

# The Foreign Policy Challenges of Australia's New Labor Government

by Gabriele Abbondanza

After nine years of uninterrupted conservative administrations in Australia, a new Labor government led by Prime Minister Anthony Albanese was officially sworn in on 23 May. As the post-election “honeymoon period” gradually comes to an end, one thing is certain: the new administration faces a substantial set of new and old challenges in the foreign policy domain.<sup>1</sup>

The new government will be entrusted with the difficult objective of supporting existing alliances and partnerships – in essence maintaining Australia's traditional security posture – while mending regional relations and fostering new complementary

partnerships with Asian and European partners. In other words, we can expect the new course of Australian foreign policy to pursue both elements of continuity (strategic alignment with the US combined with a balancing strategy towards China) and change (increased cooperation with South East Asian states, the South Pacific and select European countries).

## *Australia amidst US–China rivalry*

Despite bilateral milestones such as the 2014 “comprehensive strategic partnership” and the 2015 free trade agreement, China's activities in the South China Sea and the strategic implications of the Belt and Road Initiative (BRI), coupled with Australia's early embrace of the US vision for the Indo-Pacific, meant that Canberra shifted from apparent strategic ambiguity to full strategic alignment with the US. This process was facilitated by growing instances of Chinese

<sup>1</sup> Gabriele Abbondanza, “Australian Foreign Policy in the Indo-Pacific Century: Opportunities and Challenges”, in *EAI Background Briefs*, No. 1654 (2 June 2022), <https://research.nus.edu.sg/eai/wp-content/uploads/sites/2/2022/06/EAI-BB-No.-1654-Australian-foreign-policy-Indo-Pacific-exsum-2.pdf>.

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diplomatic and economic coercion since 2017<sup>2</sup> and a significant increase in cyber-attacks, which now routinely target key Australian infrastructure and companies.<sup>3</sup>

Consequently, Australia swiftly abandoned any pretence of strategic ambiguity and cemented its alliance with Washington, an approach fully endorsed by the new government. Indeed, Australia has embraced US efforts to revive the Quadrilateral Strategic Dialogue (the Quad) in 2017 and joined the Australia-UK-US enhanced strategic partnership (AUKUS) in 2021.<sup>4</sup> While the country's Indo-Pacific policy could not be clearer, the broader implications of this are complicated, and the new Australian government faces two sets of substantial challenges in this respect.

First, limiting Australia's trade dependence on China is difficult. A third of Australia's entire global trade takes place with China, and the search for alternatives that can compensate for this economic dependence is complex. In terms of security challenges, China's

unilateral activities in the South China Sea – where Australia conducts freedom of navigation operations since at least 2015 – and the recent Chinese security agreement with the Solomon Islands – very close to Australia's borders – further exacerbate existing tensions.<sup>5</sup>

Australia's new Labor government will therefore seek to maintain the country's balancing policy towards China in the face of developing challenges, while bolstering trade relations with India and the Association of South East Asian Nations (ASEAN)<sup>6</sup> to partially offset the financial cost of limiting its trade dependence on China.

Second, despite even closer strategic ties, Australia-US relations are not trouble-free. Like all alliances, the junior partner suffers from a so-called "fear of abandonment" – a sentiment that climaxed during the rather erratic Trump presidency – and the risk of entrapment in undesired conflicts, such as Afghanistan and Iraq in recent decades and potentially Taiwan in the future.

Moreover, Australia's unquestioning reliance on the US to address its strategic insecurity means that Canberra weakens other types of bi/multilateral relations in the Indo-Pacific,<sup>7</sup> which complicates its image in

<sup>2</sup> Fergus Hanson, Emilia Currey and Tracy Beattie, "The Chinese Communist Party's Coercive Diplomacy", in *ASPI Policy Briefs*, No. 36/2020 (August 2020), p. 4-23, <https://www.aspi.org.au/report/chinese-communist-partys-coercive-diplomacy>.

<sup>3</sup> Anthony Galloway, "China Responsible for Two Thirds of State-sponsored Cyber Attacks", in *The Sydney Morning Herald*, 16 September 2021, <https://www.smh.com.au/politics/federal/china-responsible-for-two-thirds-of-state-sponsored-cyber-attacks-20210915-p58rt2.html>.

<sup>4</sup> Gabriele Abbondanza, "The AUKUS Partnership: A Wake-up Call for Europe", in *IAI Commentaries*, No. 21|53 (November 2021), <https://www.iai.it/en/node/14354>.

<sup>5</sup> Mary Yang and Jack Detsch, "Australia's Got a Solomon Islands Headache (Again)", in *Foreign Policy*, 19 May 2022, <https://bit.ly/3yLWVLU>.

<sup>6</sup> ASEAN members include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

<sup>7</sup> Mark Beeson and Alan Bloomfield, "The Trump Effect Downunder: U.S. Allies, Australian Strategic Culture, and the Politics of Path Dependence", in *Contemporary Security Policy*,

the region. Here, the difficult challenge that Australia's new Labor government will have to address is maintaining the US alliance as the cornerstone of the country's foreign and security policy, while allowing for new and complementary forms of (extra) regional partnerships.

### *Indo-Pacific challenges*

Broader regional issues facing Australia are varied and equally challenging. First, the country's relations with Pacific Island Countries (PICs) have deteriorated over the past few years. This is due to the Australian reticence to join global efforts to mitigate climate change (PICs suffer disproportionately from climate change), its controversial attitude towards the Covid-19 pandemic (Canberra first shut its borders, denied the necessity of a vaccine policy, then hastily acquired vaccines through a variety of sources, including the COVAX scheme) and a transactional approach to bilateral relations with neighbouring states.<sup>8</sup>

Even though Canberra reverted to more cooperative policies in the run up to the elections, and remains the largest aid donor in the South Pacific, Australia's regional relations have suffered. This is exemplified by the recent China-Solomon Islands security agreement, signed on 30 March despite Australia's substantial role in the country's recent history. While experts are still debating whether this agreement represents a

Vol. 40, No. 3 (2019), p. 335-361.

<sup>8</sup> Joanne Wallis and Henrietta McNeill, "The Implications of COVID-19 for Security in the Pacific Islands", in *The Round Table*, Vol. 110, No. 2 (2021), p. 203-216.

tangible security threat, many agree that Australia's diminishing soft power and condescending approach to regional issues can partially explain this problem.<sup>9</sup>

Indeed, at the end of May 2022, Chinese foreign minister Wang Yi held talks with the governments of 11 PICs located just north of Australia, with the goal of signing new regional agreements to boost China's influence in the South Pacific. The endeavour did not succeed in creating a regional multilateral security agreement with 10 PICs, but managed to conclude smaller deals with Fiji, Kiribati, Samoa, Tonga, Vanuatu and the already mentioned Solomon Islands.<sup>10</sup> Australia's new foreign minister Penny Wong subsequently made official visits to many of the same PICs to initiate a "reset" of relations, promising a less transactional approach compared to the past.

The second regional issue concerns relations with the ASEAN and its members. While Australia has a long political and trade history with Southeast Asia, US-China rivalry spurred this diverse group of minor and middle powers to react differently. Australia aligned even more closely with Washington while ASEAN members – rising nations physically closer to China, bound by trade relations with Beijing – decided to eschew any form

<sup>9</sup> Patricia O'Brien, "The China-Solomon Islands Security Deal Changes Everything", in *The Diplomat*, 5 April 2022, <https://thediplomat.com/2022/04/the-china-solomon-islands-security-deal-changes-everything>.

<sup>10</sup> "China's Whirlwind Pacific Tour a Slight Success with Several Bilateral Agreements Signed", in *RNZ*, 4 June 2022, <https://www.rnz.co.nz/international/pacific-news/468464>.

of alignment.<sup>11</sup>

This regional foreign policy divergence means that Australia and ASEAN cannot increase their cooperation when regional security is concerned, since Australia's predilection for minilateral security groupings (Five Eyes, the Quad or AUKUS for instance) collides with ASEAN's wariness of such forums. Whether ASEAN's refusal to engage in security architectures is still a tenable position amidst US–China competition remains to be seen (Amitav Acharya has argued that ASEAN could be “doomed by dialogue”<sup>12</sup>), but the difficulty of elevating bi/multilateral relations under such conditions represents a significant foreign policy challenge for the new Labor government.

The third and last Indo-Pacific challenge pertains to how Australia is perceived and wishes to be perceived regionally, which directly impacts on the scope and success of its regional policies. In short, Canberra is affected by “liminality”, the condition of “awkwardly” belonging to a region with almost opposite socio-cultural

<sup>11</sup> Gabriele Abbondanza, “Whither the Indo-Pacific? Middle Power Strategies from Australia, South Korea and Indonesia”, in *International Affairs*, Vol. 98, No. 2 (March 2022), p. 403-421, <https://doi.org/10.1093/ia/iiab231>.

<sup>12</sup> The meaning of which is that ASEAN could be condemning itself to irrelevance by resorting only to debates in forums, while the rest of the region experiences very practical developments on a daily basis. See Amitav Acharya, “Doomed by Dialogue: Will ASEAN Survive Great Power Rivalry in Asia?”, in Gilbert Rozman and Joseph Chinyong Liow (eds), *International Relations and Asia's Southern Tier. ASEAN, Australia, and India*, Singapore, Palgrave Macmillan, 2018, p. 77-91.

characteristics.<sup>13</sup>

Indeed, the majority of states with which Canberra has either close political or economic ties are US allies, which represents a major challenge for the Australian goal of being perceived (and treated) as an autonomous member of the Indo-Pacific. If it wants its regional policies and relations to improve, the new Albanese government will have to expand rather than narrow the foreign policy sphere pursued by previous conservative administrations.

### *Potential new partnerships*

The last set of challenges for the new Labor government pertains to Australia's inability, over the last few years, to forge broader forms of partnership.

Australia's “rollercoaster” relations with Indonesia – ASEAN's de facto leader – is representative of the potential and constraints for closer ties. On the one hand, physical proximity normally fosters warmer relations. Moreover, the ASEAN Outlook on the Indo-Pacific provides a regional vision that is compatible with Australia's own,<sup>14</sup> and ASEAN's Political-Security Community and Canberra emphasise the same elements: the “rules-based order”, economic prosperity and shared principles.<sup>15</sup>

<sup>13</sup> Allan Patience, *Australian Foreign Policy in Asia. Middle Power or Awkward Partner?*, Cham, Palgrave Macmillan, 2018, p. 1-16.

<sup>14</sup> ASEAN, *ASEAN Outlook on the Indo-Pacific*, Bangkok, June 2019, <https://asean.org/?p=10911>.

<sup>15</sup> ASEAN website: *ASEAN Political Security Community*, <https://asean.org/?p=3287>.

Despite the similarity of intents and a complicated security landscape they all share, trust issues, the lack of significant forms of past cooperation, Australia's excessive emphasis on a formal security architecture and ASEAN's avoidance of them are limiting stronger cooperation. Even though the Albanese government is aware of ASEAN's strategic and economic potential for Australia, whether new and much-needed forms of cooperation will be developed in the next few years remains to be seen.

Lastly, the recently-strained relations with Europe represent another area of concern for the new government. The AUKUS announcement just a few hours before the EU was scheduled to unveil its Indo-Pacific strategy managed to overshadow the latter and caused significant irritation in Brussels. France – previously tasked with providing the new fleet of submarines – was outraged and reacted by severely limiting diplomatic relations with Canberra. As a result, the ongoing negotiations of the EU–Australia free trade agreement stalled.<sup>16</sup>

Prime Minister Albanese recently held phone calls with EU Commission President Ursula von der Leyen, French President Emmanuel Macron and Italian Prime Minister Mario Draghi. The talks were reported to be very cordial and may signal a new course in EU–Australian relations. Shared objectives between the sides – preserving the rules-based order, free trade and support for international organisations – and the complementarity of their

<sup>16</sup> Gabriele Abbondanza, "The AUKUS Partnership: A Wake-up Call for Europe", cit.

economic and strategic profiles hold promise for heightened cooperation in the Indo-Pacific. As argued elsewhere, Europe's means are different to those of the US and its allies – emphasising soft rather than hard power – and would thus work well with like-minded states with similar Indo-Pacific goals.<sup>17</sup> The ongoing war in Ukraine illustrates how similar goals can enhance broader cooperation on global issues, and indeed Australian and European responses to the Russian invasion are different in scope but entirely compatible.

As Canberra begins to implement its new foreign policy vision, existing and new challenges are already advancing. Its ability to at least partially address them will impact Australia's (extra) regional credibility and, ultimately, the effectiveness of what could be a new course of Australian foreign and security policy under the new Labor government led by Prime Minister Anthony Albanese.

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<sup>17</sup> Gabriele Abbondanza, "Preparing for a Crowded Indo-Pacific: Where to Next?", in *9DashLine*, 1 April 2022, <https://www.9dashline.com/article/preparing-for-a-crowded-indo-pacific-where-to-next>.

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