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China's Rise and its Implications for Australian Foreign Policy

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ABSTRACT

This article places a particular emphasis on the rise of China and its implications for Australian foreign policy. It qualitatively examines the perceptions of China's rise, its intentions, and the Australian responses, based on government and international organisation reports, and secondary sources such as books, journals, and media articles. Using realism as a theoretical lens, this article argues that Australia's foreign policy still reflects an ambiguity, as a result of, on the one hand, the economic opportunities China creates, and on the other hand, uncertainty regarding China's intentions, whether offensive or defensive, peaceful or aggressive. Facing this condition, this article demonstrates that Australia adopts several important policy strategies. First, it maintains a hedging strategy to balance its economic interests and its security concern. Second, Australia continues to rely on the protection of the US. In the long-term, however, this reliance may be changed. For this reason, Australia needs to increase its own military capability. This article concludes that Australian foreign policy will likely remain ambivalent in its response to the rise of China.

KEYWORDS

Australia; China's Rise; Foreign Policy; Military Capability; Power Shift

INTRODUCTION

The collapse of Soviet Union marked the end of Cold War and bipolar system. The United States emerged as the world's sole superpower in the international system with advanced military, economy and technology. However, with the current rise of China, in both military and economy, leads some scholars to argue that we are now entering a new Cold War (Daly, 2022; Hirsh, 2022) or will potentially witness another Cold War (Zhao, 2019). Generally, the rise of China receives mixed responses, characterised by either a security threat or an economic opportunity (Mahbubani, 2022; White, 2019). Its military rise and uncertain intention have become a particular concern because it poses a serious challenge not only to the superiority of the U.S. and the countries that have alliances with the US, but also to international order. Will China pursue an expansionist and offensive approach? Is China adopting a hard-line realism? Will the US superpower status be overtaken by or shared with China? How should Australia respond to the rise of China? The answers to these questions are varied.

This article focuses on Australia. It examines Australia's policy responses towards China's rise. Australia is selected because its current policy approach demonstrates an ambivalence or contradiction. On the one hand, it is often perceived as the closest U.S. ally in the Indo-Pacific region (Bisley, 2018; Henry, 2020; Medcalf, 2019; Thies, 2020; White, 2019), but on the other hand, it often

distances itself from U.S. policies and doubts the alliance commitment (Henry, 2020). What's more, its decision to form AUKUS (Australia, the United Kingdom, and the United States) alliance has angered China, claiming that the alliance was built on "Cold War mentality and ideological prejudice" (Global Times, 2021), but at the same time, it continues to embrace China's economic rise, viewing China as a strategic trading partner that Australia won't risk losing (Medcalf, 2019; Bisley, 2018; Australian Foreign Policy White Paper, 2017). In addition, Australia has been bullied by China since 2020 (Roland, 2021), but its policy stance remains the same, namely embracing China's economic growth.

Why is Australia adopting this seemingly contradictory policy? This article seeks to answer this puzzle. It places its analysis within the context of China's intention, using realism as a theoretical lens. Scholars still pay little attention examining Australian foreign policy and its response to China's rise using realism framework. This article argues that Australian ambivalent policy derives from its response to China's uncertain military intention and its long-lasting reliance on US as a security guarantor. However, as China potentially seeks regional hegemony, and it pursues an aggressive and offensive behaviour, thus posing a risk to Australian national interests, the continuity of Australia's foreign policy will be potentially reevaluated. To support this argument, this article examines two main

dimensions: economic and security, with an emphasis on security.

This article proceeds as follows. In the first section, it explores the literature on the competing views regarding China's security and economic rise in competition with the US. It then places Australia in this power competition and offers realism as a theoretical lens to analyse Australian policy. The second section presents the methodology. I employ desk research to qualitatively study the rise of China and its implication for Australian foreign policy, based on the primary and secondary sources. The third section explains how China's rise and its uncertain intention affect Australian foreign policy and how Australia should respond. The paper concludes by explaining why Australian decides to pursue an ambivalent policy and what policy Australia should take *vis-à-vis* China's rise to be a regional hegemon.

LITERATURE REVIEW

China's threat perception and its potential rise to be a 'peer competitor' to the United States emerged in the 1990s, following growing Chinese military and economic power (Ali, 2011; Pradt, 2016; Ueki, 2006; Yee & Storey, 2002). Since then, there was contentious debate and the debate is likely to continue in the next few decades as China heavily invests its resources to increase its economic and military power. In international relations, power is a contested concept and tends to be defined differently, but a Realist conception of power is widely accepted. Realism is a

dominant theory in international relations which defines power as material capabilities, namely military and economic power. Its basic premise is that states should prioritise their national interests, increase their power and form alliance to guarantee their survival, rather than relying on liberal utopia that international norms, institutions, and international agreements can shape and constrain states behaviour, leading to peaceful coexistence (Donnelly, 2004; Jackson & Sørensen, 2013; Mearsheimer, 2001). Mearsheimer (2001) further argues that international system is changing, and China will pursue a hegemonic intention. This article uses realism as a lens for analysis for two important reasons. First, realist definition of power and the conceptual framework are relevant to the analysis in this discussion. Second, there is a lack of research on Australian foreign policy which is driven by theory, let alone using realism as a lens (see for example, Bisley, 2018; Henry, 2020; Medcalf, 2019; White 2019). With this regard, this article postulates that Australia needs to increase its own military strength rather than relying on the U.S. as a security guarantor to defend its national interests against any potential threats, including from China.

Contestation Over Power Shift

The rise of China, its intentions and the implications on international security, particularly regional security, divides scholars, commentators and policymakers into two main groups. On the one hand, some scholars and analysts have argued

that although China is rising, it is not going to be a dominant power, let alone replace the superiority of the United States (Brooks & Wohlforth, 2016a; Brooks & Wohlforth, 2016b; Nye, 2019; Verrender, 2022; Wright, 2017).

Military and economic capacities are the two main determinants in the power competition. The gap between the U.S and China concerning these two factors are still large. Therefore, scholars maintain that replacement in global power will be unlikely. At the moment, the US power is clearly much more superior to any other country, including China. Although it is true that China continues to increase its military budget annually, it has not been hitherto successful to be equal to the US. As a point of reference, in 2021, the US spent around \$801 billion, and in 2020 \$778 billion, while China is the second, spending \$293 billion in 2021, and \$252 billion in 2020 (SIPRI, 2022). The gap of this expenditure is still clearly too high.

China has internal political and economic problems that impede it from achieving a superpower status. China will spend much of its energy and time to fix these problems. According to Brooks & Wohlforth, achieving a military superpower status depends not only on economic power, but also technology (Brooks & Wohlforth, 2016a; Brooks & Wohlforth, 2016b). They argue that in terms of technology, China is still far behind the U.S. In addition, China still suffers from rampant corruption, declining productive labors, and high rate of private debts (Brooks & Wohlforth,

2016a; Brooks & Wohlforth, 2016b; Farley, 2021), fragile politics, its unattractive political system and soft power, and increasing lack of trust by its own citizens and its neighbour countries (Swain, 2021). Therefore, to surpass US military power, China needs to fix these problems and spend an equal amount of money and resources as the US spends to increase its capacity, and this would be difficult.

Nevertheless, there are divergent views among this group. Some, for instance, are still convinced that China will never replace US military capabilities (Beauchamp, 2015); others believe that it will take decades or not any time soon for China to match American military capabilities (Brooks & Wohlforth, 2016a; Brooks & Wohlforth, 2016b; Nye, 2019), or it might replace the US, but it won't be a world's superpower (Swain, 2021).

In term of economy, the GDP of China and U.S is significantly unbalanced. Data by the World Bank, for instance, reveals that the gross domestic product of the US and China in 2020 is respectively \$20,936,600 million and \$14,722,731. Although the gap is still big, China ranks the second and is considered the strongest candidate to challenge the US economy (World Bank, 2022). But as mentioned above, although China's economy is rising, it is unlikely that it will achieve dominant position as a world superpower because it must address many internal problems. Thus, the US strong economy capability makes it unrivalled as the world's leading economic power, and the prediction of the scholars is that to surpass

the US economically, it will take more than two decades or at least not in short term. For instance, some make different future prediction that China will become the world's largest economy by 2028 (World Economic Forum, 2021); others by 2030 (Jennings, 2022; Rajah & Leng, 2020), while others between 2013 and never (Farley, 2021). These different predictions demonstrate that scholars are still in doubt about China's overtaking US economy or taking US global leadership at any time soon.

On the other hand, the current rise of China challenges the above arguments. China is projected to replace the US as the only world superpower or to share global leadership role (Fish, 2017; Hodzi & Yu-Wen, 2018; White, 2019). Polls confirm this assessment, which show a general trend about China's ascendancy to global superpower status. For instance, a survey by Pew Research Center in 2015 indicated that most people around the world believed China would overtake U.S. as a global superpower (Pew Research Center, 2015), and the recent survey demonstrates that the power of China is growing, and it is predicted to be a superpower. This rise is seen by a majority of Americans as a major threat, with concerns amplified by China's closer ties with Russia (Huang et al., 2022).

Moreover, China's ambition is to replace US power or share global leadership role (White, 2019). With this ambition, China will invest heavily on increasing its power. For instance, China currently has the largest navy and air

force in Asia, and it continues to modernise its military power (Australian Defence White Paper, 2016; Australian Foreign Policy White Paper, 2017). This means, the possibility to surpass US military power in other strategic capabilities remains open.

Most American policymakers also perceive that the rise of China poses a serious threat, and the US needs to take a tough stance on China (Biden, 2020; Daly, 2022; Grazier, 2021; Romney, 2021; White, 2019; Zhao, 2019). This threat arguably emanates from its hegemonic intention (Haynes, 2017; Mearsheimer, 2005; Mearsheimer, 2001; Medcalf, 2019; Roland, 2021; Sullivan & Brands, 2020). These policymakers and scholars mostly subscribe to the Realist worldview and believe in the Thucydides trap, a term coined by Graham Allison, that the rise of great power will lead to war (Allison, 2017). According to this view, China's intention is seeking global and regional hegemony, and it adopts offensive and expansionist behaviour. China and some scholars reject this claim, considering it as a myth (Chin, 2015; Jerden, 2014; Lee, 2020).

In economic domain, China continues to accelerate its economic growth on a fast pace with Belt and Road initiatives (Mühlhahn, 2019). This combined increased power leads to a prediction that China will likely overtake US global power. As a matter of fact, economic growth is closely linked to an increase in the defence budget, as China's economy grows, so will its defence budget

(Mahbubani, 2022). China's rapid economic growth has significantly contributed to the recognition of its potential superpower status.

Mearsheimer (2001), an offensive realist has pointed out two decades ago that if China developed into an economically rich country, it would be the main challenger to the US power, and would finally rise to the rank of military superpower. Indeed, China's economy increases considerably. For instance, in 2008, it ranked the fourth after Japan and Germany (Kim, 2009), but in 2020 it rose to the second after the US in terms of GDP and in military expenditure. If this is sustained, China will be a predominant military power, and it will change the structure of world politics.

Australia, as a key US ally and the most important trading partner of China, certainly faces a dilemma of positioning itself in this power competition of whether choosing the US or China or adopting neutral position to expand its engagement. Some recent research has addressed this power competition and its impact of China's rise on Australian foreign policy (Bisley, 2018; Henry, 2020; Medcalf, 2019; White, 2019), but this research places different emphases and offers slightly different opinions. Bisley and Henry for instance, place an emphasis on Australian economic advantages trading with China and the reliance on security alliance with the United States, viewing as the sources of Australian ambivalent policy. Bisley (2018)

characterises Australian foreign policy as "engage but hedge" (p.394).

Meanwhile, Medcalf discusses the existing myths in debate on Australia-China relations. For instance, he argues that Australian resistance against China's influence is not to show its loyalty to the US, as many believe, but to demonstrate that Australia acts independently to protect its national interests. Moreover, according to him, it is a myth that Australian friendly approach towards China is driven by its reliance on China's economy. The truth is Australia-China relations depends on politics rather than economy. White (2019) takes a different direction. He focuses on what policy Australia should adopt to defend its national interests. According to him, given that US power is declining, and China's power is rising, potentially replacing the US, he advocates Australia to have its own military strength, thereby less reliance on the US.

This article agrees with some of the arguments that Australia's policy reflects an ambivalence. However, it is slightly different in the sense that it locates the sources of the policy ambivalence on Australian economic reliance on China and its response to China's unclear military intention, not on the alliance establishment, as Bisley and Henry seem to suggest. With this regard, driven by Realism reasoning, it agrees with White that Australia needs to build its own defence force to secure its interests, rather than depending on the US.

METHODS

This article employs qualitative research to analyse the potential global power shift and its implication on Australia as one of the US strong allies. According to Auerbach and Silverstein (2003) “qualitative research is research that involves analyzing and interpreting texts and interviews in order to discover meaningful patterns descriptive of a particular phenomenon” (p.3). Similarly, Yin (2011, pp. 7-8), points out that qualitative research analyses people’s perceptions and views to understand real-life events. The key feature of qualitative research clearly deals with analysing and interpreting people’s views and perception.

This article also examines different perceptions among scholars and policymakers regarding China’s rise, its intention and its implication for Australian foreign policy. It perceives that China’s rise and its implications for Australian security is a particular event, but has greater consequences, and it is perceived by policymakers and scholars differently. In this article, I interpret data gathered from primary and secondary sources. Among the primary sources, the data includes public documents published by government and international organisations such as Australian Defence White Papers, surveys and reports from Pew Research Center, World Bank, and SIPRI (Stockholm International Peace Research Institute). Meanwhile, I also make use of secondary sources, consisting of books, journal articles, and news media.

These data are then interpreted to make inferences about patterns and draw conclusions.

RESULTS AND DISCUSSION

The following discussion will present an assessment of two principal domains in Australian foreign policy towards China, namely security and economic domains, with an emphasis on security domain. This analysis aims to demonstrate Australian ambivalent policy or contradictory approach with regard to China’s rise. It shows that Australian security policy is different from its economic policy, but the economic policy began to face a critical challenge, following China’s trade restrictions on some Australian imported goods.

Strategic Security Domain

Australian foreign and security policy in the last two decades have not undergone major transformation. It still pursues a hard-line security diplomatic stance against China. In its Defence White Papers published from 2016 onwards, all appear to revolve around China’s potential rise to be a great power, and the concerns of possible consequences China imposes on regional security. For instance, in 2016 White Paper, Australia emphasised that stability in the region largely depended on how China used its military capabilities responsibly. It said, “As China grows, it will continue to seek greater influence within the region. As a major power, it will be important for regional stability that China provides reassurance to its

neighbours by being more transparent about its defence policies” (Australian Defence White Paper, 2016, p.42).

Expecting China to be a benign military power is a wishful thinking. China’s ambition is regional hegemony, and it is only a matter of time to materialise this intention. According to former Australia Prime Minister, Kevin Rudd, China embraces a “hard-line, realist view of international relations” (Gaskarth, 2015), and its foreign policy reflects a strong belief in realism (Beauchamp, 2015). Its current behaviour demonstrates a move towards achieving a regional hegemon by pursuing offensive and expansionist intentions to protect its national security interests. History has shown that the rise of great power is naturally expansionist and aggressive, and often causes fear and leads to war (Mearsheimer, 2001; see also Allison, 2017; White, 2019), and China is no exception. Therefore, history can repeat itself.

The continued increase in its military budget for the last 27 years (SIPRI, 2022) should be a wake-up call for Australia. Increasing military power only serves two purposes: offensive and defensive, and it is quite unlikely that China increases its military capability annually for defensive purposes only. According to Mearsheimer (2001), the leading proponent of offensive realism, one of the main objectives of a great power is to increase its military strength to achieve regional hegemony because by doing that it can secure its interests and prevent regional rivals. Similarly, White

(2019) maintains that China’s ambition is seeking regional supremacy, and it might threaten Australia by force if Australia harms its interests, among others, by assisting China’s strategic rivals, notably the United States or Japan.

Although China has repeatedly stated that it “is not the former Soviet Union...” and has “no intention of becoming another United States” (Lee, 2020), several incidents in the region substantiate the claim that China is not building its power merely for defence. For instance, it often breaks its commitment regarding its military intention, including its militaristic and expansionist approach in the South China Sea (Mahbubani, 2022). Its military incursion and its territorial disputes with 17 nations (The Week, 2022) add to the evidence that naturally it pursues an expansionist behaviour and hegemonic ambition. In its recent White Paper, China also asserts that its rise is peaceful or ‘charming’, not expansionist or offensive (China White Paper, 2019), but Australia tends to view otherwise.

It is worth pointing out that Australia has not yet articulated its clear policy position regarding China’s future behaviour, as clearly indicated by the absence of this position in its White Papers published from 2016 onwards. Nevertheless, public statements from its policymakers demonstrate a great worry that China is moving in the direction of offensive intention. For instance, recent remark by Australian Deputy Prime Minister, also serving as Defence Minister, demonstrates that Australia extremely

worries about China's military build-up and urges China to be transparent in its defence capability (Washington, 2022), calling that China is Australia "largest security anxiety" due to its assertive approach in the Indo-Pacific region (Clarke, 2022).

In addition to the public statements, Australia currently has taken several measures, and these can be viewed as signs that Australia is still unclear about China's future intention. First, Australia continues to pursue a hedging strategy in its response to China's rise. Hedging is a contested concept, but it primarily means an approach that states pursue when facing "conditions of high uncertainty" by pursuing a balance between "cooperation and confrontation" (Tunsjø, 2017). This strategy is adopted because China's intention and its future behaviour is still uncertain, mixed with the security dilemma and economic opportunities. For instance, Australia continues to embrace China as a strategic economic partner, but at the same it disappoints China by building a military alliance with the US and UK, as well as China's regional rivals, notably Japan. For instance, Chinese President Xi Jinping lamented Australia's decision to join AUKUS, saying that, "We need to pursue dialogue instead of confrontation, build partnerships instead of alliances" (McKee, 2021).

Second, in its response to China's uncertain military intentions and likely hegemonic ambition that might destabilise the region, Australia continues to rely on the US. Australia is a US strategic ally in

the Indo-Pacific region, and this means the US would still by any means protect its interests and the interests of its allies. Therefore, with the strong military power, Australia and the US will have the capacity to resist China if China seeks to destabilise the region, pursuing a hegemonic intention and posing a threat to US and its allies' interests. President Trump once asserted that under his leadership he would take a tougher response against China, which was described as, "America's most serious strategic adversary" (White, 2019). But such response can only be taken if the US still stays a superpower and maintains its presence in the region. The alliance between the US and Australia is critically important to enhance Australia security and counter any possible security threats emerging in the Indo-Pacific. For instance, in its White Paper published in 2017, it says, "Australia's security is maintained primarily through our own strength, our alliance with the United States" and "our alliance with the United States is central to Australia's security" (Australian Foreign Policy White Paper, 2017). The recent White Paper reaffirms the same commitment that alliances with the US is "critical to Australia's national security" and Australia "will continue to deepen the alliance" (Australian Defence White Paper, 2020).

The reason Australia joining the alliance is that its defence capability still falls behind China. Scholars generally argue that Australia is a middle-power country (Fels, 2016; Davis, 2020) because

its power and capability rank below great power and above small power and has ability to influence the international system. In their defence relations, the US and Australia have signed several security and defence agreements including military alliances and have a shared commitment to mutual defence. For instance, in 2014, both countries signed the U.S-Australia Force Posture Agreement, and a year later both signed a Joint Statement on Defence Cooperation, and in 2017, both conducted a joint military exercise. This agreement reaffirms the commitment of the ANZUS alliance, a security treaty signed by that the United States, Australia and New Zealand in 1951, for collective defence, and later AUKUS, a trilateral defence pact, announced in 2021, between the United States, United Kingdom and Australia, to allow Australia to build its naval nuclear power in response to growing security concerns in the Indo-Pacific region, including potential threat posed by China. As mentioned above, the establishment of AUKUS has angered China, viewing it as a sign that Australia assists the US to contain China.

However, the rise of China itself will potentially affect the alliance establishment, including the alliance that the US and Australia have established. According to White (2019), the rise of China and the decline of US power will affect the US-Australia alliance. Alliance is essentially a short-term commitment, and it can be terminated if one country no longer feels benefit and a change in

dominant power. Mearsheimer (2001) has pointed out that states may build alliance to balance and contain potential threats but, "alliances are only temporary marriages of convenience: today's alliance partner might be tomorrow's enemy, and today's enemy might be tomorrow's alliance partner" (p.33). As a point of reference, the Warsaw Pact dissolved with the collapse of the Soviet Union. In the case of ANZUS treaty, there was also a suspension of US commitment to provide a security guarantee to New Zealand (Henry, 2020). The US-Australia alliance, under ANZUS, still exists because the US is still dominant power and Australia still feels benefit, that is facing China as the potential threat. In this regard, the decline of US power and China's ascendancy to be a hegemonic power will potentially affect Australia's defence policy to take side with China and pursue several policy options such as bandwagon or balance or continues with hedging policy. This also means Australia needs to equip itself with any possible consequences.

Recently, Australia seems to anticipate potential confrontation if China pursues hegemonic and expansionist intentions. Upgrading its defence capabilities is indicative of this policy. For instance, Australia has invested approximately \$270 billion over the coming years to increase its defence capabilities (Defence White Paper, 2020). According to former Australian Prime Minister, Morrison, "This is a significant investment in our future force" (Jose, 2022), and Australian current Deputy

Prime Minister, Richard Marles, says the spending is, “fundamentally important” for Australian national security (Skynews, 2022). Although this amount is still relatively lower than the amount spent by China in 2021 (\$293 billion), and a little higher than in 2020 (\$252 billion), based on SIPRI estimates (SIPRI, 2022), at least it has equipped itself to defend its interests.

Relying on its own military capability is critically important in an international system with full of uncertainty. According to realism proponents, states must rely on self-help by maximizing their own power, independent of others to protect their own (Donnelly, 2004; Mearsheimer, 2001). This self-help system is the core component under Realism which perceives it as a normal state of affairs under the anarchical system, where there is no higher authority above states. In this system, states fear each other, viewing others as potential enemy (Donnelly, 2004; Jackson & Sørensen, 2013; Mearsheimer, 2001). When competition between great power emerge and there is a fear, it is better to equip one's self with military power rather than depending on others to help. Mearsheimer (2001) notes that in the self-help system, states prioritise their survival by having powerful military capabilities to protect their core national interests, and the best way to guarantee their survival is hegemony.

Moreover, it is a good thing to depend on own military strength as relying on the US to contain China's aggressive behaviour is conditional,

depending on many strategic factors. For instance, the reliance of the US depends on the unchanged US power supremacy. In other words, Australia still needs the US if the latter remain the global world leader. Also, maintaining a global and regional presence as a security watchdog is costly, and it is unlikely that the US will continue to extend its presence in the region. White (2019), for instance, notes that containing China's ambitions in the Asia region and maintaining the US presence in the Indo-Pacific region is going to be hard and risky. For this reason, according to White, it is important that independently Australia has a capable defence force to ensure its own survival.

Likewise, US foreign policy is subject to change, depending on its leadership. Under Trump administration, for instance, he pursued a policy that ran contrary to its predecessors, to liberal principles and the order that American has created, for instance, by disengaging with its allies and partners and undermining democratic principles (Biden, 2020; Sperling & Webber, 2019). Under Obama's administration, the US did not take a harsh action against China over several cases in the region, and this leads to a perception in Australia that the US prioritises its national interests, more than balancing against China (Henry, 2020). The defensive measure Australia is undertaking at least confirms the logic of realist assumption.

The Economic Domains

Although Australia adopts a hardened approach to China concerning security policy, it pursues an accommodating and greater engagement in its foreign economic policy. To date, Australia continues to maintain its close economic relations with China because there is still a degree of economic interdependence between the two countries. Its high reliance on China makes it difficult for Australia to position China as a rival. As a matter of fact, over the last decade, Australia has consistently perceived China's economic growth positively, viewing China as a source of economic opportunity and a strategic partner. According to the former Australian Prime Minister, Scott Morrison, Australia "has always, and will continue to, welcome China's economic growth" (Morrison, 2019).

Australia welcomes China's economic rise because China's market provides economic advantages for Australia. China increasingly has a huge demand for Australia's products. In the list of Australia's major trading partners, China remains at the top, and this has lasted over a decade now. For instance, until 2021, China is the largest market for Australia's mineral and energy (Department of Industry, Science and Resources, 2022), and the largest for Australia's agricultural, fisheries and forestry exports (Department of Agriculture, Water and the Environment, 2022).

Particularly important, the signing of the strategic partnership agreement with China in 2013, upgraded to the comprehensive strategic partnership in 2014, and free trade agreement (ChAFTA) signed by both countries in 2015 played a vital role in boosting Australian economic growth as it facilitated the two-flow of trade and investment. Since the signing of the agreements, China has become Australia's largest trading partner in terms of imports and exports. Australia highly values the comprehensive strategic partnership agreement, depicting it as vital for Australia national economic and security interests (Australian Foreign Policy White Paper, 2017), while ChAFTA is viewed as "an historic agreement that is delivering enormous benefits to Australia, enhancing our competitive position in the Chinese market, boosting economic growth and creating jobs" (Department of Foreign Affairs and Trade, 2022).

Nevertheless, recent events with China imposing tariffs on a range of Australian exports undermine the principles of free trade China and Australia agree to uphold in their signed agreements. But, in general, the sanctions have mild impact on Australia's economy (Mousina, 2022; Tan, 2021; Taylor, 2021) because it only accounts for 1% of Australian GDP (Mousina, 2022). Australia perceived that the measures taken by China constituted a violation of the free trade deal. For instance, the text of ChAFTA regulates elimination of customs duties and refrains each party from adopting any prohibition or restriction on

imported goods. According to Australian Trade minister, China has breached the free trade deal by restricting Australian exports (Hurst, 2020a), but China rejected the accusation, claiming that Australia was the one which violated the provisions of the agreement (Jun & Jingyi, 2020).

China trade restriction on Australian imports is a result of accumulation of disappointment over Australian ambivalent policy. On the one hand, China regards Australia as a strategic partner which has a close economic cooperation, but on the other hand, Australia adopts a series of antagonist approach to China's interest. For instance, Australia was accused to politically motivated and under the influence of the United States, demanded an investigation for Covid-19 break (Mercer, 2020). Similarly, Australia blocked Huawei, a Chinese telecommunication company, from the country and criticised China over its human rights violations in Hongkong, Tibet, Xinjiang region, as well as over China's assertive claims in the South China Sea (Hurst, 2020b). The blockage of Huawei also leads to China's retaliation to launch cyber-attack against Australia (Parsons, 2022; Welch et al., 2020). According to Global Times (2021), a newspaper under the auspices of Chinese Communist Party, "There is no way for China to develop economic ties with a country that treats it as an enemy".

Theoretically, the behaviour of China can be predicted. According to realism perspective, economic cooperation and interdependence do not shape state

behaviour. States will obey international agreements if they wish to do so and they can ignore the terms of the agreements if their national interests are threatened. Moreover, one of the factors that impede cooperation is cheating (Donnelly, 2004; Jackson & Sørensen, 2013; Mearsheimer, 2001). In the context of economic cooperation between Australia and China, the strategic partnership and ChAFTA agreements do not shape China's behavior to conform to what they have agreed. In other words, the agreements are conditional depending on both parties, and in this case, China feels that Australia is cheating by collaborating with the US to put pressures on China. China views this as an act of intervention into domestic affairs of China (Das, 2022), and imposes an "economic punishment" on Australia (Dziedzic, 2021). Surely, China prioritises its interests more than its international obligation to the provisions in the agreements. Once China feels that its interests are at stake, its commitments to the agreements are undermined.

CONCLUSION

The article has shown that China is indeed rising both its economic and military powers and this has affected China-Australia relations. However, Australian policy still reflects an ambivalence or contradiction as a result of uncertain replacement of the US dominant power and uncertain China's intentions. In this period of uncertainty, Australia is likely to continue to maintain its hedging foreign policy approach in its response to the rise



of China. In this context, Australian foreign policy still centres on economic cooperation with China, while maintaining its security concern over China's rise.

As anticipation to China's offensive intention, Australia has taken several security measures. For instance, it still relies on the US protection based on the commitment of the joint alliance. But in the long-run this commitment can be changed if the US is no longer dominant, faced with difficulty to maintain its presence in the Indo-Pacific region, and changes its policy because of different leadership. Moreover, Australia has invested huge amount of money to upgrade its military capabilities to defend and protect its national interests. In this context, Australia has followed the logic of realism that states join alliances and have strong military power to contain and defend any potential threat

Meanwhile, the rise of China provides economic benefits for Australia through their economic exchanges, particularly strategic partnerships and free trade agreements. But these agreements do not shape state policy behaviour, as argued by realists, that states will prioritise their national interests more than conforming to the terms of the agreements. The trade restriction by China on Australian imported goods as a response to Australian contradictory policy is a clear example. The implication is that China will likely continue to impose the restriction in the future irrespective of their economic agreements

if it perceives Australian policy puts a harm to its national interests or Australia commits an act of cheating. With this regard, Australia needs to reduce its reliance on China. In short, on security dimension, Australian foreign policy approach towards China remains contingent on key important factors, such as China's ascendancy to hegemonic power, China's policy behaviour, and the continuing presence of the US in the Indo-Pacific region, and economically, Australia's economic foreign policy towards China will remain unchanged the next few decades, despite recent trade restriction.

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