisis?lang=en.

20 Samantha Dick, "Albanese Outlines Five-Point Plan to Respond to Donald Trump's Tariffs," ABC (Australia), April 3, 2025 ~ https://www.abc.net.au/news/2025-04-03/albanese-outlines-five-point-plan-trump-tariffs-election-2025/105131590; and "Latest on U.S. Tariffs," Department of Foreign Affairs and Trade (Australia), September 2025 ~ https://www.dfat.gov.au/trade/trade-and-investment/latest-us-tariffs.

21 Susannah Patton, "Does Australia's U.S. Alliance Doom Our Asian Relationships to Fail?" Lowy Institute, Interpreter, September 4, 2025 ~ https://www.lowyinstitute.org/the-interpreter/does-australia-s-us-alliance-doom-our-asian-relationships-fail.

Japan, and it appears to be moving in this direction even with its troubled neighbor Papua New Guinea.[22] Globally and regionally, the United States' abandonment of development assistance has amounted to self-sabotage in the struggle against China for political influence; however, in the South Pacific Australia continues to lead in holding the line, with a growing range of other partners, including Japan, New Zealand, and most recently the European Union. And on that score, Australia has recently shed its long-held caution about deepening strategic ties with Europe. Negotiations are commencing on an as-yet-undefined Australia-EU security agreement—another sign of democracies seeking creative new alignments wherever they can find them in the wake of alliance uncertainty.[23]

Part of the present alliance problem is simply the challenge of finding someone to talk to. Formal diplomacy at a bureaucratic level has struggled, given the administration's deliberate or dysfunctional slowness in filling a large number of politically appointed positions. Embassies and departments have struggled to find workarounds, and much regular engagement has lagged—although this is hardly a problem for Australia alone.

On the other hand, much of the regular alliance activity has not only continued but intensified, especially in military exercises and interoperability. The latest iteration of the biennial Talisman Sabre exercise in Australia was the largest such activity yet conducted, involving nineteen nations, 40,000 personnel, and a series of capability-testing firsts under "high-end" (that is, warlike) conditions, with the United States playing a vital part across planning, capabilities, intelligence, and logistics. If the alliance, or for that matter the wider U.S. strategic role in the Indo-Pacific, is in poor health, this was a strange way of showing it.[24]

On the Defensive: Military Spending and AUKUS

Much of Australia's alliance angst concentrates on defense spending, specifically a call by U.S. secretary of defense Pete Hegseth for Australia to

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22 Graeme Dobell, "The ANZUS Rhymes of Australia's Quasi-Alliance with Japan," Australian Strategic Policy Institute, Strategist, October 31, 2022 ~ https://www.aspistrategist.org.au/the-anzus-rhymes-of-australias-quasi-alliance-with-japan; and Marian Faa, "Australia and PNG to 'Totally Integrate' Military in Defence Treaty, Minister Says," ABC (Australia), September 13, 2025 ~ https://www.abc.net.au/news/2025-09-14/australia-and-png-defence-treaty-to-integrate-military-forces/105770088.

23 Alasdair Pal and Kirsty Needham, "Australia to Begin Talks on Security, Defence with EU," Reuters, June 18, 2025 ~ https://www.reuters.com/world/asia-pacific/australia-commence-negotiations-security-defence-with-eu-2025-06-17.

24 Ryan Chan, "U.S. and Allies Train Forces for Pacific War with China," *Newsweek*, July 15, 2025 ~ https://www.newsweek.com/us-australia-talisman-sabre-pacific-war-games-china-2098979.

lift its military budget to 3.5% of GDP as soon as possible (whereas declared Australian policy has been to increase from a little over 2.0% to 2.5% within a decade).[25] There is every reason to believe the administration is serious, no doubt buoyed by its impact in encouraging its European allies in that direction through positing its own unreliability on Ukraine. Initially, Australia's response seemed awkward, seeking to turn the focus to capability needs rather than arbitrary numbers, even though it set aside some of the force requirements identified in its 2023 Defence Strategic Review. However, persistent engagement by Defence Minister Richard Marles and Prime Minister Albanese has begun to remind Washington of Australia's wider alliance contributions, including in increasing access for U.S. forces to locations and infrastructure on Australian territory. Marles has even begun suggesting that if Australia measured its defense spending in NATO terms (that is, by including security infrastructure), it would already be closer to 2.8%.[26] It remains to be seen whether these arguments, plus Australia's financial contributions announced in September 2025 to supporting the U.S. submarine industrial base under AUKUS, will moderate the Trump administration's expectations, or whether Canberra will ultimately persuade itself of the need to accelerate military spending in a deteriorating strategic environment. Indeed, a combination of both outcomes is possible and would be good for alliance durability while increasing Australia's self-reliance.

A high-profile topic of alarm has been the AUKUS agreement on nuclear-powered submarines and advanced technologies.[27] Center stage is a review of AUKUS driven by Elbridge Colby, U.S. undersecretary of defense for policy. This was leaked to the media by unknown sources, perhaps to help ensure the review was genuinely whole-of-government in Washington and enable the rump interagency to bring wider alliance equities to bear, as well as to galvanize alliance champions across Congress.[28] Notably, media reports in September 2025 claim private

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25 "Readout of Secretary of Defense Pete Hegseth's Bilateral Meeting with Australia," U.S. Embassy Singapore, June 1, 2025 ~ https://sg.usembassy.gov/readout-of-secretary-of-defense-pete-hegseths-bilateral-meeting-with-australia.

26 Richard Marles, interview by David Speers, Insiders, ABC (Australia), September 14, 2025 ~ https://www.minister.defence.gov.au/transcripts/2025-09-14/television-interview-abc-insiders.

27 It is worth noting that some of the voices highlighting this subject seem to do so precisely to encourage the agreement's demise—so perspective matters. See, for example, Hugh White, "Why the AUKUS 'Dream' Was Never Realistic and Is Likely to Die," Conversation, June 16, 2025 ~ https://theconversation.com/hugh-white-why-the-aukus-dream-was-never-realistic-and-is-likely-to-die-259028.

28 Demetri Sevastopulo, "Pentagon Launches Review of AUKUS Nuclear Submarine Deal," *Financial Times*, June 12, 2025 ~ https://www.ft.com/content/4a9355d9-4aff-49ec-bf7e-ea21de97917b.

assurances to Australia from Secretary of State Marco Rubio that the U.S. commitment to AUKUS will survive.[29]

It is impossible to predict precisely how the next phase of the AUKUS saga will play out. The three-nation arrangement is audacious, controversial, and complex, involving multiple phases of Australia basing and acquiring nuclear-powered submarines, and of the three nations together maintaining a leading edge in advanced military technologies such as quantum, hypersonics, and underwater autonomy. The agreement has so many components that risk and risk-management are a given, but equally not every aspect of every pillar has to be fully successful for AUKUS to have an impact on the strategic balance.

In the near term, the key question from the Colby review is whether the president would authorize leasing Australia three to five Virginia-class nuclear-powered attack submarines in the early 2030s. Crucial factors include whether the United States can accelerate its lagging submarine production rate and whether Australian-flagged vessels would either diminish or augment a U.S.-led order of battle in a future potential conflict with China, specifically a Taiwan scenario, given that an Australian government might conceivably exert its sovereign right not to deploy. A recent report from a nonpartisan U.S. think tank has noted that Australia can contribute not only to U.S. submarine production but to maintenance and sustainment, which is vital for increasing the level of deployable capability. This argument is also being advanced by the Australian government in line with its recent Western Australia infrastructure announcement. At the same time, the report makes the case for a robust bilateral contingency planning process on the potential use of forces in future crises, not as a pre-commitment to the submarines' precise deployment but as a reasonable measure of a serious alliance.[30]

Interests to the Front

Meanwhile, Australia is making no secret that it is reframing the alliance overwhelmingly on the basis of interests rather than values. Canberra is casting the alliance not as an unchangeable edifice or as an interest in itself but rather as part of a dynamic set of arrangements and

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[29] Noah Robertson and Ellen Nakashima, "Rubio Quietly Signals U.S. Won't Sink Submarine Deal with Australia," *Washington Post*, September 12, 2025 ~ https://www.washingtonpost.com/national-security/2025/09/12/rubio-australia-aukus-submarine-review.

[30] Abraham M. Denmark and Charles Edel, "The AUKUS Inflection: Seizing the Opportunity to Deliver Deterrence," Center for Strategic and International Studies, August 25, 2025, 14 ~ https://www.csis.org/analysis/aukus-inflection-seizing-opportunity-deliver-deterrence.

capabilities for maintaining peace, stability, and deterrence in the Indo-Pacific. For instance, in an agenda-setting speech by Foreign Minister Wong soon after the 2025 election, there was conspicuously no reference to values in the context of the alliance; rather, she stated, "The United States' presence in our region remains critical to the Indo-Pacific's strategic stability and reinforces the ability of all its countries to make choices in their own sovereign interests."[31] Likewise, Defence Minister and Deputy Prime Minister Marles, at the dialogue in Singapore where he was presented with Hegseth's 3.5% demand, had only this to say in his public remarks on the alliance:

> Australia is deepening its alliance with the United States, including though enhanced force posture cooperation in Australia, as we welcome recent U.S. force posture enhancements in Japan, the Philippines and elsewhere. But Australia is also expanding its defence relationships with Japan, Korea, India, Indonesia, the Philippines, Vietnam and other partners in Southeast Asia. These relationships have in fact never been stronger, reflecting how we are all making choices about how to strengthen regional resilience.[32]

Indeed, even the official Australian statement on Marles's hastily convened visit to Washington in August to prepare the ground for a leaders' meeting defined the alliance as "built on an enduring foundation of trust, a long record of collaboration, and a shared vision for a peaceful, stable and prosperous Indo-Pacific."[33] Such a formulation is accurate and respectable, but it is also realistic and bloodless, with no mention of shared values, let alone a century of mateship, in a clear signal of changing and testing times.

Conclusion: Testing Times Ahead

This is a new era in alliance relations, and the risks and uncertainties for Australia cannot be underestimated. Nor, however, should the ballast in a relationship that encompasses not only diplomatic, military, and intelligence cooperation but also business, technology, society, and culture be minimized. Making predictions about any nation's relations with the

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31 Penny Wong, "Speech to the Institute for Strategic and International Studies, Malaysia, Kuala Lumpur," Minister for Foreign Affairs Senator the Hon Penny Wong, July 10, 2025 ~ https://www.foreignminister.gov.au/minister/penny-wong/speech/institute-strategic-and-international-studies-malaysia-kuala-lumpur.

32 Richard Marles, "Address to the Shangri-La Dialogue," Defence Ministers (Australia), June 1, 2025 ~ https://www.minister.defence.gov.au/speeches/2024-06-01/address-shangri-la-dialogue.

33 "Travel to the United States," Defence Ministers (Australia), Media Release, August 24, 2025 ~ https://www.minister.defence.gov.au/media-releases/2025-08-24/travel-united-states.

Trump White House is a risky game. It remains possible of course that the Albanese government's efforts at patient pragmatism will yet founder on the rocks of events or the shoals of unresolved differences. Australia has its own red lines. No economic threat from Washington, for instance, would discourage an Australian government from providing heavily subsidized medicines to its public. Australia's September 2025 decision, along with the UK and Canada, to recognize a Palestinian state, runs directly counter to the Trump administration's position. And in economics and geopolitics alike, Australia will not seek out confrontation with China.

Yet on balance, the Albanese government stands a good chance—perhaps better than that of any other U.S. ally—of remaining in solid enough standing with Trump and whoever comes after to enable the Australia-U.S. alliance to not only endure but mature. This includes seeing through the next steps in the AUKUS agreement, continuing U.S. force posture initiatives of access and presence in Australian territory, and planning together for strategic scenarios.

There in fact lies the rub. Getting through the present challenging time in the alliance may require the Australian government to set itself a new and harder test, raising alliance expectations of what the country can contribute in plausible future security contingencies, including major conflict in the region. This is turn means that Canberra's hardest security dialogue will not involve being put on the spot at the White House but instead could prove to be a national conversation with the Australian people about preparedness, resilience, and risk. An Australia that devotes greater resources and attention to its security across the board—in areas such as supply chains, cyber, and civil defense, as well as military capability—will make both a more credible partner and a more independent security actor. Doing so would also help the nation hedge against the risks of doubling down, however pragmatically, on a fundamentally self-interested and less than predictable ally. ◈

Australia's Strategic Objectives and Challenges in Relations with China

James Laurenceson

Australia's strategic objectives with respect to China have long been animated by two critical assessments: the trajectory of China's economic rise and the reliability of the United States as a bilateral security ally and strategic presence in Asia.

In 1976, two years before the People's Republic of China's "reform and opening up" policy officially commenced, Australia's first ambassador to the country, Stephen FitzGerald, cabled back to Canberra that China's economy could realize "annual growth in the vicinity of 10% over a period of 25 years." The implications, according to his embassy team, would be twofold. One was that "the last quarter of this [twentieth] century will see the extension of dominant Chinese power and influence throughout the region." The other was that if the structure of China's trade followed the path established by its Northeast Asian neighbor Japan, then "by the year 2000 China would have a dominant role in the expansion of the Australian economy."[1] These foresights proved impeccable, and the objectives of Australia's strategic policy toward China ever since have been to reap the benefits of the two countries' extraordinary economic complementarities, while seeking to limit the ability of Beijing to use China's expanding power to potentially harm other Australian interests, notably in the security realm. In this latter endeavor, the role of the United States has been, and continues to be, regarded as vital.

This essay highlights how China's ongoing economic rise, as well as perceptions of U.S. reliability, continue to shape Australia's contemporary strategic thinking. It begins by delving into a period of unprecedented turbulence between Canberra and Beijing that stretched from July 2016 to April 2022. This stemmed from a switch by Canberra to deprioritizing the strategic objective of benefiting from economic complementarities and elevating that of confronting and challenging applications of Chinese power. It then analyzes the subsequent period of "stabilization" from May 2022 to April 2025 in which Canberra did not acquiesce to Chinese power but also

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[1] John Fitzgerald, *Australia-China Relations 1976, Looking Forward*, RG Neale Lecture Series (Canberra: National Archives of Australia, 2007), 3.

confronted and challenged it with less flamboyance and a recognition that the United States no longer has the power, and perhaps the willingness, to backstop Australian interests. An extended six-day, three-city visit by Prime Minister Anthony Albanese to China in July 2025 has raised the prospect of the Australia-China relationship moving beyond stabilization into a new period of growth.

What is clear since July 2016 is that the gravity associated with the implications of China's economic rise and the ambivalence toward U.S. reliability is such that it has never been possible for Canberra to allow one strategic objective to entirely dominate the other. Whatever pressure that Beijing or Washington might bring to bear, there is little reason to expect this will change in the foreseeable future.

Out in Front: Confronting and Challenging Chinese Power, July 2016–April 2022

With a wary eye on China's expanding power and the potential for Beijing to use it to threaten Australian interests, efforts by Canberra to deepen its security alliance with the United States and secure Washington's commitment to the Asia-Pacific region are not new. In 2011, for example, Labor prime minister Julia Gillard struck a deal with the Obama administration that saw U.S. Marines begin regular rotations through Darwin, Australia's northern-most capital city.[2] Nonetheless, until the mid-2010s, the consensus in Canberra was that the United States maintained regional primacy, and, accordingly, the strategic objective of reaping the benefits of economic complementarities with China could be confidently prioritized. This bent was exemplified in 2014 by Canberra and Beijing agreeing to describe their relationship as a "comprehensive strategic partnership" and by the signing of the China-Australia Free Trade Agreement (ChAFTA) the following year. In 2015 the Liberal-National Coalition government also signed Australia up to the China-led Asian Infrastructure Investment Bank. This was despite a direct personal request from President Barack Obama to Prime Minister Tony Abbott not to do so.[3]

By the end of 2015, however, it was clear that many in Washington's and Canberra's national security communities were becoming alarmed by

[2] Matt Siegal, "As Part of New Pact, U.S. Marines Arrive in Australia, in China's Strategic Backyard," *New York Times*, April 4, 2012.

[3] Jane Perlez, "With Plan to Join China-Led Bank, Britain Opens Door for Others," *New York Times*, March 13, 2015.

the extent to which Australia was prioritizing the economic relationship with China.[4] In hindsight, July 2016 served as a breaking point in Canberra's approach when an Australian federal election saw a Malcolm Turnbull–led Coalition government return to power but with a razor-thin, one-seat majority. National security had long been regarded as a Coalition strength, and ministers and advisers were quick to sense that amplifying a "China threat" narrative might deliver domestic political advantage.[5] The same month Beijing handed those wanting to deprioritize the economic relationship greater substance to push their agenda with when it rejected an international arbitration decision against its territorial claims and island building in the South China Sea. A local "securitizing coalition" of intelligence officials, politicians, and advisers from the conservative side of Australian politics, as well as journalists, coalesced to elevate the strategic objective of confronting and challenging applications of Chinese power that were seen as threatening Australian interests.[6] Nominally nonpartisan departmental secretaries, subsequently revealed to be actively advancing conservative political objectives, were also part of the mix.[7] As one leading member of the coalition explained to China studies scholars at the Australian National University: "there's been a fundamental change in the approach we are taking to China and people needed to realise this."[8]

What quickly came to dominate the national discussion were public warnings from the Australian Security Intelligence Organisation (ASIO), the domestic intelligence agency, that foreign interference was occurring at an "unprecedented scale" and putting the nation's sovereignty at risk.[9] In September 2016 the outgoing U.S. ambassador chimed in with

4 Chris Uhlmann and Jane Norman, "Senior Defence Official Raises Security Concerns over Darwin Port Lease to Chinese-Owned Company Landbridge," ABC News (Australia), October 15, 2015 ~ https://www.abc.net.au/news/2015-10-15/adf-concerned-over-darwin-port-sale-to-chinese-owned-company/6855182; Amos Akiman, "Secret U.S. Poll on China Darwin Port Deal," *Australian*, March 9, 2016; Aaron Patrick, "Security Services Worry Malcolm Turnbull Isn't Heeding China Warning," *Australian Financial Review*, September 2, 2016; and Aaron Patrick, "Australia is Losing Its Battle Against China's 'Citizen Spies,'" *Australian Financial Review*, September 3, 2016.

5 Max Suich, "How Australia Got Badly Out in Front on China," *Australian Financial Review*, May 17, 2021; Max Suich, "China Confrontation: What Were We Thinking?" *Australian Financial Review*, May 18, 2021; and Max Suich, "U.S.-Australia Alliance on China Shows It's Best to Go Early, Go Hard," *Australian Financial Review*, May 19, 2021.

6 Andrew Chubb, "The Securitization of 'Chinese Influence' in Australia," *Journal of Contemporary China* 32, no. 139 (2022): 17–34.

7 Andrew Greene, "Home Affairs Secretary Mike Pezzullo Warns 'Drums of War' Are Beating in a Message to Staff," ABC News (Australia), April 26, 2021; and Olivia Ireland and James Massola, "Home Affairs Secretary Michael Pezzullo Sacked," *Sydney Morning Herald*, November 27, 2023.

8 Hamish McDonald, "China, Spies and the PM's New Fight," *Saturday Paper*, June 2, 2018.

9 Duncan Lewis, "Australian Security Intelligence Organisation," testimony before the Senate Legal and Constitutional Affairs Legislation Committee (Australia), Canberra, May 25, 2017.

public comments that he was "surprised, quite frankly, at the extent of the Chinese government involvement in Australian politics."[10] These warnings from officials were given greater color by a torrent of reporting, often citing anonymous security sources, that alleged specific instances of covert interference by Beijing in Australian domestic politics and other institutions, such as universities, as well as claiming security risks associated with Chinese investments. In several cases there was clear evidence that classified information was being leaked.[11] The more fevered national discussion spurred policy responses by the government, such as the introduction of new foreign interference laws at the end of 2018 and increased resources for security agencies.

The start of 2017 also saw the arrival of the first Trump administration, heightening decades-long fears within Australia's foreign policy and national security establishment that the United States might take an isolationist turn.[12] Local anxieties were further spiked by accusations that Australia had been slacking in its commitment to its much larger alliance partner. In early 2017, one former senior Obama administration official offered the barbed remark that "Australia is a great ally of the U.S. everywhere in the world, except in Asia."[13] Confronting and challenging Chinese power came to be seen in Canberra not only as necessary for protecting Australian sovereignty directly, such as by countering foreign interference, but also as an exercise in "alliance maintenance."[14] That is, as the United States converged on "strategic competition" as the principal framing for its relations with China, there was a belief among the "securitizing coalition" that "calling out" and "pushing back" against Beijing's strategic ambitions could help to earn the United States' ongoing commitment to its security treaty

10 Paul Kelly, "U.S. Alarm at China's Sway through Donations," *Australian*, September 14, 2016.

11 Nick McKenzie, "Australia's Spy Agency Raids the Home of Politician Target by China," *60 Minutes Australia*, June 28, 2020; and John Ferguson, "Assassin Federal Labor MP Anthony Byrne Used Media Pals to 'Destroy' Rivals," *Australian*, June 18, 2020.

12 Allan Gyngell, *Fear of Abandonment: Australia in the World Since 1942* (Melbourne: La Trobe University Press, 2017); and Henry Belot and Francis Keany, "Trump Election has 'Serious Ramifications' for Australian Security Interests," ABC News (Australia), November 10, 2016 ~ https://www.abc.net.au/news/2016-11-10/trump-election-has-serious-ramifications-for-australian-security/8011520.

13 Quoted in James Curran, "Foreign Policy White Paper Sees a New Asia but Pleads for the Old," Lowy Institute, Interpreter, November 27, 2017 ~ https://www.lowyinstitute.org/the-interpreter/foreign-policy-white-paper-sees-new-asia-pleads-old.

14 James Curran, "Continental Gift: Trump and Australia's Place in the World," *Australian Foreign Affairs*, no. 23 (2025): 6–25.

with Australia and its broader regional presence.[15] In one extraordinary example in March 2017, Foreign Minister Julie Bishop delivered a speech in Singapore asserting that China could not be trusted to resolve its disagreements in accordance with international law and rules because it was not a democracy. She also remarked that it would be unable to reach its economic potential for the same reason.[16] Despite being located at the bottom edge of Southeast Asia, Australian diplomats "crisscrossed Europe connecting China critics in smaller nations with counterparts elsewhere" in efforts that "buttressed similar ones by Washington."[17] Senior Australian ministers and officials went "out in front," not only of other U.S. allies and partners in the region but even of the first Trump administration, in airing the prospect of war with China and on policies such as banning Chinese technology companies from participating in the country's 5G telecommunications rollout.[18]

By the end of 2019, former Australian ambassador to China, Geoff Raby judged that the relationship between Canberra and Beijing had slumped to its "lowest ebb" since diplomatic ties were struck in 1972.[19] In 2020, it plumbed even lower depths when the Coalition government, now led by Scott Morrison, overtly aligned itself with the Trump administration to launch what Beijing regarded as a political attack over the Covid-19 pandemic.[20] Beijing responded by both cutting off all senior political dialogue with Canberra and unleashing a campaign of economic punishment that disrupted the access of around a dozen Australian goods to the Chinese market, worth a combined $A20 billion.

Yet even during this period that prioritized the strategic objective of confronting and challenging Chinese power, the Australian government's commitment was far from absolute. Cognizance of the benefits of economic

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15 Suich, "How Australia Got Badly Out in Front on China;" Suich, "China Confrontation;" and Suich, "U.S.-Australia Alliance."

16 Julie Bishop, "Change and Uncertainty in the Indo-Pacific: Strategic Challenges and Opportunities," Minister for Foreign Affairs the Hon Julie Bishop MP, March 13, 2017 ~ https://www.foreignminister.gov.au/minister/julie-bishop/speech/change-and-uncertainty-indo-pacific-strategic-challenges-and-opportunities.

17 Drew Hinshaw, Sha Hua, and Laurence Norman, "Pushback on Xi's Vision for China Spreads Beyond U.S.," *Wall Street Journal*, December 28, 2020.

18 Suich, "How Australia Got Badly Out in Front on China;" Suich, "China Confrontation;" and Suich, "U.S.-Australia Alliance."

19 Geoff Raby, "The Lowest Ebb: The Fall and Fall of Australia's Relationship with China," La Trobe University, Annual China Oration, October 29, 2019.

20 Weihuan Zhou and James Laurenceson, "Demystifying Australia-China Trade Tensions," *Journal of World Trade* 56, no. 1 (2022): 51–86; and James Laurenceson and Shiro Armstrong, "Learning the Right Policy Lessons from Beijing's Campaign of Trade Disruption Against Australia," *Australian Journal of International Affairs* 77, no. 3 (2023): 258–75.

complementarities remained, as did doubts around U.S. reliability. Canberra rebuffed requests from Washington to undertake freedom of navigation patrols within twelve nautical miles of Chinese-claimed features in the South China Sea. Prime Minister Turnbull later explained:

> If the Americans backed us in, then the Chinese would back off. But if Washington hesitated or, for whatever reasons, decided not to or was unable immediately to intervene, then China would have achieved an enormous propaganda win, exposing the USA as a paper tiger not to be relied on by its allies.

Australian intelligence agencies would also have no doubt been aware that, despite the enormous growth in China's military capability, there had been no substantial change in U.S. troop numbers and equipment levels in Asia since the end of the Cold War, even after the announcement of a "pivot to Asia" by the Obama administration in 2011.[21]

Another illustration of Australia's unwillingness to fully embrace Washington's framing of China took place during a joint press conference in the Oval Office in September 2019. President Donald Trump described China as a "threat to the world" and invited Prime Minister Morrison to express his "very strong opinions on China." Morrison responded, "We work well with China…we have a great relationship with China. China's growth has been great for Australia."[22] More than a year later, during a visit to Japan and with Beijing's campaign of trade punishment in full flight, Morrison further declared: "Both Japan and Australia agree and always have, that the economic success of China is a good thing for Australia and Japan. Now not all countries have that view, and some countries are in strategic competition with China. Australia is not one of those."[23] In March 2022, just weeks after warning that an "arc of autocracy" that included China was undermining the rules-based order upon which Australia relied to protect its interests, Morrison continued nonetheless to tout the benefits of the economic relationship: "The ongoing engagement between private industry and business with markets like China is very important and I will continue to encourage that, but obviously the political and diplomatic situation is

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21 Sam Roggeveen, "The New Asian Order," Inside Story, August 23, 2024 ~ https://insidestory.org.au/the-new-asian-order.

22 Scott Morrison, "Bilateral Meeting with the President of the United States of America," Department of the Prime Minister and Cabinet (Australia), PM Transcripts, September 20, 2019 ~ https://pmtranscripts.pmc.gov.au/release/transcript-42426.

23 Scott Morrison, "Doorstop Interview—Tokyo, Japan," Department of the Prime Minister and Cabinet (Australia), PM Transcripts, November 18, 2020 ~ https://pmtranscripts.pmc.gov.au/release/transcript-43136.

very, very different."[24] The government also went on record to state that it did "not approve or support" unilateral U.S. trade actions against China being pursued outside of World Trade Organization processes.[25]

During this period Australia was handed further reality checks on U.S. reliability in the economic domain. First, Canberra was not consulted when the first Trump administration struck a "Phase 1" trade deal with China in January 2020. When the U.S. ambassador in Canberra was asked in the lead up to the deal whether demanding that China grant preferential access to U.S. goods might see Australia's trade interests harmed, the response was far from reassuring: "I am hopeful that the concerns and the interests of the Australians are being taken into consideration. But ultimately it's a…decision by my people in Washington, so let's keep our fingers crossed."[26] Second, after Beijing began its campaign of trade punishment, Washington extended enthusiastic rhetorical support. The immediate reaction of Australia's trade minister at the time, Dan Tehan, was to contend that "all Australians should be reassured by the fact that the Americans have come out and said that they've got our back."[27] Yet trade data soon revealed that it was U.S. companies that were snapping up the largest proportion of lost Australian sales in China. Nor did the United States emerge as a larger market for the Australian goods that Beijing had struck.[28] Industrial policies during the Biden administration, such as the Inflation Reduction Act, also proved more suited to incentivizing the "onshoring" of supply chains rather than "friend-shoring" them with countries like Australia.[29]

Stabilization: Managing Chinese Power, May 2022–April 2025

By 2021 there were warnings from official sources that the "China threat" narrative the securitizing coalition had orchestrated had run too far.

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24 Scott Morrison, "Q&A, Chamber of Commerce and Industry WA," Department of the Prime Minister and Cabinet (Australia), PM Transcripts, March 16, 2022 ~ https://pmtranscripts.pmc.gov.au/release/transcript-43862.

25 Simon Birmingham, "Interview on RN Breakfast with Fran Kelly," Simon Birmingham, November 6, 2018 ~ https://www.senatorbirmingham.com.au/interview-on-rn-breakfast-with-fran-kelly-2.

26 Stephen Dziedzic, "China's 'Payday Loans' Attacked by Arthur B Culvahouse Jr, New U.S. Diplomat to Australia," ABC News (Australia), March 14, 2019 ~ https://www.abc.net.au/news/2019-03-14/china-accused-payday-loans-pacific-us-ambassador-australia/10896280.

27 Nour Haydar, "The U.S. Has 'Got Our Back' on Chinese Diplomatic Disputes, Says Australian Trade Minister Dan Tehan," ABC News (Australia), March 20, 2021 ~ https://www.abc.net.au/news/2021-03-20/us-has-our-back-says-trade-minister-dan-tehan-on-china-relations/100019392.

28 Laurenceson and Armstrong, "Learning the Right Policy Lessons," 258–75.

29 James Laurenceson, "Ambiguous Alignment: Australia Navigating U.S.-China Rivalry in the Post-AUKUS Era," *China International Strategy Review* 7 (2025): 16–30.

Duncan Lewis, the recently retired ASIO director-general, warned that while he was proud about "bringing to the Australian community's consciousness the issues of foreign interference," there had been "an over-egging of some of the claims." He said it was "very easy" for a sensible discussion to "slip off the rails" and for erroneous assertions to start flying that there were "spies under every bed."[30] Australia's Chinese diaspora communities had borne the brunt of the exaggeration.[31] Similarly, in February 2022, Mike Burgess, the current ASIO head, noted it was important to put foreign interference "in context," explaining: "While attempts to interfere in our democratic processes are common, successful interference is not. Our democracy remains robust, our parliaments remain sovereign."[32]

In the lead up to the 2022 election, the opposition Labor Party was explicit in accusing the Coalition government of unnecessarily putting Australian prosperity and jobs at risk, as well as threatening social cohesion with Chinese diaspora communities. The alternative Labor presented was two-pronged. On the one hand, in an effort to ease tensions with Beijing, greater emphasis would be placed on message discipline and diplomatic tone. On the other hand, in recognition that Chinese power was genuinely threatening some Australian interests, and also a domestic political calculus that it did not wish to be wedged on national security, Labor proposed no major policy shifts. Chinese technology companies would remain barred from participating in Australia's 5G telecommunications network, bipartisan support would be extended to the AUKUS technology-sharing partnership with the United Kingdom and United States, and so on.[33] By then it was also clear to Beijing that its trade punishment campaign was proving counterproductive and damaging its own economic interests, as well as cratering public opinion in Australia and harming its global reputation—all without shifting political decision-making in Canberra.

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30 Stephen Dziedzic, "Former ASIO Chief Duncan Lewis Warns Australia Not to 'Inflate' Foreign Interference Threats," ABC News (Australia), July 7, 2021 ~ https://www.abc.net.au/news/2021-07-07/duncan-lewis-asio-downplays-foreign-interference/100275304.

31 Danielle Li, Jason Fang, and Michael Li, "Chinese Australians Still Encounter Racism and Questions of Loyalty from Both Countries," ABC News (Australia), March 20, 2022 ~ https://www.abc.net.au/news/2022-03-20/mavis-yen-book-chinese-australians-face-discrimination/100816246.

32 Australian Security Intelligence Organisation, "Annual Threat Assessment 2022—Director-General of Security," February 9, 2022, available at https://www.youtube.com/watch?v=IL2xZhN1vnM.

33 Penny Wong, "Expanding Australia's Power and Influence: Speech to the National Security College," Penny Wong Labor Senator for South Australia, November 23, 2021 ~ https://www.pennywong.com.au/media-hub/speeches/expanding-australia-s-power-and-influence-speech-to-the-national-security-college-australian-national-university-canberra-23-11-2021; and Elena Collinson, "The China Consensus: A Pre-election Survey of Coalition Government and Australian Labor Party Policy on the People's Republic of China," Australia-China Relations Institute, University of Technology Sydney, March 14, 2022.

Combined with the arrival in January 2022 of a new Chinese ambassador speaking in positive terms about the outlook for the relationship, the stage was set for a postelection course change.

Labor's election win in May 2022 confirmed that the Coalition's political calculus around amplifying the "China threat" narrative had in fact backfired. Polling showed that while the public had concerns about China, the benefits of the economic relationship were also widely understood. Three in five respondents agreed that Australia should build stronger ties with China, compared with fewer than one in five who disagreed with that proposition.[34] At least four federal seats with large Chinese-Australian communities also flipped from the Coalition to Labor or independent candidates.[35] Upon establishment of the new government, Foreign Minister Penny Wong quickly settled on describing the goal as being to stabilize relations with China.[36] This was a goal that Beijing could live with, but it also had the effect of blunting opposition criticism that the new Labor government was excessively enthusiastic about mending ties with a government that had subjected Australia to economic coercion. Beijing consented to restarting senior political dialogue almost immediately and then began removing its disruptive trade measures, albeit the last of these were not eliminated until December 2024. Nonetheless, by the middle of 2023, polling showed that the Albanese Labor government had opened a large lead over the opposition as the party "best placed" to manage China policy.[37]

The exuberance around confronting and challenging Chinese power that had characterized the preceding years moderated. In part, this reflected Canberra's recognition that the era of U.S. strategic primacy was over. In April 2023, Wong pointedly observed that while the United States remained an "indispensable" Australian partner, "the nature of that indispensability has changed."[38] Nowadays, the United States "is central to balancing a

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34 Elena Collinson and Paul Burke, "UTS: ACRI/BIDA Poll 2024—the Australia-China Relationship: What Do Australians Think?" University of Technology Sydney, June 2024 ~ https://www.uts.edu.au/globalassets/sites/default/files/2024-06/20240612-utsacri-bida-poll-2024---australian-views-on-the-australia-china-relationship_elena-collinson-and-paul-burke_0.pdf.

35 Matthew Knott and Paul Sakkal, "Chinese-Australian Voters Punished Coalition for Hostile Rhetoric," *Sydney Morning Herald*, May 25, 2022.

36 "Australia Seeks Stable Ties with 'Great Power' China, Minister Says," Reuters, September 23, 2022 ~ https://www.reuters.com/world/china/australia-seeks-stable-ties-with-great-power-china-minister-says-2022-09-23.

37 Collinson and Burke, "UTS: ACRI/BIDA Poll 2024."

38 Penny Wong, "National Press Club Address, Australian Interests in a Regional Balance of Power," Minister for Foreign Affairs the Hon Penny Wong, April 17, 2023 ~ https://www.foreignminister.gov.au/minister/penny-wong/speech/national-press-club-address-australian-interests-regional-balance-power.

multipolar region." Similarly, the Defence Strategic Review commissioned by the Australian government in 2023 stated matter-of-factly, "Our alliance partner, the United States, is no longer the unipolar leader" of the region.[39] The government also took a largely unsentimental view of Beijing's behavior, with Wong remarking that she expected "China will do what great powers do," which included using "every tool at its disposal to maximise its own resilience and influence."[40] Meanwhile, Australia "need not waste energy with shock or outrage at China seeking to maximise its own advantage."[41]

This is not to suggest that Canberra began acquiescing to Chinese power. Among the neighboring Pacific Islands countries, for example, Wong is frank that Australia is actively engaged in a "state of permanent contest."[42] Nonetheless, instead of imagining that Chinese power can be rolled back, or that there is benefit in confronting and challenging every demonstration of it, greater weight than ever is placed on "calm and professional diplomacy" to manage the inevitable tensions. The government's go-to phrase for its approach to China is that Australia will "cooperate where we can, disagree where we must, and engage in the national interest." Talk of an "arc of autocracies" has also been replaced by more regularly highlighting the pragmatic benefits of engagement. Upon arriving in Shanghai in November 2023 for the first visit by an Australian prime minister in more than seven years, Albanese led his remarks with a recognition that "one in four of Australian jobs depends on exports, and more than one in four of Australia's export dollars are from China. And therefore, this is a critical relationship."[43]

Beyond Stabilization to Growth? May 2025 to the Present

At least since 2023, Beijing has signaled that it wishes to move the relationship "beyond stabilization."[44] This suggestion met with a lukewarm response during the first term of the Albanese government.

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39 Australian Government Defence, *National Defence: Defence Strategic Review* (Canberra, April 2023), 17 ~ https://online.flippingbook.com/view/909943058/i.

40 Penny Wong, "Speech to the Australia-China Business Council Canberra Networking Day," Minister for Foreign Affairs the Hon Penny Wong, September 12, 2024 ~ https://www.foreignminister.gov.au/minister/penny-wong/speech/speech-australia-china-business-council-canberra-networking-day.

41 Wong, "National Press Club Address, Australian Interests in a Regional Balance of Power."

42 Penny Wong, "Interview with David Speers, ABC Insiders," Minister for Foreign Affairs Senator the Hon Penny Wong (Australia), June 16, 2024 ~ https://www.foreignminister.gov.au/minister/penny-wong/transcript/interview-david-speers-abc-insiders-0.

43 Anthony Albanese, "Press Conference," Prime Minister of Australia the Hon Anthony Albanese, November 5, 2023 ~ https://www.pm.gov.au/media/press-conference-3.

44 "Chinese Envoy Eyes New Start of China-Australia Ties," *People's Daily*, October 12, 2023 ~ https://en.people.cn/n3/2023/1012/c90000-20082708.html.

Following Labor's resounding re-election victory in May 2025, however, there are reasons to think that the government's appetite to chart a more ambitious approach to China policy might have increased. As the opposition Coalition once again attempted to elevate a "China threat" narrative in the lead up to the election, polling found that the Albanese government was regarded as "more competent" than the Coalition in handling Australia's foreign policy generally—and better at managing the China relationship specifically.[45] Just one in five respondents saw the relationship with China principally as "a threat to be confronted"; rather, a clear two-thirds majority regarded it as "a complex relationship to be managed."[46] Postelection analysis found that the Coalition bled further federal seats in regions with large Chinese diaspora communities.[47]

The fact that China remains Australia's most important economic partner and perceptions of U.S. reliability under a second Trump administration have slumped inevitably feeds into the government's calculus. Owing to ChAFTA, Australian exports to China now attract an average tariff of just 1%. In contrast, despite the United States having a trade surplus with Australia, Washington has walked away from its own free trade agreement with Canberra that was struck more than two decades ago and now levies a baseline tariff of 10%—a move that Albanese has described as "not the act of a friend."[48] More Australians now say that China is a more reliable trading partner than the United States.[49] When asked in April whether he would support Trump's trade war against China, Albanese replied, "It would be extraordinary if the Australian response was 'thank you' and we will help to further hurt our economy."[50] After the election, Trade Minister Don Farrell observed that compared with the United States, "Chinese trade is almost 10 times more valuable to Australia." He elaborated: "We don't want to do less business with China, we want to do more business with China. We'll make decisions about how we continue

45 Ryan Neelam, "Lowy Institute Poll: 2025 Preview," Lowy Institute, April 16, 2025.

46 "Australia's Relationship with China," Essential Research, March 12, 2024 ~ https://essentialreport.com.au/questions/australias-relationship-with-china-4.

47 Wanning Sun, "Dutton Wanted the Chinese-Australian Vote…and the Anti-China Vote. It Screwed His Candidates," Crikey, May 5, 2025 ~ https://www.crikey.com.au/2025/05/05/peter-dutton-coalition-chinese-australian-vote-2025-election.

48 Anthony Albanese, "Statement on USA Tariffs," Labor, April 3, 2025 ~ https://www.alp.org.au/news/statement-on-usa-tariffs.

49 "Mood of the Nation Federal Election Edition," SEC Newgate, April 2025.

50 Paul Kelly and Dennis Shanahan, "Election 2025: Anthony Albanese's Red Button Diplomacy on Defence Spending, Donald Trump and Russia," *Australian*, April 25, 2025.

to engage with China based on our national interests and not on what the Americans may or may not want."[51]

In July 2025, Albanese embarked on an unusually long six-day, three-city visit to China. In Washington the frame of "engagement" with China is seen as naïve and discredited. In contrast, when Albanese was asked in Beijing whether for his government "the premise is engagement," he replied: "Our engagement is constructive. It's not just about trade. It's about people-to-people links, it's about a range of engagement in our region and we'll continue to do that."[52] The joint statement of outcomes produced by the two sides included an agreement "to grow the bilateral relationship" and "to continue or expand engagement" across multiple areas.[53] Yet, while it might now seem that the strategic objective of reaping the benefits of economic complementarities is once again being elevated, Canberra's other objective of limiting China's ability to use its expanding power to potentially harm Australian interests will inevitably continue to serve as a check on any such inclinations. ◈

51 Andrew Tillet and Ronald Mizen, "Australia Won't Join Trump Trade War on China," *Australian Financial Review*, May 15, 2025 ~ https://www.afr.com/politics/federal/australia-won-t-join-trump-trade-war-on-china-20250515-p5lzhg.

52 Anthony Albanese, "Press Conference—Great Wall of China," Prime Minister of Australia the Hon Anthony Albanese, July 16, 2025 ~ https://www.pm.gov.au/media/press-conference-great-wall-china.

53 "Statement on Joint Outcomes of the China-Australia Annual Leaders' Meeting," Prime Minister of Australia the Hon Anthony Albanese MP, Media Statement, July 15, 2025 ~ https://www.pm.gov.au/media/statement-joint-outcomes-china-australia-annual-leaders-meeting-15-july-2025.

Australia's Strategic Priorities and Challenges with Southeast Asia

Susannah Patton

Going into the 2022 election, improving relations with Southeast Asia was at the top of the foreign policy to-do list for the Australian Labor Party, led by now prime minister Anthony Albanese. While the outgoing Liberal-National coalition government had notched up some achievements in its engagement with the region, there was also a sense of drift. The Pacific Step Up policy had focused on boosting ties with one of Australia's two near regions, but Southeast Asia had not received the same level of diplomatic focus. Among the Labor Party's pledges were appointing a special envoy for Southeast Asia, providing A$470 million in new aid to the region, and creating an office for Southeast Asia within the Department of Foreign Affairs and Trade.[1] For the most part, the Albanese government has followed through on its commitment to strengthen ties with Southeast Asia through more active diplomatic outreach, an economic strategy to boost two-way trade and investment, and a more nuanced approach to managing sensitive issues in Australia's relations with the region, especially China-related issues and Middle East policy.

During the new term of government beginning in 2025, it is likely that the Albanese government will maintain Southeast Asia, along with the Pacific Islands, as a region of high priority. Albanese's July 2025 John Curtin Oration articulated what he called Labor's "constructive and creative role" and gave high billing to efforts to intensify economic engagement with Southeast Asia and deepen security cooperation with Indonesia.[2] While other global relationships may fluctuate according to events, the central importance of Southeast Asia within this distinctively Labor worldview suggests that engagement with this region, especially Indonesia, will remain high on Australia's agenda for the next three years.

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1 Anthony Galloway and Peter Hartcher, "Albanese to Take South-East Asia Package to Quad Meeting If Labor Elected," *Sydney Morning Herald*, May 17, 2022 ~ https://www.smh.com.au/politics/federal/albanese-to-take-south-east-asia-package-to-quad-meeting-if-elected-20220516-p5alst.html.

2 Anthony Albanese, "John Curtin Oration" (speech, Sydney, July 5, 2025) ~ https://www.pm.gov.au/media/john-curtin-oration.

This essay analyzes the achievements of the Albanese government in its relations with Southeast Asia. It also assesses the continued challenges Australia faces both in deepening economic relations with the region and in continuing to balance regional ties with the U.S. alliance, especially given a less predictable and more demanding administration in Washington.

Economics, Diplomacy, and People-to-People Ties

Consistent high-level diplomatic outreach with Southeast Asian countries has been the centerpiece of the Albanese government's efforts to strengthen ties with the region. Within her first year in office, Foreign Minister Penny Wong visited every Southeast Asian country except Myanmar.[3] Indonesia was the destination for Albanese's first bilateral visit after his 2022 election and the first destination of his second term of office in May 2025.[4] Albanese also hosted all the leaders of the Association of Southeast Asian Nations (ASEAN) leaders bar Myanmar in Melbourne for a commemorative summit in March 2024, which focused on economic, maritime, and climate cooperation.[5] Albanese's diplomatic record has not been perfect, however: in a break from recent historical precedent, he skipped the 2024 inauguration of Indonesian president Prabowo Subianto.[6]

The centerpiece of the Albanese government's Southeast Asia policy in his first term of government was "Invested: Australia's Southeast Asia Economic Strategy to 2040." This strategy, developed by a prominent Australian investment banker, aimed to lift the level of Australian trade and investment with Southeast Asia. Australia's trade relationships with the region are generally healthy: five of its top-fifteen trading partners are in Southeast Asia,[7] and ASEAN, if taken as a collective, is Australia's

3 "Visit to Laos and the Philippines," Minister for Foreign Affairs Senator the Hon Penny Wong (Australia), Media Release, May 14, 2023 ~ https://www.foreignminister.gov.au/minister/penny-wong/media-release/visit-laos-and-philippines.

4 "Visit to Indonesia, the Holy See and Singapore," Prime Minister of Australia the Hon Anthony Albanese MP, Media Release, May 14, 2025 ~ https://www.pm.gov.au/media/visit-indonesia-holy-see-and-singapore.

5 Vu Lam, "Outcomes of the 2024 ASEAN-Australia Special Summit," Parliament of Australia, Research Paper, April 2, 2024 ~ https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/Research/Research_Papers/2023-24/Outcomes2024ASEANSummit.

6 Susannah Patton, "The Cost of Albanese Skipping Prabowo's Inauguration," Lowy Institute, Interpreter, November 11, 2024 ~ https://www.lowyinstitute.org/the-interpreter/cost-albanese-skipping-prabowo-s-inauguration.

7 Department of Foreign Affairs and Trade (Australia), "Australia's Trade in Goods and Services by Top 15 Partners 2023–24," September 2024 ~ https://www.dfat.gov.au/sites/default/files/australias-goods-services-by-top-15-partners-2023-24.pdf.

second-largest trading partner. But Australian businesses have been reluctant to invest in Southeast Asia. Just 0.8% of Australia's total investment stock abroad went to Southeast Asia outside Singapore, and Australia's investment has not kept pace with that of other investors, such as Canada.[8]

Sound reasons underpinned the Albanese government's decision to focus on economic engagement. It reflects the priority attached to investment and economic engagement by the Southeast Asian countries themselves, who seek a diversity of high-quality partners to support their national development agendas. Wong has also argued that economic engagement "helps build alignment," because it reassures the region that Australia has a shared interest in its success and prosperity.[9] Australia is likely conscious that the lack of a compelling economic narrative has hampered the U.S. presence in Southeast Asia and wants to avoid the perception that its own engagement is similarly too heavily focused on defense and security cooperation.[10]

Still, real questions remain about whether the economic strategy will be successful in achieving its aims. Australian businesses operate independently from government, and many of the long-term factors that have dampened their interest in Southeast Asia remain in place. Large businesses tend to be publicly listed, and shareholders have generally not rewarded those that have made more adventurous investments in Southeast Asia. These same companies have also been able to make steady profits at home in Australia, again limiting their incentives to invest in Southeast Asia.[11] Institutional investors, especially Australia's superannuation (pension) funds, have complex fiduciary and due diligence obligations, which have made investment in emerging markets like Indonesia a poor fit.[12] There are many examples of Australian small and medium-sized enterprises successfully investing in Southeast Asia, but

8 Department of Foreign Affairs and Trade (Australia), "Invested: Australia's Southeast Asia Economic Strategy to 2040," September 1, 2023 ~ https://www.dfat.gov.au/southeastasiaeconomicstrategy.

9 Penny Wong, "Speech to the Asia Summit," Minister for Foreign Affairs Senator the Hon Penny Wong, September 3, 2024 ~ https://www.foreignminister.gov.au/minister/penny-wong/speech/speech-asia-summit.

10 Richard McGregor, "Australia Must Come to the Southeast Asia Investment Table," Lowy Institute, February 20, 2023 ~ https://www.lowyinstitute.org/publications/australia-must-come-south-east-asia-investment-table.

11 Alexander Downer, "Australia's Under-Investment in ASEAN Is about Them, Not Us," *Australian Financial Review*, March 10, 2024 ~ https://www.afr.com/policy/foreign-affairs/australia-s-under-investment-in-asean-is-about-them-not-us-20240310-p5fb5u.

12 Emma Connors, "Why Australia's Top Super Funds Are Jakarta-Bound," *Australian Financial Review*, August 19, 2022 ~ https://www.afr.com/world/asia/why-australia-s-top-super-funds-are-jakarta-bound-20220818-p5bb1t.

without Australia's corporate heavyweights, the total level of investment will remain unimpressive.

Recognizing the complexity of these challenges, Australia's economic strategy is deliberately long-term and has brought new resources to bear. These include additional diplomatic staffing in Australian diplomatic missions throughout the region and the establishment of an A$2 billion investment finance facility that aims to support business engagement, especially in relation to the clean energy transition and infrastructure. To its credit, the government has also sought to demonstrate implementation through an update report published in 2024.[13] Anecdotally, the strategy has strong awareness among Southeast Asian officials, who are generally positive about the strategy's seriousness of purpose.[14] However, success stories are still lacking, and many Australian businesses and experts that have witnessed the failure of previous efforts to drive investment to Southeast Asia express skepticism about the strategy's likely effect.

A related set of challenges is Australia's perennial struggle to develop its own "Asia literacy." The economic strategy identifies the need for Australia to develop greater awareness of opportunities in Asia and understanding about the cultural and business environment in Southeast Asia at all levels, including in schools, universities, governments, and corporate boardrooms. Yet this problem is a "chicken and egg" situation: students have few incentives to study Asian languages or develop expertise in Southeast Asia if they judge that these skills will not be valued by employers. And indeed, there is evidence that students who have participated in study programs in Asia feel that this experience is not fully valued or appreciated by employers on their return to Australia.[15]

It is notable that the Albanese government has not advanced a signature policy to address the issue of Asia literacy. Apart from budgetary constraints, one factor here may be that the government sees the Southeast Asian diaspora in Australia as playing a more important role in fostering connections back to the region. Foreign Minister Wong herself was born in Sabah to a Malaysian father who studied in Australia under the

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13 Department of Foreign Affairs and Trade (Australia), "Advancing Implementation," October 2024 ~ https://www.dfat.gov.au/sites/default/files/advancing-implementation-invested-southeast-asia-economic-strategy-2040.pdf.

14 Discussions with visiting Southeast Asian officials, Sydney, March 2025.

15 Ly Tran, Huyen Bui, and Diep Nguyen, "Australian Student Mobility to the Indo-Pacific Region through the New Colombo Plan: Summary of Key Findings," Australian Research Council, Deakin University, and Research for Educational Impact, New Colombo Plan, 2019 ~ https://ncpproject.org/publications.

original Colombo Plan, which brought students from across Asia to study in Australia. Indeed, Australia does not lack for speakers of Vietnamese or Filipino/Tagalog. According to the most recent census, communities speaking these languages number around 321,000 and 220,000, respectively.[16] The economic strategy identifies diaspora communities as an asset in boosting engagement with Southeast Asia. Perhaps, the thinking goes, Australia could take better advantage of the Asia literacy it already has, rather than focusing on building skills from scratch.

One important exception to this picture of language and literacy is Indonesia, despite that country's strategic and geographic importance to Australia. The Indonesian diaspora in Australia is very small (less than 100,000), and the study of the Indonesian language in Australia has declined steadily with the closure of programs in both schools and universities.[17] The number of students taking Indonesian during their final year of schooling in Australia has slumped since the early 2000s.[18] And despite efforts through programs such as the New Colombo Plan—a scholarship scheme to boost the number of Australian undergraduates studying in Asia—the number of students spending a semester or more in Indonesia has remained relatively static.[19]

One special case in Australia's Southeast Asian relationships, Timor-Leste, deserves particular attention, as it does not fit the general patterns described elsewhere in this essay. Australian support helped bring about independence for Timor-Leste in 2002. But there remains extensive historical baggage between the two countries, with Australia's earlier support for Indonesia's sovereignty over Timor still rankling in some quarters (even while Timor-Leste today enjoys strong relations with former occupier Indonesia). The view of Australia as a larger, wealthier neighbor that has not been sufficiently generous to Timor-Leste plays into ongoing commercial negotiations over the development of the Greater Sunrise gas

16 Australian Bureau of Statistics, "Snapshot of Australia," August 10, 2021 ~ https://www.abs.gov.au/statistics/people/people-and-communities/snapshot-australia/latest-release.

17 Max Walden and Lily Kristanto, "Scotch College to Become Latest School to Phase Out Indonesian Studies," ABC News (Australia), October 4, 2024 ~ https://www.abc.net.au/news/2024-10-04/scotch-college-bahasa-indonesia-language-learning-decline/104355632; and "Media Release—UTAS Proposal to Scrap Indonesian Language Teaching Raises National Alarm," ACICIS, May 19, 2025 ~ https://alumni.acicis.edu.au/news/2649863.

18 Howard Manns et al., "The Number of Australian Students Learning Indonesian Keeps Dropping. How Do We Fix This Worrying Decline?" Conversation, October 31, 2023 ~ https://theconversation.com/the-number-of-australian-students-learning-indonesian-keeps-dropping-how-do-we-fix-this-worrying-decline-216348.

19 "Annual Report 2023," ACICIS, 31 ~ https://www.acicis.edu.au/wp-content/uploads/2024/10/ACICISAnnualReport2023.pdf.

field, an essential economic resource that will have a vital impact on Dili's long-term economic outlook. Timorese leaders insist that the resources must be developed onshore, while commercial assessments suggest that this is not economically viable and that a more practical approach would involve piping the gas to be processed in Australia. This impasse has proved a stumbling block in Canberra's bilateral relationship with Dili, and at the time of writing, it remains unclear how the two countries will seek to bridge their differences.

Strategic and Defense Issues

The Albanese government had a solid track record of deepening defense and security cooperation with Southeast Asian countries over its first term in government, and it looks likely to continue this effort in the next three years. The most significant achievement was a treaty-level defense cooperation agreement with Indonesia, which, among other actions, will help facilitate the entry and exit of personnel between the two countries, making it easier to train and exercise together. While the agreement falls short of a bilateral security treaty (it does not contain a mutual security guarantee), it reflects the growing trust and cooperation between the armed forces of both countries.

Australia's defense cooperation with other countries has also grown, particularly the Philippines. Australia has been keen to support Philippine resilience to China's coercion in the South China Sea, both through a stepped up program of bilateral engagement on maritime issues and quadrilaterally with Japan and the United States through a regular series of maritime cooperative activities in the Philippines' exclusive economic zone.[20] Additionally, in 2024 the Vietnamese People's Navy deployed a vessel to a multilateral exercise in Australia, the first time for such a deployment to any Western country.[21]

One complicating factor at times for Australia's strategic relationships in Southeast Asia has been its perceived closeness to its ally the United States. This is not a new issue, and since 1946, Australia's neighborhood relations have existed alongside its U.S. alliance. The same is true for several of

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20 "Australia, the Philippines and the United States Conduct Maritime Cooperative Activity," Department of Defence (Australia), Media Release, April 30, 2025 ~ https://www.defence.gov.au/news-events/releases/2025-04-30/australia-philippines-united-states-conduct-maritime-cooperative-activity.

21 Ngoc Hung, "Ship 18's Visit to Australia to Strengthen Bilateral Defense Ties," interview with Mick Jansen, People's Army Newspaper, August 24, 2024 ~ https://en.qdnd.vn/military/intl-relations-and-cooperation/ship-18-s-visit-to-australia-to-strengthen-bilateral-defense-ties-569218.

Southeast Asia's other important partners, such as Japan, which successfully maintains an autonomous and multidimensional role in Southeast Asia alongside its important security ties with the United States.

But for Australia, historically seen as an Anglo-Saxon country, perceived policy proximity to the United States has at times posed challenges for its relationships with Southeast Asia, sometimes called the "deputy sheriff problem" after Prime Minister John Howard in 1999 acquiesced to an interviewer's suggestion that this identity characterized Australia's role in Asia. The label stuck through the partnership between John Howard and George W. Bush during the post–September 11 war on terrorism and military interventions in Afghanistan and Iraq. By the end of his term in office, Howard had cultivated strong relationships with diplomatic partners in Asia—for example, beginning a diplomatic tradition of attending the inauguration of Indonesian presidents and signing ASEAN's Treaty of Amity and Cooperation, which enabled Australia to join the East Asia Summit. Even so, the deputy sheriff label stuck.

The Albanese government has quietly worked to defeat the deputy sheriff problem since 2022. One example is that it has successfully distinguished its approach on Middle East issues from that of Washington. By contrast, Indonesia and Malaysia reacted negatively to the Morrison government's announcement in 2018, following a decision by the first Trump administration to relocate the U.S. embassy, that Australia would recognize "West Jerusalem" as Israel's capital.[22] Regional surveys have shown that U.S. support for Israel in its war on Hamas since October 7, 2023, has had a sharp impact on support for the United States in Southeast Asia's Muslim-majority countries.[23] Yet, despite Australia's status as a close U.S.-ally and traditional supporter of Israel, the same criticisms have not been leveled at it from within Southeast Asia. Australia and ASEAN were able to agree on extensive language on the Gaza conflict in the joint statement issued at the 2024 ASEAN-Australia Special Summit in Melbourne.[24] This suggests a level of awareness in the region that Australia's post–October 7 voting record in the United Nations has aimed to strike a middle ground and has not always aligned with that of the United States.

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22 James Massola and Karuni Rompies, "Malaysian Government Slams Australia's West Jerusalem Decision," *Sydney Morning Herald*, December 16, 2018 ~ https://www.smh.com.au/world/asia/malaysian-government-slams-australia-s-west-jerusalem-decision-20181216-p50mko.html.

23 Sharon Seah et al., "The State of Southeast Asia: 2024," ISEAS–Yusof Ishak Institute, April 2, 2024 ~ https://www.iseas.edu.sg/wp-content/uploads/2024/03/The-State-of-SEA-2024.pdf.

24 Anthony Albanese, "The Melbourne Declaration: A Partnership for the Future," Prime Minister of Australia, March 6, 2024 ~ https://www.pm.gov.au/media/melbourne-declaration-partnership-future.

Today, the deputy sheriff problem manifests most acutely in the context of Australia's close strategic alignment with the United States in relation to China. Over recent years, Australian strategic policy has at times elicited concern in Southeast Asia, particularly Indonesia and Malaysia. For example, after Australia and the United States announced the presence of the U.S. Marine Rotational Force in Darwin in 2011, Indonesian foreign minister Marty Natalegawa expressed concern about the deployment adding to mistrust or misunderstanding in the region.[25] And ten years later, the 2021 announcement of the AUKUS nuclear technology–sharing partnership between Australia, the United Kingdom, and the United States attracted strong criticism in Indonesia and Malaysia as well as a more mixed reception elsewhere in the region.[26]

Since the AUKUS announcement in 2021, Australia has put much effort into developing more mature strategic dialogues with Southeast Asia—for example, by establishing new institutionalized dialogue mechanisms and pre-briefing programs before defense announcements. Australian officials understand that such dialogues will not fully resolve divergences in worldviews but hope that more dialogue can help avoid surprises and reassure regional countries about the goals of Australian policy.

It is possible that the delicate balancing act between Australia's U.S. alliance and its regional relationships may become more challenging with the Trump administration proving a less predictable and more demanding alliance partner. For example, the Trump administration might conceivably demand Australian support for policies that would be unpopular in Southeast Asia. But it is perhaps more likely that the reverse will be true, and that cooler political relations between Australia and the United States will be a driving factor in Australia continuing to invest more of its energy in relations with Southeast Asia.

Conclusion

Alongside engagement with Pacific Islands countries, relations with Southeast Asian countries will remain a top priority for Australia. Faced with unpredictable geopolitical circumstances, the Albanese government is banking on the certainty that geography is immutable and investment

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25 Stephen McDonell and Helen Brown, "China, Indonesia Wary of U.S. Troops in Darwin," ABC News (Australia) November 17, 2011 ~ https://www.abc.net.au/news/2011-11-17/china-indonesia-wary-of-us-troops-in-darwin/3675866.

26 Susannah Patton, "How South-East Asia Views AUKUS," Lowy Institute, February 24, 2024 ~ https://www.lowyinstitute.org/publications/how-south-east-asia-views-aukus.

in neighborhood relationships will never be wasted. Yet persistent gaps between rhetoric and reality on both security and economic cooperation with Southeast Asia mean that it is unlikely these relationships will ever offer a fully formed "plan B" that can compensate for the loss of predictability in relations with both China and the United States. ◈

Australia's Relations with Pacific Island Countries: Contestation and Collaboration

Joanne Wallis and Salote Tagivakatini

The reverberations of escalating strategic competition between China and the United States and its allies (including Australia) and partners are increasingly being felt in the "Pacific" part of the "Indo-Pacific." According to Australian foreign minister Penny Wong, the Australian government perceives that it is in a "permanent state of contest" in the Pacific Islands region.[1] Wong's statement captures the government's anxiety about the potential strategic consequences of China's increasingly visible presence in the region—anxiety that has been growing since 2018 reports that China was in talks to build a military base in Vanuatu. Although these reports were denied by both governments, and no base has eventuated, the government's anxiety was further stoked when Kiribati and Solomon Islands switched diplomatic recognition from Taiwan to China in 2019. China then sought to lease Tulagi Island in Solomon Islands, which was home to a Japanese naval base during World War II, and to upgrade a strategically located airstrip that had hosted military aircraft on Kanton Island in Kiribati during the war. The government's anxiety peaked when Solomon Islands signed a security agreement with China in April 2022. Although the text of the final agreement has never been published, Australian analysts interpreted a leaked draft as a "precursor" to China building a naval base as a "home port" from which the People's Liberation Army Navy could operate.[2] Both governments denied these claims, and although more Chinese police have deployed to Solomon Islands (aided by a 2023 policing agreement), there is no sign of a Chinese military presence.

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1 Penny Wong, "Interview with David Speers, ABC Insiders," interview by David Speers, Minister for Foreign Affairs Senator the Hon Penny Wong (Australia), June 16, 2024 ~ https://www.foreignminister.gov.au/minister/penny-wong/transcript/interview-david-speers-abc-insiders-0.

2 Michael Shoebridge, "Djibouti Shows What Sogavare's Deal with China Really Means," *Australian Strategic Policy Institute, Strategist,* April 11, 2022 ~ https://www.aspistrategist.org.au/djibouti-shows-what-sogavares-deal-with-china-really-means.

In April and May 2022, however, Chinese foreign minister Wang Yi toured seven Pacific Island countries (plus Timor-Leste) seeking regional agreement on a communiqué and five-year economic and security action plan. Although Wang's efforts were unsuccessful, drafts of these documents were leaked and were widely interpreted in Australia as representing China's efforts to deepen cooperation on a range of security and economic matters in ways that might undermine Australia's strategic interests.[3]

China's apparent interest in the region has also concerned Australia's allies and partners. U.S. president Joe Biden hosted Pacific leaders for summits in 2022 and 2023, and at the 2022 summit he announced a raft of new regional policies—although the spending required to implement them was not approved by Congress. French president Emmanuel Macron, Indian president Narendra Modi, British foreign secretary James Cleverly, and Japanese foreign minister Yoshimasa Hayashi have also visited the region since 2022. This visit diplomacy has been accompanied by investment in aid, loans, infrastructure, security cooperation, and soft-power initiatives, all intended to increase partner countries' influence. Pacific Islands Forum leaders were prescient when, in their 2018 Boe Declaration on Regional Security, they described the geopolitics of their region as "crowded and complex."[4]

This essay begins by outlining the Australian government's objectives in the Pacific Islands region, and the regional policies implemented by the previous Liberal-National Coalition government, the Pacific Step-Up, and the current Labor government, the "stronger and more united Pacific family." It then discusses key challenges to the government's policies, before concluding by proposing solutions for how Australia can best advance its interests, and those of Pacific Island countries, in the future.

Objectives

Successive Australian governments have identified that the security of the Pacific Islands region is critical to the country's security. The region lies across some of Australia's crucial air and sea lanes of communication, connecting Australia to its allies and partners—and their markets—in

3 Anna Powles, "Five Things We Learned About China's Ambitions for the Pacific from the Leaked Deal," *Guardian*, May 26, 2022 ~ https://www.theguardian.com/world/2022/may/26/five-things-we-learned-about-chinas-ambitions-for-the-pacific-from-the-leaked-deal.

4 "Boe Declaration on Regional Security," Pacific Islands Forum, September 5, 2018 ~ https://forumsec.org/publications/boe-declaration-regional-security.

North America and Northeast Asia.[5] Japan's advance through the Pacific during World War II haunts Australian strategists. As recognized in the seminal 1987 Defence Review, along with Indonesia, the Pacific Islands region is the "area from or through which a military threat to Australia could most easily be posed."[6] Australia has therefore long sought strategic denial, aiming to restrict real or potential adversaries from pursuing their military objectives in the Pacific. This policy was explicitly reiterated in the 2024 National Defence Strategy, which committed the government to a "strategy of denial" that aims to "deter through denial any potential adversary's attempt to project power against Australia through our northern approaches."[7]

The Pacific Step-Up. Accordingly, since 2018 the government has engaged in a concerted effort to enhance its relationships in the Pacific Islands region and to seek to embed its role as the "security partner of choice" for Pacific Island countries.[8] The Pacific Step-Up policy, adopted by the then Coalition government, included the creation of a A$2 billion Australian Infrastructure Facility for the Pacific (increased to A$4 billion by the Labor government in its 2022–23 budget). It also allocated an additional A$1 billion to Export Finance Australia to support investment. These initiatives were intended to counter Chinese infrastructure lending, which was perceived to be exposing Pacific Island countries to debt-trap diplomacy—the idea that China could utilize its civilian infrastructure projects for military purposes if Pacific Island countries are unable to service their loans.[9] Although the debt-trap diplomacy thesis has largely been debunked,[10] it was—and remains—influential in Australian foreign and strategic policy circles. This investment was accompanied by increased Australian aid to the region: A$1.3 billion in 2018–19, up from A$910 million in 2016–17 (increased to A$2.157 billion in 2025–26 by the

5 Joanne Wallis, *Pacific Power? Australia's Strategy in the Pacific Islands* (Melbourne: Melbourne University Press, 2017).

6 Paul Dibb, *Review of Australia's Defence Capabilities* (Canberra: Australian Government Publishing Service, 1986), 4.

7 Department of Defence (Australia), *2024 National Defence Strategy* (Canberra, 2024), 7.

8 "Australia to Boost Support for Pacific Islands Forum Leaders' Meeting in Solomon Islands," Minister for Foreign Affairs Senator the Hon Penny Wong (Australia), Media Release, June 26, 2025 ~ https://www.foreignminister.gov.au/minister/penny-wong/media-release/australia-boost-support-pacific-islands-forum-leaders-meeting-solomon-islands.

9 Sam Parker and Gabrielle Chefitz, "Debtbook Diplomacy: China's Strategic Leveraging of Its Newfound Economic Influence and the Consequences for U.S. Foreign Policy," Harvard Kennedy School, May 2018.

10 Lee Jones and Shahar Hameiri, "Debunking the Myth of 'Debt-Trap Diplomacy,'" Chatham House, December 14, 2020.

Labor government). Australia has also funded major infrastructure projects, including the Papua New Guinea Electrification Partnership to electrify 70% of Papua New Guinea by 2030 (in cooperation with the United States, New Zealand, and Japan), the Coral Sea Cable System to connect Papua New Guinea and Solomon Islands to Australia via undersea cables, and the redevelopment of the Republic of Fiji Military Forces' Blackrock Camp. The latter two projects were reportedly direct counters to offers by China. In 2021 the government also announced that it would provide US$1.33 billion in finance (out of a US$1.6 billion purchase price) for Australian telecom company Telstra's acquisition of the largest private telecom in the region, Digicel, after China Mobile expressed an interest.

The Pacific Step-Up also had a security pillar, which included the implementation of the A$2 billion Pacific Maritime Security Programme, through which Australia has provided 24 patrol boats to Timor-Leste and fifteen Pacific Island countries since 2018. Pacific Island countries use these vessels to police their extensive exclusive economic zones; protect against illegal, unreported, and unregulated fishing; and, increasingly, to tackle transnational criminal activity, including the trafficking of drugs, people, and wildlife. The Defence Cooperation Program, which has been operating since the 1960s, also provides infrastructure and training support. In 2019 the government created the Australia Pacific Security College in Canberra to strengthen the capacity of Pacific officials and a Pacific Fusion Centre in Vanuatu to promote regional information sharing.

The Coalition government also implemented—with substantially less funding—policies designed to enhance people-to-people relationships between the Pacific Islands and Australia. These policies have included sports partnerships facilitated by PacificAusSports, church partnerships through the Pacific Church Partnerships Program, and education partnerships, as well as measures to enhance existing scholarship schemes such as the Australia Awards. The Coalition government additionally expanded the seasonal worker program that had been introduced by the previous Labor government in 2008, and in 2018 it created the Pacific Labour Scheme, which offered Pacific workers three-year visas to work in low- and semi-skilled occupations in Australia. In April 2022 the government consolidated the two programs into the Pacific Australia Labour Mobility (PALM) scheme. The PALM scheme allows people from nine Pacific Island countries (and Timor-Leste) to work in Australia in a sponsored position for either short-term (seasonal) contracts of up to nine months (although multi-season visas are available, provided that holders return home at the

end of each seasonal contract) or long-term contracts of up to four years. In 2019 the government created the cross-agency Office of the Pacific based in the Department of Foreign Affairs and Trade to coordinate the implementation of the Pacific Step-Up.

"A stronger and more united Pacific family." Since coming to office in May 2022, the Labor government has continued the focus on the region. Indeed, Labor entered the 2022 election campaign with a specific regional policy—"building a stronger and more united Pacific family"—the first time an Australian political party had done so. This change reflected the Pacific's prominence in national debates and media coverage since 2018, which has contributed to increased public awareness of government anxieties about China's presence.[11] The labor mobility schemes have meant that Pacific diaspora numbers have increased in Australia, especially in essential services such as healthcare, social assistance, construction, and manufacturing. Growing numbers of Australians of Pacific heritage actively participate in the country's political, socioeconomic, and cultural life because they see that their lives in Australia and their survival as a people and culture are intricately intertwined.

To demonstrate the Labor government's commitment to focus on the Pacific, Penny Wong, on her fourth day as foreign minister, visited Fiji, where she gave a speech at the region's preeminent political and security multilateral institution, the Pacific Islands Forum. In that speech, Wong emphasized how much her government "value[s] being part of the Pacific family."[12] The government has been assiduous about maintaining the momentum of this "visit diplomacy"; Wong visited all seventeen members of the Pacific Islands Forum in her first year as foreign minister and has since visited many more than once. Prime Minister Anthony Albanese addressed the Papua New Guinea Parliament and has attended annual Pacific Islands Forum leaders' meetings since 2022.

Although it jettisoned the "step-up" label, the Labor government has continued and built on the Coalition's Pacific policies. This has included committing A$400 million for the Pacific Policing Initiative in 2024 to provide additional police training and creating a Pacific Response Group that is intended to provide a regional humanitarian and disaster

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11 Joanne Wallis et al., "Framing China in the Pacific Islands," *Australian Journal of International Affairs* 76, no. 5 (2022): 522–45.

12 Penny Wong, "Speech to the Pacific Islands Forum Secretariat: A New Era in Australian Engagement in the Pacific," Minister for Foreign Affairs Senator the Hon Penny Wong (Australia), May 26, 2022 ~ https://www.foreignminister.gov.au/minister/penny-wong/speech/speech-pacific-islands-forum-secretariat.

relief capability.[13] The Labor government has re-invested in Australian broadcasting in the region and in support to the Pacific media sector (funding had been slashed by the Coalition government). The government additionally committed A$370.8 million in its 2023 budget over four years to "expand and improve" the PALM scheme to "support sustainable growth and improve support for workers in line with Australian and Pacific aspirations."[14] And in response to population pressures and a lack of economic opportunities in several parts of the region, in 2023 the government also created the Pacific Engagement Visa to allocate three thousand permanent migration opportunities to Australia annually via lottery to Pacific Islanders from 2024.

In June 2022 the government announced, along with the governments of New Zealand, the United States, the United Kingdom, and Japan, the Partners in the Blue Pacific Initiative. This informal mechanism is ostensibly intended to "support prosperity, resilience, and security in the Pacific" by improving development assistance coordination.[15]

The Coalition and now Labor governments have also vigorously pursued bilateral security agreements and, latterly, treaties with Pacific Island countries, intended to embed Australia as the region's primary security partner. Australia signed: a security treaty with Solomon Islands in 2017; a *vuvale* (family) partnership with Fiji in 2019 (renewed in October 2023); a comprehensive security and economic partnership with Papua New Guinea in 2020 and a security agreement with the country in 2023 (negotiations are underway on a security treaty); a security agreement with Vanuatu in 2022; an economic- and security-focused memorandum of understanding with Kiribati in 2023; an economic- and security-focused bilateral partnership agreement with Samoa in 2023; the Falepili Union Treaty with Tuvalu in 2023; and the Nauru-Australia Treaty in 2024. These agreements have generated a two-pronged approach of overlapping bilateral and regional programs; many are offered at both the national and regional levels, which has led to a significant increase in the number of Australian diplomats, civil servants, and contractors deployed to posts in the region.

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13 Australia already provides policing support through the Pacific Community for Law Enforcement Cooperation Program led by the Pacific Islands Chiefs of Police grouping and by supporting regional law-enforcement initiatives through the Pacific Police Development Program, among other mechanisms.

14 Australian Government, *Budget 2023–24: Budget Measures, Budget Paper 2* (Canberra, May 2023).

15 Germany, Canada, and South Korea later joined, with the European Union, France, and India as observers. "Joint Statement on the Announcement of the Partners in the Blue Pacific Initiative," Department of Foreign Affairs and Trade (Australia), Media Release, June 25, 2022 ~ https://www.dfat.gov.au/news/media-release/joint-statement-announcement-partners-blue-pacific-initiative.

This move is motivating Pacific governments to increase their own mission staffing in Canberra. Fiji, for example, is posting senior military officers to Australia's Department of Defence, and the Fiji Police are seeking similar engagements with the Australian Federal Police.

Challenges

On its face, the quantity of spending and policy energy dedicated to the Pacific Islands region by the Australian government tells a positive story: anxious about the consequences of escalating strategic competition, the government seems determined to improve its relationships with Pacific Island countries and solidify its role in the region. But behind headline spending and program announcements are several challenges that might undermine Canberra's efforts.

The first and most significant challenge is that strategic competition has bolstered the agency of Pacific Island countries, which now perceive that they are able to leverage the increased interest of competing partners.[16] As Fijian scholar Steven Ratuva has described, Pacific Island countries are using a range of "tactical, shrewd and calculating approaches" to pursue their priorities.[17] While Australia's ability to influence Pacific Island countries has long been more constrained than its relative material size and wealth might at first suggest,[18] the limits on its influence have become more obvious over the last decade. For example, in 2018, Papua New Guinean prime minister James Marape accepted that Australia would fund and build the Coral Sea Cable System to link Papua New Guinea's internet network to Solomon Islands and Australia. Australia offered the project to prevent Chinese telecom Huawei from doing the job. But Marape's government then contracted Huawei to build Papua New Guinea's domestic network—which connects to the cable—anyway.

In April 2022, Australia dispatched its then minister for international development and the Pacific, Zed Seselja, to attempt to dissuade the Solomon

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16 Meg Taylor, "Introductory Statement by the Secretary General to the Pacific Islands Forum at the Regional Conference on Securing the Limits of the Blue Pacific: Legal Options and Institutional Responses to the Impacts of Sea Level Rise on Maritime Zones, in the Context of International Law," Pacific Islands Forum, September 9, 2020 ~ https://forumsec.org/publications/introductory-statement-secretary-general-pacific-islands-forum-regional-conference; and Joanne Wallis et al., eds., *Power and Influence in the Pacific Islands: Understanding Statecraftiness* (Abingdon: Routledge, 2024).

17 Steven Ratuva, "Pacific Island Agency in the Global Game of Competitive Geo-political Bidding," Australian Institute of International Affairs, Australian Outlook, June 6, 2019 ~ https://www.internationalaffairs.org.au/australianoutlook/pacific-island-agency-in-the-global-game-of-competitive-geo-political-bidding.

18 Wallis, *Pacific Power?*

Islands government from pursuing a security agreement with China. If spending was an accurate predictor of influence, Australia should have been able to persuade Solomon Islands to reject the agreement.[19] Between 2003 and 2017, Australia led the Regional Assistance Mission to Solomon Islands, in which it invested A$2.6 billion and hundreds of police, military, and civilian personnel. Australia was (and remains) Solomon Islands' largest donor. Rather than be persuaded, however, Prime Minister Manasseh Sogavare responded by criticizing Australia's lack of action to tackle climate change and claims in the media that Australia should "invade" Solomon Islands and "topple its government."[20]

Yet the capacity constraints of many Pacific Island countries, particularly those that are smaller and less endowed with resources, mean that several do need Australian assistance. For example, in the event of a major natural disaster—the frequency and intensity of which are increasing due to climate change—Australia is the partner that, after local front-line responses, provides the bulk of humanitarian and disaster relief. The shortfall created by major cuts to the United States' aid program by the Trump administration, which have stripped A$400 million in assistance to the region, has been at least partially covered by additional Australian commitments. The apparent tension between Pacific agency and Australian assistance exemplifies the "mutual contradictions" in Pacific thinking that Samoan intellectual Upolu Lumā Vaai has described to recognize that "life is made up of the integration of contradiction and complexities."[21] While Australia and its Pacific neighbors have managed this complex balance, it may come under pressure if Pacific Island countries decide to test Australia's resolve, or if Australian taxpayers begin to question their country's spending.

Indeed, the complex balance between Pacific agency and Australian assistance is being tested by negotiations between Canberra and Port Vila on the Nakamal Partnership Agreement, which aims to update the 2022 bilateral security agreement that Vanuatu had not yet ratified. In July 2025, Prime Minister Jotham Napat indicated that his government will

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19 Joanne Wallis and Czeslaw Tubilewicz, "The Pacific Islands and Chinese Power as Presence, Influence, and Interference," *European Journal of International Security* 10, no. 2 (2025): 271–292.

20 Frank Chung, "Australia 'Must Ready Solomon Islands Invasion' to Stop China Security Deal" news.com.au, March 25, 2022 ~ https://www.news.com.au/technology/innovation/military/australia-must-ready-solomon-islands-invasion-to-stop-china-security-deal/news-story/d53d32a38e000a45a736df4fc7f8f38f.

21 Upolu Lumā Vaai, "Philosophical Vectors of Oceanic Diplomacy and Development: The Samoan Wisdom of Restraint Meets the Australian Indigenous Relationalist Ethos," *Australian Journal of International Affairs* 77, no. 6 (2023): 678.

not sign the new agreement unless Australia allows ni-Vanuatu citizens visa-free access to the country. The difficulties that citizens of Pacific Island countries face with accessing Australia have long been a source of tension. While the security of Australia's borders is a fraught domestic political issue, which means that visa-free access is unlikely in the short term, Napat appears to have concluded that Canberra's anxiety about China means that he may be able to pressure the government to at least partly loosen its migration requirements.

The difficulties that Pacific citizens face entering Australia exemplify a second challenge: the question of whether Australia is part of the Pacific Islands region. Australia is a member of the Pacific Islands Forum and most other regional agencies, but its size, demography, and strategic outlook mean it frequently has different priorities from its Pacific neighbors. The most notable difference is with respect to climate change. The Coalition government's domestic inaction on climate change and perceived efforts to stymie stronger collective regional commitments seriously undermined Australia's relationships with the Pacific Island countries.[22] In the 2018 Boe Declaration, Pacific leaders identified climate change as the "single greatest threat" to the region.[23] Although the Labor government has taken more substantive domestic climate action, many in the Pacific regard it as insufficiently ambitious. If Australia is successful in lobbying to hold the 2026 UN Climate Change Conference (COP31) in Adelaide, the difficulties of resolving the contradiction between its rhetorical support for Pacific-led climate action and the relative inaction of its domestic policies may become hard to ignore.

A third contradiction challenging Australia's Pacific Island relationships is the government's decision to develop nuclear-powered submarines under the 2021 AUKUS security partnership between Australia, the United Kingdom, and the United States. Nuclear technology is a sensitive issue due to the catastrophic human and environmental consequences of nuclear weapons testing in the region. Yet the Coalition government did not consult any Pacific Island country before the announcement (although it did inform New Zealand shortly beforehand). As Kiribati president Taneti Maamau commented in response to the AUKUS announcement: "Our people were victims of nuclear testing, we still have trauma. With that in

22 Greg Fry, *Framing the Islands: Power and Diplomatic Agency in Pacific Regionalism* (Canberra: ANU Press, 2019).

23 "Boe Declaration on Regional Security."

mind, with anything to do with nuclear, we thought it would be a courtesy to raise it, to discuss it with your neighbors."[24] The Labor government has since engaged in an extensive diplomatic effort to reassure Pacific Island countries and differentiate its diplomacy from its Coalition predecessor. For example, during a visit to Samoa in 2023, Pat Conroy, minister for international development and the Pacific, acknowledged that "when the AUKUS announcement was originally made by the last government there was insufficient consultation. And that was disrespectful."[25] Conroy stressed that the Labor government consulted and briefed more than 60 countries before announcing its plan for how the submarines would be developed.[26] The government has been particularly careful to emphasize that AUKUS will not breach its international commitments or the South Pacific Nuclear Free Zone, which was created by Pacific Islands Forum members under the Treaty of Rarotonga in 1986. Canberra has had some success persuading Pacific leaders to support AUKUS, including Fijian prime minister Sitveni Rabuka.[27] But others remain concerned.[28]

The AUKUS security partnership exemplifies a fourth contradiction in Australia's Pacific policy: its broader strategic interests sometimes clash with its narrower Pacific ones. This dynamic was illustrated by the announcement of the Partners in the Blue Pacific Initiative in June 2022. Although Australia is a member of the Pacific Islands Forum and the government emphasizes the importance of Pacific regionalism,[29] no Pacific Island country, nor the forum as the top multinational regional institution, was invited to participate. The members of the initiative only held their first meeting with Pacific leaders on the sidelines of the UN General Assembly meeting in September 2022.

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24 Stan Grant, "Kiribati President Says AUKUS Nuclear Submarine Deal Puts Pacific at Risk," ABC News (Australia), September 28, 2021 ~ https://www.abc.net.au/news/2021-09-28/kiribati-president-criticises-australia-defence-submarine-deal/100495894.

25 "Doorstop at Lakapi Samoa Headquarters," Minister for Pacific Island Affairs and Minister for Defence Industry the Hon Pat Conroy MP (Australia), April 13, 2023 ~ https://ministers.dfat.gov.au/minister/pat-conroy/transcript/doorstop-lakapi-samoa-headquarters.

26 Ibid.

27 Stephen Dziedzic, "Fijian Prime Minister Sitiveni Rabuka Tells Anthony Albanese He Backs AUKUS Deal," ABC News (Australia), March 15, 2023 ~ https://www.abc.net.au/news/2023-03-15/fiji-pm-rabuka-tells-anthony-albanese-he-backs-aukus-deal-/102098028.

28 "AUKUS: Climate Security Overtaken by Defence," Pacific Elders' Voice, April 16, 2023 ~ https://pacificelders.org/statement/aukus.

29 See, for example, "Australia to Boost Support for Pacific Islands Forum Leaders' Meeting in Solomon Islands," Minister for Foreign Affairs Senator the Hon Penny Wong (Australia), Media Release, June 26, 2025 ~ https://www.foreignminister.gov.au/minister/penny-wong/media-release/australia-boost-support-pacific-islands-forum-leaders-meeting-solomon-islands.

Similarly, Albanese's six-day visit to China in July 2025 illustrated tensions between Australia's economic and strategic policies. Although the government characterizes itself as being in a "permanent state of contest" with China in the Pacific and consequently has attempted to persuade Pacific Island countries not to deepen their relationships with China, during his visit Albanese emphasized the importance of a "stable relationship" with China, which he lauded as "Australia's largest trading partner."[30] Pacific leaders understand that Albanese must advance his government's view of Australian national interests, but they might question why Australia seeks to deny them the same opportunities that flow from enhanced trade and other economic relations with China.

A final challenge is the question of whether Australia's spending in the region is advancing the priorities of Pacific Island countries and, by extension, advancing the Australian government's interest in being identified as the region's preferred partner. For example, as of 2024, only 15% of Papua New Guinea's population had access to electricity, mostly in urban areas, and the country's electricity costs are the seventh-highest globally. This contrasts sharply with the ambitions of the Papua New Guinea Electrification Partnership.

Solutions

This analysis of objectives and challenges suggests that, unless carefully planned, more spending is not necessarily the best way for Australia to improve its relationships with Pacific Island countries and consequently advance its strategic interests in the region. The government needs to rethink how the different elements of its foreign and security policies inadvertently affect its policy objectives in the region. For example, Australia's growing emphasis on bilateral security agreements might undermine developing security regionalism led by the Pacific Islands Forum, of which it is a member.[31] Regionalism has been critical to advancing a range of regional interests, including cooperating on fisheries management, achieving the South Pacific Nuclear Free Zone, and more recently advocating for global climate action. Pacific Island countries' preference for regional approaches

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30 "Visit to the People's Republic of China," Prime Minister of Australia the Hon Anthony Albanese MP, Media Release, July 8, 2025 ~ https://www.pm.gov.au/media/visit-peoples-republic-china-8-july-2025.

31 Pacific Islands Forum, *2050 Strategy for the Blue Pacific Continent* (Suva: Pacific Islands Forum Secretariat, 2022) ~ https://forumsec.org/sites/default/files/2023-11/PIFS-2050-Strategy-Blue-Pacific-Continent-WEB-5Aug2022-1.pdf.

was critical to their rejecting China's 2022 regional economic and security action plan. As Samoan prime minister Fiamē Naomi Mata'afa explained, "our position was that you cannot have a regional agreement when the region hasn't met to discuss it."[32] Similarly, the government's interest in maintaining good relations in an atmosphere of strategic competition has meant that it has continued to directly fund Pacific governments with governance failings and where political interference in independent institutions is commonplace. For example, Australia continues to provide budgetary support to the Fijian government, with A$500 million in bilateral support and the recent A$52 million grant for the 2024–25 financial year aimed at strengthening public financial management,[33] despite concerns about governance failings in Fiji.

The Pacific Islands region needs a comprehensive trade and economic partnership with Australia and New Zealand similar to the Australia–New Zealand Closer Economic Relations Trade Agreement. Under that agreement, trade and investment between the two countries is largely free and many trade and investment-related standards have been harmonized. While Australia, New Zealand, and eight Pacific Island countries are parties to the Pacific Agreement on Closer Economic Relations Plus, major island economies such as Fiji and Papua New Guinea remain outside that framework.

After a deeper regional economic arrangement has been in place for several years, enough confidence may be built to open similar migration pathways as the Trans-Tasman Travel Arrangements, which allow Australians and New Zealanders to live and work in either country without restriction. This bold vision for opening Australia and New Zealand to the Pacific would demonstrate their unique commitment to collaborating with the region, enhance socioeconomic development, and more importantly reduce aid dependency and the vulnerabilities associated with Pacific Island countries' reliance on aid and foreign infrastructure lending. Of course, this raises the prospect of emulating the third pillar of Australia's relationship with New Zealand: its security alliance enshrined in the 1951 ANZUS Treaty,[34] which preceded the two countries' economic integration

32 Penny Wong and Fiamē Naomi Mata'afa, "Joint Press Conference—Apia, Samoa," Minister for Foreign Affairs Senator the Hon Penny Wong, June 2, 2022 ~ https://www.foreignminister.gov.au/minister/penny-wong/transcript/joint-press-conference-apia-samoa.

33 "Fiji, Australia Elevate Vuvale Partnership," Australia Fiji Business Council, July 17, 2025 ~ https://afbc.org.au/2025/fiji-australia-elevate-vuvale-partnership.

34 ANZUS is tripartite agreement that also created Australia's security alliance with the United States; the United States withdrew its security guarantee to New Zealand under the agreement in 1986. Joanne Wallis and Anna Powles, "Burden Sharing: The U.S., Australia and New Zealand Alliances in the Pacific Islands," *International Affairs* 97, no. 4 (2021): 1045–65.

and people-to-people links. While the Australian government seeks deeper security integration with the Pacific Island countries,[35] several Pacific Island countries have been reluctant to take this approach because of concerns about encroachments on both their sovereignty and their ability to leverage strategic competition to exercise greater agency. Pacific Island countries navigate these multidimensional realities and attempt to ground their decisions on their moral responsibility to the collective whole, although, as noted, several have already opted to formalize their bilateral security relationships with Australia. In an environment of strategic competition, Australia and its Pacific neighbors will have to decide whether they can resist a short-term focus on contestation to pursue a long-term agenda of collaboration. ◈

[35] Australian Government, *2017 Foreign Policy White Paper* (Canberra, 2017).