

Third National Meeting: Background Papers

Session I: Do China's regional ambitions threaten Australia's interests?

Richard Rigby

In the three years since Xi Jinping became China's top leader, he has not only concentrated power in his own hands, but has articulated an ambitious domestic and foreign policy agenda based on the notion of the realization of China's 'Great Rejuvenation'. His aim is to restore China to what he sees as its rightful position in the region and the world. In common with all Chinese leaders of whatever political stripe since the late 19th century, the bottom line is that China will never again be put in the disadvantageous position in which it found itself from the first Opium War onwards.

Within the broad context of the 'Chinese Dream', a series of more specific initiatives relevant to our region have been advanced, including One Belt One Road, a Community of Common Destiny, Peripheral State Diplomacy, and the Asian Infrastructure Investment Bank. Also of relevance to Australia is China's continued advocacy of the 'new model' of relations between big states, primarily but not exclusively focused on the United States. Xi has repeated these at times somewhat inchoate notions on numerous overseas visits, exhaustively covered in the Chinese media—reinforcing China's standing and his increasingly cultic position as a strong and globally respected leader.

Little of this should, *per se*, be problematic for Australia. Since the establishment of diplomatic relations with the PRC in 1972, Australian Governments have consistently welcomed China's re-emergence as a more wealthy and powerful country playing a role commensurate with its historic and actual position as a major regional and global state. Only last year DFAT Secretary Peter Varghese noted that China had 'every right' to seek greater strategic influence to match its economic power. In this sense, it is difficult to say that China's regional ambitions *directly* threaten Australia's interests.

At least two things, though, need to be acknowledged. The first is the largely unspoken but widely shared expectation that as China grew in economic power, so too would its governance evolve in a more open, just and even democratic fashion. However, this has not happened, and under Xi's leadership China has moved further away from, rather than towards, such a trajectory. While a country's international behaviour cannot invariably be judged by its domestic practices, concerns about the latter cause discomfort and wariness in assessing its future path. It is, moreover, of real concern in the context of 'common values' as a determinant of our own diplomacy.

Second, several Chinese activities continue to be problematical – notably in the East and South China Seas. Diaoyu/Senkaku remains a potentially dangerous issue despite a modest improvement in China-Japan ties. Since the last *China Matters* National Meeting

in November 2015, tensions have increased in the South China Sea by, *inter alia*, China's placement of missiles on Woody Island and further US Navy Freedom Of Navigation patrols – while Australia is being encouraged by US sources to engage more in such patrolling. Should we decide to do this, we must expect a strongly negative Chinese reaction, which may not be quarantined from other aspects of the relationship.

From China's viewpoint, its activities in the South China Sea are purely defensive, and they are, like other claimants, convinced of the justice of their position. This only heightens the likelihood of greater tensions as a genuine security dilemma evolves, based around the shifting relative power between China and the US—thus inevitably involving Australia.

These activities are problematical not only intrinsically, but also for what they seem to imply about how China is likely to behave as its power grows, and the impact this will have on regional relationships.

Uncertainty in cross-Strait relations following the election of the independence-leaning DPP in Taiwan could lead to further problems in US-China relations. This, coupled with Australia's strong economic ties with Taiwan and our desire to see regional stability, could also become a more negative factor in Australia-China relations.

Notwithstanding the foregoing, it is still difficult to see China emerging as a *direct* threat to Australia. Arguably, we could opt to further deepen ties with China, optimizing our economic links, refraining from criticism of China's regional policies and activities, and eschewing participation in activities of other states aimed at constraining China's ambitions. In so doing, we would preserve both our security and prosperity for the foreseeable future. But as long as we see our economic and security interests best served by upholding the rules-based order to which we are committed, having a strong alliance with the US, and developing closer security relations with Japan and other regional powers, we will have to accept that this is not always going to be to China's liking, and that we will need to prepare seriously for more contentiousness in our relations with China than we have hitherto encountered.

Questions:

- What is the extent of Chinese ambition in the next 5 to 10 years and is it a threat to Australian interests?
- How most effectively can Canberra respond to Beijing's efforts to expand Chinese influence in the region and counterbalance Washington?
- What are the risks for Australia of closer security relations with Japan in the context of Australia-China relations?
- Should Australian business be concerned about these questions?