

# CHAPTER 1

## INTRODUCTION

### 1.1. Background

Australia and China have officially formulated an agreement in signing a free trade agreement called as China-Australia Free Trade Agreement (ChAFTA) in 2015.<sup>1</sup> Prior the implementation of the ChAFTA, Australia had a difficulty in entering the Chinese market. This would mean Australian exporters could sell their goods and products to China with ease and in greater amounts. Chinese consumers have high demands on Australian agriculture and fibre products, and Australia is relying on their agriculture industry.<sup>2</sup> Thus, it would create job opportunities and economic growth to Australia. It is a show of positive bilateral relations when two countries are willing to cooperate to achieve common benefits. However, bilateral relations between Beijing and Canberra does not always performing well. There are significant developments that have worsened relations between the two, such as Australian government decision in joining other countries such as United States, United Kingdom and Canada in banning Huawei from China. The Chinese government showed resentment to Canberra's decision in joining the ban against Huawei products. Cheng Jingye, the Chinese ambassador to

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<sup>1</sup> "China–Australia Free Trade Agreement | DFAT." 2018. Dfat.gov.au. 2018. <https://www.dfat.gov.au/trade/agreements/chafta/Pages/australia-china-fta>.

<sup>2</sup> Terrill, Daniel. 2017. "Impact of the China-Australia Free Trade Agreement on Australian Agribusiness | Deloitte Australia | Consumer Business, Agribusiness." Deloitte Australia. September 26, 2017. <https://www2.deloitte.com/au/en/pages/consumer-business/articles/impact-china-australia-free-trade-agreement.html>.

Australia stated that the ban on Huawei made by the Australian government was politically motivated.<sup>3</sup> While the Australian government kept insisting that the ban on Huawei was necessary to maintain the Australia's security on cyber space.<sup>4</sup> Another turn of event that worsened the bilateral relations is the request of Australia to investigate the possible outbreak of Covid-19 in Wuhan, China. Former Prime Minister Scott Morrison in a public address mentioned that there is a need to deploy international investigation to Wuhan.<sup>5</sup> Below is the quote from PM Scott Morrison in urging an international investigation to China.

“We know it started in China, we know it started in Wuhan, the most likely scenario that has been canvassed relates to wildlife wet markets, but that's a matter that would have to be thoroughly assessed.”

The statement from the PM infuriated Chinese officials, and Beijing lashed back that the PM does not have a concrete evidence. In addition, Chinese Ambassador to Australia stated that China could boycott Australian products such as beef and wines. Even the Ambassador called Chinese consumers to boycott Australian tourism and universities to push for an apologising statement from the Morrison's administration. This unpleasant bilateral development has had for a moment described the whole

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<sup>3</sup> Remeikis, Amy. 2020. “China Accuses Australia of Discriminating against Huawei.” *The Guardian*, February 17, 2020, sec. Australia news. <https://www.theguardian.com/australia-news/2020/feb/17/china-accuses-australia-of-discriminating-against-huawei>.

<sup>4</sup> Hartcher, Peter. 2021. “The National Security Concerns behind Australia's Ban of Chinese Telecoms Giant Huawei.” *The Sydney Morning Herald*. May 21, 2021. <https://www.smh.com.au/national/huawei-no-way-why-australia-banned-the-world-s-biggest-telecoms-firm-20210503-p57oc9.html>.

<sup>5</sup> *Reuters*. 2020. “Australian PM Says No Evidence Coronavirus Originated in China Laboratory, Urges Inquiry,” May 1, 2020, sec. Healthcare & Pharma. <https://www.reuters.com/article/us-health-coronavirus-australia-curbs-idUSKBN22D41F>.

relationship. There is an additional development from Australia, United States and United Kingdom that adds to this complexity.

On September 2021, the Prime Minister of Australia Scott Morrison, President of the United States Joe Biden, United Kingdom's Prime Minister Boris Johnson signed a strategic partnerships called AUKUS (Australia, United Kingdom, United States). The AUKUS permanently ended the France-Australia submarine deal made in 2016.<sup>6</sup> The French foreign officials, such as French Minister of Foreign Affairs and France Ambassador to Australia were not shying away to show their resentment towards the cancelation of the submarine deal.<sup>7</sup> This development does not signify that the Indo-Pacific region has had a new defence alliance that could bear arms or send armies if there was a common enemy. The AUKUS would add the complexity to the intensified development in the Indo-Pacific, and to the dynamics of Australia and China relations. This thesis is going to cover the strategic competition between China and Australia that begun after the AUKUS was announced in 2021.

## **1.2 Research Questions**

From looking through an overview from the background. The research question that could be drawn is below;

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<sup>6</sup> Hurst, Daniel. 2023. "Penny Wong and Richard Marles to Head to France in Effort to Heal Aukus Rift." *The Guardian*. January 24, 2023. <https://www.theguardian.com/australia-news/2023/jan/24/penny-wong-and-richard-marles-to-head-to-france-in-effort-to-heal-aukus-rift>.

<sup>7</sup> Ibid.

1. Why did Australia and China have a strategic competition; 2. What is the influence of the United States on the AUKUS?; 3. What is the influence of the AUKUS on the Indo-Pacific region?;

### **1.3 Research Objective**

From the research questions, the research objective could be drawn. It is to describe the process of strategic competition between Australia and China in the Indo-Pacific after the signing of AUKUS. Secondly, to understand the influence of the US has had on the AUKUS, and the to understand the influence of the AUKUS on the Indo-Pacific region.

### **1.4 Research Significance**

This research is going to be substantial additional knowledge for anyone who would like to understand the nature of strategic competition between China and Australia. It will explain the beginning of a process of strategic competition between China and Australia, and how it would be intensified due to conflicting national interests.

### **1.5 Structure of Writings**

**Chapter 1:** The writing begins with the introduction of the beginning of the issue that relays on the condition between the strategic environment that has caused the Australia and China has turned into worsened bilateral relations. Then, there is an explanation of the research questions that are divided by three to answer this thesis.

**Chapter 2:** The theoretical frameworks of this research is to find out the possible theories that are going to be used is the offensive neorealism.

**Chapter 3:** This describes the methodology to the research, and that is going to use qualitative research with secondary data. While using descriptive case studies to complement the thesis.

**Chapter 4:** this is the core of the thesis that is going to discuss on how the process of strategic competition between Australia and China occurred. Also it proceeds with the on how does the US has influenced the AUKUS, and finally it ended with on how does the influence of AUKUS to the Indo-Pacific region.

**Chapter 5:** the final chapter consists of conclusions and recommendations that could discuss the end results of the overall thesis' findings.

