

Do China's regional ambitions threaten Australia's interests?

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At the core of the policy choices Australia faces in Asia lies the basic question of whether the ambitions of a growing China can be reconciled with our national interests. The answer depends, of course, on what the Chinese want, and how we define Australian interests.

President Xi Jinping seems to be in little doubt of the enormous difficulties the transitioning economy faces, including environmental degradation, an ageing population, and over-investment. His anti-corruption campaign and efforts to impose new levels of ideological discipline within the Communist Party are evidence of that. But he and his colleagues also appear to be using foreign policy nationalism as a way of strengthening the Party's legitimacy, or at least avoiding its being outflanked on the patriotism scale by a public which is increasingly proud of China's achievements.

Despite these problems, most economists expect the size of the Chinese economy to exceed that of the US by all measures around the end of the 2020s. As this happens, it seems inconceivable that Beijing will not want to exercise greater influence in Asian affairs and restrict the sway of outside powers.

It is not yet clear what China's real ambitions are, or how attainable they may be. Its success will depend on many factors, including the nature of its objectives, the skill of its diplomacy, the way its neighbours respond, and the actions of the US itself.

China's declaratory policy doesn't tell us much, emphasising conventional commitments to noninterference, cooperation, win-win solutions, and a vague 'new model' of great power relations. So its actions provide a better insight than its words.

It has been trying to establish greater control over disputed maritime areas in the East and South China Seas, moving them into the column of its core interests. It is increasingly using its economic weight to achieve diplomatic influence and to develop maritime and land links to Europe through its 'One Belt, One Road' and Asia Infrastructure Investment Bank initiatives. Beijing's recent response to the decision of the Permanent Court of Arbitration raised new concerns about its willingness to accept existing global rules.

Australia's interests in Asia are central to our foreign and economic policies. All Australian governments have defined these in similar terms. We want a peaceful region in which the voices of all the states, large and small, can be heard. We want a region which is economically open, helping our own trade and providing a better life for the people of the region. We want a predictable region, in which the laws and norms which govern state behaviour are agreed and known. We want a region in which Australia is an intimate participant and in which we can effectively exercise our influence.

Because China's interests cover the same areas and issues, they will always affect Australia. Some of its ambitions will align with our own. For example, its continued economic growth is critical to our capacity to advance our economic, strategic and foreign policy interests. The 'One Belt, One Road' and AIIB initiatives offer real opportunities to build Australia's links with the Indo-Pacific. On the other hand, Beijing wants to weaken the US alliance relationships with Japan, Korea, the Philippines and Australia and bring about an end to US military primacy.

For 40 years the unity of ASEAN has been important for Australia, helping to limit interstate conflict in Southeast Asia and promote economic growth. China's efforts to divide ASEAN (if it is unable to secure its unanimous support) threaten our interests in regional stability.

The global rules-based order reflects, to some extent, the power-based international system which sits alongside it. Australia is used to an order that has been shaped fundamentally by our friends and allies but China wants to change some of its aspects.

Australia can't prevent the coming shift in the regional order. Only a reversal of China's economic growth so profound that it would push the global economy into deep recession, causing serious political instability in China itself and the wider region, is likely to do that. That would not be in our interests or the region's.

So Australia faces a series of much more tactical questions. Not how we prevent the change from happening, but how we preserve the elements we want in the current framework and shape what comes next. How can we ensure that greater Chinese power does not lead to Chinese coercion? How can we assist and encourage the United States to maintain a balancing role in the new regional environment? How can we strengthen institutions like ASEAN? Should we mount our own national freedom of navigation exercises in the South China Sea to underline our support for international law?

None of this will be easy. Clarity in our thinking and subtlety in the execution of our policies will be essential.

Questions

- Do Chinese regional ambitions threaten Australian interests?
- How should Canberra respond to Beijing's efforts to expand China's influence and counterbalance Washington?
- Is diplomacy effective in managing China's regional ambitions?
- If it is, what precisely is Canberra's role? What is the role of business?



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