Joe Biden comes to the presidency amid great expectations for a return to normalcy in American foreign policy, but that doesn't necessarily mean a more benign international environment for Australia. The United States has global priorities and responsibilities, but there are three areas in particular where the Biden administration's policy choices are most likely to affect Australia: China policy, climate policy, and digital platforms. On China, Biden is more likely to seek Australian support for US policies than to offer specific help to Australia. On climate, control of Congress gives Biden a free hand to pursue more aggressive greenhouse gas emissions targets. And on digital platforms, Australia's maturing plans to regulate American internet giants runs directly counter to the interests of some of Biden's biggest campaign donors. Australia has long benefitted from being overlooked in US policymaking, but may find itself the target of an uncomfortable amount of attention over the next four years.
The New President: What Biden’s Foreign Policy Agenda Means for Australia

Salvatore Babones
J
oe Biden comes to the presidency amid great expectations for a
return to normalcy in American foreign policy, but that doesn’t
necessarily mean a more benign international environment
for Australia. The United States has global priorities and
responsibilities, but there are three areas in particular where
the Biden administration’s policy choices are most likely to affect
Australia: China policy; climate policy; and digital platforms. On
China, Biden is more likely to seek Australian support for American
policies than to offer specific help to Australia. On climate, control of
Congress gives him a free hand to pursue more aggressive greenhouse
gas emissions targets. And on digital platforms, Australia’s maturing
plans to regulate American internet giants runs directly counter to the
interests of some of Biden’s biggest campaign donors. Australia has
long benefitted from being overlooked in American policymaking. It
may find itself the target of an uncomfortable amount of attention
over the next four years.
Introduction

Australia is a particularly distant theatre of American foreign policy, and has rarely if ever been the initial focus of a new president’s attention. But in the past few years — and accelerating in 2020 — Australia has come to play an increasingly central role in American diplomacy. Without exaggerating, it is safe to say this is entirely due to Australia’s own troubled relationship with China. This has made Australia an important factor in the US-China relationship; sucked into coronavirus politicking, regional geopolitics, the ‘Quad’ grouping (with Japan and India), and Chinese foreign influence debates. Although Australia has done little to confront China directly or support American efforts to isolate the Chinese economy, China itself has focused much of its policy firepower on Australia, which it (rightly or wrongly) portrays as a cat’s paw for the US.

Australia also has an important role to play on what might be called the two ‘wings’ of Biden’s foreign policy: climate and digital platforms. In a gesture to the left wing of the Democratic Party, Biden has promised to rejoin the Paris Accord on his first day in office and spend literally trillions of dollars to help make the US ‘net zero’ on carbon emissions by 2050.¹ Prior to the 2020 election cycle, Biden was not previously known as a climate warrior, and as vice president he had supported shale gas development abroad and bragged about rising U.S. oil and gas exports.² But his explicit and determined public commitments to make climate action a policy priority has raised
both hopes and fears that he will pressure Australia into taking more aggressive steps to reduce its own greenhouse gas emissions — or at least to embrace a distant ‘net zero’ target for 2050.

Second, and much less publicised, Australia risks a potential confrontation with the new US administration over the regulation and taxation of digital platforms like Google, Facebook, Twitter, Amazon, Netflix, and Disney+. Australia has been inching slowly forward on digital platform regulation and taxation, with action in 2020 delayed by the overwhelming priority of dealing with the coronavirus pandemic. Big Tech went big for Biden in 2020, and is now an important constituency of what might be called the right (or at least the ‘less left’) wing of the Democratic Party. The US government tends to support major American corporations abroad no matter who is in power, but the influence of Big Tech can only rise during a Biden presidency.

This paper focuses on these three theatres in which Australia is most likely to face unwelcome pressure from the incoming Biden administration: China, climate, and digital platforms. In each of these three areas, the priorities of Australia in general, its governing Liberal-National Coalition, and the government of Scott Morrison in particular, have been closely aligned with US interests throughout the Trump presidency. Broad US interests haven’t changed with Biden’s election, but the circumstances under which they are pursued are evolving. As China turns its guns on Australia, the pressure is building for a separate peace under which Australia accedes to Chinese demands. As Biden invests heavily in renewable energy, the economics of electricity generation may shift dramatically, leaving Australia with stranded infrastructure and massive debts. And as Australia seeks to exert control over how digital platforms operate within its borders, the risk of a major clash with the United States has risen from near-zero to a level that can no longer be ignored.
China

The Chinese name for China, Zhongguo, literally means ‘Central Country’ (although it is usually translated more poetically as ‘Middle Kingdom’). The Trump administration certainly made China the central country of its foreign policy efforts, with Trump himself famously dropping a mention of China at every opportunity. By pledging a ‘tough on China’ approach that is even tougher than Trump’s, Biden has already pledged his administration to Trump’s legacy. Indeed, one of the few places where Biden has explicitly promised to keep Trump’s policies intact — at least initially — is China.

If there is one country where China is even higher on the agenda than in the US, it is Australia. In mid-November, 2020, the Chinese embassy in Canberra informally released a 14-point ultimatum to the Australian press, charging Australia with the “politicization and stigmatization of normal exchanges” and implicitly demanding that the Australian government muzzle the press, curtail parliamentary privilege, and defund the Australian Strategic Policy Institute (ASPI). This came in the midst of tariff and non-tariff barriers to Australian products that now amount to an effective embargo on most Australian products other than iron ore, for which China currently has no realistic alternative supply.

In overt foreign policy terms, Australia has done little to provoke such treatment. Australia called for an international investigation into the origins of the coronavirus, but did not name China as the
source, and ultimately accepted China’s demand that the investigation be conducted by the World Health Organization, over which China itself has substantial leverage. Australia also criticized China’s imposition of a harsh new security law in Hong Kong, and individual Australian politicians called out China’s broader human rights record, but China faces such criticism from nearly every Western democracy. In 2018, Australia banned Chinese firms Huawei and ZTE from the development of its 5G infrastructure; but again, this is hardly distinctive. New Zealand implemented a similar ban, with no obvious repercussions.

A closer look at China’s 14-point ultimatum reveals the real reason for China’s anger with Australia has more to do with internal than with external affairs. Over the past few years, and accelerating in 2020, the Commonwealth government took a series of steps to limit China’s growing influence in Australia. These include:

- Foreign Investment Review Board (FIRB) overhaul: effective January, 2021
- Australia’s Foreign Relations Act (AFRA): passed in December, 2020
- Parliamentary Joint Committee on Intelligence and Security (PJCIS) inquiry into the Australian higher education and research sector: opened November, 2020
- University Foreign Interference Taskforce (UFIT): convened August-November, 2019
- Foreign Influence Transparency Scheme (FITS): in effect since 2018

The Chinese embassy ultimatum specifically mentions adverse “foreign investment decisions” (made by the FIRB), “foreign interference legislation” (the AFRA), “aiming to torpedo the Victorian participation in B&R [China’s Belt and Road Initiative]” (the AFRA
again), restrictions on Chinese scholars (prompted by the UFIT), and the questioning of Chinese journalists in connection with the Shaoquett Moselmane investigation. In short, China’s fierce reaction against Australia has been prompted mainly by the Australian government’s attempts to protect its own domestic institutions from Chinese subversion. The extraordinary scale of China’s reaction is perhaps a sign of how far that subversion had progressed.

It has been suggested that China’s pressure on Australia represents Biden’s “first foreign-policy crisis”, in which China is “testing this new administration’s commitment to its allies on its very first month in office”. This is to misunderstand Biden’s foreign policy commitments. He has firmly and repeatedly committed to working ‘with’ allies to achieve US foreign policy goals; he has said little about America’s commitment ‘to’ allies to support them, defend them, or help them reach their own foreign policy goals. American foreign policy doctrine generally does not envisage allies as autonomous actors, and Biden’s approach is no exception here. The Trump administration — for all its eagerness to confront China — has offered Australia no specific support in its current difficulties, and there seems no reason to expect the Biden administration to behave any differently.

Instead, Biden is likely to ask Australia to sign onto America’s own China policy. The Biden team has broadly endorsed the goals of Trump’s China policy — reshoring manufacturing, forcing China to respect American intellectual property and open its economy, denying China access to American military technology, countering China’s military modernisation, supporting Taiwan — while criticising Trump’s “scattershot” tactics for achieving them. Biden and his advisors seem to believe that by being more strategic in their pulling of policy levers like tariffs, investment restrictions, technology bans, and travel sanctions they can more successfully coerce China
into compliance with its own written obligations and broader global norms. They also plan to place an even greater emphasis on China’s human rights record, and to bring America’s allies into the fight.

For Australia, that is likely to mean pressure from the Biden administration to more explicitly confront China. To date, the Morrison government has been very careful to frame its foreign influence legislation in generic terms, pointedly refusing to name China as the (or even ‘a’) target of the new laws. It has lived with a raft of formal and informal Chinese trade sanctions without announcing any countervailing measures, with the sole exception of initiating a World Trade Organization complaint against China’s tariffs on Australian barley. With the AFRA, the Commonwealth gave itself the power to abrogate the Victorian government’s Belt and Road agreement and the 13 Australian university Confucius Institutes, but has so far declined to use it. Australia has been aggressively confronted by China, but has done little to confront China in return.

It is not yet clear exactly what strategies the Biden administration will pursue in its approach to China (members of the Biden team have been vague in criticizing the Trump approach and notably silent about their own), but it is clear they are determined to depart from Trump’s unilateralism and organise allies to join in American efforts. This is especially true for the one area of China policy where Biden has actually made specific commitments: carbon emissions. China is by far the world’s largest emitter of greenhouse gases. It is also a leader in coal-fired power plant construction abroad, reportedly financing more than 70% of the world’s plants under construction. Biden has explicitly promised to pressure China to stop “financing billions of dollars of dirty fossil-fuel energy projects through their Belt and Road Initiative” — and has announced plans to call on other countries for help in doing so.
Climate

Climate policy, which is really an amalgam of energy policy, transportation policy, technology policy, and immigration policy, has historically been a domestic policy arena. Yet although the individual components of climate policy are mainly domestic in focus, climate policy as a whole has come to be enmeshed in international relations. Without wading into the science of global warming, there is no doubt the politics of international climate policy have shifted decisively toward the reduction of greenhouse gas emissions. Nearly every country in the world has signed the Paris Agreement on climate change, and Biden has pledged to bring the US back into the agreement immediately upon taking office.

More than that, Biden has promised to “directly engage the leaders of the major carbon-emitting nations of the world to persuade them to join the United States in making more ambitious national pledges, above and beyond the commitments they have already made.” Increasing the US reduction pledge is relatively easy for Biden: America’s original Paris pledge was to reduce emissions by 26%-28% between 2005 and 2025, and even in the absence of federal government support for emissions reductions, the US is currently on a trajectory that would lead to a 17% reduction by 2025.

Australia, by contrast, set a slightly less ambitious Paris goal to reduce emissions by 26% to 28% between 2005 and 2030. Moreover, Australia has so far relied exclusively on credits from land use, land-use change, and forestry (LULUCF) to accomplish this goal. These
credits are widely used internationally (including by the US and the European Union), but no major developed democracy other than Australia has relied exclusively on LULUCF credits to meet its targets. Excluding LULUCF credits, Australia’s greenhouse gas emissions have actually risen substantially since 2005, although per capita emissions have fallen. Australia has set a Paris target to reduce LULUCF-exclusive emissions by 14% to 18% between 2010 and 2030.

Despite the widespread vilification of the United States as a climate abuser, Biden is actually well-positioned to make large-scale environmental pledges. Biden needs to do very little to meet America’s original Paris pledges, and if he does follow through with his plans for major investments in renewable energy and renewables technology, he could safely commit the US to even greater emissions reductions without imposing politically difficult sacrifices on American voters. Most of America’s emissions reductions since 2005 have been due to a dramatic 50% decline in the use of coal for electricity generation. Throughout this massive energy transition, American consumers have faced relatively low and stable residential electricity prices, largely thanks to America’s shale gas boom. Now, with control of both houses of Congress, Biden could press home America’s structural greenhouse gas emissions advantage by offering large-scale subsidies for solar, wind, battery storage, and the rollout of smart grids.

By contrast, Australian consumers face high and rising electricity prices — on top of gasoline taxes that are roughly five times the US level. If Biden really does push other countries for more ambitious greenhouse gas emissions targets, Australia will be at the top of his list. As the world’s largest coal exporter, Australia also stands to lose from American pressure on other countries to stop building new coal-fired power plants. On top of all this, the Democratic Party is closely linked to environmental NGOs, which generally oppose the use of LULUCF
credits — viewing them as an easily-manipulated climate ‘fudge’. The long-term decline in America’s actual (non-LULUCF) greenhouse gas emissions offers Biden the opportunity to please his environmentalist supporters while gaining diplomatic leverage by pushing other countries to adopt greenhouse gas targets based on actual emissions.

If Biden does move forward with a climate focus in his foreign policy agenda, he certainly will not single out Australia for specific opprobrium. But the broad contours of his policy are likely to run contrary to Australia’s national interests. Having the US president pushing an energy transition away from coal can only hurt the world’s largest coal exporter, and if Biden really does follow through on demanding more ambitious greenhouse gas emissions targets (perhaps as his price for signing onto a successor to the Paris Agreement), Australia has more to lose than just about any other developed country. Biden’s potential climate policies do not represent a diplomatic threat to Australia, but they do represent an economic one.
Digital platforms

In December, 2019, the Australian government published its ‘Response and Implementation Roadmap’ to the Digital Platforms Inquiry undertaken at its behest by the Australian Competition & Consumer Commission (ACCC). The ACCC’s final report had focused in particular on services owned by Google and Facebook, although it also prominently mentioned Apple, Twitter, Snapchat, LinkedIn, Pinterest, Amazon, Expedia, Bing, Yahoo, eBay, and DuckDuckGo.20 Notably, all of these are American-owned companies; China’s WeChat and Baidu were only covered in a concluding chapter on “emerging” technologies.

The ACCC made 23 specific recommendations for tighter digital platforms regulation, some of them extraordinarily wide-ranging. The government decided to take four more modest initial policy steps in response:

- “Establishing a special unit in the ACCC to monitor and report on the state of competition and consumer protection in digital platform markets.”
- “Addressing bargaining power concerns between digital platforms and media businesses by tasking the ACCC to facilitate the development of a voluntary code of conduct.”
- “Commencing a staged process to reform media regulation towards an end state of a platform-neutral regulatory framework covering both online and offline delivery of media content.”
• “Ensuring privacy settings empower consumers, protect their data and best serve the Australian economy by building on our commitment to increase penalties and introduce a binding online privacy code.”

Following up on the first of these, the government instructed the ACCC to undertake additional inquiries into digital platform services and digital advertising services. The Digital Platform Services Inquiry will unfold over five years, with a final report due on March 31, 2025. It will focus almost exclusively on the Google and Apple app stores; indeed, one of the questions posed by the issues paper is: “Other than Google and Apple, are there other significant suppliers of app marketplaces in Australia?” The issues paper for the Digital Advertising Services Inquiry specifically cites Google Ads, Facebook Ads, MediaMath, and AppNexus; again, all of these are American companies. The final report of this second inquiry is expected on August 31, 2021.

Following up on the second item, the hoped-for ‘voluntary’ code of conduct never materialised, and legislation is now pending to force digital platforms to pay Australian media companies (including the ABC and SBS) for displaying news snippets and links to their stories. As currently written, the News Media and Digital Platforms Mandatory Bargaining Code Bill will cover only Google and Facebook. The third item concerns the application of minimum domestic content rules to online streaming services like Netflix and Disney+. The government’s green paper released on November 27, 2020 suggests streaming services might be required to direct 5% of their Australian gross sales toward production in Australia. The fourth item, the establishment of a Digital Platforms Privacy Code, has been spun off into a wider review of the Privacy Act.
In light of the American dominance of the online world, it is not surprising that a series of government inquiries into digital platforms should overwhelmingly target US firms. Yet the fact that they do target US firms is a foreign policy reality that may cause serious problems for Australia. European Union internet regulation is repeatedly cited as a model in documents related to the digital platforms review, but the EU experience is perhaps not encouraging for Australia. The EU and its individual member states have faced strong pushback from both the American tech giants and the US government itself.

In several cases, entire EU countries have faced service blackouts, as companies decide that the costs of compliance outweigh the slender profits to be earned from operating in those countries. Some of the services concerned actually operate at a loss, so that the regulatory costs actually represent a charge for losing money. The most prominent examples of such services blackouts are the blockage of Google News in Spain and the almost complete lack of Google Street View outside of a few large cities on Google Maps in Germany. In addition, some domestic US websites (including many metropolitan newspapers) block access for EU users due to the high costs of compliance with the EU’s General Data Protection Regulation (GDPR) privacy rules.

Of greater diplomatic concern, the U.S. and several European countries (including France, the UK, Austria, Italy, and Spain) are involved in disputes over European plans to impose digital services taxes. The US maintains it is a breach of tax treaties to specifically target US firms, while EU countries argue that digital platforms circumvent existing tax laws and must be taxed separately. At the beginning of 2020, France imposed a special digital services tax of 3% of annual in-country revenues on platforms with annual global sales over €750 million — a tax that would disproportionately affect US companies — but immediately suspended it under threat of tariff reprisals from
the Trump administration. The tax has now been reinstated, with the Office of the US Trade Representative announcing retaliatory tariffs of 25% on French wines, cosmetics and handbags.²⁶

Framing the US response to European digital services taxes is the first major transatlantic challenge for the incoming Biden administration. The Biden transition team includes a large contingent of executives from America’s internet giants, which are also pushing for top jobs in the new administration.²⁷ So far, Australia is not particularly on their radar screen, as the US focuses on big markets like the EU and India. But although Australia may be farther down the to-do list, it should not expect to be ignored. Digital platform regulation is the only area where Australian government policy directly conflicts with major US national interests. For Australia’s foreign relations with the US, it is the most serious potential diplomatic flash point of 2021.
Conclusion

Joe Biden comes to office at a distinctive juncture, but every historical juncture is distinctive, and no matter what the pundits may say, today’s foreign policy challenges are no more difficult or dangerous than yesterday’s. The coronavirus pandemic really has been a once-in-a-lifetime global event, but it had surprisingly little impact on the major international relations issues of 2020: China’s confrontation with India, the US-China trade and tech wars, the Armenia–Azerbaijan drone war, continuing violence in Syria and Yemen, renewed civil war in Ethiopia, the Belarus election protests, the Arab-Israeli Abraham Accords, and the final stages of the Brexit saga all unfolded in relative isolation from the coronavirus. And the most salient presidential characteristic of Biden himself is simply that he is not Donald Trump.

US foreign policy is global in scope, and it will remain so under the Biden administration. Many priorities will jostle for his attention, and he is unlikely to spend much time thinking about Australia during his first months in office. Australia is likely to remain on its own in facing China’s wrath, just as it was in 2020, for the simple reason that Australia’s China problems have little to do with its US alliance. They are almost entirely home grown, and must be addressed in Canberra, not Washington. Similarly, although Biden is almost certain to make a big push on climate policy, Australia is more likely to face collateral damage than to be in the president’s crosshairs. Biden will press for policies that are economically disadvantageous for Australia, but he will not exert direct diplomatic pressure on Australia itself.
The one arena in which Australia may unexpectedly find itself facing targeted presidential opprobrium is internet regulation. Whereas Biden will most likely use persuasion to call allies to task on climate policy, he is more likely to employ coercion where specific US corporate interests are threatened — all the more so, given that the corporations involved funded his election campaign, suppressed his opponent’s messaging as ‘fake news’, and are on track to staff key positions in government departments. Biden and his team seem to have made no statements to date on how they will react to other countries’ restrictions on, and taxation of, American internet giants. In fact, they have made few specific policy pronouncements on anything. But given that Biden will take office exactly two weeks into an internet trade war with France, his direction on the issue should become clear soon enough.

If Australia wants a preview of how Biden will deal with the ‘friends and allies’ he so often talks about, it should look first to France. The incoming Secretary of State Antony Blinken is a noted Francophile. He speaks fluent French, attended high school in Paris, and has close relatives living in France. If Blinken can’t smooth over America’s digital platforms dispute with France and other European countries, no one can. Whatever path the US takes in Europe represents a best case scenario for how it will deal with Australia if — and when — Big Tech turns to Biden for support.

As Biden wrests control of foreign policymaking apparatus from Trump’s clenching hands, US foreign policy will feature many of the same priorities, even while taking on a very different tone. Biden will usher in a generally welcome new style, all the more welcome for being a familiar old style. In such a return to normalcy, Australia is bound to remain on the margins of US foreign policymaking. Some in
the US might like to see Australia participate in freedom of navigation operations (FONOPS) in the South China Sea, express official support for Taiwan, or undertake a major Pacific Island infrastructure initiative, but few in the US actually expect Australia to do any of these things.

Biden wasn’t elected President on a platform of doing favours for allies. He was elected on the promise to work with allies to achieve specifically US goals. Keeping that in mind, perhaps the best Australia can hope for from Biden’s foreign policy is that America’s attention remains perpetually distracted elsewhere. If Biden can bring peace and prosperity to a troubled world, Australia will reap the rewards along with everyone else. If, as seems more likely, international crises continue to pop up unexpectedly every month or two, Australia is well-placed to ride out the storms. The tyranny of distance cuts both ways, and when it comes to international affairs, the farthest arena is most likely to turn out the fairest.
Endnotes


14 Ibid.
The Centre for Independent Studies is a non-profit, public policy research institute. Its major concern is with the principles and conditions underlying a free and open society. The Centre’s activities cover a wide variety of areas dealing broadly with social, economic and foreign policy.

The Centre meets the need for informed debate on issues of importance to a free and democratic society in which individuals and business flourish, unhindered by government intervention. In encouraging competition in ideas, the Centre for Independent Studies carries out an activities programme which includes:

- research
- holding lectures, seminars and policy forums
- publishing books and papers

For more information about CIS or to become a member, please contact:

Level 1, 131 Macquarie Street, Sydney NSW 2000 Australia
Ph: 02 9438 4377
Email: cis@cis.org.au

cis.org.au

Council of Academic Advisers

Professor James Allan
Professor Ray Ball
Professor Jeff Bennett
Professor Geoffrey Brennan
Professor Kenneth Clements
Professor Sinclair Davidson
Professor David Emanuel
Professor Ian Harper
Professor Chandran Kukathas

Professor Tony Makin
Professor R. R. Officer
Professor Suri Ratnapala
Professor David Robertson
Professor Steven Schwartz
Professor Judith Sloan
Professor Peter Swan AM
Professor Geoffrey de Q. Walker
Joe Biden comes to the presidency amid great expectations for a return to normalcy in American foreign policy, but that doesn’t necessarily mean a more benign international environment for Australia. The United States has global priorities and responsibilities, but there are three areas in particular where the Biden administration’s policy choices are most likely to affect Australia: China policy, climate policy, and digital platforms. On China, Biden is more likely to seek Australian support for US policies than to offer specific help to Australia. On climate, control of Congress gives Biden a free hand to pursue more aggressive greenhouse gas emissions targets. And on digital platforms, Australia’s maturing plans to regulate American internet giants runs directly counter to the interests of some of Biden’s biggest campaign donors. Australia has long benefitted from being overlooked in US policymaking, but may find itself the target of an uncomfortable amount of attention over the next four years.

Salvatore Babones is an Adjunct Scholar at the Centre for Independent Studies and an Associate Professor at the University of Sydney. An expert on globalisation and China, he is an elected member of the National Committee on US-China Relations and writes a column on Indo-Pacific affairs for Foreign Policy magazine. He has authored four previous CIS Analysis Papers, including most recently *A House Divided: The AFRB and China’s Subnational Diplomacy in Australia* (November 2020).