

# COMPARATIVE

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## CONNECTIONS

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**AUSTRALIA-US/EAST ASIA RELATIONS**

# CORONAVIRUS, CHINA AND THE US NEW NORMAL

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Challenged by COVID-19 and China, Australia confronts deteriorating strategic prospects and its first economic recession in nearly 30 years. The pandemic has worsened strained relations between Australia and China. Canberra's call for an inquiry into the origins of COVID-19 was attacked by Beijing as a betrayal and Chinese trade retaliation has followed. Even before the pandemic hit, Australia talked of a "new normal" with China of "enduring differences." Whatever the US election result, the phrase "new normal" is also being applied to changes wrought by President Trump. The US alliance is hugged anew as Canberra abandons a central strategic tenet it's held for 50 years—the idea that Australia would have 10 years warning of any direct military threat.

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## Australia Crashes the Economy to Contain COVID-19

*“We confront today a new, complex, hydra-headed and rapidly evolving challenge. The coronavirus, COVID-19 ... This is one of those national interest moments. Whatever you thought 2020 was going to be about. Think again.”*

—Prime Minister [Scott Morrison](#), March 10, 2020

By March 23, the prime minister was telling Australians they faced “the toughest year of our lives.” To contain the coronavirus, Australia shut down, and is paying the price with its first recession since 1991. Australia’s international border is closed, with only Australian citizens and residents allowed to enter. Anyone who arrives in Australia is [quarantined for 14 days](#). Australia is one of the only democracies in the world that has [banned its citizens](#) from leaving the country as a public health measure during the pandemic.



Figure 1 Australian Prime Minister Scott Morrison outlining Australia’s coronavirus response. Photo: [AAP/Lukas Coch](#)

COVID-19 has caused what the [Bureau of Statistics](#) calls a series of unprecedented economic events. Australian Gross Domestic Product (GDP) fell 7.0 % in the June quarter, the largest quarterly fall on record. More than 1 million Australians are unemployed (12.4 million have jobs): a jobless rate of 7.5%. The [devastating hits](#) mean unemployment is predicted to hit 10% by the end of the year. General government net saving fell to minus-\$82.6 billion in the quarter ending in June, from \$1.2 billion in the previous quarter. The June quarter plunge reflected the government’s economic response to COVID-19: record high subsidy payments of \$55.5 billion and reduced tax income. More than a third (35%) of

Australian businesses say they will [struggle](#) to meet financial commitments.

Entering September, Australia (population: 25.6 million) had recorded nearly 26,000 cases of COVID-19 and 663 deaths. The major outbreak is in the state of Victoria, with 576 of those deaths. To keep out COVID-19, some states closed their borders to the rest of Australia, the first border shutdowns since the 1919 Spanish flu. Australians have been reminded that the six states that formed the federation in 1901 still have considerable powers because of their control of police and hospitals—and, again, over state borders. On September 4, seven of the states and territories agreed on a plan to reopen Australia’s [internal borders](#) by Christmas. The holdout state is Western Australia, which won’t agree to an [“arbitrary deadline”](#) to reopen its hard border. Western Australia has shut out the coronavirus and its mining-based economy has taken less of an economic hit.

Among the many political shocks the pandemic has inflicted on the federal government has been the assertiveness of the six state and two territory governments. Power normally flows from the federal government because it controls taxation and distributes funds to the states and territories. The pandemic weakens Canberra’s ability to dominate by pulling on the purse strings, as the states assert their constitutional role. Facing COVID-19, state premiers have been in the front line and have had the unusual experience of bending the prime minister to their will.

A significant initiative to confront the pandemic—and in the administration of the federation—was the creation in March of a [“national cabinet”](#) involving the prime minister, the six state premiers and two territory chief ministers. Despite wrangles over state border closures, the regular national cabinet teleconferences have delivered relatively united and consistent leadership (a striking contrast to the normal political battles and money haggles between Canberra and the states). The national cabinet is an innovation in the way Australia is governed that is set to endure beyond the pandemic. As a thought experiment, contemplate the difference in the US experience if President Trump had done a weekly teleconference with state governors seeking consensus on a national response to the coronavirus.

## Pandemic, China and “Poor White Trash”

*“There are few signs that Australia intends to stop provoking China, or to attempt to ease escalating tensions. Instead, its insistence on continuing along the US’ lose-lose path toward decoupling will undoubtedly cause huge damage to its already severely injured economy... further decoupling with China will not send China back to poverty, but will only make former Singaporean Prime Minister Lee Kuan Yew’s famous statement more likely to come true: that if Australia doesn’t open up its economy and reduce unemployment, it risks becoming the ‘poor white trash of Asia.’”*

—Yu Lei, China’s [Global Times](#), August 31, 2020  
The Australia-China relationship has, literally, descended to “trash” talk. Top levels of China’s government aren’t talking to Australia’s leaders, while Party mouthpieces in Beijing fling abuse. The reference to “decoupling” is both challenge and threat, because Australia’s economy is so closely wedded to China. China accounts for nearly [a third of Australia’s exports and around a fifth of our imports](#). To repeat: one dollar of every three that Australia makes on the world market comes from China. Australia is the [“most China-dependent country](#) in the developed world.” China sailed Australia clear of the global financial crisis and is the external factor most responsible for Australia’s economic success in this century. A relationship that has delivered huge benefits is reassessed for vulnerability and risks.

The political, diplomatic, and strategic breach between Canberra and Beijing is in its fourth year, and has been made worse by COVID-19. Australia launched a new front by calling for an international inquiry on the origins and development of the pandemic. On April 19, Foreign Minister Marise Payne said Australia would [“absolutely insist”](#) on the independent review. “It’s clear that the virus originated in Wuhan,” Payne said, calling on China to be transparent about “the genesis of the virus, about the approaches to dealing with it, and addressing it, about the openness with which information was shared, about interaction with the World Health Organization, interaction with other international leaders.” The foreign minister said the international inquiry would be similar to past reviews into “egregious human rights issues.”

When I saw that interview—especially the “egregious” comparison—my reaction was,

“Wow, go to battle stations.” Payne is a deliberate player with a safe pair of hands, more a low-key than high-note performer. From her, that was a head-kicking message: Australia had decided to go in hard against China, partly because it’s getting used to argument rather than agreement. Payne’s line in April was that the WHO shouldn’t conduct the independent inquiry, because that would be poacher acting as gamekeeper. By May, Australia claimed vindication when the WHO set up its own [investigation](#) into “the lessons learned from the WHO-coordinated international health response to COVID-19.”

The response from Beijing started quickly and is still building. On April 26, China’s ambassador to Australia, Cheng Jingye, told the *Australian Financial Review* that Australia was “politically motivated” and was joining the US in [“resorting to suspicion, recrimination or division.”](#) Cheng said the Chinese public was “frustrated, dismayed and disappointed with what you are doing.” Chinese parents mightn’t want their children to study in a “hostile” country, he said, and people could stop drinking Australian wine or eating Australian beef. The AFR’s headline was made: [“China consumer backlash looms over Morrison’s coronavirus probe.”](#)

To protest at China’s threat of a trade squeeze, secretary of the Department of Foreign Affairs and Trade Frances Adamson phoned the ambassador. The Chinese embassy then “verballed” Adamson with its [version of the conversation](#): “Secretary Adamson tried her best to defend Australia’s proposal about the independent review, saying the proposal neither has political motive nor targets China. She also admitted it is not the time to commence the review now and Australia has no details of the proposal. She further said that Australia does not want the matter to have any impact on Australia-China relationship.” Canberra cried diplomatic foul and trade blackmail. Beijing bloviated about Australia as [“gum stuck to the bottom of China’s shoe.”](#)

See it all as another cold front in what the [2018 Comparative Connections](#) called a new “icy age” blowing through Australia’s security, economic, trade, social, diplomatic and political worlds. The chill winds gathered in 2017 when Australia’s language about Chinese coercion became [shriller](#). Pointing to Chinese interference in domestic affairs, Australia announced legislation to [ban foreign political](#)

[donations](#) and broaden the definition of espionage. It's been more snow than sunshine ever since, as the icy age enters its fourth year.

The pandemic fight merely reveals how things have been behind the diplomatic screen. The Chinese leadership doesn't bother talking to Australia. When President Xi Jinping hit the phone in April to talk to the leaders of 29 nations and international organisations about the pandemic, Scott Morrison didn't get a call. As journalist [Karen Middleton](#) commented: "That a fellow member of the G20 did not make the Chinese leader's top 20 or even top 30 priority list for consultations says everything about the state of bilateral relations."

Australia has become accustomed to higher pain levels. The diplomatic cost-benefit equation has shifted. An angry China—what's new? And so Canberra takes aim at Beijing as it calls for the equivalent of international weapons inspectors to investigate disease outbreaks. Plucky Oz speaking blunt truth about COVID-19. Or silly Oz, the nail that sticks up its head to be hammered. Or Oz standing way too close to US criticism of China. Take your pick. Certainly, the retaliation predicted by China's ambassador has arrived. He nominated wine and beef, and both have been targeted, along with barley for beer. In May, China announced [huge tariffs on Australian-grown barley](#) typically used to make beer. That decision, based on claims of dumping, essentially [priced](#) Australian farmers out of the market. Days later, China slapped a suspension on four [Australian abattoirs selling beef](#) to China for not meeting labeling requirements.



Figure 2 Western Australian barley farmers have had to adjust their planting plans following the announcement of large import tariffs *Photo: ABC Rural/Jo Prendergast*

In June, China's Ministry of Culture and Tourism issued an alert warning citizens not to [visit](#) Australia because of a "significant

increase" in racist attacks on "Chinese and Asian people." State-run media chimed in to editorialize that Chinese students should "be cautious about studying in Australia." In August, China announced an [anti-dumping](#) inquiry into Australian wine exports. China's Ministry of Commerce will investigate whether Australian winemakers "dumped" wine at low prices to crowd Chinese producers and claim a bigger market share.

In June, Morrison announced a "[sophisticated state-based actor](#)" (interpreted as a reference to China) has stepped up cyber attacks on Australia. The Foreign Affairs Department has warned Australians they risk being "[arbitrarily detained](#)" if they visit China. Because of China's new national security law for Hong Kong, Australia suspended its [extradition](#) treaty with Hong Kong. New visa arrangements will enable Hong Kong [passport holders](#) to remain in Australia. The federal government has announced it will introduce a new law, under foreign policy powers, so it can [veto](#) arrangements states, territories, councils and universities make with foreign governments. One target of the law is the state government of Victoria, which has signed on to China's Belt and Road Initiative.

As the reporting period ended, relations were still deteriorating. Two Australian foreign correspondents fled China on Sept. 7 after each was questioned by police from China's Ministry of State Security. Australian diplomats [negotiated](#) the exit of Bill Birtles, of the Australian Broadcasting Corporation, and Michael Smith, of *The Australian Financial Review*. During the negotiations, Birtles sought diplomatic protection by moving into the Australian embassy in Beijing while Smith was sheltered by the Australian consulate in Shanghai. Their exit means that for the first time since the 1970s, when Australia restored diplomatic relations with China, no Australian media group has a correspondent in China. Birtles and Smith were told they were persons of interest in an investigation into the [Chinese-born Australian news anchor](#) Cheng Lei who has been [detained](#) in China. Cheng works for Chinese Government's English news channel, CGTN, and Australia was given formal notification of her detention in August.

Foreign Minister Marise Payne has emphasised the travel warning to Australians not to visit China because of "the [risk](#) of arbitrary detention

based on national security grounds.” Beijing responded by charging that Australia started the attack on journalism. Chinese media revealed that Australian national security agencies had [raided](#) the homes of four Chinese state media reporters in June, seizing their equipment and ordering them to stay silent about the probe. The four Chinese journalists [left](#) Australia after being questioned by the Australia Security Intelligence Organisation, while two Chinese academics have also had their visas revoked on national security grounds.

### **The Five-Year Arc to the Abnormal “New Normal”**

Australia has been on a five-year arc—mostly downward—to an abnormal “new normal” with China. The [2015 Comparative Connections](#) reported on Xi’s fifth visit to Australia and the president’s warm address to the Australian Parliament. A free trade agreement with China had been agreed in 2014 and was signed in 2015. Australia was so relaxed that in late 2015 it let a Chinese company buy the Port of Darwin, the base for US Marines training in Australia. Yet that 2015 *Connections* report also recorded the vivid view of then Prime Minister Tony Abbott that Australia’s China policy was driven by “[fear and greed](#).” Whatever the fear, five years ago greed was winning. Xi’s Canberra address and the free trade deal are the optimistic starting point for the downward arc.

See the journey through the eyes of Malcolm Turnbull, who seized the prime ministership in a party room coup in September 2015, and was, in turn, discarded by the Liberal caucus in August 2018. Matching Abbott’s “fear and greed,” Turnbull also got the duality of the China relationship into a bumper sticker. Turnbull’s one word version was “[frenemy](#),” both friend and enemy. Turnbull started off as a firm friend but was increasingly alarmed by enemy-like behavior. While not reusing the “frenemy” word, Turnbull’s memoir, [A Bigger Picture](#), devotes a chapter to China and that balance between friend and enemy. And how to deal with Beijing when it’s being a “bully,” a word that runs through the account. Turnbull’s discussion of China’s island-building land grabs in the South China Sea—“to create facts on the ground, or above the water”—illustrates the tests and tensions. He repeatedly told Chinese leaders that their strategy was counterproductive: “Was the tenuous advantage

given by establishing these forward operating bases worth the tensions that it was creating?”

Australia doesn’t recognize the legitimacy of what China has built in the South China Sea. But unlike the US Navy, the Royal Australian Navy doesn’t sail ships inside 12 nautical miles (the limit of territorial waters) of the new islands. Australia stays outside that zone to avoid a confrontation that “would easily play into China’s hands,” as Turnbull writes:

“The People’s Liberation Army Navy knows that if it conflicts with a US ship, it runs the risk of rapid escalation into full-blown conflict. But an Australian ship is a different proposition altogether. If one of our ships were to be rammed and disabled within the 12-mile limit by a Chinese vessel, we don’t have the capacity to escalate. If the Americans backed us in, then the Chinese would back off. But if Washington hesitated or, for whatever reasons, decided not to or was unable immediately to intervene, then China would have achieved an enormous propaganda win, exposing the USA as a paper tiger not to be relied on by its allies. My judgement was that given the volatile geopolitical climate at the time, especially between the USA and China, it wasn’t a risk worth taking.”

Parse the fears in that account of China ramming and disabling an Australian navy ship. The question of what China might do immediately becomes a question of what the US would then be prepared to do. Australia does the frenemy balance with China while keeping a constant eye on Uncle Sam.

Turnbull hates being called a panda hugger. Yet his China chapter describes a hugger who slowly picked up the sword of a dragon slayer. Start that journey from a [speech](#) Turnbull gave in 2011, at the London School of Economics, rejecting the thought that “China’s economic growth meant it was inevitably going to become a military threat.” The strategic response, he said, “should be to hedge against adverse and unlikely future contingencies as opposed to seeking to contain (futilely in all likelihood) a rising power.”

The 2011 speech had elements that ran through all of Turnbull’s later foreign policy thinking:

- China would become the world’s largest economy and, in time, a military equal of the US.
- China’s institutions and culture are very different to Australia’s, yet China is “in large measure responsible for our current and prospective prosperity.”
- Australia wants good relations with both the US and China but must deal with a multipolar world by drawing closer to other countries in Asia, “as we deepen our relations and trust with our neighbors.”

By 2017, Turnbull was fretting at “the gathering clouds of uncertainty and instability” and warning that Asia couldn’t rely on China or the US “to safeguard our interests.” This was Turnbull’s [keynote address](#) to the Shangri-La Dialogue in June 2017. At the time, I called it a [Hunger Games vision](#) and now rank the Singapore oration as the defining foreign policy speech of Turnbull’s prime ministership: toughen up to Beijing, tiptoe around Trump.

Turnbull’s Shangri-La hope was for a free and open neighbourhood, but the details had turned devilish. The region we wanted to help shape wasn’t emerging in the shape that we wanted. The language about Beijing had become robust. In Turnbull’s words, it was a “dark view” of a “coercive China” seeking domination. Canberra was working out how to cope with the “bullying tactics” of a Beijing seeking “to supplant the United States as the leading power in the region.” Criticizing China meant consequences, Turnbull notes: “Ministerial visits would be stopped or curtailed, trade deals would be frozen or not followed through, Chinese tourism would drop off, foreign businesses in China would be boycotted.”



Figure 3 Australian Prime Minister Malcolm Turnbull providing the keynote address at the 2017 IISS Shangri-La Dialogue. Photo: Stratbase ADR Institute

Australian Prime Minister Malcolm Turnbull providing the keynote address at the 2017 IISS Shangri-La Dialogue. ([Stratbase ADR Institute](#))

Charting what happened between those two speeches, Turnbull cites a maxim of defense strategy—capability changes over decades, but intent can change in a heartbeat:

“In the six years between my speech at the LSE in 2011 and my Shangri-La address in 2017, China’s capabilities, in every respect, had continued to grow; but what had really changed was its intent. Under Xi, it became more assertive, more confident and more prepared to not just reach out to the world, as Deng [Xiaoping] had done, or to command respect as a responsible international actor, as Hu Jintao and Jiang Zemin had done, but to demand compliance.”

Turnbull records his question to China’s Premier Li Keqiang: “Surely China should want to be seen as more of a cuddly panda than a scary dragon?” Turnbull relates his own shifting answer, starting with the geopolitical impact of China’s island-building land grab in the South China Sea. He dishes domestic detail on cyber espionage, Chinese investment and political interference, and banning Chinese 5G technology. The five-year arc is a story of how Chinese behaviour caused [Australia’s China reset](#).

Turnbull describes Australian alarm at the brazen scale of China’s cyber assault: “[W]hat’s become increasingly apparent over the last decade is the industrial scale, scope and

effectiveness of Chinese intelligence gathering and in particular cyberespionage. They do more of it than anyone else, by far, and apply more resources to it than anyone else. They target commercial secrets, especially in technology, even where they have no connection with national security. And, finally, they're very good at it. A last point, which speaks to the growing confidence of China, is that they're not embarrassed by being caught."

Beijing got heartburn at Canberra's refusal to join the Belt and Road Initiative. Australia would be happy to work on specific projects, Turnbull writes, "but we would not sign up to a slogan when we had no control over its content or substance."

Turnbull laments a slow response to Chinese espionage and foreign interference: "Australian governments had simply not been paying attention." The former prime minister says he came to see that Australia's "espionage laws were out of date, last revised during the Cold War, and we had no legislation to regulate, let alone prohibit, foreign political donations. With so much foreign, mostly Chinese, money flowing in and around politics, we also lacked any transparency legislation." Turnbull introduced legislation on foreign interference and foreign influence in December 2017, stating the Chinese Communist Party worked covertly to interfere with the Australian Parliament, media, and universities. China denounced the law; Turnbull responded using a defiant line drawn from [Mao Zedong's 1949 victory statement](#): "The Australian people stand up." Rendering it in Mandarin made the point even sharper, enraging Mandarin speakers from Beijing to former Labor leader [Kevin Rudd](#).

Turnbull recalls the "slightly discordant note" when President Barack Obama complained in 2015 about the Port of Darwin being leased to a Chinese company for 99 years. With the US rotating marines through Darwin, Turnbull concedes, "it wasn't a good look." Communications had "gone amiss" and the US government first heard about the deal from the *Wall Street Journal*. Turnbull reruns his jest line: "I did offer to buy the White House a subscription to the *Northern Territory News*." The jests evaporate when he gets to "a far more serious snafu" that arose over New South Wales' effort—nearly a done deal—to sell almost all its electricity assets to China. "There had clearly been a breakdown in communications within

our national security agencies." The wake-up response was to create a center to check on the national security risks of foreign acquisitions of critical infrastructure. The mood shift is such that during the COVID-19 crisis, the government has [cut to \\$0](#) the threshold for [checks by the Foreign Investment Review Board](#). No vital assets will be sold cheap during the pandemic. And, you could deduce, there's no way Darwin's port would be sold today.

In the week the Liberal Party toppled Turnbull as prime minister, Australia became the first nation to ban "high risk" vendors (read: China's Huawei and ZTE) from building its 5G network. Unlike 4G and 3G, he notes, 5G can't be divided into core and non-core elements: "[T]he core is no more—the intelligence it used to contain will be distributed throughout the network." The 5G risk arrived, Turnbull writes, because of "ferocious competition from the Chinese vendors on price and an absence of mind" in the Five Eyes intelligence club (the US, Australia, the UK, Canada, and New Zealand). Turnbull says: "An adversary with a permanent beachhead in an economy's most important enabling platform technology would have the ability to make all or parts of the network—or devices and institutions within it—unavailable or unresponsive." After investigation and discussions with other Five Eyes countries, "the unequivocal advice was that the risks couldn't be mitigated." Huawei isn't a smoking gun, Turnbull says, but a loaded gun. The wake-up words mount in Turnbull's account of the "frenemy" arc: absence of mind, lack of attention, no control, snafu.

With two grandchildren of Chinese heritage, Turnbull ends by dismissing "the false premise that any criticism of or concern about China and its ruling Communist Party is "anti-Chinese" or racist." Australia has shifted because its major economic partner has form as a bully and reveals its potential as an adversary. According to the secretary of Australia's Department of Foreign Affairs and Trade, Frances Adamson, the "[new normal](#)" of Australia's relationship with China is that it will be marked by "enduring differences." Giving evidence to the Senate [hearing](#) in October, last year, Australia's top diplomat described what Australia and China face:

"[I]t will be a relationship where we will need, on both sides, to work quite hard to manage what I really think will be enduring differences.

Some points of difference may come and go and be able to be resolved, but other points of difference which go more deeply to the differences between our systems and our values are likely to endure. It should, therefore, not be surprising in my view that a relationship where there are points of difference, some of which are actively canvassed in the public domain—and whilst I don't particularly like the term—is the 'new normal.'

In the multipolar Indo-Pacific, Adamson said, Australia's vision of an "open, inclusive, peaceful region" will sometimes bump against China pursuing objectives "contrary to ours." The "new normal" with China feeds through to what Australia sees as the "new normal" with the United States and a deteriorating strategic future.

### The 2020 Strategic Update and the US Alliance

*"[P]repare for a post-COVID world that is poorer, that is more dangerous, and that is more disorderly... we have not seen the conflation of global, economic and strategic uncertainty now being experienced here in Australia in our region since the existential threat we faced when the global and regional order collapsed in the 1930s and 1940s."*

—Prime Minister [Scott Morrison](#), July 1, 2020

Morrison raised the "very haunting" parallels to an era of depression and world war when launching the [2020 strategic update](#). The update is a somber accounting. Order suffers. Coercion rises. War in the Indo-Pacific is a more likely prospect than it was only four years ago. The update is notable for ditching 50 years of Australian strategic theology: Australia no longer believes it has 10 years' warning time of a conventional conflict, based on the time it'd take an adversary to prepare and mobilize for war. The comfort of 10 years to get ready no longer applies, as the update explains:

"Previous [Defense] planning has assumed a ten-year strategic warning time for a major conventional attack against Australia. This is no longer an appropriate basis for [defense] planning. Coercion, competition and grey-zone activities directly or indirectly targeting Australian interests are occurring now. Growing regional military capabilities, and the speed at which they can be deployed, mean Australia can no longer rely on a timely warning ahead of conflict occurring. Reduced warning times mean

[defense] plans can no longer assume Australia will have time to gradually adjust military capability and preparedness in response to emerging challenges."

What the Defense Department describes as the "more benign" view of its [2016 defense white paper](#) gives way to a darker focus on the likelihood of state-to-state conflict: "Major power competition has intensified and the prospect of high-intensity conflict in the Indo-Pacific, while still unlikely, is less remote than in the past."



Figure 4 Prime Minister Malcolm Turnbull speaking at the launch of Australia's 2016 Defence White Paper. Photo: [The ASPI Strategist](#)

As usual in Canberra's defense thinking, the United States is the country that Australia mentions the most: the US is referred to in the update 17 times, plus twice in the formulation "US-led coalition." Of the [seven defense white papers](#) Australia released between 1976 and 2016, the US was top of the chart in six. The only time it wasn't the most discussed nation was in the 1976 document (just after the Vietnam defeat), when Australia talked more about Indonesia and the Soviet Union.

In the update (as in the 2009, 2013, and 2016 white papers), China supplants Indonesia to take second spot in the most-mentions hierarchy. China gets nine update mentions, but in five of those it's in the joined phrase "the United States and China." And two of the China sightings are when the document refers to the South China Sea, talking about "militarization" and "coercive para-military activities." Consistent with [Australian usage since the 2013 white paper](#), Australia's region is the Indo-Pacific (25 mentions) but—back to the future—the area of primary strategic interests is Southeast Asia and the Southwest Pacific.

Australia's defense thinkers have always worried about self-reliance and order. The r's reign: [rules and self-reliance and region](#). In the 2016 defense white paper, "[rules](#)" appeared 64 times—48 of those in the formulation "rules-based global order." The rules repetition was a fearful chant about what's fraying. Come the 2020 update, the rules-based order gets three mentions, along with a further two references to rules and norms. Rules are strained, undermined by disruptions; stability is challenged; and pressures on governance in the global commons are causing friction. Rules are trumped by threats in the update, with a total of 12 mentions of coercion or coercive activities, to achieve strategic or economic goals without provoking conflict.

As coercion is code for China, you could redo the count to argue that there are more update sightings of China than of the US. That's a notable shift in the way Australia orders its strategic thinking. Not so long ago, the rules-based order was also code for US leadership; unfortunately that bit of code has been mislaid under Trump. China fires up lots of "c" words in the US and Australian vocabulary. The new US "[strategic approach](#)" to China is to compete, compel, and challenge. Australia sees a "more competitive and contested region." The update's discussion of the strategic environment uses "competition" or "competitive" a dozen times, with formulations such as "greater strategic competition" and "major power competition" between the US and China.

The update was released July 1, and by the end of the month Foreign Minister Marise Payne and Defense Minister Linda Reynolds were in Washington for the annual Australia-US Ministerial talks (AUSMIN), hosted by Secretary of State Mike Pompeo and Secretary of Defense Mark Esper. The trip meant the two Australian ministers had to do 14 days COVID-19 quarantine when they returned from Washington.

Pompeo said the ministers [talked](#) at length about the Chinese Communist Party's "malign activity" in the Indo-Pacific: "The United States commends the Morrison government for standing up for democratic values and the rule of law, despite intense, continued, coercive pressure from the Chinese Communist Party to bow to Beijing's wishes. It is unacceptable for

Beijing to use exports or student fees as a cudgel against Australia. We stand with our Australian friends."

Australia agreed to "increased and regularized maritime cooperation" in the South China. Asked if Australia would join freedom-of-navigation operations closer to the disputed island chains in the South China Sea, Reynolds seemed to stick to the policy of Australian ships not sailing within 12 miles of Chinese-made islands: "Our approach remains consistent, and we will continue to transit through the region in accordance with international law."

The two sides announced they'd [signed](#) a classified "Statement of Principles on Alliance Defense Cooperation and Force Posture Priorities in the Indo-Pacific." The agreement establishes a working group to "advance force-posture cooperation in the Indo-Pacific to promote a secure and stable region and deter coercive acts and the use of force." While the statement of principles is secret, it will build on the framework of the 2014 [force posture agreement](#) authorizing the presence of US forces in Australia, free movement of US aircraft, vessels and vehicles, prepositioning of materiel, logistic support, and cost-sharing. To strengthen supply chains, the US and Australia are to establish a military fuel reserve in Darwin, funded by the US. To get critical minerals for defense purposes (and weaken China's monopoly hold on rare earth metals) the Pentagon is funding the Australian company Lynas to plan a facility to extract rare earth elements.

Over the previous decade, the annual AUSMIN communiqués have never once mentioned Taiwan. The 2020 communiqué is notable for a lengthy statement of support for Taiwan: "The Secretaries and Ministers re-affirmed Taiwan's important role in the Indo-Pacific region as well as their intent to maintain strong unofficial ties with Taiwan and to support Taiwan's membership in international organizations where statehood is not a prerequisite. Where statehood is a prerequisite for membership, both sides support Taiwan's meaningful participation as an observer or guest. The United States and Australia highlighted that recent events only strengthened their resolve to support Taiwan. They reiterated that any resolution of cross-Strait differences should be peaceful and according to the will of the people on both sides, without resorting to threats or

coercion. They also committed to enhancing donor coordination with Taiwan, with a focus on development assistance to Pacific Island countries.”

### The “New Normal” Delivered by Donald Trump

As Australia adjusts to a new normal with China, it’s also contemplating the new normal delivered by Donald Trump. The [new normal line](#) is offered by Australia’s previous ambassador to the US, Joe Hockey, who served in Washington for four years. As he stepped down as ambassador in January, Hockey told the *Sydney Morning Herald*: “We are not going back. America has changed, global commerce has changed, geo-politics has changed and it’s going to have a profound impact on every part of the world.”

Here’s Hockey on how the new normal has arrived: “The US has basically torn up the whole multinational framework. Relationships now are overwhelmingly bilateral not multilateral. And I don’t think this is exclusive to the Republicans.” Hockey pointed to the positions of Democratic presidential contenders who, while opposing Trump’s abrasive style, share his protectionist trade instincts and resistance to deploying American troops overseas. So, the US turns away from the global system it built using its rules, based on its economic model. There’s a lot there to make a good ally fret. Especially the thought that even if Trump loses his bid for re-election, he’s already shaped the future.

The Trump-flavoured new normal Australia fears is a US that is protectionist and mercantilist, skeptical of alliances, and more interested in deals than democracy. A nightmarish scenario pushes at Australia: China coming, US going. In that scenario, China delivers both pain and profit while questions about what the US will choose to do give Canberra conniptions. Much Australian discussion of the China challenge is actually about US choices.

On a strictly bilateral view, Trump has turned out fine for Australia. It’s only when you widen the lens that much multilateral smoke and ruin comes into focus. Stress that bilaterally Trump has been good to Australia. The state dinner Trump gave Morrison at the White House in September, 2019—only the second of Trump’s presidency—was all that any junior partner could ask for. Personal warmth, lots of pomp,

heaps of history, and a strong affirmation of the alliance. The [outcomes](#) list from that meeting was a fine mix of big aims and specific decisions by the US and Australia, including:

- Develop a new mechanism to strengthen and align coordination of their Indo-Pacific strategies.
- Develop a Memorandum of Cooperation to further support infrastructure development in the Indo-Pacific Region, with a new focus on the Pacific Island Countries
- In recognizing over 60 years of successful cooperation between the United States and Australia in space, and the 50th anniversary of the Apollo 11 Moon Landing, the Australian Space Agency will sign a Joint Statement of Intent in support of NASA’s plans to return to the Moon by 2024, through the Artemis program, and onto Mars, and to expand collaboration in areas of mutual interest such as robotics, automation, and remote medicine including through industry-industry collaboration and research solutions.
- Develop a US-Australia Critical Minerals Action Plan that will:
  - Improve the security and supply of rare earths and other critical minerals;
  - Increase US-Australia interconnectivity throughout the supply chain of critical minerals;
  - Leverage the interest of other partners to improve the health of the global critical minerals supply chain.

The AUSMIN 2020 communiqué started by quoting Trump’s words to Morrison on the “long, cherished, and unwavering friendship between the United States and Australia.” Any Australian leader in the last 80 years would embrace the tribute. Strong ties with Australia are one tradition that Trump has toasted, not trampled on. It’s when Australia lifts its gaze beyond the bilateral that the doubts arise.

Australia has a split policy ticket on Trump—quietly horrified at his multilateral impact, yet quite satisfied with the bilateral relationship. Multilateral smash-up contrasts with relative bilateral smoothness. Canberra clings to the Trump administration while opposing (yet not naming) the US president on trade and the “rules-based” international system.

Weighting policy differently in bilateral vs. multilateral dealings is standard diplomacy. But the Trump personality has dramatized the barbed-wire straddle, the tensions between Australia’s alliance and global interests. Canberra has performed the bilateral-multilateral straddle with quiet skill—and a sharp eye for the personality of a New York billionaire. Fortunately, the Australian prime minister on watch when Trump arrived had experience with billionaires. As Malcolm Turnbull observes: “For all of Trump’s so-called madness, in my own dealings with him I found him no less rational than many other billionaires I have dealt with over the years. For all of our differences, as two businessmen, we spoke the same language.”

The Trump chapter in [Turnbull’s memoir](#) launches with [this quote](#): “Don’t worry Malcolm. The American people will never elect a lunatic to sit in this office.” The speaker is Barack Obama, talking to the Australian PM in the Oval Office at the start of the 2016 election year. By November, Turnbull writes, the world was stunned because “the unthinkable had happened. And lunatic or not, Trump had won.” The psychological analysis the Canberra system offered was that Trump was “a narcissist who’d respond well to flattery.” Turnbull says he dismissed this approach as mistaken. Based on the billionaires he’s known (Kerry Packer, Conrad Black, Jimmy Goldsmith, Bob Maxwell), “sucking up to them is precisely the wrong way to go.”

Turnbull applies the same word to Trump as he does to China: “bully.” Like any predator, Trump “could sense fear and weakness from miles away.” Deference and flattery didn’t earn respect or gratitude. Japan’s Abe Shinzo tried flattery, he writes, and in return “Trump was pretty tough on Abe.” Instead, Turnbull says he was “frank and forthright” in their two big bilateral arm wrestles. The forthright stuff was all in private. In public, Australia has followed the quiet policy: if Canberra can’t say something

nice about Trump, it switches to generalities about how wonderful the US is.

The first fight was getting Trump to honor the agreement for the US to accept refugees Australia had sent to Nauru and Manus Island. The refugees caused a [notorious Trump-Turnbull phone conversation](#) on Jan. 28, 2017, a week after the president’s inauguration. Trump berated Turnbull (“This is the worst deal ever”). The deal held, and soon Trump was joking about the Australian prime minister’s negotiating skills. “The subject of an incandescent row a few months before was now something to make light of. It was just another deal,” Turnbull recalls.

The second protracted fight was to exempt Australian steel and aluminum from US tariffs and quotas. About 15 of the 23 pages of the Trump chapter track this “contentious issue.” Turnbull says Trump was “thoughtful and good-humored” and ultimately exempted Australia. Canberra tailored its arguments and pleas to reach a US president who is more of a talker than a reader and has a zero-sum view of trade: I win, you lose. Thus, when writing to Trump about the tariff/quota tussle, Turnbull’s letter had to be “short and punchy and written not just to be read, but to be read aloud—more like a script.” In dealing with Trump, Turnbull says he worked to protect Australia’s particular interests and, “as far as I could, influence him to act in a way that advanced our wider interests.” Dwelling on the bilateral, Turnbull’s references to Trump’s multilateral impacts tend to be sharp asides rather than a sustained discussion.

On a continued US role in “our region,” Turnbull has a hopeful formulation, saying that, despite “some dramatic flourishes,” Trump “has not let us down.” Then Turnbull reaches beyond Trump to a broader hope about the US: “The ‘indispensable nation’ is nowhere more so than in our region.” The discussion of Trump’s views, though, is at odds with the notion of the US continuing to play that indispensable role. The separate chapter on saving the Trans-Pacific Partnership after Trump jumped ship comments that the remaining TPP nations felt “a little liberated that we could do it ourselves: the United States wasn’t as essential as everyone had thought.”

Turnbull calls Trump a “natural isolationist” with a “thoroughly dystopian” perspective on

East Asia and the Middle East. He writes that Trump's "wilful and intemperate nature" and "deliberate unpredictability" generate fear rather than respect for the US: "America may be stronger in economic and military terms, but its influence is diminished. In fact, under Trump, America seeks less influence, not least by rejecting many of the global institutions created by the USA after the Second World War...wherever Trump creates a leadership vacuum, others will fill it, often with values very different to our own."

Australia always frets about the US alliance and Donald Trump has given Canberra lots to agonize about. Australia embraces Trump bilaterally but is careful never to refer to Trump directly when discussing damage he has inflicted on America's role in the world. In a speech to the Aspen Security Forum in August, Scott Morrison [lamented](#): "The liberal rules and norms of what has been known as the American Century are under assault." A troubling, unstated element of that lament is that some of those assaults over the past four years have been mounted by the US president.

Australia's new normal with China will be marked by enduring differences. The new normal delivered by the Trump presidency, Canberra worries, is a US less willing to lead and less committed to maintaining the international system. Australia still loves the alliance, but Donald Trump has given Australia cause to ponder the future nature of its ally.

# CHRONOLOGY OF AUSTRALIA-US/EAST ASIA RELATIONS

## SEPTEMBER 2019 – AUGUST 2020

**Sept. 16, 2019:** Visiting Canberra, Fiji's Prime Minister, Frank Bainimarama, [signs](#) a Vuvale (Family) partnership agreement with Australia.

**Sept. 19, 2019:** Prime Minister Scott Morrison [flies](#) to the US to visit Washington, New York, Chicago, and Ohio.

**Sept. 20, 2019:** Morrison [visits](#) President Trump at the White House. Morrison is the second world leader to be given a state dinner by Trump.

**Oct. 9, 2019:** US Commerce Secretary Wilbur Ross [visits](#) Canberra to discuss development of Australian mines to diversify rare earths production away from China.

**Oct. 20, 2019:** Morrison attends the inauguration of President Joko Widodo in Jakarta.

**Oct. 21, 2019:** Australia's House of Representatives passes legislation for bilateral free trade agreements with Indonesia, Hong Kong, and Peru.

**Nov. 2-4, 2019:** At the ASEAN Summit and East Asia Summit in Thailand, India [withdraws](#) from the Regional Comprehensive Economic Partnership trade agreement. The other 15 RCEP states—ASEAN, Australia, China, Japan, New Zealand, and South Korea—announced the [conclusion](#) of all 20 chapters of the deal, and aim to sign the treaty in 2020.

**Nov. 23-Dec. 6, 2019:** Bougainville referendum [delivers](#) a 98% vote for independence from Papua New Guinea.

**Dec. 10, 2019:** South Korea and Australia [meet](#) in Sydney for “two plus two talks” on regional security.

**Dec. 13, 2019:** Rachel Noble is [appointed](#) Director-General of the Australian Signals Directorate, the first woman to head a major intelligence agency in Australia.

**Jan. 4, 2020:** Australian Defense Force Reserve is [called out](#) to assist fire-hit communities across Australia.

**Jan. 23, 2020:** Fighting bushfires near Cooma, New South Wales, three members of a US aerial firefighting crew, are killed when their C-130 air tanker crashes.

**Feb. 10, 2020:** Indonesia's President Joko Widodo [addresses](#) joint sitting of the Australian Parliament.

**Feb. 27, 2020:** Predicting that the world will soon enter a pandemic phase of the coronavirus, the national security committee of federal cabinet [activates](#) Australia's emergency response plan.

**Feb 28, 2020:** The annual Australia–New Zealand leaders' meeting [takes place](#) in Sydney. New Zealand Prime Minister Jacinda Ardern, said Australia's policy of [deporting](#) New Zealanders convicted of crimes, even if they're long-term Australian residents, is “unfair” and is “testing” the friendship of the two nations.

**March 12, 2020:** The Australian government announces an A\$17.6 billion (about \$13 million) stimulus package to try to stave off an economic recession caused by COVID-19.

**March 20, 2020:** To slow the spread of coronavirus, Australia [closes its borders](#) to “all-non citizens and non-residents.”

**March 22, 2020:** Australian government announces a further A\$66 billion economic stimulus package. With other initiatives in the previous 10 days, plus action by the Reserve Bank, the pandemic stimulus spend will total A\$189 billion dollars, equivalent to 10% of GDP.

**March 23, 2020:** Morrison [holds](#) a “virtual summit” with Singapore Prime Minister Lee Hsien Loong.

**March 26, 2020:** Morrison [takes part](#) in a teleconference summit of G20 leaders to discuss the COVID-19 crisis. Morrison emphasises the importance of supporting the South Pacific islands and Timor-Leste as Australia's "Pacific family."

**March 28, 2020:** From midnight, all travellers flying into Australia are taken to hotels for 14 days of quarantine.

**April 8, 2020:** Federal Parliament passes legislation to spend A\$130 billion to support wages and business during the pandemic shutdown.

**April 19, 2020:** Foreign Minister Marise Payne [calls](#) for independent inquiry into the coronavirus outbreak, how it developed and spread.

**April 22, 2020:** Australian frigate *HMAS Parramatta* [joins](#) three US warships in the South China Sea near an area Chinese vessels are suspected of exploring for oil.

**May 5, 2020:** The first military aircraft to be designed and built in Australia in more than 50 years—the unmanned [Loyal Wingman](#)—is rolled out as part of a partnership between the Royal Australian Air Force and Boeing Australia.

**May 18, 2020:** World Health Organization resolves to review "[lessons learned](#)" from COVID-19.

**June 3, 2020:** Treasurer Josh Frydenburg says Australia is entering its first recession in 29 years.

**June 4, 2020:** Virtual summit between India [lifts](#) the relationship to the level of comprehensive strategic partnership, deepening ties in business, defense, and cyber security, as they increasingly find common cause in strained relations with China.

**June 5, 2020:** The federal government announces changes to foreign investment laws to protect national security.

**June 19, 2020:** Morrison [says](#) a "sophisticated state-based actor" (interpreted as a reference to China) has stepped up cyber attacks on Australia.

**July 1, 2020:** The 2020 Defense Strategic Update [says](#) the strategic environment has deteriorated rapidly, calling for adjustments to defense policy, capability and force structure.

**July 1, 2020:** Foreign Minister Marise Payne [expresses](#) deep concern at Beijing's imposition of a National Security Law on Hong Kong. She says Australia is troubled by the law's implications for Hong Kong's judicial independence, and on the rights and freedoms of the people of Hong Kong.

**July 7, 2020:** Foreign Affairs Department [warns](#) Australians they risk being "arbitrarily detained" if they visit China.

**July 9, 2020:** Virtual summit [takes place](#) between Morrison and Japan Prime Minister Abe Shinzo.

**July 9, 2020:** Because of China's new national security law for Hong Kong, Australia [suspends](#) its extradition treaty with Hong Kong. New visa arrangements will enable Hong Kong [passport holders](#) to remain in Australia.

**July 17, 2020:** Morrison briefs Trump on Australia's new defense posture, outlined in the 2020 strategic update.

**July 28, 2020:** 30<sup>th</sup> Australia-United States Ministerial meeting [held](#) in Washington. Secretary of State Mike Pompeo and Secretary of Defense Mark Esper host Australia's Minister for Foreign Affairs Marise Payne and Minister for Defense Linda Reynolds.

**Aug. 5, 2020:** Australia and Papua New Guinea [announce](#) a new Comprehensive Strategic and Economic Partnership.

**Aug. 15, 2020:** Morrison [marks](#) the 75 anniversary of victory in the Pacific, calling it the greatest national effort in Australia's history.

**Aug. 27, 2020:** The federal government [announces](#) it will introduce a new law, under foreign policy powers, so it can veto arrangements states, territories, councils and universities make with foreign governments.

Sept. 7, 2020: Two Australian foreign correspondents [leave](#) China after each is questioned by police from China's Ministry of State Security.

