POLICY PAPER

No. 42 • June 2021

Crucial Collaboration: The Case for Closer Australia-UK Defence and Security Ties in Light of a Rising China

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THE CENTRE FOR INDEPENDENT STUDIES

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Introduction

It was on a visit to Sydney in 2017 that Boris Johnson, then Britain's Foreign Minister, first announced plans for the UK's aircraft carriers to sail through the South China Sea. Four years later, and HMS Queen Elizabeth has set off on a 26,000-mile journey around the globe, crowned by the exercise of freedom of navigation rights in the Indo-Pacific.

As well as joint exercises with allies and visits to 40 nations, the Carrier Strike Group will also mark the 50th anniversary of the Five Powers Defence Arrangement (FPDA) through a joint exercise with Malaysia, Singapore, Australia and New Zealand. The oft-forgotten FPDA speaks to the UK's and Australia's long history as natural like-minded partners, underpinned by shared cultural heritage and a common belief in the values of democracy and freedom.

But the newest UK aircraft carrier's maiden deployment to the Indo-Pacific also tells the story of how this relationship must evolve. We face profound national security challenges posed by the rise of a new authoritarian global power. The sheer scale of China's economy and military, combined with an increasingly aggressive authoritarian regime under President Xi Jinping, means the Indo-Pacific now lies at the heart of the China challenge. For democracies, the rise of China is perhaps the single most significant geopolitical question of the next decade — and indeed, century.

In many ways, the reverberations of the Covid-19 pandemic have hastened the understanding of how the rise of China will affect our lives. A more self-confident Chinese leadership has been more willing than ever to test boundaries, whether through incursions into Taiwanese airspace or maritime militias in the South China Sea. But the pandemic has also shone a light on other issues that go far beyond the military or naval; such as supply chain dependence and control of technology, economic coercion and the pressures of Chinese debt on developing economies. All have implications for our national security.

Now is the time to forge closer ties between democracies and to deepen the Australia-UK relationship. This cannot be achieved through blanket opposition to China. It remains a country that holds the key to the generational challenges of climate change and global health security. But in order to protect an international system that nurtures democracy and freedom, the challenge now is for the UK and Australia to build the foundations to foster a more balanced, reciprocal and — crucially — stable relationship with China.

The state of play: UK-China and Australia-China relations

Both the UK and Australia have suffered from a decline in relations with Beijing. But respective relations with China will always be dictated by a crucial difference: geographic proximity. Australia is far more exposed to changes in the stability of the security environment in the Indo-Pacific.

This is reflected in Australia's 2020 Defence Strategic Update (DSU), which calls the deterioration of the Indo-Pacific strategic environment the "most consequential"[1] since the Second World War and sets out plans to increase Australia's spending on defence by 87% over the next decade.[2] Although the DSU only mentions China by name in respect of the heightened power competition between China and the US and China's 'assertive' pursuit of greater influence in the Indo-Pacific, China is tacitly referred to in the acknowledgement of grey-zone activities, military

modernisation (particularly in the South China Sea) and the international rules-based order as issues of contention.

The UK is less directly affected by a more unstable Indo-Pacific. But we are a maritime nation, and a nation with a services economy that prospers on the foundation of a rules-based international order. So it is appropriate that the March 2021 Integrated Review labels China "by far the most significant geopolitical factor in the world today, with major implications for British values and interests and for the structure and shape of the international order."[3] As with Australia's Defence Strategic Update, direct reference to China on specific issues are few and far between; the concept of civil-military fusion is framed in terms of 'adversaries' in general. The inclusion of an Indo-Pacific tilt, however, is an implicit acceptance of China's influence. The challenge for the UK will be in turning a single voyage — that of HMS Queen Elizabeth and her carrier group this year — into a persistent presence. As Beijing extends its reach, our commitment will be judged not by our best effort but our enduring capability. It is welcome that the UK has therefore pledged to increase defence spending to £51.7bn by 2024-25, although less welcome that the rise accompanied a cut in troop numbers because so much of it has gone into filling holes in the equipment budget.

Australia's security in terms of economy, trade and industry are equally integral pieces of the broader national security picture. That same geographic proximity has seen Australia develop significant economic dependence on China. China is Australia's largest trade partner, accounting for 29% of all trade[4] and the destination for 39% of Australia's goods exports in 2020.[5] The UK's economic relationship with China is less evolved (China is only the UK's sixth biggest export market). But the UK's trade relationship with China has deepened over the past decade, so we ought to pay attention to lessons from Australia about managing the risk of economic dependence and the threat of trade coercion.

Canberra has been consistently ahead of the curve of other democratic nations in challenging China's economic and political practices. Australia decided to exclude ZTE and Huawei from its 5G networks as early as 2018. Relations have since rapidly deteriorated, with China ratcheting up a comprehensive campaign of trade retaliation against Australian exports. Beijing's list of 14 grievances against Australia include foreign interference legislation, the decision to ban Huawei, and making statements at the United Nations about the South China Sea.

One important lesson for the UK is that the bombastic nature of Chinese diplomacy masks a bark that is worse than its bite. China remains dependent on Australia for iron ore, despite significant investment in African alternatives. There have been some trade losses, concentrated in industries such as wine and lobster production, where it is challenging to find alternative buyers. But such losses were offset by increased demand for iron ore. The total effect of Chinese tariffs on Australian exports has been more limited than many feared, largely because Australian suppliers have been able to leverage the free market to find alternative buyers for many products.[6]

UK-China relations have been particularly strained over the past year by mounting evidence of crimes against humanity in Xinjiang, a repressive crackdown on democracy in Hong Kong and growing Chinese assertiveness in both the UK and the wider world. Like other democracies, the UK has been left disillusioned by the emergence of China's bullying wolf-warrior diplomacy. Chinese sanctions imposed on MPs in response to coordinated sanctions on those responsible for egregious human rights violations in Xinjiang symbolise the decline in relations. The tension has also seeped out of politics and into the media, with frequent attacks on the BBC.

Nevertheless, UK trade, investment and collaboration continue across areas spanning education, life sciences research and financial services. And in some ways, the UK has benefitted from diplomatic tensions with China elsewhere: applications from Chinese students to British universities reached record highs in 2021, partly because Chinese students have been dissuaded from applying to Australian and US universities.

A critical moment for the Indo-Pacific

Australia's trade and diplomatic disputes with China have been vital in shifting our understanding of China's approach to foreign and economic policy under Xi. But the bilateral disputes are inseparable from the broader geopolitical trends that support the case for closer Australia-UK cooperation in defence. Three stand out in particular: increasing militarisation; shifts in the sphere of multilateral cooperation; and the reshaping of the world by the Covid-19 pandemic and its aftermath.

Increasing militarisation and Chinese aggression

As acknowledged by Australia's Defence Strategic Update, the stability of the Indo-Pacific has rapidly and substantially declined as increasing militarisation creates more intense and more frequent flashpoints. China's territorial and jurisdictional disputes are wide-ranging, and its behaviour has become increasingly coercive. Following violent border clashes, an uneasy arrangement has now been reached between Chinese and Indian forces at their Himalayan border. Almost daily reports emerge of the most aggressive yet incursion into Taiwanese airspace. Chinese military air and sea operations have increased dramatically around the Japanese-claimed Senkaku islands. China's defence spending has doubled in the past decade

and, according to the Stockholm International Peace Research Institute, its military spending in 2019 was greater than India, Russia, Japan, South Korea, and Taiwan combined.[7] It now boasts the world's largest navy as a key pillar in its pursuit of a world-class military by 2049.[8]

Some 220 Chinese fishing vessels were spotted by satellite cameras around the disputed Whitsun Reef in the South China Sea earlier this year, subsequently encroaching into the Philippines exclusive economic zone; part of an established pattern of grey-zone behaviour by China's maritime militia to push its claims. As well as territorial infractions, China's distant-water fishing fleets of almost 17,000 vessels — the world's largest — are accelerating one of the most serious threats to our oceans: the depletion of fish stocks. Nearly 300 Chinese vessels logged a cumulative 2,400 hours a day of fishing just off the highly-protected Galapagos Islands last summer — plundering stocks of squid, damaging biodiversity, and endangering the livelihoods of local fishermen. The abuse is not just environmental: the US recently banned imports from a large Chinese fishery on the grounds that it has identified cases of forced labour on all 32 of its vessels.[9] China has also passed maritime legislation giving its coastguard unprecedented powers, including the ability to fire at foreign vessels.[10]

Other examples of rising Chinese assertiveness are less visible. Recent cyber-attacks on companies including Microsoft, attributed to state-affiliated Chinese hacking groups, demonstrate the potential for cyber, technology and telecommunications to become arenas of aggression in violation of international law, with direct ramifications for the national security of every nation, not just Australia and the UK. 21st century defence and security can no longer be compartmentalised as regional.

Shifts in multilateralism

The return of the US to international diplomacy driven by the Biden administration has been a welcome sign for the prospect of multilateral cooperation. The Biden administration's tone on China has deviated little from Trump's. The March 2021 dialogue hosted in Alaska was frosty; the US has ramped up defence engagement with Taiwan and imposed sanctions on Chinese officials related to human rights abuses in Xinjiang. Congress is broadly bipartisan in support of a harder stance on China than has been taken since China's reform and opening up in the 1980s.

What has changed, however, is the US focus on alliances. A renewed internationalism in Washington and its positioning on China should encourage both the UK and Australia that they will have natural and credible allies in defending their values and their security. The Quadrilateral Security Dialogue is one multilateral grouping that has immediately benefited from the return of the US to the world stage: Australia's Prime Minister Scott Morrison labelled its revival as the biggest boost to Australian defence since the ANZUS pact, which itself stands to reap the rewards of greater engagement from Washington. The Biden administration has also made it clear that it will not reset relations with China before the China-Australia trade dispute is resolved, but support has been slow to arrive.

The Biden presidency has not heralded total cooperation. The broad trend is towards closer democratic coordination. But that trend is fragmented. Parts of Europe remain worryingly susceptible to the long arm of the Chinese Communist Party (CCP). Countries such as South Korea are wary of loudly decrying China. While France and Germany have published Indo-Pacific defence strategies, they are nervous of more direct action that could be perceived as a diplomatic attack. The cautious June 2021 NATO statement struck a delicate balance; while it conceded that China's "stated ambitions" present "systemic challenges", there was a notably firmer consensus on Russia, mentioned more than 60 times.

Covid-19 reshaping of global norms

Beyond the social and economic upheaval of the Covid-19 pandemic, several national security vulnerabilities emerged. Supply chains of vital products including medical devices and personal protective equipment were disrupted, exposing dependence on global trade which in many cases relied on products manufactured in China.

Lockdown has also accelerated adoption of the next generation of networked technology. In global trade and critical infrastructure, trust has become a key dividing line and this has seen the UK join Australia in banning Huawei from our 5G networks. Managing the flow of data will increasingly dominate international policymaking over the coming decade as information is commoditised, with major implications for national security. For the same reason, Australia and the UK will find a greater degree of success in alignment along shared values of transparency and the rule of law.

The onset of the pandemic also hastened measures to increase government oversight of foreign direct investment (FDI) amid fears that a global slowdown could result in strategically valuable businesses falling cheaply into the control of potentially hostile actors. Australia lowered the monetary threshold for screening on all foreign investment to zero in March 2020 and extended the time period for screening to six months. The UK has approved its own National Security & Investment Bill to protect national assets in sensitive industries from predatory foreign ownership.

Areas for Collaboration Between the UK and Australia

The UK's grand ambition may be to become the "broadest and most integrated presence in the Indo-Pacific" of all European nations through diplomatic and trade ties with regional players. But the limits of our resources and the need to prioritise Euro-Atlantic security means that we are limited in the extent to which we can deploy resources in the Indo-Pacific. So, it is crucial that the UK and Australia — its strongest Pacific partner — complement each other on the international stage.

The UK should not seek to simply replicate Australia's assets, such as participation in the Quadrilateral Strategic Dialogue (Quad). Instead, we can build on each other's diplomatic and defence strengths. Like-minded democracies need to coordinate more widely and deeply, both to protect the rules-based order in the Indo-Pacific, but also to protect democratic values globally. New alliances must be formed, and old ones reinforced.

1. Building alliances in the Indo-Pacific

If the CCP succeeds in creating a world "safe for autocracy",[11] democracies have the most to lose. This means that some form of a values-based alliance of democracies will be central to a pushback against the PRC and the slow creep of authoritarian norms. The exact form of such a forum of democracies will require intelligent diplomacy, given the lukewarm reception to expanding the G7 into a D10. But, together, democracies possess significant geopolitical and economic heft (the G7 still makes up nearly 50% of the world's aggregate GDP in nominal terms) and must continue to strengthen their ties and promote the values of free and open societies.

Despite this, demography dictates that our influence will wane. In countering the rise of China, we must also work closely with the non-democracies, hybrid regimes and faltering democracies, such as Vietnam and Indonesia, which represent the future of global economic influence. The most effective way to do this is for the UK to leverage its convening power to bring together nimble networks of like-minded nations as part of an issue-based overlapping 'vari-lateral' system of alliance-building.

More concretely, the UK and Australia should collaborate on the following:

Facilitating further integration of the UK into the Indo-Pacific's strategic dialogues and partnerships: Australia has played a valuable role in supporting the UK's accession process this year to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and as an ASEAN dialogue partner. The UK is also a founding partner to the Pacific Islands Forum. The Five Power Defence Arrangement can be used for engagement and exercises; Australia should also welcome all forms of UK support for regional security groupings such as Quad and the Trilateral Strategic Dialogue between the US, Australia and Japan by formally inviting the UK to partner these initiatives where possible.

Sponsor each other's bilateral network development: Other nations will play a crucial role in strengthening or undoing the collective defence progress made in the Indo-Pacific in the coming decades. It is in the interests of both Australia and the UK to ensure that they have effective dialogue and diplomatic relations with these nations. Cooperation will also be needed to incentivise meaningful contribution to regional partnerships and ensure that each country's bilateral strategy best serves the interests of the wider Indo-Pacific community.

a. **India**: The only developing economy remotely comparable to China's, but democracy makes it a natural ally of liberal nations such as Australia and the UK. An Enhanced Trade Partnership is in the works for the UK in 2021, which also has a research and innovation hub located in India, and the country is the UK's second-biggest research partner. India therefore has significant potential to balance China's research, technology and trade clout, particularly in terms of supply chain diversification. It can be brought formally into the world order through bilateral defence dialogues and its leadership of military exercises such as the Malabar Exercises; the scale of its economy will also necessitate increased Indian input into global climate change policy.

b. **Singapore**: In 2018, a UK Trade Commissioner post was created for Singapore, a prelude to a 2020 trade deal. The UK also has outposts of its military based in Singapore, and Australia in 2020 formalised a Defence Training Agreement to enable training cooperation. Singapore has a longstanding relationship with China, but informal cooperation on maritime surveillance and shipping-lane intelligence with both Australia and the UK should strengthen mutual trust. The UK has earmarked £60m for the expansion of British Defence Staffs and the UK's strategic hub in Singapore.

c. **Vietnam**: The UK signed a trade deal with Vietnam in 2020, a nation with a long history of confronting China on international issues in spite of their geographic position as neighbours. Good ties with the US and positive participation in the 2020 Quad dialogue make Vietnam a

crucial partner within China's immediate sphere of influence.

d. Indonesia: The formulation of Australia's 2018 strategic relationship with Indonesia is referred to as 'vital' by the 2020 Defence Strategic Review. As with Singapore, patience will need to be exercised to draw Indonesia into the fold, but this can progressed through joint intelligence, reconnaissance and surveillance in light of recent territorial incursions, as well as invitations to join or observe exercises.

e. Japan: Australia's 'best friend in Asia' also struck a trade deal with the UK in 2020, while also coming to a Reciprocal Access Agreement with Australia, enhancing already close ties from the Trilateral Strategic Dialogue. The UK has also engaged in 2+2 ministerial meetings and joint military exercises. Another vital strength of Japan which Australia and the UK can both work towards is its ability to build defence capacity in other nations, many of which are mentioned above, through defence exports and manufacturing. Beyond defence, it also offers supply chain diversification through onshoring processes put in place over the course of 2020, providing alternatives to China across coal, LNG, hydrogen and other critical sectors.

f. New Zealand: The UK's stated ambition of delivering a Free Trade Agreement, combined with New Zealand's collaboration with Australia in the ANZUS defence pact and in the like-minded Five Eyes, make New Zealand one of the most obvious partners for both nations moving forward not just for itself but as a convenor of Pacific island nations.

2. Deepening collaboration on defence and grey-zone activities

Defence collaboration

Both the UK and Australia spend roughly similar amounts on defence as a proportion of GDP, and benefit from strong levels of interoperability, prefaced by the joint procurement of Type 26 frigates. The Brunei-based Royal Gurkha Rifles have conducted joint exercises in Australia, while Fijian soldiers make up the second biggest foreign-born contingent in the British Army.[12] Direct collaboration in terms of the nations' military and naval defence forces should serve as a pillar of bilateral engagement with the main effort being to maintain a persistent UK presence in the region increasing Australia's already extensive network. Australia's 'tight focus' in the region "ranging from the north-eastern Indian Ocean, through maritime and mainland South East Asia to Papua New Guinea and the South West Pacific, should serve as a valuable complement to the UK's ambitions to expand its presence."[13]

Together, the UK and Australia should consider:

a. Reciprocal Access Agreement: A formalised agreement would enable joint training opportunities, the development of multilateral capabilities, joint naval exercises, and an inter-familiarity with equipment and technology which will prove ever more important as new means of waging war develop: the use of drone technology for reconnaissance, for example, could be centralised to inform the defence operations of both nations under such an agreement.

b. Engagement in operations: Beyond the planned voyage of the HMS Queen Elizabeth, there is great scope for collaboration. The UK's Operation Kipion through the Gulf and the Indian Ocean could be expanded, or the UK could contribute to the Malabar exercises led by the US and India with the support of Australia, Japan and Singapore; the latter in particular could serve to encourage other Indo-Pacific nations to align with the collective interests of participants.

c. Establish a Joint Defence Research and Innovation Council: Ensuring that both Australia and the UK remain up-to-date with defence technology is increasingly pressing given the rate of China's militarisation and the strategies, such as civil-military fusion, which it employs to achieve this. Funding from both nations' defence budgets could capitalise on two like-minded partners whose defence interests align almost completely, representing minimal downside risk.

Tackling 'grey-zone' threats of interference

Hard power matters, but many of Beijing's operations take place in the grey zone, seeking to capitalise on the openness of democracies to create and inflame divisions. While both the UK and Australia are targeted by the United Front, the scale and scope is importantly different. Australia has a much larger Chinese-Australian population and more complex relations, given several high-profile documented attempts of CCP interference in politics. The Chinese state security apparatus has conducted multiple and highly sophisticated cyber-attacks on Australia. In response to these incidents, Australia passed counter-interference legislation in 2018 that toughened penalties for espionage and mandated foreign agent registration. As the UK belatedly develops its own legislation, there is significant scope for collaboration on best practice.

Both the UK and Australia have deep relationships with China in higher education. In the UK, our world-leading universities have proven both a strength and a weakness that Beijing seeks to exploit. Australia's institutions do an excellent job of scrutinising research

partnerships and tracking PLA-linked universities; Australia was the first to pioneer guidelines to tackle collaboration with overseas militaries. Following a review into 13 Confucius Institutes, Australia has implemented new transparency requirements. Again, the UK should look carefully to learn from Australia's experience. And we should also seek to deepen research partnerships with Australia. There is already a track record of collaboration in increasing our understanding: the Foreign, Commonwealth and Development Office (FCDO) part-funded the Australian Strategic Policy Institute's influential *Uyghurs for sale* paper, which has shaped our understanding of the scale of the forced labour problem in Xinjiang.

From Five Eyes to Six Eyes

Just as the United Front seeks to divide countries domestically, the CCP also aims to divide and weaken the relationships between nations. The US is attuned to the threat of Beijing wedging itself between the core democracies of its Indo-Pacific alliance system, exemplified by the fact that the first two in-person visitors to Biden's White House were Japanese Prime Minister Yoshihide Suga and South Korean President Moon Jae-in. Both countries have been targeted by Chinese economic coercion; in 2017, South Korea received the sharp end of boycotts, while Japan's access to rare earths from China was disrupted in 2010.

Where Australia and the UK can play their part is through the Five Eyes: one of the most powerful, dependable, and tightly-defined democratic alliances of the past century. When the Five Eyes issued a joint statement on Hong Kong last year, Foreign Ministry spokesperson Zhao Lijian warned that the Five Eyes would be "poked and blinded" if they undermined China's sovereignty, security and development interests. Such a visceral example of wolf-warrior diplomacy tells us something about its value as an alliance — and as an obstacle to Beijing's foreign policy ambitions.

New Zealand has expressed concerns about mission creep and any changes to the membership and remit of the group will have to be weighed up carefully. But when the UK's China Research Group hosted then-Japanese Defence Minister Kono Taro last year, he expressed support for deeper defence cooperation and the Five Eyes evolving into a strategic alliance with Japan as a Sixth Eye. It seems like a missed opportunity not to bring Japan closer into the fold. Even if membership is not formally extended, there are many incremental steps we could take. For instance, Australia, Japan and the US should deepen maritime intelligence sharing, given the strategic value of Japan's position alongside the East China Sea.

3. Economic and technology collaboration

China's economic rise has brought opportunity and prosperity, but its ascent has also created concerning trade imbalances. The challenge of China's economy is multi-faceted. The most visible problem is Beijing's willingness to deploy economic coercion with arbitrary tariffs and bans on imports, as demonstrated by its trade offensive against Australia. But even without the threat of trade coercion, the sheer size of China's protected home market represents a structural threat to companies based in open economies that do not benefit from industrial subsidies and protection from foreign competition.[14]

Export diversification is a core pillar of reducing dependency on China. Ratifying a bilateral Free Trade Agreement represents a concrete sign of the existing political goodwill between the two nations, with the removal of tariffs and economic barriers to trade engagement a symbol of the UK's tilt to the Indo-Pacific. As part of a deeper economic relationship, the UK and Australia should also work together to **pursue resource security.** The UK's free market approach to securing resources looks outdated in today's world. Australia is one of very few other nations to have developed industrial capacity for critical minerals and a more proactive approach to resource security. Given the critical importance of access to rare earths for renewable technologies, the UK should build on its critical minerals working group with Australia and consider developing more formal private-public partnerships.

Notwithstanding the UK's impressive commitment to making up the shortfall in Australia's wine exports to China, the UK and its allies should express stronger economic solidarity with Australia when China seeks to isolate it with sanctions. There are signs of progress on this front: the Cornwall G7 summit communique pledged to tackle China's market-distorting economic practices; Joe Biden and Boris Johnson held a trilateral meeting with Scott Morrison during the summit; and Japan expressed support through a wide-ranging joint communique with Australia on the eve of the summit. As a more sustainable long-term solution, the UK and Australia should work together to explore how allied nations could establish **a new trade organisation, such as a 'NATO for trade', that commits to coordinated action in combatting economic coercion.**[15]

Export diversification must also address the reality that the future of global trade is digital. The UK and Australia must work with allies to **lay the groundwork for establishing a global critical and emerging technology working group** to address the challenge of a fragmented Internet and conflicting attitudes to data regulation. A technology working group and treaty, perhaps as part of this new trade organisation, would be able to navigate

developments as well as having the power to resolve disputes and impose penalties. High on the agenda must be reducing Intellectual Property (IP) theft, raising awareness of national security vulnerabilities and managing data flows across borders. In the latter case particularly, fears over authoritarian uses for data are being raised in concert with China's practices, particularly in light of the National Intelligence Law which could require firms operating in China to comply with government orders. The US-led telecommunications 'Clean Networks' represents another initiative to which both nations should explore lending support; Australian carrier Telstra is already a member.

Secondly**,** the UK, Australia and like-minded allies should coordinate to establish a **dialogue on critical infrastructure and technical standards**. Both the UK and Australia risk getting left behind in the race to set international standards, which risks conceding a starting disadvantage in the competition to supply the next generation of technology. Both should increase the presence of representatives of the two countries in leadership positions at standards boards for the technology and information sectors — in which China has in recent years pushed to exert more dominion and control — such as the International Telecommunications Union and International Organization for Standardization or ISO. Both nations should support nominees of the other to ensure that the set of values to which both bodies subscribe are protected against those in opposition. China at present has a high degree of representation in standards leadership positions that will define the international outlook for decades to come. Strategically targeting areas such as telecommunications, artificial intelligence and cryptocurrencies will best enable the safeguarding of international security in areas where the direction of travel and legislation are not in step.

So-called cryptocurrencies are doing more than creating digital stores of value. Decentralised financing, ownership and contractual commitments are seeing an evolution in global standards, not just of technology but norms as fundamental to concepts of property as those introduced by the Torrens titles of South Australia. Today's code will be as key to shaping future concepts of property, privacy and the law as the legal texts that created the land registers of two centuries ago were in enabling the concepts of the rights of the individual in our society today. Cooperating to write this code and embed the values that defend human liberty and dignity into the new global operating system is a challenge that we must face together.

4. Developing an alternative to the Belt and Road

A fourth critical axis of collaboration is in the need for democracies to develop a more compelling alternative to China's Belt and Road Initiative to counter China's rising influence in developing countries.

The South Pacific is a key example of China's rising influence in Australia's neighbourhood. In 2013, China overtook Australia as the South Pacific's main trading partner. Take the Solomon Islands; China now accounts for 46% of its trade.[16] The China–Oceania–South Pacific passage is seen as the second corridor of the Maritime Silk Road, marking the South Pacific as a key region for China's strategic interests.[17]

The most concerning outcome would be if Beijing sought to use the Belt and Road as a vehicle for increasing its hard power. China leveraging its increased strategic influence to establish a naval base in the South Pacific is an unlikely outcome, but one which would rewrite Australia's defence environment. An ongoing concern is that China's Maritime Silk Road ports in the Indo-Pacific could be constructed to meet PLA specifications, which would extend China's military power beyond the Western Pacific.[18] More immediately, an increased presence in the Pacific Islands could create an environment more amenable to Chinese political influence, with democratic governance undermined by elite capture. China has signed a number of Memoranda of Understanding with Papua New Guinea and commercial fisheries. While it is not clear that any of these agreements have turned into significant developments,[19] it signals a statement of intent.

Promisingly, Australia has ramped up its presence in the Pacific in the past few years, and in 2018, Australia was by far the largest donor to the Pacific.[20] In the same year, the UK announced it was establishing new diplomatic posts in six Caribbean and three Pacific countries, a move that was partly intended to counter a general regional drift towards China. And as the Pacific recovers from the Covid-19 pandemic, hit hard because of its reliance on tourism, there is a significant opportunity for Australia and its allies to step up development assistance. Established allies such as the US and Japan may play leading roles, but the ability of both Australia and the UK to bring the region's developing nations closer will impact the success of collective ambitions of safeguarding Indo-Pacific security.

The dynamics in the Pacific are of particular interest to the UK and Australia. But they reflect a broader problem where China has capitalised on the lack of

development support from the West. **The UK and Australia should coordinate with like-minded partners to facilitate a democratic alternative to China's Belt and Road infrastructure projects**. In Cornwall, the G7 all signed up to the 'Build Back Better World' (B3W) partnership as a values-driven, transparent framework for infrastructure in the developing world. That represents an important first step, by acknowledging the West's shortcomings as a development partner in the previous decade.

The B3W contains a welcome focus on digital. As discussed above, a key area of strategic competition will be the extent to which China is able to translate global digital infrastructure into its ambitions to become a 'standards power'. While hard infrastructure stalled during the pandemic, the Digital Silk Road has prospered. When Chinese companies like Huawei are signing deals for e-government solutions and smart cities across Africa and Asia,[21] we risk digital authoritarianism becoming the encoded norm.

But it is worth remembering the difficulties of translating a strategic framework into concrete infrastructure. The B3W does not contain clear financing commitments.

Back in 2018, Australia, Japan and the US signed another strategic framework in the form of the Trilateral Partnership for Infrastructure Investment, which sought to facilitate private sector investment into infrastructure projects in the Indo-Pacific. Few shovel-ready projects emerged in the following three years (although some of those discussions seem to have been rolled into recent Quad discussions on connectivity). By comparison, Beijing kept itself busy. In 2019, Kiribati and the Solomon Islands moved to sever ties with Taiwan, established diplomatic relations with the PRC and joined the Belt and Road Initiative.

Given reports last month that China is looking to upgrade a derelict airstrip on a tiny, sparsely populated but strategically located island in Kiribati, last used by the US Army in World War II,[22] the cost of continued inaction is clear.

5. Engaging on the environment and climate change

Finally, a failure to limit a rise in global temperatures is one of the most pressing threats to global security. Australia is currently working towards a 26-28% reduction in its emissions by 2030 compared with 2005 levels. By comparison, the UK has the world's most ambitious climate change targets and recently committed to cutting emissions by 78% by 2030 compared to 1990 levels. Australia and the neighbouring Pacific Islands remain some of the most vulnerable countries in the world to temperature change. As island nations, we all have strong mutual interests in climate change, and we must work together to find solutions.

The UK provides over £90 million of funds to two Commonwealth oceans programmes that directly benefit the Pacific.[23] Valuable initiatives such as these help to cultivate stronger economic and diplomatic ties whilst putting British innovation on a global stage. More access to green finance was a core demand of the Pacific Islands' Kainaki II Declaration. Australia spends a third of its overseas aid in the Pacific but is yet to resume contributions to the Green Climate Fund after it withdrew funding in 2019. **Both Australia and the UK should work together to support green financing for the Pacific Islands**. This goes hand-in-hand with developing a Western alternative to the Belt and Road.

Conclusion

Australia has historically been the UK's most reliable ally in the Indo-Pacific. The two countries share an overwhelming degree of mutual interests to shape the international order of the future: an open, free and sustainable globe governed by the principle of the rule of law. There are also many differences in the Australia-China and the UK-China relationship, in both proximity to the immediate Indo-Pacific security environment but also the level of economic dependence.

The wider values challenge that the rise of China presents has aligned many of our interests. The world has woken up to Xi's China; the Covid-19 pandemic has cleared the way for a domestic and foreign policy reset. If engagement and interaction with China continue towards polarisation along axes of values, this deep-rooted values alignment will serve to bring Australia and the UK closer to each other.

The UK and Australia can deepen defence partnerships, find a way to work with allies to combat economic coercion, and develop stronger ties in international development. These are far from the only issues on which Australia and the UK can cooperate. But the challenge of foreign policy is identifying where to prioritise limited resources to serve national interests in a world where national security is a constantly shifting and renewing concept. The global centre of gravity is shifting towards the Indo-Pacific — and the Australia-UK relationship must evolve; the UK cannot rely on the past.

We need to demonstrate commitment today, and the will to endure for the long term, if we're to reassure allies and dissuade challenges to our interests.

Endnotes

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POLICY Paper 42 (PP42) • ISSN: 2209-2447 • ISBN: 978-1-925744-86-6

Published June 2021 by the Centre for Independent Studies Limited. Views expressed are those of the authors and do not necessarily reflect the views of the Centre's staff, advisors, directors or officers.

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