This book proceeds in six chapters, each analysing a different aspect of the multifarious challenges that China poses to Australia’s security and assessing the efficacy of Canberra’s policy responses. The focus is primarily on Australia as it faces its most important strategic challenge since the Second World War, one that manifests itself domestically as well as externally.

This introductory chapter situates the Australia–China bilateral dynamic in wider historical, strategic and political contexts. It is followed by an analysis, in Chapter Two, which charts the Chinese Communist Party’s (CCP) efforts to influence and interfere in Australia’s domestic affairs, highlighting the Australian government’s subsequent ‘pushback’ and introduction of counter-interference measures across vertical and horizontal layers of government. Chapter Three examines economic relations, for so long a stabilising foundation for the bilateral relationship until China began its punitive trade campaign against Australia in 2020. Australia’s ability to withstand and adapt to China’s economic punishment can offer a strong example at the international level. Chapter Four focuses on recent changes and enhancements to Australia’s
defence capability, alliance policy and deterrent posture, driven by intensifying threat perceptions related to China’s military build-up, strategic intentions and ‘grey-zone’ operations, which are carried out below the threshold of armed conflict. The final two chapters consider China as an integrated external-security policy challenge for Australia’s regional statecraft, centred on the nearby sub-regions of maritime Southeast Asia and the Southwest Pacific, where Australia’s interests and influence are concentrated. The concluding chapter also draws together these various threads and identifies the most important lessons that other countries can deduce from Australia’s recent experiences with China.

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Australia was considered, until recently, to be a prisoner of its geography: an underpopulated anglophone outpost consigned to an alien region, far from the succour of its maritime allies and economic partners, originally the United Kingdom and later the United States. For most of Australia’s history since European settlement, Asia was perceived as a vector of instability and a potential threat, though Australia’s trading connections to China have long roots. Conversely, geography has also provided a substantial measure of security for Australia; it is rich in resources and located well away from geopolitical fault lines and flashpoints, with great strategic depth. Australia has neither territorial nor maritime boundary disputes of significance. Its involvement in armed conflicts has been largely expeditionary and coalition-based. Australians have almost always fought elsewhere and never alone.

From the 1970s, Australia started to pivot away from the prisoner-of-geography paradigm, embracing Asia and the newer construct of the Indo-Pacific region as a vector of
economic opportunity, immigration and, more controversially, identity. Australians’ evolving conceptions of geography and their place in the surrounding region touch on loftier questions, such as whether the country is to remain part of the ‘Anglosphere’ or develop a new identity more in tune with the surrounding region and the country’s contemporary demographic diversity. Australia includes a large community of people claiming Chinese heritage, numbering more than a million out of a total population of 26m, though this community has diverse origins, including from Southeast Asia and Hong Kong, as well as China. Considerations of national identity are mostly outside the scope of this analysis. But Australia’s conception of China, and Asia more broadly, is closely related to the question of how the country defines itself. Australia’s perception of China is also refracted through the prism of its relationships with the US and, to a declining extent, the UK. China is sometimes a proxy for other important points of contention in Australia’s national debates, including the proposition that Australia should become more integrated into Asia, or that the alliance with Washington has prevented Canberra from exercising an independent foreign policy.

In this fluid, sometimes vigorously contested context, China looms expansively and ambiguously on Australia’s horizons. The dichotomy of China as a threat and opportunity is now felt in many countries, but it is perceived particularly keenly in Australia. For its first two decades, Communist China was predominantly perceived in Australia as a threat, and Canberra did not officially recognise the People’s Republic of China (PRC) until December 1972. The story of the last three decades, by contrast, has centred on China’s economic rise and the vesting of Australia’s future prosperity in the assumption that this trend would be open-ended and without downsides attached. During this time, China moved into pole position
among Australia’s trade partners; in 2020–21, two-way trade was valued at A$267 billion⁷ and China was the destination for close to 39% of Australia’s exports. China’s demand for iron ore, above all, helped to drive a global commodities ‘super-cycle’ following its accession to the World Trade Organization (WTO) in 2001. That cycle had run its macro-economic course by 2020, if not before, and is sustained only by Beijing’s policy of stimulus spending. But for more than a quarter century, from 1992 to 2020, Australia enjoyed continuous economic growth, a unique feat among developed economies and one fuelled largely by China’s demand for Australian products. China is the leading trading partner of many countries in the Indo-Pacific, but Australia’s level of dependence on China as an importer of its goods and services is exceptional.

Despite the two countries’ political dissimilarity, such intense economic complementarity between Australia and China inevitably colours how Australians have approached the bilateral relationship. The fatalistic belief that Australia’s dependence on China as a market constitutes a permanent and irreplaceable fact of international relations became an idée fixe in Australia’s China-watching circles. According to this view, Australia has no alternative but to forge a pragmatic partnership with China’s ruling party on the best terms available. Even in the throes of an openly adversarial political dynamic, wholesale economic decoupling from China remains anathema within the Australian debate.

Over the past decade, and especially in the last five years, the political relationship between Australia and China has been increasingly characterised by tensions. Relations took a pronounced turn for the worse in 2020, as Beijing launched a wave of de facto economic sanctions against Australia, ostensibly in retaliation for Canberra’s call for an inquiry into the origins and spread of the coronavirus outbreak. This was
accompanied by a full-throated propaganda campaign, in which Australia found itself the target of extreme invective from China’s state media. In April 2020, Hu Xijin, the former editor of *Global Times*, compared Australia to ‘a piece of chewed up gum stuck under China’s shoe’. In November 2020, China’s Ministry of Foreign Affairs spokesperson Zhao Lijian tweeted a doctored picture of an Australian soldier holding a bloody knife to the throat of an Afghan child, in an apparent attempt to capitalise on international sentiment in the wake of the Brereton inquiry into the alleged unlawful killing of 39 Afghan civilians by Australian special-forces soldiers. In the same month, a list of 14 grievances, detailing alleged Australian hostile behaviour towards the PRC, was leaked by a Chinese embassy representative to an Australian journalist.

Between 2018 and June 2022, China effectively froze high-level contact with Australia: no visits by politicians or senior officials from either country took place. Canberra’s efforts to rekindle high-level communication with Beijing were rebuffed until a new, Labor government was formed following the May 2022 general election. However, the change in Australia’s government is likely to have only a marginal influence on the basic settings of the bilateral relationship. Two years earlier, in May 2020, Richard Maude, a former senior Australian diplomat, warned of a ‘permanently adversarial relationship, with bilateral and multilateral cooperation severely limited and parts of the economic relationship regularly at risk’.

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Since the end of the Cold War, Australian governments from both the left and the right of the political spectrum have maintained a shared commitment to strengthen the partnership with China, making this a defining feature of Australia’s diplomacy
and international trade. The most important exception occurred in the wake of the Tiananmen Square massacre in June 1989, when high-level contacts were suspended for one year. Bob Hawke, prime minister from 1983 to 1991, made an emotional speech to parliament in which he extended an impromptu amnesty to thousands of Chinese students studying in Australia. After this brief hiatus, however, Hawke’s successor, Paul Keating (prime minister from 1991 to 1996), reinforced Australia’s engagement with China, in the belief that this would not only help to integrate Australia into Asia, but also incorporate China into a post-ideological, globalising economy.\textsuperscript{11} The Liberal Party-led conservative coalition government of then-prime minister John Howard, who replaced Keating in 1996 and was prime minister until 2007, adopted a congruently non-ideological stance based on setting aside ‘differences’ with China and pursuing ‘common interests’. Canberra would not ‘hector and lecture and moralise’, Howard told a press conference during an April 1997 visit to Beijing.\textsuperscript{12} Notwithstanding Howard’s close identification with the US alliance in the aftermath of the 11 September 2001 terrorist attacks, as prime minister he visited China more than any other country. Australia’s exports to China expanded more than sixfold during the decade that Howard’s government was in power, which straddled China’s accession to the WTO. Howard’s foreign minister, Alexander Downer, raised American eyebrows in 2004 by stating publicly that Australia was not treaty-bound to join the United States in a military conflict with China over Taiwan. This was no more than a statement of fact based on the provisions of the 1951 Australia, New Zealand and United States Security Treaty (ANZUS), but it signalled a conscious shift towards a diplomatically hedged position between China and the US, even as Canberra found itself tagged by the international media as a ‘deputy sheriff’ during the US-led global war against terrorism.
Australia’s pursuit of a closer political partnership with China has always been more than just pragmatically maximising the economic benefits of China’s rise, important though the commercial motivation is. It is difficult to overstate the extent to which Australia’s political and foreign-policy establishment collectively invested in relations with China as a grand project of Australian foreign policy. This pursuit was inextricably bound up with the ambition of developing a bridging role for Australia between China (and Asia generally) and the West – a grand design that runs back to former prime minister Gough Whitlam’s (1972–75) embrace of diplomatic normalisation with the People’s Republic. The desire to position Australia as a bridge-builder between the US and China was a defining foreign-policy theme of Kevin Rudd’s first term as prime minister from 2007 to 2010. Rudd brought intensity to the China relationship. Fluent in Mandarin and with diplomatic experience in China, he pursued an ambitious ‘creative middle power diplomacy’ role for Australia as a broker between Washington and Beijing. The long-term objective of integrating Australia into Asia was further encoded in the ‘Australia in the Asian Century’ White Paper, issued in 2012 under Rudd’s successor, Julia Gillard (2010–13), whom he served as foreign minister.

Acknowledging the collapse of the bridge-building dream, at least the version that is centred on China, is important to understanding the ideational baggage that still freights Australia’s relationship with China, even as ties have deteriorated to a low point not experienced since the 1960s. Australia’s China ‘dream’ was in tune with a prevailing neo-liberal aspiration that undergirded much of the West’s engagement with China around the turn of the century. But Australia has long believed that it has a special role to play, as a Western country that is physically located alongside Asia. According to Australian academic Mark Harrison, it has been possible ‘for key sections of Australian
public, political and corporate institutions to embrace China but simultaneously ignore the complex realities of the party-state because the policy rhetoric is not about China as a real place. Instead, it has always been about how Australia should understand itself and its national future.15

Australia’s ties with the People’s Republic have experienced previous downturns since relations were normalised. Barring episodic disruptions, however, Australia’s elite has been committed to the open-ended pursuit of closer relations with Beijing. Australia and China designated each other as ‘comprehensive strategic partners’ in 2014. In that year, President Xi Jinping became the third Chinese leader to visit Australia, following in the footsteps of Jiang Zemin and Hu Jintao, becoming only the second to address its parliament. The ‘historic’ high point arrived the following December, in the form of the China–Australia Free Trade Agreement, several years in the making.16 The bilateral relationship reached this official zenith under a conservative government, rather than a Labor one, despite the latter’s reputation for sympathising with Beijing more so than the Liberal Party.

Yet Canberra’s concerns about China’s strategic intentions in the East China and South China seas began to multiply from around 2009. Beijing reacted angrily to the language used to describe China in Australia’s Defence White Paper released the same year, though Canberra’s wording was relatively guarded.17 Also in 2009, an Australian Rio Tinto executive, Stern Hu, was arrested on bribery charges and imprisoned for nine years by the Chinese authorities, following the collapse of iron-ore price negotiations.18 In retrospect, this case was a harbinger of coercive behaviour by the Chinese state affecting commercial relations. China’s proclivity towards more assertive, hard-line positions, both domestically and externally, predates Xi’s ascendance as paramount leader in late 2012, but it has intensified under his rule.19
From 2013 to 2022, each of Australia’s three prime ministers under the Liberal–National coalition government underwent his own learning curve on China, including several attempts to ‘reset’ relations with Beijing, only to be led to a similarly constraining set of conclusions about China’s strategic course: Tony Abbott (2013–15), Malcolm Turnbull (2015–18) and Scott Morrison (2018–22). Abbott pithily summarised the most important influences on Australia’s relationship with China as a mixture of ‘fear and greed’.20 There is an elegant simplicity and a ring of truth to Abbott’s reduction, but also more to it.

Australia’s current policy settings on China date from 2017, the midpoint of Turnbull’s tenure as prime minister. From around 1990 until then, economics was the dominant factor framing the Australia–China relationship. Since then, however, geopolitics has re-emerged as the prevailing paradigm. Thus the pendulum has swung away from viewing China through the lens of economic opportunity back towards strategic threat, as Beijing’s rhetoric and behaviour towards Australia have taken on coercive and punitive hues.

Turnbull began his term in office under suspicion from domestic critics that he would bow to Beijing,21 especially given his business background. In office, he initially sympathised with China’s desire for a bilateral extradition treaty, a move that was only aborted in the face of political opposition – a rare break in Australia’s prevailing bipartisanship on China. Turnbull’s administration subsequently set about developing a suite of policy responses designed to ‘push back’ against Beijing’s increasing assertiveness, both in the region and inside Australia. Turnbull was vocal on the South China Sea and other regional issues where he identified China’s behaviour as expansionist and coercive. He dubbed China a ‘frenemy’.22 Yet the pushback was carefully calibrated in order to avoid major strategic risk. For example, Australia opted not to participate
in freedom-of-navigation operations in the South China Sea, despite encouragement from the United States, because Turnbull judged it to be too dangerous.\textsuperscript{23} As evidence accumulated of hostile activities within Australia conducted at the behest of China’s party-state, Turnbull’s advisers instead focused initially on enhancing measures against CCP interference and influence.\textsuperscript{24} Australia’s security officials had become increasingly concerned about the scale and intensity of Chinese influence and attempts at political interference inside Australia, at federal, state and local levels.\textsuperscript{25} Not all of this was clandestine; indeed, much of it was occurring in plain view. However, such concerns were not yet mirrored in Australia’s media or parliamentary discourse.

There were multiple reasons for Australia’s adoption of a more robust stance towards Chinese interference and influence. But a crucial trigger was allegations of CCP-led political interference, which raised broader questions about Beijing’s intentions and the trajectory of Australia–China relations. The role of the media in bringing these allegations to light, and thus creating pressure for policy change, was vital.

Turnbull’s best-remembered speech about China, in December 2017, called for the Australian people to ‘stand up’. This phrase, delivered in Mandarin as a pointed and unmistakable signal to the CCP of Australia’s intention to defend its sovereignty against external interference, was chosen as a conscious echo of a revolutionary slogan widely attributed to chairman Mao Zedong.\textsuperscript{26} Promoting greater transparency in Australia–China relations became the basic principle of the Turnbull government’s pushback policy. The Foreign Influence Transparency Scheme was its lead legislative element.\textsuperscript{27} The new law, which entered into force in late 2018 after Turnbull left office, made it a requirement for those lobbying on behalf of a foreign power at the federal level to declare themselves on
an official register. The Turnbull government’s terminal act, in August 2018, was to exclude Chinese firms from bidding for Australia’s future 5G communications network. Australia thus became the first among the Five Eyes intelligence partners to exclude Chinese telecommunications firms Huawei and ZTE from participation in 5G, based on the advice of the Australian intelligence community that these companies posed an unacceptable security risk to national critical infrastructure. This decision was announced by then-treasurer Scott Morrison, one day before he replaced Turnbull as prime minister. Also of rising concern to Canberra was the scale of espionage against Australian targets by China’s intelligence agencies, though this was rarely attributed to China in public. In his memoirs, Turnbull was more candid, revealing that China was the source of cyber espionage against Australia on an ‘industrial’ scale: ‘Their appetite for information seemed limitless, ranging from businesses, to universities to government departments and much else besides.’

The reference points for the Australia–China strategic dynamic are not only binary; the bilateral relationship also forms part of a strategic triangle with the United States. Canberra’s alliance with the US and its membership in Five Eyes intelligence-sharing and the Australia–United Kingdom–United States (AUKUS) strategic-technology partnership arrangements increase Australia’s significance for China. Beijing’s investment in alternately wooing and punishing Australia derives ultimately from China’s interest, as a rising revisionist power, in weakening the regional US-led alliance system. Australia is a conspicuous target in this regard, given its self-identification as a stalwart US ally. Australia’s desire to extract economic benefits from China and its ambitions to play a bridging role between the West and Asia have combined to give Beijing the impression that it is a potentially pliable country.
The United States plays an outsized role in Australia’s strategic debates on China. Some Australian critics of a hardline policy towards China have expressed concern that it could be intended to imitate a hardening US line or even to obtain credit in Washington.\(^{30}\) This critique, though long present, became more frequently voiced during Donald Trump’s presidency, which introduced a tougher US line on China.\(^{31}\) China is sometimes treated in Australian debates as if it is a vehicle for a foreign policy that is less reliant on the US alliance.\(^{32}\) US–China competition is also sometimes misconceived, including at the highest levels of government, as if Australia has no direct interest in the outcome of this competition.\(^{33}\) Fears of entrapment and abandonment have always been part of the dynamics of Australia’s alliance with the US. But these anxieties have intensified as China’s power rises and that of the United States continues its relative decline. America’s domestic political divisions and distractions have little to do with China, but they understandably weigh on Australian decision-makers’ minds, casting doubt on the credibility of the US as a security guarantor and raising the prospect that Canberra may have to deal with China without dependable support from Washington. Somewhat paradoxically, while Australia’s alliance with the US is continually strengthening and becoming steadily more integrated in terms of military capability, it has moved onto shakier ground politically because of deepening fractures within the American polity.

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Given its worrisome trajectory, the Australia–China dynamic prompts a number of questions. The most important of these relate to the nature of Beijing’s strategic intentions towards Australia and the extent to which Australia matters to China,
other than as a supplier of minerals, foodstuffs, tourism and education services. In the economic domain, the question of Australia’s vulnerability to coercion by China has recently been tested. In addition, intensified US–China rivalry is likely to have strategic implications for Australia. In the military arena, China’s growing capabilities pose serious questions about Australia’s future defence posture and its ability to deter military adventurism and grey-zone operations in Australia’s vicinity. Australia’s need to form ad hoc coalitions of like-minded countries to balance China will test its ability to shape its external security environment. Outside Australian policy circles, international observers should consider the lessons that can be drawn from the strategic dynamic between Australia and China: what is it that makes Canberra’s turbulent ties with Beijing worthy of wider attention, and does Australia live up to its frequent description as ‘a canary in the coal mine’ with regard to China?34

Australian commentary often places the onus for the deterioration of bilateral relations on the proximate triggers of China’s anger, notably Canberra’s April 2020 call for an inquiry into the causes of the coronavirus pandemic. However, the substantive issues that divide Australia and China are symptomatic of fundamentally divergent national interests, which have been accentuated by Beijing’s steady tilt towards hard-line positions across the policy spectrum. Points of tension include Australia’s concerns about China’s interference inside Australia, its military build-up, its expansionist behaviour and its grey-zone operations, especially in the maritime domain. Canberra has also been concerned about China’s increasing influence in, and long-term intentions towards, the Southwest Pacific and maritime Southeast Asia. These challenges touch on Australia’s fundamental security interests, not just the ephemera of diplomatic ‘ups and downs’. Australia and China
have also occasionally clashed over Beijing’s anti-democracy crackdowns in Hong Kong and the mass incarceration of Uyghur Muslims in Xinjiang. These concerns do not impinge on Australia’s vital defence and security interests, but they reflect frictions that flow from basic differences in regime type: between Australia, as a liberal democracy, and China, as a one-party state and authoritarian regime.

Australia’s relationship with China arguably presents a cautionary tale: a warning of what lies in store when Western democracies pursue open-ended economic engagement with an authoritarian Marxist–Leninist party-state, heedless to the negative ramifications of dependency and fundamental political difference.
Chapter One

Defined for the purpose of this book as Brunei, Indonesia, Malaysia, the Philippines, Singapore, Timor-Leste and Vietnam. Cambodia, Myanmar and Thailand can be considered partly maritime from a geographical standpoint, although they are predominantly continental countries.

Defined for the purpose of this book as the Pacific islands east of Australia: American Samoa, Cook Islands, Fiji, French Polynesia, Kiribati, Nauru, New Caledonia, New Zealand, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu, and Wallis and Futuna Islands. This should not be confused with the broader, Allied definition of ‘Southwest Pacific’ used during the Second World War.


12 Ibid., pp. 287–90.


15 Harrison, ‘Saying the Unsayable in Australia’s Relations with China’.


31 Fitzgerald, ‘Australia–China Relations and the Trump Factor’.


34 Hartcher, ‘Red Flag: Waking Up to China’s Challenge’, p. 34.