

Let's end muddled thinking on China

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The Australian
22 June 2011
P. 8

Escalating tensions between China and its Southeast Asian neighbours over disputed islands in the South China Sea are the latest, worrying sign that China's rise is ushering in a new era of strategic volatility and geo-political competition in Asia, that will be at its most dangerous in the Western Pacific.

But it is far from clear that the government has fully grasped the consequences of the evident deterioration in our near security environment or the wider challenge that China poses for our defence and foreign policies.

Our approach to China has been fragmented, under-resourced and overly focused on mineral exports at the expense of a broader appreciation of China's strategic goals, energy anxieties and likely future behaviour.

Kevin Rudd has provided some much-needed clarity on the long-term importance of China to Australia in his recent speeches. But the Gillard government has yet to formulate an overarching China strategy and the signals we send to Beijing are all too often conflicted and confusing.

A prime example is the 2009 Defence white paper, which cannot seem to decide whether China, or the US, is likely to emerge as the dominant regional state and singles out China for gratuitous advice about its international behaviour.

The white paper reflects a broader ambivalence about China. We extol the benefits of an enhanced bilateral relationship while embarking on one of the largest military build-ups in Australia's peacetime history, aimed at a putative China threat.

China's great power aspirations and desire to regain its former place as Asia's predominant nation only partially explain its more assertive recent behaviour, which is also a function of deepening anxiety about dependence on foreigners for key natural resources.

The Western Pacific is a vital conduit for the sea-borne trade needed to sustain China's growth and newfound prosperity.

As a major supplier, Australia can play an important role in ensuring that China's quest for energy and natural resource security does not become a zero-sum game in which China's gain becomes everyone else's loss.

If China feels that its access to critical raw materials is being threatened, mercantilist sentiment in Beijing could harden and aggravate resource insecurities throughout Asia. This is the core problem in the South China Sea.

Australia could help defuse these tensions by encouraging China to actively pursue the joint exploration of resources in contested areas of the South China Sea and to support a code of conduct designed to prevent conflict between claimant states.

This maritime regime ought to include "no-go" areas for fishing vessels around disputed islands aimed at preventing incidents at sea that could initiate a full-blown regional security crisis.

Persuading Beijing to rethink the political and military strategy it is pursuing in the Western Pacific would also help. Since we cannot do this alone, it will be necessary to enlist the support of like-minded states.

China is entitled to modernise its armed forces and protect its security interests. However, the means to protect these interests have been contrary to their desired ends, alienating neighbours and raising international concerns about China's strategic ambitions. The risk is that the US and other powers will respond to China's strategic challenge in a way that could fuel a classical arms race and draw in Australia.

Our message to China's leaders should be that a lack of transparency and sensitivity to others' core security concerns only promotes hedging behaviour that ultimately works against China's interests.

We tend to underestimate our influence in Beijing which has strengthened in tandem with our newfound status as a reliable supplier of critical raw materials and as an attractive destination for Chinese students, tourists and investment. It should not be beyond any Australian government to leverage these assets to advance our growing China interests while resisting any attempt by Beijing to decouple us from our alliance with the US.

Forcing Australia to choose between China and the US would be a bad outcome for China and Australia. Since security always trumps trade, it is unlikely that Australia would choose China if a choice had to be made.

Our capacity to influence China would be far more assured if underpinned by a greater commitment to the relationship.

Unfortunately, Australia has fallen away significantly after initially being quick out of the blocks at the start of China's boom. Many other countries are investing more heavily in China by any meaningful measure of competitiveness, including diplomatic representation, language proficiency, student exchanges and foreign direct investment.

A China strategy should address these deficiencies by ramping up the resources devoted to China with a view to elevating and entrenching Australia's position as a major player in the country.

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